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BACKGROUND

STUDY OVERVIEW

STUDY OBJECTIVE

The hospital functions currently located at the historic Broughton Hospital campus in Morganton and Burke County, North Carolina, are expected to move to a new facility on adjacent property before 2018. When complete, the move will leave vacant approximately 800,000 square feet (SF) of space in well-maintained historic buildings, some of which are over a century old. In anticipation of this transition, the General Assembly enacted Section 15.20 of Senate Bill 744 (Session Law 2014-100), which authorized the Department of Commerce (“Commerce”), in conjunction with the Department of Health and Human Services (DHHS), the Department of Administration (DOA), the City of Morganton (City), and Burke County (County), to conduct a study of potential redevelopment opportunities for the historic campus and surrounding 800 acres of publicly owned land. Specifically, the legislation directed Commerce to “examine all of the following:

1. *Potential uses of vacated Broughton Hospital facilities and development or redevelopment of adjoining State-owned properties;*
2. *Benefits to the State, local governments, and the private sector of each potential use identified in the study;*
3. *Costs to the State, to the City of Morganton, to Burke County, and to the private sector of each potential use identified in the study;*
4. *Opportunities to use the properties for public-private partnerships; and*
5. *Any other matters that the Department of Administration deems relevant to this study of potential economic benefits in the use of vacated Broughton Hospital facilities and properties.”*

STUDY PARTNERS

The Department of Commerce contracted with the Development Finance Initiative (DFI) at the UNC School of Government (SOG) to complete the study of Historic Broughton Campus and adjoining properties comprising the study area. Commerce coordinated execution of the study with DHHS, DOA, the City and the County, with input from an advisory committee of additional state agencies (see below). The advisory committee met regularly throughout the study to review milestones and offer direction to the assessment and master planning. In addition, Commerce and DFI met regularly with local stakeholders, including the City, County, Burke Development Inc. and leadership

of anchor institutions in the study area, such as Western Piedmont Community College (WPCC) and NC School for the Deaf (NCSd). A schedule of advisory committee and local stakeholder presentations is provided in an appendix to the report.

STUDY ADVISORY COMMITTEE

- *Department of Commerce, Rural Development Division*
- *Department of Health and Human Services, Division of Property and Construction*
- *Department of Administration*
- *Office of State Budget & Management*
- *Department of Cultural Resources, State Historic Preservation Office*
- *Department of Public Instruction (DPI)*
- *Department of Public Safety, Correction Enterprises (DPS)*

STUDY FUNDING

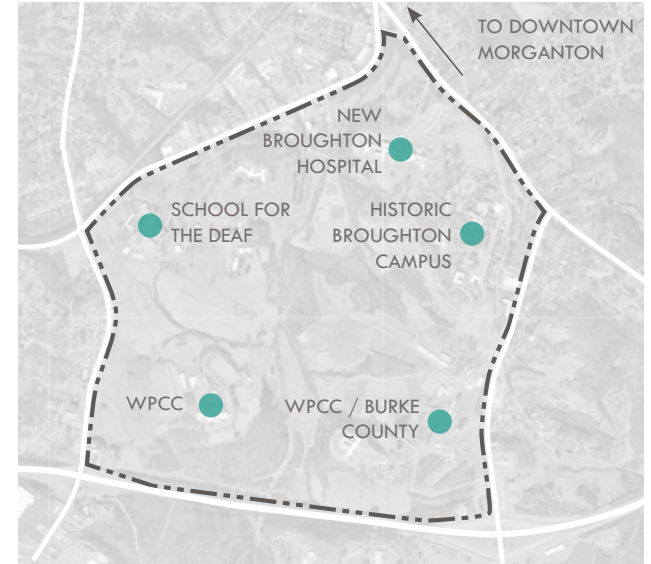
Funding for the study was provided by State of North Carolina and matched by the following partners:

- *City of Morganton*
- *Burke County*
- *Burke Development Inc.*
- *Appalachian Regional Commission*
- *AT&T North Carolina*
- *Carolinas Healthcare System Blue Ridge*
- *Duke Energy*
- *Golden LEAF Foundation*

STUDY TEAM APPROACH

The study was conducted between February 2015 and April 2016. To improve the chances that a diverse set of stakeholders could coalesce around a plan to redevelop the Historic Broughton Campus and adjoining properties, the study team took the following approach:

