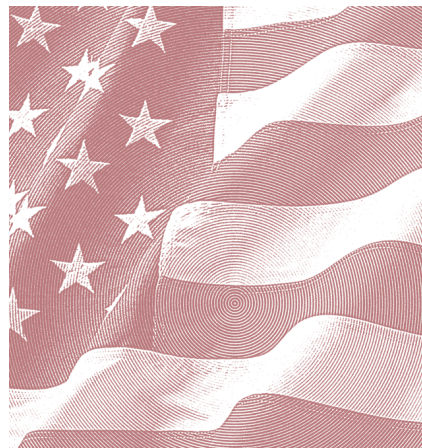
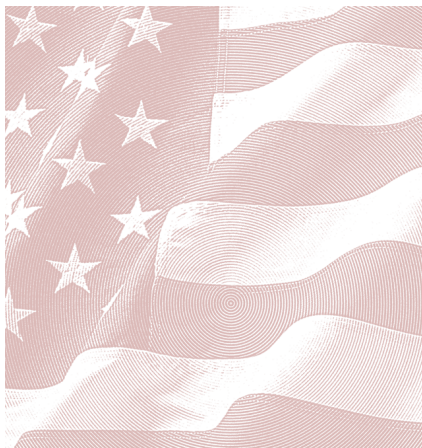




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# The Community Base Reuse Planning Process

*A Layman's Guide*



John E. Lynch, Editor

**NAID***infoseries*



*For more than 25 years, NAID has been the leader in supporting America's defense communities through change. It is a resource for you and your community, that you cannot be without.*

**Turning active and closed bases into new opportunities.**

NAID encompasses all military base communities in the U.S. We promote community vitality and well-being by facilitating locally driven initiatives for property reuse. NAID is the leader in this area, providing success and proven results across the country through advocacy, professional development and networking. NAID offers all military base communities a venue to exchange ideas, discuss experiences and learn new techniques. NAID is the only organization that brings together local development officials, business networks, and state and federal government officials, serving both economic developers and military base communities.

NAID works on many fronts:

- As a source for research, conferences, and seminars
- As an information and education source
- As a clearinghouse of historical perspective and working knowledge between past and new base closures and conversions
- As an information and advisory resource for DoD, legislators, communities, and developers
- As an educator in critical issues confronting base communities, such as privatization of housing and utilities, environmental cleanup, partnerships, outsourcing, development finance, and reuse planning
- As a professional organization providing networking opportunities and member-to-member exchanges not found anywhere else
- As a source of best practices - what has worked, what has not, and why
- As an advocate for the policies, legislation and regulations to improve the base closure process and enhance economic development of active and closed military base communities

*For more information on NAID, go online to [www.naid.org](http://www.naid.org).*

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# Chapter 1

## INTRODUCTION

Thomas Markham and John Lynch

*It has been a few years since there have been major defense installation closures. Hearing the concern from our members about the complex base reuse process, the National Association of Installation Developers' Board of Directors determined that a "tutorial" would be helpful to our member communities in preparing for the 2005 round of closures. The authors of each chapter bring substantial experience in successfully dealing with base closure issues. Many thanks go to John Lynch for his strong efforts in working with the authors and the NAID staff to deliver this tutorial. (From Tom Markham, NAID Vice Chairman, and committee chair for NAID publications.)*

This NAID Infoserries publication on the Community Base Reuse Planning Process – a Layman's Guide is intended to provide community leaders with an easy to understand overview of the base reuse planning process. The guide is also intended to alert community leaders to some of the "safeguard" steps that communities can take to secure early reuse of property, to attract new replacement jobs, and to address public needs in the community.

This layman's guide has been compiled by community and private sector **practitioners** – with the goal of identifying successful base reuse techniques as well as the pitfalls that may sometimes lay in the path of an impacted community. The underlying theme of this report is "**how to make it happen**" in your community as it faces the consequences of closure at a neighboring military base.

This report has purposely avoided large scale BRAC flowcharts in favor of dividing the BRAC planning process into 10 short, self-contained chapters that go to make up the final Chapter 12 summary on "Formulating the Community Base Reuse Plan." The one single flow chart on the "Community Reuse Planning Process" is shown in the accompanying insert.

The essential steps involve (by chapter), the "Community Organization (2)," functioning within the "Reuse Plan Legal Setting (3)," and then "Working with OEA and the DOD Military

Departments (4)" towards identifying some of the LRA's "Initial Land Use Planning (7)" concepts.

There are essentially five information components needed to compile the final plan: "Environmental Conditions (5)," "Market Setting Conditions (6)," "Initial Utility Conditions (9)," "Housing-the-Homeless Needs (10)," and "Plan Financial Implications (11)." "Zoning and Development Conditions (8)" are both an important influence on the final reuse plan and an eventual community action step toward enhancing the development environment for the site and hopefully creating the maximum future market value for the project. All of these influences become components to "Formulating the Community Base Reuse Plan (12)."

In their Chapter 2 discussion on community organization, Brad Arvin, Lynn Kusy and John Lynch highlight the critical importance of reaching a broad **consensus** on the community's initial base reuse plan – formulated by a diverse "planning" Local Redevelopment Authority (LRA). On the basis of this consensus community base reuse plan, the local organization should then transition to a smaller management-oriented "implementation" LRA – taking any number of different organizational structures. This "implementation" LRA must in turn be recognized by the Secretary of Defense as the responsible local entity for guiding the long-term reuse of the property. Eventually, the implementation LRA must also determine how it will create new jobs through marketing and maintaining the property, as well as by financing the needed infrastructure over the long-term. In this regard, the implementation LRA can: (1) serve as its own development arm; (2) retain a private sector firm as its development advisor-partner; or (3) select a private sector master developer to manage and finance the entire development process.

The role of the LRA in creating a single property reuse vision from the "many disparate ideas and opportunities" is described in George Schlossberg's Chapter 3 summary of the base reuse legal setting. In contrast to the several single-purpose federal agency property "screening"



channels permitted by the Federal Property & Administrative Services Act of 1949, the Defense Base Closure and Realignment Act of 1990 was amended to allow the LRA to conduct a **single screening** of surplus military property and to select the compatible future uses and users – including housing-the-homeless needs. The goal is to identify the total balanced needs of the community in a manner that is economically achievable. Moreover, DOD policy recommends that the disposal agency's environmental analysis include the local base reuse plan as the **preferred alternative** in the federal disposal process. Further, DOD policy calls for the surplus BRAC property to be remediated as necessary to implement the community's approved base reuse plan.

In describing the process of working constructively with the DOD Office of Economic Adjustment and the military departments, in Chapter 4, Michael Houlemard and Fred Meurer urge a **concurrent** (rather than sequential) approach to the many individual base reuse tasks before the LRA – with special emphasis on securing early interim use and permanent long-term use of the property. The technical guidance and planning assistance grant resources from the Office of Economic Adjustment have been invaluable to previously impacted local communities. Michael and Fred also describe DOD market-based real estate assumptions for military base property that have proven to be counter-intuitive to private sector thinking on creating value at large outmoded properties.

In Chapter 5, Barry Steinberg and Tom Markham show that the uncertainties related to the environmental condition of the property (i.e., "site characterization") and the implications of the potential outcomes can lead to inconsistent assumptions about the property reuse potential and the cost and timing of transfer to both the community and DOD. Often, the lack of adequate site characterization can be traced to a limited DOD Environmental Baseline Survey, which may not otherwise be available to the community in time for initial community base reuse planning. The chapter highlights a number of protective steps the LRA can take to ensure that base reuse planning is consistent with the timely environmental remediation of the property for early civilian reuse.

Good land use must be based on the capacity to attract and maintain private sector investment to support the reuse plan – as emphasized

in Chapter 6 by John Walker and Jeff Donohoe. A well thought-out land use plan that capitalizes on all of the physical, locational, and financial attributes of the facility can help offset (but not eliminate) any negative influence from outside market forces. But ultimately, a good reuse plan must be based on the realities in the marketplace, including the opportunity to transform the new land assets toward high-tech markets; to use the property for new mixed-uses (residential and commercial); and to influence market opportunities on other nearby properties.

Fred Jarvis provides a helpful layman's explanation in Chapter 7 about the integration of land use components into initial concept plans and the systematic summary of alternative plan findings leading to the "preferred plan." This chapter also highlights new community planning & new design trends, as well as the "Seven Ss of a Successful Final Plan."

