

Firm plans to turn Pemberton Mill into historic hotel

By Bill Kirk , Business Editor
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—
LAWRENCE - The outfit that developed the 155-unit Washington Mills apartments now has plans to build a 110-room hotel in the historic Pemberton Mill off Canal Street.

Architectural Heritage Foundation, which last month purchased Morehouse Bakery at the corner of Mill and Methuen streets, has an agreement to buy the 150,000-square-foot mill from Iron Mountain, a data storage company that currently uses the building as a records warehouse.

Foundation President Sean McDonnell said during a tour of the Morehouse property this week that while the old bakery building will be best used as a satellite campus for the Cambridge School of Culinary Arts, the Pemberton Mill works best as a hotel.

"We want to keep the transformation of Lawrence moving," McDonnell said. "And that will require diverse uses of the city's mill buildings."

McDonnell said his company, a nonprofit corporation that converted Boston's Old City Hall into offices and a restaurant, among other projects, is partnering with Washington, D.C., developer Robert Holland on the hotel.

"The site has a lot of great possibilities," said Holland's wife, Memphis, adding that in the 1980s her husband was one of the original developers of what became South Beach, Miami.

He recognized the art deco design of many of the crumbling buildings and converted them into housing complexes that eventually turned South Beach into what it is today, Memphis Holland said.

She said her husband also was instrumental in rebuilding the Dupont Circle section of Washington, D.C. - for years a neglected part of the city that is now one of its trendiest areas.

Memphis Holland declined to say which hotel might be brought into the mill. She did say, however, that while Holland Development Group has worked with Holiday Inn Express, Marriott and other chains around the country, it is unlikely to be one of them in Lawrence.

She said a feasibility study currently underway has identified a price point of about \$100 a night for a room.

More hope for revival

Meanwhile, city and business leaders say they are excited by the prospect of having a hotel in the center of the city.

"It would be nice to have a destination hotel there," said Tom Schiavone, the city's economic development director. "It will bring people downtown to stay. It's one of the most beautiful, unique structures - a nice facility for a hotel."

He said officials have had only preliminary discussions with the developers, and issues to iron out include parking and access. Still, he said, those problems could easily be solved once the old GenCorp Plastics site is cleaned up and a 1,000-space surface parking lot is finished there.

Plus, a new bridge is scheduled to be built from Canal Street, over the canal to the island that houses the Pemberton Mill as well as the nearby Duck Mill - currently owned by Chet Sidell.

"When that bridge is complete, it will become the main access" to the Pemberton Mill and the rest of that part of the island, Schiavone said. In the meantime, two other road bridges and one recently completed pedestrian bridge provide access to the island, which is sandwiched by the Merrimack River to the south and the canal to the north.

Sidell, who owns the 60 Island St. mill in addition to the Duck Mill, was buoyed by the news of a hotel.

"That would be wonderful," Sidell said. "It would be good for the whole district. It's a positive development that would be significant for the entire area."

Pedro Arce, a local businessman who is starting a new bank in town, helped put the deal together.

"It was really a coincidence," said Arce, who is trying to get Veritas Bank off the ground by selling stock to local and out-of-town investors. He heard that Holland might be interested in investing in his bank, so he flew to D.C. to speak with him. They got to talking about Lawrence, and Holland became intrigued, so he made a trip north.

"He said he was fascinated by Lawrence so he came and we showed him around," said Arce said. "He saw the Pemberton Mill and said, 'That's where I'm going to put a hotel.'"

He noted that when Holland came to visit, he tried to get a hotel room but couldn't find one.

"They were all full," he said. "There's the proof" that a hotel would work in Lawrence, Arce said.

"This would be a unique hotel. It would be modern, with a restaurant, jazz music, a real contemporary type of hotel," he said.

Sometime later, Holland met with McDonnell of the AHF.

"They agreed on everything," Arce said. "One thing led to another, and now they have an agreement."

Of course Arce is also hoping that if he can get his bank up and running in time, he'll have at least a piece of the financing for the project.