- *engaged public stakeholders throughout the process and brought new stakeholders on board as they were identified during the study;*
- *established guiding public interests as identified by those stakeholders;*
- *analyzed the historic value of the site and buildings and suitability for adaptive reuse and new construction;*
- *developed a vision for the site based on local assets and appropriate*



STUDY AREA

The study area is defined as the Historic Broughton Campus (a core 50+ acre site), as well as the surrounding 750 acres of land and buildings comprising the “district” contemplated in this report.

planning principles;

- *employed iterative feasibility analysis to test different approaches to redevelopment of the site, ranging from comprehensive to narrow;*
- *crafted and refined a recommended comprehensive development program;*
- *described sub-optimal alternatives to the recommended program; and*
- *set forth next steps to be undertaken by State and local stakeholders in order to attract private investment and accomplish the recommended redevelopment program.*

DFI assembled a team of well-established land planning, architecture, engineering, and construction professionals experienced with mixed-use development and adaptive reuse of historic structures to help perform this comprehensive study (see description of study team on inside cover). The appendices to this report summarize the findings from individual components of the study.

REGIONAL OVERVIEW

STUDY AREA LOCATION

Broughton Hospital is located in the City of Morganton (2014 pop. 16,700), which is the county seat of Burke County (pop. 89,500) and part of the Hickory-Lenoir-Morganton metropolitan area (pop. 362,900). The gateway to “nature’s playground,” the Morganton area welcomes visitors to several popular outdoor attractions—Linville Gorge, South Mountains State Park, Lake James—for hiking, camping, fishing, canoeing, climbing, golf, and more. The area’s farms, orchards and vineyards also draw agritourists.

Within an hour drive of Charlotte and Asheville, downtown Morganton is emerging with a cluster of craft breweries and farm-to-table restaurants that attract visitors seeking an authentic culinary experience. The adaptive reuse of several historic commercial buildings with new restaurants, shops and residences has breathed new life into the cozy downtown, which also hosts a first-run movie theater and an auditorium with a full slate of Broadway shows and national acts. The repurposing of the Premiere Mill into Morganton Trading Company—an award-winning, public-private partnership to transform a dilapidated textile plant into a mixed-use project, home to City Hall, event space, and 43-unit luxury apartment community—anchors one corner of downtown and has spurred new investment in surrounding blocks. A greenway extension is being established to connect downtown to the expansive Catawba Meadows park system.

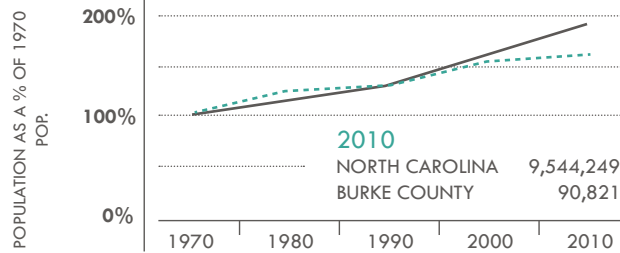
REGIONAL ECONOMY

The economic backbone of the region is its anchor institutions in education and health care services, as well as a resilient manufacturing base. The largest private employers in Burke County include Carolinas HealthCare System – Blue Ridge (health care), Case Farms (food processing), Valdese Weavers (textiles), Leviton (electrical component manufacturing), Continental (automotive manufacturing), and Viscotec (automotive textiles manufacturing). Both the healthcare and metal manufacturing sectors in Burke County are specialized and have a competitive advantage, as well as pay average wages that exceed a living wage standard. Legacy industries in furniture and textile manufacturing still maintain large workforces in the region and have spurred a cluster of specialized machining businesses that offer well-paying, skilled jobs and supply local industry as well as global clients.

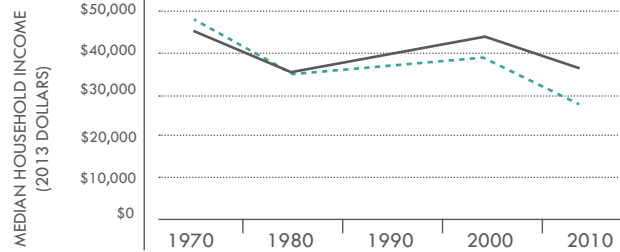
Industrial restructuring in manufacturing has slowed population growth in the region and led to declines in household incomes in real dollars. However, unemployment in the region is currently lower than the state and Morganton maintains post-secondary educational attainment levels similar to the state as a whole. See additional demographic and industry analysis in the appendices.