The role of land use zoning and development incentives offered by local jurisdictions is explained by Christine Shingleton and Dana Ogden in Chapter 8. Zoning can significantly reduce development risks associated with the redevelopment at a closing military base, protect a community's reuse plan, and maximize the saleable value of the base property. Land use zoning is a key step in translating the LRA's base reuse plan into reality, by permitting the specific authorized land uses on a site. Together with the development entitlements needed to attract the private sector, the eventual land use zoning is both an important influence upon the final consensus plan, and it is often the first community implementation step taken after the LRA has taken title to the property.

Civilian reuse of a former military base inevitably brings into focus the necessity of staging reuse in concert with the available capacity of the existing utility systems. In Chapter 9, Paul and Kristie Reimer stress that the base utilities often have deferred maintenance problems and also may reflect a difference between civilian and military construction specifications (i.e., they may not measure up to industry standards). But, the interim utility goal is one that allows reuse plans to be implemented and new civilian income streams to be realized in order to finance future scheduled improvements. This chapter also describes the complexities in transferring title to the utility systems and related utility environmental issues. Finally, the relative costs and phasing

of reliable utility systems should be identified and considered as the initial reuse plan alternatives are being evaluated.

Owen Bludau describes in Chapter 10 the distinctive role accorded to LRAs in accommodating housing-the-homeless needs within a **balanced** community-wide base reuse plan. In fact, LRAs are given precedence over homeless applications for BRAC land and facilities, so that the final reuse plan can balance the needs for new local job creation with the legitimate needs of the homeless. This distinctive BRAC precedence, however, carries the obligation for LRAs to make good faith efforts to accommodate legitimate homeless provider requests into their base reuse plans. Owen's chapter provides an explanation of the community steps needed to reach a consensus solution.

In Chapter 11, Craig Seymour and Jeff Donohoe emphasize the importance of good base reuse financial forecasting information in comparing the several alternative land use options. In this regard, good economics and good land use planning go together. It is imperative to identify not only the annual operating costs among the various land use options, but also the incremental infrastructure (and debt service) costs needed to implement the final preferred plan. Over the long-term, the careful "modeling" of the **cost implications and timing** among the future development options will allow the LRA to adjust the plan as needed to meet the realities of the marketplace.

Finally, all of the market, land use design, environmental, utility, housing-the-homeless, development incentive, and legal information can then be brought together in the final decisions leading to a consensus community base reuse plan, as summarized by Jim Hicks and Lynn Boese in Chapter 12 — Formulating the Community's Base Reuse Plan. This chapter also identifies a range of technical, procedural and strategic concerns that the community and the LRA must address to effectively implement the consensus plan. The community-wide consensus built into the final reuse plan will also strengthen the community's ability to carry out the reuse plan over the long-term.

A summary of terms and abbreviations is included for the reader in Appendix A, "Definitions & Acronyms." Finally, a "Thumb Nail Sketch of the BRAC Property Disposal Process" is included in Appendix B.

As a long-term goal, NAID will also compile a future layman's "Implementation" guide – following the 2005 BRAC decision process – to assist its members.

## Chapter 2

# COMMUNITY ORGANIZATION

**Brad Arvin, Lynn Kusy & John Lynch**

The late Speaker of the House, Tip O'Neill, observed that all politics is local. By the same token, all land uses as well are local, especially when the new land areas involve a major military base that was not previously reflected in the community's land use master plan.

Suddenly, there are new replacement job needs, unmet public service requirements, new tax base considerations, and environmental concerns that must be addressed and balanced within a brief one-to-two-year timeframe.

The base reuse planning process involves two significant organizational steps. First, early consensus-building for a community requires the creation of an Initial Base Reuse Steering Committee. Second, after the general uses for the base are agreed upon, a permanent local redevelopment organization (or even several specific purpose organizations) must be created to implement the reuse plan and to manage the base real estate over the long-term.

**Initial Base Redevelopment Planning Committee:** Reuse planning is an effort in local participatory democracy that generally requires a region-wide perspective. Usually, there are numerous interests that must be given a full opportunity to participate. Many of these interests can also exercise a practical veto if their concerns are not addressed. It is often said that the three critical elements in a successful base reuse plan are: consensus, consensus, and consensus.

As indicated in Chapter 3, the steering committee's consensus plan is also vital to the Military Department, which must use the community's base reuse plan as the "preferred alternative" in the future real property disposal considerations.

An initial reuse steering committee or the planning Local Redevelopment Authority (LRA) requires broad public sector as well as private sector membership. In many communities, local political leaders are often business people as well. But, if this is not the case in your community, special efforts should be made to assure that this business perspective is included in the LRA.

The steering committee may need to bridge local jurisdictional boundaries, where the economic influence of the base extends far beyond its former boundaries. Representatives from minority and disadvantaged groups, such as advocates for housing-for-the-homeless within the area covered by the steering committee, should also be involved (see Chapter 10). Native American tribes also have certain rights to excess federal property, and therefore must be included in the planning process. In effect, most military bases must be woven back into the economic fabric of the community.

The role of the chairman of the planning authority is crucial. With many interest groups and a short time to plan, a chairman should be carefully chosen to ensure that all members and viewpoints are given ample opportunity to be heard. The chairman will be largely responsible for creating and maintaining a collegial and open atmosphere for the participants even as conflicting opinions abound and heated discussions flourish. The chairman must have proven leadership abilities to keep the process moving, and the patience to help forge consensus.

There are no specific limits on the size of the initial base reuse steering committee or planning LRA. Reuse committees have included as many 57 members involved in the Futures Group for the initial Mare Island Naval Shipyard (Vallejo, Calif.) reuse plan, or as many as 60 members in the case of Lowry AFB on the east side of Denver.

But, planning local redevelopment authorities have typically ranged from nine to 15 members – often with separate subcommittees reporting to the overall "planning LRA" in such fields as economic development, aviation, education, social and human services, historic preservation, and the environment.

It is also critical at this early stage for some steering committee members to participate actively in the military's "Restoration Advisory Board" (RAB) – with a view toward early environmental cleanup for those base facilities and land areas with the strongest civilian reuse potential. (See Chapter 5).



In the case of the former Williams AFB in Mesa, AZ, a large portion of the base property was planned for educational purposes. An existing educational “think tank,” representing over a dozen educational institutions, became a part of the LRA planning process, creating opportunities for education from kindergarten through the Ph.D. level.

There are a few notable examples where local steering committees have failed. The Fort Sheridan Joint Planning Committee was organized by the local congressman as an outgrowth of the “Save-the-Base” committee, with only public sector and citizen involvement (and no significant private sector participation). The resulting Fort Sheridan reuse plan proved unsatisfactory to the three surrounding villages north of Chicago. Still another controversy lasted four years at George AFB in Southern California when the City of Adelanto refused to cooperate with the surrounding four cities and with San Bernardino County.

Finally, an effective planning LRA must take an entirely different real estate and economic reuse feasibility perspective than the previous save-the-base outlook. The two different perspectives cannot be combined without future problems or failure.

In the course of its final deliberations toward reaching a consensus base reuse plan, it is important for the steering committee to consider what permanent organization(s) should be created to manage the civilian reuse of the base or major portions of the base property. The permanent reuse organization should depend on the specific types of property reuse intended for the former base.

In some few cases with strong markets, such as the City of Alexandria, Virginia, confronting the closure of Cameron Station in 1988, the community may simply rezone the property and allow the Military Department to sell the facility on the open market. But most previously impacted communities have taken an active implementation role in the future reuse of the former military base.

**Permanent Organizations – The Implementation LRA:** The most grievous error in base reuse organization is trying to create the base “governance” structure well before the final land uses are agreed upon. Premature efforts to create a permanent organization are often aimed at predetermining the eventual land uses and the

base reuse plan – without a public dialogue process.

The permanent organization, or implementation Local Redevelopment Authority will differ markedly from the initial broad-based planning committee. Now, the focus must be on what type of entity will maintain the utilities, roadways and common property, and provide for the business-like operations and financing of a major real estate holding. **The former steering committee should be abolished since its purpose has been achieved.**

There are seven basic principles involved in identifying the most appropriate long-term LRA implementation organization (see box).