"We're setting ourselves up to be a development bank," said Arce, who has collected about \$6.5 million in

investments. By law he needs \$10 million but is aiming for \$13 million before starting the bank.

If he doesn't get it by the end of next month, he said, he'll seek out institutional investors to get the bank up and running by this spring, with a branch on Essex Street.

Culinary

Arce said he's also interested in helping finance the Morehouse Bakery project.

Originally, the Morehouse renovation was going to be a joint project between AHF and Charles Daher, president of Commonwealth Motors, who had owned the 45,000-square-foot building for about seven years. It sits across from One Mill restaurant, which Daher also sold last year.

In December, Daher agreed to sell the bakery building, most recently occupied by Adtech electroplating, to AHF for \$600,000, according to Jeffrey Oakman, project manager on the Morehouse renovation.

The plan had always called for having as its anchor tenant the Cambridge School of Culinary Arts, which will take up about 18,000 square feet of space on the first floor and is slated to open in January 2009. AHF is seeking commercial tenants for the remaining 18,000 square feet of space on the second and third floors.

Redevelopment of the Morehouse Bakery represents a total investment about \$8.8 million, according to plans submitted to the city last year. It would include a retail cafe on Methuen Street, serving up products prepared by culinary school students.

Oakman said the project will make use of federal new market tax credits, which provide financing for commercial buildings in challenged areas, which Lawrence qualifies for under government guidelines. AHF is working with Massachusetts Housing Investment Corporation on putting a financing package together, he said.

In addition to the bakery building, AHF also purchased an adjacent parking lot to be used by students and faculty.

Cambridge Culinary school founder and chief executive Roberta Dowling, a famous chef, is anticipating the pending move.

"Lawrence is a city that is experiencing a true renaissance right now," she said. "We are so excited about the possibility of being part of that. Throughout the 35 years that we have been operating in Cambridge, we have had countless students from the Merrimack Valley area. I have no doubt that this opportunity will open doors for so many aspiring chefs and foodies in the region."

Sidell, whose Kunhardt Mill building houses Cambridge College - which is not affiliated with the culinary school - welcomed the addition of another school in the Canal District.

"It's phenomenal," he said, adding that the Dowlings have an excellent reputation both as educators and chefs "known around the world."

He said the culinary school will bring more people into the city, especially at night with continuing education classes.

"That actually helps with security," he said.

Meanwhile, several other projects are in the works that will continue to bring new life into the city. The old Newark Paper Products mill and warehouse, located on the island behind the Washington Mills apartments, is being eyed by national developer Forest City for condominiums. Other mills in the district are also being looked at for development.

Doug Berry, property manager for Iron Mountain which currently uses the Pemberton Mill, could not be reached for comment.

Properties at a glance

Pemberton Mill

Size: Six stories, approximately 150,000 square feet

Owned by: Iron Mountain, data storage company.

Location: Off Canal Street, on island created by Merrimack River and canal used to power the mills.

To be purchased by: Architectural Heritage Foundation, Boston, in partnership with Holland Development Group, Washington, D.C. To be converted from storage warehouse to 110-room boutique-style hotel.

Brief history: Original Pemberton Mill erected in 1853 by the Essex Co. at a cost of \$840,000. Building collapsed on Jan. 10, 1860, killing 88 people and injuring 275. Rebuilt in 1861.

Morehouse Bakery

Size: Three stories, about 40,000 square feet

Location: Corner of Mill and Methuen streets.

Sold by: Charles Daher of Commonwealth Motors to Architectural Heritage Foundation for \$600,000. Purchase includes parking lot across Mill Street.

Intended use: First floor will have the Cambridge School of Culinary Arts. Second and third floors will have commercial office space.

Brief history: Main part of building erected in 1907 for Morehouse Bakery. Enlarged in 1914, 1924, 1929 and 1931. Company made bread by the ton, but also made cakes and doughnuts under the Sunlight and Betsy Ross brands. By 1927 it had a fleet of 34 trucks, operating from the extant garage sections of the building as well as from its garages across Methuen Street. Up until recently, building had been used by Adtech electroplating.

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