POPULATION GROWTH

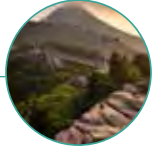


MEDIAN HOUSEHOLD INCOME



UNEMPLOYMENT RATE





grandfather mountain (1 hour)

boone (1 hour)
blowing rock (45 minutes)

lenoir



downtown morganton

catawba river greenway



historic broughton campus



school for the deaf

new broughton hospital



w. fleming dr.

s. sterling st.



western piedmont community college



active agriculture

historic barns



hunting creek



PROJECT STUDY AREA

enola road

I-40 EAST:
3 hours to raleigh
1.25 hour to charlotte

I-40



HISTORIC ARCHITECTURE | TODAY



HISTORIC LANDSCAPE | TODAY



ACTIVE AGRICULTURE | TODAY



HISTORIC ARCHITECTURE | YESTERDAY

BROUGHTON HOSPITAL HISTORY

North Carolina legislators voted in 1875 to construct an asylum in Morganton to serve the western part of the state to alleviate overcrowding at the state's first facility in Raleigh. The first structure on the campus—now known as Avery Building—was designed by Samuel Sloan, who was also the architect of the North Carolina executive mansion and the University of North Carolina at Chapel Hill's Memorial Hall. Sloan was personally recommended for the job by Thomas Kirkbride, a pioneer in the design of psychiatric facilities. The main wing was finished in late 1882 and patients were admitted by the end of March 1883. Rapid growth in the patient population drove expansion of the main building and campus for decades to come (additional history provided in

the appendices). The asylum officially became a hospital in 1890, and in 1959 was renamed for former governor Melville Broughton.

Today, Broughton Hospital is on the cusp of a new era in its long history of providing mental health services to North Carolinians. The construction of a modern, \$155-million replacement hospital adjacent to the historic campus is nearing completion. When current operations relocate to the new facility, they will leave behind nearly 800,000 square feet of physical assets that represent a centuries-long public investment and an irreplaceable symbol of the State's commitment to the care of its people.

REDEVELOPMENT OF PSYCHIATRIC HOSPITALS

Historic psychiatric hospital campuses provide great opportunities and challenges for the communities in which they are located. Around the country, successful reuse of these campuses, in a way that maximizes public interests while minimizing public risk, has been realized only when strong public leadership provides a coherent, long-term vision for the site, supported with strategic public investments.

For example, in Traverse City, MI—a city of roughly the same size as Morganton—a Kirkbride asylum that opened just two years after Broughton is currently undergoing redevelopment into a village that will be home to 1,000 residents and 800 workers upon full build-out. Though the hospital buildings sat vacant for decades, incurring substantial costs, they have ultimately re-emerged

due to a public-private partnership with a master developer that took advantage of a range of development finance tools. A telling counter-example is that of Morris Plains, NJ, and the Greystone Park Hospital, which was demolished in the summer of 2015 after decades of disuse, neglect, and an inability for public and private actors to form a successful partnership.

Between these two cases are many other instructive examples of how leadership, a vision that transcends just one building to encompass an entire community, and public investments can make the difference between successful redevelopment and costly indecision (see additional cases in the appendices).



SOURCE: POSTCARD FROM BROUGHTON HOSPITAL

HISTORIC LANDSCAPE | YESTERDAY



SOURCE: WPCC

ACTIVE AGRICULTURE | YESTERDAY

GUIDING PUBLIC INTERESTS

During the course of stakeholder engagement in this study, the following State and local public interests regarding the Historic Broughton Campus and surrounding property emerged:

- Facilitate private investment in a (re)development program
- Re-use historic structures within constraints of financial feasibility
- Protect and leverage State's long-range \$155+ million investment in new hospital
- Preserve and enhance public access to site amenities
- Create a regional destination and sense of place that complements

the renaissance of downtown Morganton

- Tap into demographic segments that are strong and trending upward (e.g. students and seniors)
- Leverage existing industry specializations to support and grow Burke County as an education and employment hub
- Retain and recruit talent with modern, diverse housing options
- Accommodate the needs of special populations that will use the site (deaf, blind, mentally ill, intellectually disabled)
- Honor the site's unique history and long term contributions to the community