The communities affected by the closures in the 1960s and 1970s as well as those communities affected by the four 1988-1995 BRAC rounds have generally adopted one of five types of base reuse organizational structures:

**Redevelopment Managed by a City/County Department:** There are many communities, such as Glenview, IL. (NAS Glenview), Nottoway County, Va. (Fort Pickett), Tustin, Calif. (MCAS Tustin), and Philadelphia (Naval Shipyard), among others, where the city or county has incorporated the base redevelopment role – often as a special division – into its existing local governmental structure.

**Development Authority or Airport Authority:** The development authority structure can provide greater independence from local governments and budget ceilings by allowing a publicly appointed board to establish operating policies for managing and marketing the property, with its own director and staff.

The development authority concept has also been useful for bridging jurisdictional boundaries, such as the Joint Powers Authorities at the former Castle AFB and NAS Alameda, as well as the Inland Valley Development Authority at the former Norton AFB in California. The Williams Gateway Airport Authority in Mesa, Ariz., was created by one city, two towns, and an Indian community. The chief elected officials of these four entities sit together as the Authority's Board of Directors.

**State Authorized Local Development Authority:** Sometimes it may be necessary to create a predominantly local organization through state legislation. The closure of England AFB in

Alexandria, La., required local leaders to secure enabling legislation for the England Economic Development District as a “political subdivision of the State” representing Rapides Parish, the Cities of Alexandria and Pineville, and the Central Louisiana Chamber of Commerce.

Similarly, the Colorado state legislature created the Pueblo Depot Development Authority – with land use and borrowing powers – to manage 34 square miles of excess Army Depot land “as a political subdivision of the State.” The South Carolina state legislature authorized a 12-member redevelopment authority “to acquire and dispose of federal military installations”; i.e., the shipyard and naval base. It included the cities of North Charleston and Charleston, the three affected counties, and representatives from the state legislature.

**State-Local Development Authority/Commission:** Financial pressures on small communities prompted a new hybrid state-local development concept for two New England bases during the 1988 and 1991 BRAC rounds.

The Pease (AFB) Development Authority (PDA) was created by the state of New Hampshire, with membership from the city of Portsmouth, the town of Newington and the state. It was supported by \$67 million in State bonding authority and \$150 million in revenue bonds. The two local jurisdictions voted to release their local land use controls to the PDA. Similarly, the three Massachusetts towns affected by the closure of Fort Devens voted to cede land use controls to the Devens Enterprise Commission, financed with \$200 million in State bonding authority.

**Economic Development Corporation:** A common economic development entity with flexibility and independence has been the local economic development corporation, structured under Section 501(c)(3), or (c)(6) of the Internal Revenue Code. This approach allows communities to protect their local governmental financial posture from obligations incurred in the base reuse. The non-profit EDC approach was used extensively by communities affected by base closures during the 1960s and 1970s (see Westover, Chapter 11, *Case Studies in Base Conversion*, NAIDinfo series, July 2002).

During the 1988-1995 BRAC rounds DOD showed a strong preference for recognizing authorities as instrumentalities of local-state governments that would then commit the “full faith

and credit” of the affected jurisdiction. DOD eventually set aside this “instrumentalities” requirement, and recognized the Watertown (Mass.) Arsenal Development Corporation and the Millington (Tenn.) Industrial Development Board B a 501(c)(3) entity – among others, as approved local redevelopment authorities.

**Redevelopment Authority – Possible Transition in the Future:** The start-up “implementation LRA” board will often assume responsibility for managing the former base with a small staff. Over the long-term, the LRA board must decide whether it will perform marketing, financing and development tasks entirely with its own in-house staff or whether the LRA should seek outside “development assistance” or “master developer” support.

As the military base reuse field has matured, at least two LRAs – Mather AFB in Sacramento and Vint Hill Farms in Fauquier County, Va. – have retained their minimum staffing levels. But, the LRAs have competitively selected outside advisory development firms or **development partners** to provide a range of contract services for fee, including facility maintenance, engineering, and infrastructure design. The development advisor or partner also assists the LRA in securing long-term financing, but title to the lands and facilities remains with the LRA until resold. The development advisor or partner can also build or develop for its own account on the facility. Finally, the development advisor can also serve in a Joint Venture role with the LRA for specific projects.

The roles of the LRA and its advisor/partner need not be totally permanent. As business cycles change, especially when there may not be sufficient profit potential for a private-sector partner to move forward, it may sometimes be necessary for the LRA to take on more of the development initiatives, especially when having new job opportunities and new office-industrial facilities available for future prospects is more important to the LRA than generating a profit.

As shown in the insert in Chapter 12 on the Fort Benjamin Harrison Reuse Plan in Retrospect, the LRA may have to take on different roles over the years B largely due to changing market conditions B in order to achieve the objectives of the Plan itself.

Under the **master developer** concept, the LRA competitively selects an independent firm to assume all of the financial and legal responsibili-

ty for developing, marketing, and maintaining the property. The master developer also assumes ownership of the property B subject to the performance standards agreed to with the LRA and community. The master developer approach has been used at Mare Island Shipyard, San Diego Naval Training Center, Hunters Point Shipyard and MCAS-Tustin in California; NAS-South Weymouth in Massachusetts; and the Stratford engine plant in Connecticut. The master developer concept is especially useful when there may be major upfront infrastructure investments involved.

One final comment: While the organizational structure of the LRA is important, the quality and professionalism of the LRA board and its permanent staff will determine your future base reuse success.

### **SEVEN BASIC LRA ORGANIZATIONAL PRINCIPLES**

Let the property reuse determine the organizational structure. It will be of no great surprise that airfields are often managed by airport authorities, and educational properties are almost always transferred by statute to educational institutions.

Create a business-management entity and select board members experienced in financing and property management as well as in attracting new business prospects.

Cross city and county boundaries when needed. Allow the base reuse organization to reflect the regional nature of the impact wherever possible.

Respect the local land use planning and zoning roles for jurisdictions where the base is located. (There have been some few cases, such as Fort Ord, where the local land use authorities of the affected cities were revoked by state statute, but at the price of prolonging the recovery and reuse process).

Research thoroughly the legal authority provided by state statutes for redevelopment authorities in your state. For instance, Fauquier County, Virginia discovered a suitable 1954 Virginia statute already on the books that would allow civilian Vint Hill operations to remain financially independent of the County. As highlighted in Chapter 8, California law provides broad powers and special financing powers for Joint Powers Authorities.

Wherever possible, try to isolate the implementation LRA from partisan or inter-jurisdictional politics.

Require the public appointment of all board members to ensure that the long-term public benefits accrue to the community at large. It is important to note that the Secretary of Defense is also called upon by statute to "recognize" any implementation LRA receiving DOD planning assistance or economic development property conveyances.

## Chapter 3

# BASE REUSE PLANNING LEGAL SETTING

George Schlossberg

Planning for the acquisition and reuse of former military property is a highly regulated process controlled by numerous federal statutes, rules, regulations and policies. This collective methodology governs the entire process by which (1) military installations are closed, (2) local communities plan future uses for the surplus property, (3) the environmental contamination on the property is remediated, and (4) the surplus property is disposed of by the government and made available to the private sector. While the entire soup-to-nuts process is beyond the scope of this chapter, we will focus on the planning needs of the community without regard to the actual end user of the land.

**The Local Redevelopment Authority:** Past experience with closing military installations mandates that local communities and political jurisdictions that surround a closing military installation unite and speak with a single voice. While final base closure decisions are followed more often than not by anger, resentment and constant community efforts to revisit the battle and the final decision, it is imperative that a single vision for reusing the property emerge from the many disparate ideas and opportunities that flow from a military base closure.

Once the final decision to close a base has been made, the many federal agencies responsible for pieces of the closure and reuse puzzle will seek information, assistance and guidance as to the wishes and desires of the community. To the extent a former military installation is of significant size, it may dwarf the surrounding city or county or, more likely, border on many political jurisdictions.

To the extent these political jurisdictions have different views or goals for the ultimate use of the surplus property, this indecision may paralyze the planning process and lead the federal government to inaction, or worse, the substitution of federal goals for the legitimate economic development needs of the community.

In rare circumstances, competing community visions have led to protracted state and federal litigation that forces judges to decide future uses for

the base property. Moreover, this indecision during the early planning phases of a base closure can lead to inaction during the crucial environmental remediation stage and create insurmountable problems for the future.