SITE ANALYSIS

OVERVIEW

The study area is located in the foothills region of North Carolina. The 800-acre site is characterized by highly variable topography, significant agriculturally productive area, and a unique hydrologic system featuring Hunting Creek, a tributary of the Catawba River. The site is anchored by campuses of four institutions: Broughton Hospital, NCSD, WPCC, and Burke County. The site additionally has direct access to I-40 and is adjacent to Morganton's vibrant downtown. These features offer opportunities and challenges for redevelopment, which are discussed in detail below.

TOPOGRAPHY AND ELEVATION

The topography of the site offers dramatic and picturesque views of the surrounding mountains. Historically, many of the highest elevations on the site have been built upon to take advantage of these viewsheds. North Carolina School for the Deaf and the Historic Broughton Campus are perched at elevations over 1200 feet. Hunting Creek, which has carved out a steep valley where slopes reach 55 degrees in some areas, has also directed much of the historic development on the site. These slopes essentially split the site into eastern and western sections, and limit connectivity between the two. A gravel connector road linking WPCC with the County services facilities and an access road near the Emergency Services Training Complex (ESTC) are the only roads or paths between the elements on the eastern and western halves of the site.



CONTEXT AND ZONING

The site is located along a stretch of I-40 between exits 104 and 105, which sees more than 40,000 cars a day. The northern portion of the site is approximately half a mile south of the center of downtown Morganton, along the major commercial corridors of Burkemont Avenue, W. Fleming Drive and S. Sterling Street. A complicated intersection of Fleming and Sterling currently makes walking to downtown from the site a challenge.

The entire 800-acre site is located within the city limits and is covered by two zoning districts: high intensity district (HID) and state institutional district (SID). Three overlay districts interact with this area: corridor overlay, flood

HYDROLOGY AND AGRICULTURAL PRODUCTIVITY

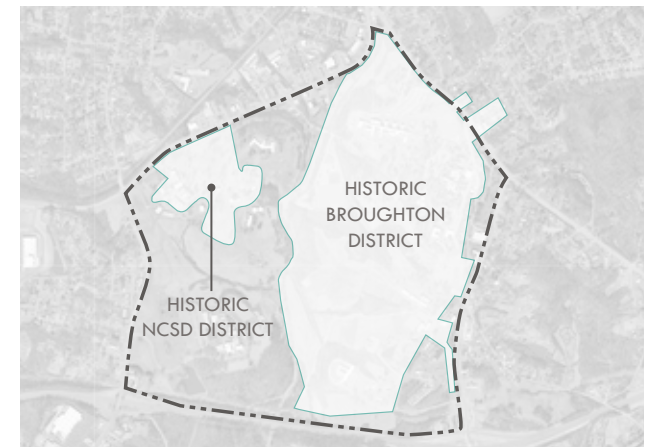
Hunting Creek flows from the south and reaches the Catawba River north of downtown Morganton. The most fertile land for agricultural development is found along Hunting Creek, due to seasonal flooding and sedimentation. WPCC has installed a 10-acre agricultural plot, as well as a model sustainable agricultural farm, in these bottom lands. Due to the potential for flooding, this land is best suited for agriculture or natural uses.



damage prevention overlay, and the watershed protection overlay. Within HID and SID, a variety of residential and commercial land uses are permitted, as well as farming and livestock. There is a max density (with provisions) in HID of 20 dwelling units per acre and a max building height of 65 feet. There is no max density within SID and a max building height of 65 feet. These restrictions do not pose barriers to a market- and site-appropriate scale of new development.

HISTORIC GROUNDS

The Historic Broughton Campus and NCSD were both developed over 100 years ago. Based on historical documentation and imagery research, many of the original elements of the grounds remain intact. In addition, large specimen ginkgo, catalpa, oak and other variety of trees have matured on each of the campuses and add to the historic and grand feel of the site. At the southern end of the Historic Broughton Campus is a 2.2 acre cemetery where many of the patients of the hospital in the late 19th century and early 20th century were buried.



BUILDING ANALYSIS

The 800-acre site features a collection of some of the most historically significant publicly funded structures in Western NC.

HISTORIC BROUGHTON

The Historic Broughton Campus has 20 major buildings, as well as several sheds, houses, and barns totaling 800,000 built square feet. Many of the ancillary buildings on the former farming colony of the hospital are now the property of WPCC. The Broughton Hospital Historic District was listed in the National Register of Historic Places in 1987, based on 60 contributing buildings built between 1875 and 1940.

Architectural analysis finds that the bulk of buildings are in excellent condition with strong reuse potential. The Avery building, the grand main entrance to the Historic Broughton Campus, is approximately 337,000 gross square feet, but has very low floor area efficiency (only 50% net square footage). It features 1- to 2-foot thick load-bearing interior masonry walls dividing small (80-sq. ft.) patient rooms off a wide 12-foot corridor, posing challenges for adaptive reuse. Avery and several other Broughton buildings are connected to centralized heating and cooling systems via a network of underground steam tunnels. The bulk of buildings systems (mechanical, electrical, fire alarm, plumbing) would need to be replaced. Detailed architectural and engineering assessments are provided for the Broughton buildings and site in the appendices.

SCHOOL FOR THE DEAF

The NCSD campus has approximately 19 major buildings, as well as several small former residences, and many sheds and maintenance buildings, comprising approximately 470,000 built square feet. The NCSD Historic District was listed in the National Register of Historic Places in 1989, based on 14 contributing structures constructed circa 1891 through 1939.

A few of the historic structures on the NCSD campus grounds have fallen into disrepair and have been fenced off from the campus for safety concerns. The architectural and engineering assessments found that Goodwin Hall (circa 1907) and Joiner Hall (circa 1930)—the two primary historic structures of concern on the campus—are sound and do have the potential for preservation and adaptive reuse. These buildings were primarily used as

classrooms and lounge space, featuring large open rooms with wide expanses of windows and glazing.

WESTERN PIEDMONT COMMUNITY COLLEGE

WPCC has operated on the southwest portion of the study area since its first facilities opened in the late 1960s. The college has approximately 13,000 enrolled students and over 200 full-time employees. WPCC maintains an active organic farming and animal husbandry operation in the valley of the site, as well as several facilities in the southeastern corner of the site associated with its sustainable agriculture and building trades educational programs. WPCC also operates the Emergency Service Training Complex (ESTC) adjacent to the new hospital site. Most of the over 40 buildings on the WPCC site were built in the last 50 years and are not historic, though several structures that are now on the site were originally built as part of Broughton Hospital, and were listed as contributing structures in the hospital's historic district nomination.

The Colony Building and the adjacent Abattoir Building both functioned as critical components to the self-sustaining Broughton Hospital campus in the early 20th century. These buildings are boarded up but have been assessed by the team of architects and engineers and were found to be sound and of sufficient historic value to warrant adaptive reuse. In addition, WPCC currently utilizes a collection of historic agricultural barns and silos for storage and workshop space. Similarly, these structures were assessed and found to have strong adaptive reuse potential.

BURKE COUNTY

The County operates several facilities on the site, including an agricultural cooperative extension facility that provides educational programs and community gardening plots, a sheriff's office, and a detention center currently shared and jointly operated with Catawba County. These facilities are clustered in the southeast portion of the study area. Burke County has negotiated to buy out Catawba County's share of the detention center.

DEVELOPMENT THEMES

The existing assets of the site and region combined with the guiding public interests led the study team to pursue a development program anchored by three themes:

LAND STEWARDSHIP



Development supporting the heritage of a hospital colony and the future of the active agriculture on the site that would enhance access and visibility to these activities and bring resources to protect and preserve Hunting Creek and open spaces for the enjoyment of the community.

WELLNESS



Development leveraging the opportunity for outdoor recreation and access to the wholesome products of local farms and restaurants close at hand, within a setting that is anchored by institutions of modern healthcare and therapy.

EDUCATION



Development that fosters and consolidates ties between workforce development needs of local industry, and the science, technology, engineering and mathematics (STEM) and advanced manufacturing focus of curricula at NCSD and WPCC, as well as giving greater exposure to the resurgence of craftsmanship that is behind private ventures in construction, cuisine, and brewing/distilling.

Together, these themes support several development opportunities for the 800-acre site that embed the Historic Broughton Campus within a coherent vision for a district that can be more than the sum of its parts.