In order to facilitate a unified community vision for a closed military base, the Department of Defense advocated the creation or recognition of a single community entity for each closed base that is authorized to speak to the federal government. This entity has become known as the local redevelopment authority (LRA) and is now enshrined in DoD guidance and the Defense Base Closure and Realignment Act of 1990, as amended (Base Closure Act). The LRA, for purposes of the base closure act, is:

*“...any entity (including an entity established by a state or local government) recognized by the Secretary of Defense as the entity responsible for developing the redevelopment plan with respect to the installation or for directing the implementation of such plan.”*

Formal recognition of the local redevelopment authority is granted on behalf of the Secretary of Defense by the Director of the Office of Economic Adjustment.

While empowered under federal law as the designated voice of the local community with regard to base closures and, in particular cases, as an authorized recipient of the surplus federal BRAC property, the LRA has no particular state or local powers or authorities. Accordingly, the Defense Department, among other things, looks for two paramount elements when recognizing an implementation LRA.

First, the entity must enjoy the approval of the jurisdiction with land use and zoning responsibilities for the surplus BRAC property, so as to avoid future base reuse plans that are unlikely to survive the local planning, zoning and entitlement process. As also highlighted in Chapter 2, regarding community organization, the implementation LRA membership must be publicly appointed and have the legal authority to accept transfer of the BRAC property.

**Reuse Planning Process:** Since the single most important role of an LRA is to craft a vision for the future use of the surplus military property, it is important that the LRA propose an economically achievable plan. Enticing bubble maps without any foundation in law or economics are nothing but pretty pictures. More often than not, the community vision is a compromise between competing ideas that take into account the existing condition of the property (availability and condition of facilities; presence of environmental contamination, etc.), local market conditions and identified community needs (housing, recreation, employment, etc.).

For example, a former Air Force Base complete with long runways, extensive hangers and a state of the art aviation fuel distribution system, may cry out to become a municipal airport; nevertheless, absent market demands for such an airport, the extensive infrastructure is only an impediment to development in that the demolition costs of a hardened runway are enormous. Earlier rounds of base closures yielded several former Air Force Bases or Naval Air Stations for which there is no known or allowable aviation use; i.e. Naval Air Station, Beeville, Texas; Naval Air Station, Glenview, Ill.; Marine Corps Air Station, Tustin, Calif.; etc.

**Screening for State, Local and Homeless Uses:** Typically, surplus .....federal property is made available at little or no-cost for selected public uses, such as parks, schools, airports, hospitals and homeless uses through a variety of federal statutes and programs run by the federal agencies. For example, the Department of Interior sponsors local parks through the federal land to parks program; the Department of Education permits local school districts to acquire surplus federal property for schools; the Federal Aviation Administration permits local aviation authorities to acquire surplus federal property for aviation uses; etc.

While these programs in and of themselves serve laudable public goals, the many applicants and the many sponsoring federal agencies sometimes pick over surplus federal property and leave only the less desirable or less developable land for economic development purposes; some have described these leftover properties as "swiss cheese parcels."

More importantly, the differing federal agencies sometimes screen and set aside parcels containing different facilities for incompatible adjacent uses. For example, the Department of

Education may set aside vacant property for future schools, while at the same time, the Federal Aviation Administration is considering a noisy aviation use next door.

In order to address this local planning tower of babble, the Defense Base Closure and Realignment Act of 1990 was amended to allow the LRAs to conduct a single screening of surplus military property to select compatible future uses and users that addressed the total needs of the community in a manner that was economically achievable. In order to accomplish this screening, the LRA is charged with soliciting notices of interest from all potential applicants, including cities, counties, park districts, school districts, hospitals, representatives of the homeless, etc.

The LRA then balances the competing applications based upon the available facilities and property and community requirements, and prepares a Base Reuse plan that it believes is economically achievable. The completed Reuse Plan is submitted for approval to, among others, the Department of Housing and Urban Development to ensure that the needs of homeless providers are not slighted in the LRA's screening process.

**Role of the Reuse Plan in the Environmental Remediation Process:** The Base Reuse Plan prepared by the LRA becomes the community's best opportunity to shape future uses on shuttered military installations. Ideally, the Reuse Plan will become the guidepost for a myriad of follow-on activities, including local land use controls, zoning and entitlements, the government's disposal plan and, most importantly, the environmental remediation undertaken by the government.

**Government Disposal Plan:** The National Environmental Policy Act of 1969 (NEPA) requires, among other things, that the United States "... include in every recommendation or report on ... major federal actions ... a detailed statement by the responsible official on ... (iii) alternatives to the proposed action ...." This detailed statement and decision by the government is contained in a record of decision (ROD). Since it is well settled that major federal real estate disposal actions are "major federal actions," the military departments are forced to consider various alternative uses for surplus property prior to its disposal.

In some cases, the departments duplicate the detailed planning studies undertaken by the communities and LRAs to determine the appropriate uses and level of density for the land.



Nevertheless, it has become settled DOD policy that “[t]he community’s reuse plan, if available, will be the basis for the proposed action and alternatives addressed in the DoD Component’s EIS [environmental impact statement] or other NEPA analysis unless it conflicts with statutory or regulatory requirements.”

What this simple sentence means for communities is that the Department’s disposal action, unless precluded by law or regulation, will be tailored to accomplish the community vision for future uses of the property through the disposal process. More often than not, the ROD will contain the Base Reuse Plan as the preferred alternative in the disposal process. While this language does not mandate the disposal mechanism (i.e. who will acquire or develop the property), it insures that the federal disposal process will facilitate and, in some cases mandate, future uses in accord with the base reuse plan.

**Environmental Remediation:** Regardless of the community vision, base reuse plan, or preferred NEPA alternative, it is unlikely that the reuse plan will be implemented if it is seriously at odds with the environmental condition of the property at the time of its disposal. For example, it is unlikely that entrepreneurs would invest the funds required to construct child care centers or residences on unremediated unexploded ordnance impact areas. Similarly, routinely contaminated properties containing modern industrial byproducts such as asbestos, lead-based paint, PCPs and military-unique materials require a level of remediation and preparation prior to redevelopment.

It is well settled federal law that the federal disposal agent must render the property “... safe for human health and the environment ...” prior to its disposal (Comprehensive Environmental Response Compensation and Liability Act; CERCLA); this level of remediation is administratively memorialized in a signed Finding of Suitability to Transfer (FOST) prior to conveyance. An executed FOST is a requirement for the conveyance of property from the federal inventory.<sup>1</sup>

Together, these requirements lead to a favorable dynamic for communities. Inasmuch as the ROD that completes the NEPA decision-making process is likely to reflect the base reuse plan as the preferred disposal alternative, the disposal agent is required to remediate the property to a level and in a manner sufficient to allow the implementation of the base reuse plan in accordance with the ROD that is “... cost effective, and that utilizes permanent solutions ... to the “...maximum extent practicable....” The phrases “... cost effective ...” and “...maximum extent practicable ...” are subject to a number of differing interpretations and have been the subject of numerous debates and discussions.

Nevertheless, it is beyond question that the community vision as articulated in the LRA-endorsed base reuse plan is the community’s best opportunity to shape the future use of a closed military base.

<sup>1</sup> For exceptions to this requirement, see Chapter \_\_\_\_\_ that discusses conveyances of property prior to its remediation.

## Chapter 4

# WORKING WITH THE OFFICE OF ECONOMIC ADJUSTMENT AND THE DOD MILITARY DEPARTMENTS

**Michael Houlemard & Fred Meurer**

In this chapter we will help to communities to be more strategic about using specific federal reuse resources, so that the burdens of closure do not fall unfairly upon communities. This is of special concern across the United States as the Department of Defense (DOD) embarks on a process of downsizing its real estate-based operations.

**Office of Economic Adjustment:** The Office of Economic Adjustment (OEA) within the Office of the Secretary of Defense has historically provided the first line of connection between DOD and local communities facing what can be a complex, sophisticated process for reuse and recovery.

OEA has demonstrated repeated successes in linking communities to their reuse objectives and offering multiple mechanisms for planning access to property, transfer of key parcels, and understanding the environmental remediation and habitat conservation elements of military base reuse. This essential function is the heart and soul of OEA and its continued role is critical to future successes as closures surface in 2005.

OEA offers direct assistance to communities, states and regions that are working through the adjustments associated with a local economic disruption caused by DOD actions. OEA has provided financial and technical assistance to communities and other entities impacted by decisions related to contract changes, downsizing and closures associated with the Base Closure and Realignment Act. OEA administers the Defense Economic Adjustment Program, which can include financial assistance for planning and coordination to help a locality adjust to a major DOD action.

In addition, OEA has also lent significant counsel to communities fighting through the maze of federal bureaucracy that can be overwhelming during the recovery process. OEA's technical support in defining the pathway through the acronymic linguistics between agencies has been a major relief to many communities.

### **Recent Base Closure & Realignment**

**Process:** The recent history of military base closures began in 1988. Since that time, four rounds of Defense Base Closure and realignment actions have resulted in the closure, realignment or downsizing of nearly 500 military bases and installations – including some with only minor actions.

The negative impact of job losses and local economic downturn is also an opportunity for local entities to rethink their reliance on the military and refocus on building new economic options. OEA has offered communities financial and planning assistance that can evaluate what these options are and how they can be deployed to the communities' best interests.

In past closures, OEA has assisted the community in setting up a "Local Reuse/Redevelopment Authority to organize and access the miscellaneous governmental, philanthropic, and investment resources required to achieve economic recovery." OEA provides numerous publications and case studies that offer direction to communities embarking on the process of dealing with disposal, remediation, and property reprogramming through the Army, Navy, or Air Force.

OEA has provided the technical and financial assistance to develop economically focused base reuse plans that convert closure troubles with economic replacement growth, while building upon regional strengths to create the building blocks of a diversified/balanced local economy.

Few would disagree with DOD's need to downsize its facility holdings to better match its force structure need. What was not foreseen in planning, forecasting, understanding, and preparing for base closures were the myriad of processes, regulations and environmental problems that would be imposed by federal, state and local agencies.

Also unknown would be the significant and severe difficulties that any daunting bureaucracy would have on local communities in their efforts to recover from the resulting economic and social impacts. While some might say that some installations' reuses are slightly more sophisticated or complex than others, in most cases there are between 40 and 60 agencies that have an influence or call upon the reuse of former installations. *The lesson is: If not managed, the process (and oversight) can overwhelm or inhibit results, if not taken seriously and addressed in a concurrent rather than serial fashion.*

OEA is an excellent source to work through methods to improve processes and to secure cost savings by using concurrent reviews. OEA can be a key advocate for ensuring that community interests are recognized by the various federal processes.

#### **Securing Early Interim Use of the Property:**

In nearly every case for reuse of installations downsized or closed in the 1988, 1991, 1993 and 1995 rounds, the process has lagged considerably behind initial projections. Costs are much higher than originally estimated. Environmental cleanup has been uneven and uncertain as well as more costly. There are still questions on how to predict what the next problems may be, as we move forward with conveyances and reuse of properties.

Reuse executives have learned that the federal process for reassigning surplus land can destroy a reasoned plan as a result of environmental problems coming from military training activities; the **many** hidden or surprise costs and duplications of effort associated with reuse planning and implementation; and the bureaucratic and political processes that tend to confound logic throughout the recovery process. The same executives have found that if barred from getting in early, the local reuse authority (LRA) may lose the value of the installation's assets. As shown in the accompanying insert of the Fort Ord Housing Reuse Process, these so-called assets may **not** in fact be assets at all in their vacant status or their "non-municipal" condition; e.g., facilities that do not conform to local building codes. OEA can provide guidance through these eventualities that make the process navigable for localities.

**Job Loss/Problems from Contract Closure/Expansion:** At times, a major cutback in a defense contract results in substantial job losses. OEA provides community economic adjustment planning assistance to states and communities affected by the cutbacks to pursue economic

#### **FORT ORD HOUSING REUSE PROCESS**

The base closure experience at the former Fort Ord is an example of how processes and procedures can interfere with early access. The installation officially closed in 1994, and there were more than 4,000 housing units that were vacated, providing adequate or better housing for the military families stationed at the former base.

Shortly thereafter, the Department of Army leadership determined that civilian occupancy of these housing units had to wait for the full process of negotiations/deliberations on the submitted economic development plan for the entire excess fort, and the conveyance request had to be negotiated in final. The Army reasoning was that early leasing and re-occupancy of these dwellings, would frustrate negotiations on the final sale of the property. Despite the huge demand for affordable housing in the Monterey area, over 2,000 houses were boarded up for over nine years.

The end result was that the extended negotiations led to irreparable damage to many of the units, resulting in significant losses. The reuse authority now owns 2,000 mold-infested, severely degraded dwellings that will now cost between \$67,000 - \$70,000 per unit to reoccupy, a cost which is now higher than the cost of new construction for similar sized and appointed units – rendering them useless. If one does assume that former military housing is an asset at closure, then preventing early access is a real loss and a shame for taxpayers.

**Lesson:** Insist that the military department approve an Interim Use Lease under the BRAC statute. Get OEA's help to reoccupy early and keep processes from frustrating pragmatic cost savings to both DOD and the community.

adjustment strategies appropriate to their particular problem. OEA also serves as the focal point for information on other relevant federal assistance programs that can support coordinated programs to plan and implement adjustment strategies.

OEA has provided a wide range of specialized technical and economic adjustment planning assistance to states and/or local jurisdictions that are impacted by military installation expansion/growth. In these circumstances, a major change

in military population, federal investment or private sector contracts can overwhelm a local community not prepared for such unforeseen upheaval. OEA's help to these expanding communities has produced the technical understanding and improved local competence in accepting responsibility for these impacts.

**Urban Encroachment:** OEA operates a Joint Land Use Study (JLUS) program to encourage cooperative land use planning between military installations and the surrounding communities. The goal of the JLUS program is to assist communities in preparing development plans and regulations that are compatible with the training and operational missions of military installations, airfields, and ranges. The military departments identify existing or potential future incompatible development and request OEA to meet with affected local jurisdictions. OEA may provide technical and financial assistance to state and local jurisdictions to achieve compatible land use and development activities near defense facilities.

**Working with the Military Departments:** When the last rounds of base closure occurred, DOD estimated that the installations listed for closure would be worth several billion dollars. DOD failed to realize that the real economic benefit from most base closures comes from "getting out on time" and shifting the operating costs over to the community.

The NAID membership has learned a major lesson from DOD's asset-based thinking. After numerous protracted and tedious negotiations under the Economic Development Conveyance (EDC) option, many communities vigorously debated whether these bases, in their current condition, were an asset or a liability.

In most cases, the cost to bring the property up to current codes and standards would require substantial investment to (1) remove contaminants that the military service is not required to abate; (2) demolish or deconstruct substandard and inadequate structures; and (3) repair an decrepit infrastructure. *The military's asset-based assumptions that DOD is entitled to the entire cash flow market value created over 15 years have been a major obstacle to economic reuse. The lesson is that these DOD assumptions are counter-intuitive to private sector thinking on the redevelopment of large outmoded properties requiring land use zoning and major public infrastructure improvements.*

Fortunately, Congress approved legislation in 1993 that changed the property transfer terms so that (under certain circumstances) communities can acquire surplus BRAC property at reduced or no cost, provided they reinvest the proceeds in reuse-related activities and infrastructure needs. A 2001 revision to the BRAC law, however, has eroded the effectiveness of this benefit, leaving to the military's discretion whether to allow the use of the no-cost EDC provisions.

In fact, the Navy has already embarked on a number of auctions/sales that are likely to be the service's approach for the coming rounds of base closure. It is unclear if the Army and Air Force will be approaching future rounds of base closure in the same way.

However, it is clear that local jurisdictions will need to be very focused on their role in setting the underlying zoning and planning incentives in the event asset-based thinking within the military departments continues as the rule, rather than the exception. The way in which the military services operate confirms the theory that "one size does not fit all." In fact, it is rare that the same process works the same way between the varied military services. OEA can be of great assistance with grants to assist in this critical local land use planning and entitlement process.

It is important to note that there are several centers of responsive performance within the military department conversion and disposal agencies, such as the Air Force "Care & Custody" base maintenance contracting program with LRAs, operating from Brooks AFB. Within the Army Corps of Engineers, the "Cooperating Agency" agreement offered by the New England District allowed the state of Massachusetts and the three towns adjoining Fort Devens to participate in the disposal EIS study process, thereby expediting the Devens reuse effort by many months.

To the impacted communities, the two most important DOD representatives in the entire federal reuse effort for your base will be (1) a cooperative base commander and (2) a committed DOD Base Transition Coordinator. A base commander who fairly interprets the military department closure guidelines and works cooperatively with the community toward early reuse also fulfills the intent of the BRAC statute at the same time.

The Base Transition Coordinator (BTC) serves as an on-scene DOD and Military Department appointee who has direct access to the Pentagon. The BTC also compiles a quarterly report to DOD, which is intended to resolve any major barrier or policy conflict. In the past, the BTC representatives serving at the former Fitzsimons Army Hospital, Kelly AFB, Vint Hill Farms Station, and NAS Cecil Field, among others, were major contributors to the early success of those local reuse efforts.

**Closing – Dealing with Risk:** Local communities, military departments, and federal and state regulators tend to be adverse to risk and move slowly on certain projects. There is often a fear factor in entering into agreements when they may not be perfect and a corresponding reluctance to move early, decisively, and swiftly.

This reluctance has resulted in significant capital asset losses on former bases. Early partnering and sustained engagement with the military branch and regulators is absolutely essential to success in base reuse. *Lesson: Some risks are absolutely essential to effective reuse. Make early and consistent contact with OEA for the technical assistance that will guide you through the maze of the military departments.*

As the nation prepares for potential base closures in 2005, innovative approaches for looking at and resolving the difficult issues and hidden

problems that arise during the adjustment process must be found. At the same time, jurisdictions must prepare to make the planning and zoning decisions essential to self-determination in an auction-dominated disposal process. In addition, all parties involved must understand, plan for, and provide the financial commitments required for successful reuse and recovery.

It has been said, “we are all in this [base closure process] together” – the military, agencies, LRAs, financial institutions, community groups, developers, and our elected officials. If base closures and reuses are to proceed successfully and on a timely basis in our nation's communities, all entities involved must also all be committed to applying the resources needed to reach solutions and achieve the results intended — together. *This truly is the most significant lesson to remember: Approach Reuse with a Strong Will, Persistence, Resources (or a Chance to Get Them), and Patience. OEA has been, and continues to be, a great advisor in this complicated process; the military departments must also be key partners in this effort.*



## Chapter 5

# EVALUATING ENVIRONMENTAL CONDITIONS

Barry Steinberg & Thomas Markham

Planning the reuse of BRAC bases is a complex, resource intensive process that requires strong and effective leadership for communities. It also requires the military department and the community to keep each other fully informed concerning the community's reuse plan, the schedules for environmental evaluation and remediation, and the levels of remediation.

**Uncertain Environmental Conditions Often Lead to Property Reuse Delays:** The uncertainties pertaining to the environmental condition of the property and the implications of the potential outcomes can lead to inconsistent assumptions about both the property reuse potential and the cost and timing of transfer by both parties to the deal. Inadequate environmental site characterization can only result in delays and disagreements, to the disadvantage of all concerned.

With a willing buyer and seller, what is it that prolongs consummation for, in some cases, more than 10 years after the base closure decision? Most often, it is the environmental condition of the property and identification of and funding for the remediation of the base. The difficulty is exacerbated because each side of the deal needs the other's information before they can proceed with planning for property transfer and reuse.

The community and its developer need to know that the property will be cleaned to the level necessary to support the reuse plan. While there is a general OSD policy that the property will be cleaned to such a level, this policy is not a legal requirement and is not judicially enforceable.

Similarly, the military department will want to know what the community reuse plan requires in the way of environmental remediation in order to budget, plan and prioritize its remediation efforts. If the community does not consider the potential unwillingness of the military department to clean to the level necessary to support the planned reuse, the risk of disagreement, delay and restarting planning efforts is present.

**Adequate Site Information:** The essential and frequently missing factual element to resolve this

dilemma is adequate information pertaining to the environmental condition of the property. Unfortunately, obtaining this information is complicated by the complex nature of environmental site characterization, technological inadequacies, regulatory inconsistencies and changes, funding constraints, and the uncertainty associated with establishing that contamination does not exist.

The statutory requirement pertaining to the investigation and disclosure of the environmental condition for transferring Federal real estate (42 U.S.C. 9620(h)(4)) is the rough equivalent of an ASTM "1527-2000 Phase I environmental site assessment," which is hardly adequate for site characterization for what in most cases is an industrial type site.

This statutorily required evaluation, which was an amendment to the federal facilities chapter of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), yields an environmental baseline survey. The objective is to inform a transferee of a former federal facility of the historical environmental activities and releases of hazardous substances at the facility. This in turn comprises some evidence of what conditions pre-existed transfer and what occurred subsequent to transfer.

The importance of establishing when contamination occurred affects the ability of the transferee to have the United States return to remediate what they left behind and to indemnify the transferee for costs and damages attributable to pre-existing contamination.

In this regard, there are two provisions of law that assist the transferee with respect to pre-existing contamination. The first is the CERCLA warranty contained in 42 USC 9620 (h)(3), which assures the transferee that the United States has taken all action necessary to protect human health and the environment with respect to hazardous substances on the property at the time of transfer. If there is a subsequent discovery of pre-existing hazardous substances, the United States is responsible for the remediation.

The second is an indemnity contained in Section 330 of the 1993 National Defense Authorization Act, which requires the Secretary of Defense to indemnify, defend and hold harmless a transferee of base closure property for claims, losses, expenses, costs or judgments arising from environmental conditions that result from Defense Department activities at the installation. However, with respect to each of these protections, an essential element of proof is that the requirement for remediation or indemnification be attributable to the pre-existence of the contamination, not some subsequent event. As in the case of any claim against the United States, the burden of establishing the factual predicate for the claim is on the claimant. For base closure property, the adequacy and accuracy of the base line survey is critical.

In order to remediate a former military facility, a significantly more detailed assessment is often required, and this requires time, money and careful planning. Because there is no legal obligation to produce a more thorough evaluation, the military departments have sometimes been reluctant to do so. The data gaps inherent in this evaluative process may be filled in by the military service on its own or perhaps through negotiation or regulatory prodding.

The development problems caused by the lack of early and accurate environmental characterization of the BRAC property can be seen in the accompanying insert on the Lowry AFB Environmental Experience.

In some cases, a developer may be prompted by the time value of money to fill the gaps. But without a relative degree of certainty as to the environmental condition of the property, there are risks to all parties involved. The community or developer risk is delay, frustration and a potentially "un-executable" reuse plan. For the military department, there are risks of additional cleanup, further operation and maintenance costs, claims for indemnification, and community anger.

As highlighted in the accompany insert on Lowry's environmental considerations, the lack of accurate environmental data can seriously impair the long-term development of the very base itself.

Adequate site characterization therefore is essential. It is a critical component of the following evaluations and assessments that may be necessary for future development:

1. Suitability for intended reuse.
2. Funding for remediation.
3. Negotiation of Cooperative Services Agreement.
4. Project development delays.
5. Underwriting success for loans and insurance.
6. Uninterrupted cash flow to satisfy development costs, bonds, loans.
7. Assure protection of public health and the environment.
8. Appraisal assumptions.

#### **How to Integrate the Needs and Requirements of Both Parties?:**

There are some ways to speed up the reuse of these contaminated properties. A revised BRAC environmental process with streamlined statutes, regulations and administrative methods would be a great advantage. Unfortunately, the National Environmental Policy Act of 1969 (NEPA), as amended, and the Resource Conservation and Recovery Act (RCRA) were not designed for the BRAC process.

The overlap of RCRA and CERCLA lead to different regulatory processes and agencies. The timing of the NEPA Environmental Impact Statement or an Environmental Assessment – a military service responsibility – can be out of sync with the development of the community reuse plan, a plan that should be the preferred alternative under NEPA.

The lack of innovation in the laws associated with environmental cleanup is a stumbling block for quickly turning around these properties. There is no clear one-stop shopping method for dealing with the environmental issues at these sites. In the previous BRAC rounds, we learned that there is a clear disconnect between the environmental regulatory and statutory processes.

Data collection, different public involvement processes, and the duplication of efforts all lead to remediation actions and decisions that may not match the intended reuse of the site. The overall fact remains that the military may not clean up to reuse if it is too costly to match the intended reuse and redevelopment to the highest and best use. This leaves a significant gap between the "highest and best use" and the actual environmental condition of the property. Nevertheless, community land use should be considered in the

## LOWRY AFB ENVIRONMENTAL EXPERIENCE

Lowry Air Force Base closed on Sept. 30, 1994, after 57 years as an active Air Force Base. The property is located nearly in the middle of the Denver metropolitan area with a population of 2.5 million people. Lowry offered and still offers a tremendous redevelopment opportunity. The reuse plan was complete at closure time (1994), and the redevelopment team to implement the plan was put in place. The questions and issues were many: infrastructure, demolition, interim leases, caretaker, planning, zoning, money, and money!! It is important to notice that environmental cleanup was not mentioned because that was the Air Force's job. The community expected the Air Force to do its job in a manner that would support redevelopment.

For budgetary planning with Congress, the Air Force indicated that it would have the last remedy in place at closed bases within six years of closing. That didn't happen at Lowry, and hasn't happened at many other closed base locations nationwide.

Once the Lowry Redevelopment Authority realized that it could not rely on the Air Force to fulfill this obligation on its own, the LRA became very active in understanding the environmental condition of the land. At Lowry, like other closure locations, the environmental documentation was at best, incomplete, and at worst, wrong.

As examples, the asbestos study of the existing buildings was completely inadequate; demolition and abatement cost the LRA many millions of dollars more than the estimate generated from the Air Force asbestos disclosure document; and the locations for pipes and underground storage tanks were not properly identified. Records of Air Force demolition activities prior to closure were inadequate. As shown in the accompanying Lowry base reuse plan, these contaminated properties, discovered late in the reuse process, were located on key strategic development parcels.

As a result, the Lowry LRA prepared an environmental white paper in April 2002, addressing the following issues:

- The environmental characterization was not adequate to support the rapid development that was experienced at Lowry.
- Environmental cleanup continues to be the greatest impediment to effective reuse.
- Air Force remediation funds are being spent largely on study, not action.
- The cleanup is far behind schedule, impairing the entire Lowry redevelopment effort.
- The outstanding environmental issues need to be resolved immediately.

As a message to future communities, an LRA cannot work for a year or more on a real estate deal and have the military department consistently fail to deliver a deed needed to close the transaction. The only way to recover from the economic impact and loss of jobs is to redevelop the property on a sale or deed basis. The LRA needs a deed, and a lease is inadequate to complete a "redevelopment deal." As a result, communities impacted by future closures should:

- Be involved in environmental issues from the very beginning. The BRAC cleanup team (BCT) may operate differently at various closure locations, and can sometimes have an agenda that is not responsive to the LRA's redevelopment plan. Often, the state regulators and the military service closing the base don't cooperate, and that relationship can hinder redevelopment.
- Be cognizant that the military department can try to negotiate a conveyance deal that obligates the community to perform, but will not make any promises concerning a timely delivery of property that needs environmental cleanup.
- Understand that the environmental reports produced by the BCT cleanup team are usually incomplete.
- Understand that if there are problems identified after contracts are signed, the military departments may tell you that they do not have the authority to fix them. The community has to go through Department of Defense or the Department of Justice to correct the problem, and that is very time consuming; moreover, a successful outcome is not guaranteed.

military remedy selection process despite the disconnect in policy, statutes and practice.

Community leadership is vital for the successful reuse and redevelopment of closed installations. Determining who to involve and how to lead the reuse process is a formidable challenge for most communities. In many cases, no one has prepared for the closure of the installation. Leaders spend their energies fighting the selection of their base. If they were to create a reuse plan during the base defense process, it could spell political suicide.

Yet, having an Alternate Plan can be extremely important for the community. Developing an Alternative Plan will allow local officials to minimize the community's stressful realization that its installation is closing. Officials will be prepared to address community concerns about the redevelopment and environmental remediation of the site. Some limited federal funding may be available to assist in this effort, but the risk of being perceived as giving up is an intimidating prospect for community leaders. This effort is best undertaken quietly, without publicity or fanfare.

When communities do not plan early for the reuse of a facility, a vacuum of leadership often emerges in the community. Some people may look to the installation for assistance, but once an installation is designated for closure, the mission is to phase-down operations, to "turn out the light, and lock the gate" as fast as possible. Some communities look to the Office of Economic Adjustment (OEA) — the primary agency within DOD responsible for providing adjustment assistance to communities, regions and states adversely affected by significant DOD programs changes, such as BRAC.

While OEA offers planning assistance grant funds to local communities, it is not realistic to expect that it can fill the void of leadership in the community. To develop a successful reuse plan, local leadership is critical. If no one is in charge, then no decision can be arrived at without extensive debate and maneuvering. Delays associated with community leadership selection will ultimately postpone reuse. And for each year of delay, there is the risk of losing federal funding.

**What Can The Community Do?:** Setting realistic goals for the community and the reuse process is critical for success. Reuse plans and environmental remediation should be integrated. The military department should

understand the community's desire for reuse and be committed to the end use process.

Communication is extremely important and the community must have strong leadership to set clear and realistic goals. In some instances, communities have sent mixed messages to the military departments about the intended reuse and community leadership. This has impeded progress in transfer and reuse. Communication, therefore, will play a major role in the reuse of contaminated property, based on the following community actions:

- Devise a complete schedule for base redevelopment and do it upfront. (For instance, Mayor Tony Intintoli of Vallejo, Calif., formed a citizens-workers "Futures Group" that compiled the initial reuse plan for the Mare Island Shipyard within four months of the 1993 closure announcement; this rapid-response report was later endorsed by an independent Urban Land Institute Panel).
- Participate actively in the military's Restoration Advisory Board — or RAB — with a view to cleaning-up the "best" property first (i.e. properties with early civilian reuse potential) instead of the "worst" (or the most contaminated areas) first.
- Integrate remedy selection and reuse planning. (For instance, the extensive ordnance impact areas at Fort Ord prompted an early decision to transfer about 16,000 of the total 24,000 acres to the Federal Bureau of Land Management for "habitat management.")
- Develop reuse plans early. (For instance, two Louisiana cities, the area chamber of commerce, and the Rapides Parish surrounding England AFB were able to transform their "Plan B" contingency plan immediately in 1990-1992 into a successful regional air-industrial park.)
- Keep military services informed of reuse plans.
- Keep congressional delegations informed.
- Include state regulators early in the process.
- Be prepared to adjust so long as plans are not jeopardized. Insist on complete and accurate cost data for alternatives.
- Insist on public involvement for the CERCLA Record of Decision (ROD) process, and whenever possible request that the LRA be

allowed to participate as a “cooperating agency” — under CEQ guidelines — in the military department’s EIS evaluation process. (For instance, the environmental evaluations at Fort Devens near Ayer, Mass., and the Long Beach Naval Complex functioned under the “cooperating agency” with maximum benefits to both the military and the affected communities.)

- Be aware of opportunities to hurry or expedite the process.
- Be aware of institutional controls and land use controls (LUCs) proposed by the military departments unless negotiated cooperatively with the LRA.
- Set priorities. (Scarce environmental dollars should be spent wisely with the greatest return on the investment. Recognize that cleanup will be funded over time, so integrate reuse planning with cleanup.)
- Communicate, communicate, communicate.

In conclusion, the environmental status and condition of the former military property is a serious issue. A cleanup schedule that the community can count on is vital to a successful redevelopment effort. Assure that your community is prepared to seek professional environmental and legal expertise to deal with this very complicated issue.



## Chapter 6

# HOW THE MARKET SETTING INFLUENCES LAND USE DECISIONS

John A. Walker & Jeffrey S. Donohoe

One of the most difficult aspects of the base reuse process is identifying the most appropriate mix of land uses that balance the needs and preferences of the community with the need to respond to market forces impacting the economic viability of the reuse plan.

In the past several BRAC rounds, many communities attempted to dictate or force the market while ignoring the supply and demand characteristics of the area in structuring their reuse plans. In those instances, communities have learned the painful lesson that market and financial viability are critical to the success of any reuse plan.

The typical reaction of local officials to attempt to replace all of the lost employment that results from a closure is, in many cases, the path of least resistance when land use plans are created. Community leaders assume that creating an employment area that capitalizes on the infrastructure and facilities that were left behind by the military is the most logical choice for a land use plan. Alternatively, some communities choose to ignore the infrastructure left behind and emphasize the opportunities to provide open space and parks with the land being vacated by the military.

While the ability to generate new employment opportunities and provide for the common needs of the community are laudable goals in any land use plan, the ability to attract and maintain private sector investment should be the ultimate driver of the plan. The ability to attract private capital to fund all, or a major portion, of the redevelopment of a former military facility should be one of the litmus tests when a community considers alternative land use scenarios.

**Future Based Market Analysis:** Depending on the size of the facility, the closure or realignment of a military base can have a significant impact on the local and regional economy. Because of this, an economic and market analysis that only accounts for historic market trends within the region will not provide an accurate picture of how the markets might perform in the future.

The loss of military employment along with the potential loss of government contractors who work at the facility will have a ripple affect through the community that will likely influence other job market sectors, including retail and wholesale trade, construction and the service sector. In addition, the loss of employment and the corresponding tax base may ultimately impact local government employment.

The market analysis for a reuse plan must assess the impact of the loss of military and non-military employment and the likely economic focus for the community in the future. An industry cluster analysis (one that identifies the most likely industries that will locate in an area based upon the natural resources and employment skill set of an area) can also help segregate the most likely employers for a reuse plan as well as identify the required infrastructure to support the location of such industries.

In addition, communities can also attempt to address any existing shortcomings within the area by setting aside portions of the property for additional retail, housing, education and vocational/technical facilities, and recreational facilities. These can be incorporated into the plan, and the redevelopment plan can be marketed as a complete community.

**Capitalizing on Market Forces:** The market trends influencing land use decisions are impacted by a variety of forces all the way from international trade agreements and interest rate fluctuations down to how a specific building on the base compares to other developments outside the gates of the base. However, a well thought thought-out land use plan that capitalizes on all of the physical, locational, and financial attributes of the facility can help offset (but not eliminate) any negative outside market forces.

Ultimately, a good reuse plan must be based on the realities in the marketplace. Many communities in the last several BRAC rounds prepared redevelopment plans based upon rosy projections for manufacturing and heavy industrial employment, while others were based upon

transforming themselves into high tech areas. While some communities experienced modest success in attracting new heavy and/or high tech industry, most of the jurisdictions that were counting on this transformation are now updating their plans.

Communities who recognize their advantages and shortcomings with an eye toward the overall economy are likely to have the most success. For example, while much of the waterfront property formerly used by the military was for industrial use, market trends suggest that people prefer waterfront locations for their residences.

In addition, many of the larger residential and mixed-use real estate development companies in the U.S. prefer to purchase and develop large-scale, master-planned communities in which they control the amount and price of land entering the market at any given time. Conversely, the recent downward trend in the manufacturing and heavy industrial sectors has turned developers and investors away from large-scale investments in new properties.

A land use plan that includes a strong market analysis component — incorporating international, national, regional, local and site specific market trends — will be more successful in performing in the marketplace than those that ignore one or more of these components.

**Mixed-Use Versus Single Use:** Due to the large size of most military facilities, a redevelopment plan that includes a mix of land uses is typically the best way to ensure private sector investment in the redevelopment plan. The redevelopment plan should be developed with a clear understanding of the potential market for each of the uses proposed, including infrastructure requirements and costs, potential end-users, absorption rates, value and tax base results. If one use predominates (such as industrial or office), the local market may take years (maybe decades) to absorb the land and/or buildings set aside for these uses.

Since private sector investment typically hinges on steady and short-term absorption of space, creating large inventories of land for one particular use may not be attractive to private investors. In addition, the plan must take into account the impact on markets outside the gates of the facility. Glutting the market with all of the space or land at once can depress existing private sector markets currently serving the area. This can create significant friction in the local business

community, especially if the LRA is offering incentives for redevelopment that private sector developers outside the gates cannot offer.

Mixed-use reuse plans can offer a wide variety of uses with the ability to tap several different markets, while also providing for flexibility in the redevelopment process. As large facilities are redeveloped, they are likely to endure one or more real estate market cycles. A mixed-use plan that provides flexibility will allow the LRA and the development community to respond to market cycles and changes in supply and demand.

**Interim versus Long-Term Reuse:** Another method used by communities to address supply and demand is the adoption of interim land use plans. In many instances, the existing infrastructure and building inventory on a closed or realigned military facility may be used on a short-term basis while the community invests time and effort into planning for the property's ultimate highest and best use. Interim uses offer a wide variety of benefits including:

- An immediate income stream that can help offset infrastructure operation and maintenance (O&M) costs;
- An immediate use that will take over the care and maintenance costs of existing structures; and
- A potential tenant base as the facility is redeveloped.

Some of the potential interim leasing opportunities can involve leasing buildings and/or parking lots for storage (including outdoor storage), leasing recreational facilities to sports clubs, and providing temporary or short term housing opportunities for local community-based programs.

Sometimes, the related personal property or retained equipment at the facility may provide the community with a competitive market edge in attracting a new commercial operator. For instance, the modern pipefitting facility at the former Mare Island Naval Shipyard in Vallejo, Calif., was immediately available for new commercial clients. The key question is whether there is a ready regional or national market demand for specific fully-equipped facilities.

One of the potential drawbacks of interim leasing is the potential for creating a sense within the business and financial community that nothing new is going to occur on the facility. If a land use plan depends too heavily on interim uses, they can cause the markets to have a nega-

tive view of the facility that may be difficult to change. Therefore, while interim uses have many advantages, they should not become a crutch in propping up a poor land use plan.

**Looking to the Future:** Communities that include nearby military facilities need to continue the process of identifying land use alternatives for those facilities in the face of BRAC 2005. Communities that recognize that leveraging private sector investment is the key to sustainable reuse will likely have the most success in carrying out their redevelopment plans.

By using market-based planning strategies that account for the changes that will occur in the marketplace due to the closure, and incorporating flexible alternatives such as interim uses and mixed-use development, communities impacted by the next BRAC round will be able to attract the private sector capital required to make their reuse plan a success.

## Chapter 7

# INITIAL LAND USE PLANNING

Frederick D. Jarvis

Planning for the reuse of a property as well as for initial use is basically a phased or staged process. The process proceeds through three general stages: concept planning, preliminary planning, and final planning (selecting the preferred land use plan). This chapter also discusses recent community planning trends in land use planning, and describes seven ingredients (the Seven Ss) for a successful reuse plan.

**Concept Planning:** Initial land use planning occurs in the concept planning stage and deals with property and facilities issues at the broadest possible level. During this stage, the planning team evaluates alternative arrangements of generalized land uses (industrial areas, office areas, clusters of housing, locations for community facilities, corridors of open space and so forth) and alternative alignments for major roads. The product of this work is a Land Use Plan concept or diagram of the property where land use areas and road alignments are schematically depicted. Land uses are generally designated by the following categories:

- Commercial – Local serving / convenience  
 – Area serving  
 – Regional serving
- Employment – Office  
 – Light industrial  
 – Industrial
- Residential – Single-family  
 – Multi-family
- Institutional – Educational  
 – Cultural  
 – Health (clinic or hospital)  
 – Governmental  
 – Religious
- Open Space – Recreation  
 – Conservation

Of course, related to military bases, there may also be some specialized land uses such as an airport, transportation depot or landfill area.

The most basic decision about reuse planning that the team faces is how the land will be divid-

ed and used. Many factors influence this decision and affect the land use planning of the project:

- The physical conditions of the site, the surrounding patterns of development and infrastructure capacity
- Market factors
- Land use controls, zoning and regulatory requirements
- The size of the property (large parcels of several thousand acres can offer many opportunities for creative and diverse land plans, while small sites may offer a more limited array of possibilities)

The general sequence of events in the land use concept planning process is as follows:

**Baseline Information:** To initiate the reuse planning process, certain baseline information must be assembled. This includes surveys and inventories of on-base facilities to determine their locations and conditions and reuse potential (and/or liability). This information is usually readily available from the military and includes boundary surveys, street and road layouts, surveys of utility systems, aerial photographs, topography, undeveloped land areas and areas with unique physical conditions, e.g., historic sites, archeological resources, hazardous waste sites and so forth. The military's baseline data may, however, contain gaps and some inaccuracies and may not conform to modern industry standards. It should also be noted that on many military bases the existing streets and utilities may be inadequate or outmoded and will have to be rebuilt or in some cases abandoned and removed in the reuse plans.

**Contextual Evaluation:** In addition to base information for the actual property, it is also advisable to obtain regional and site context maps including maps of surrounding property, condition and capacity of regional and area-wide infrastructure such as roads, utilities, parks and open space. It is critical to evaluate and understand adjacent community comprehensive plans, small area plans, zoning maps, development policies and regulations. It will be important to open the

former base property to new community access and new market influences; full military security at the perimeter is no longer advantageous.

**Systematic Summary of Findings:** Once collected, base information must be organized to permit an easy evaluation of the possible reuse options. The evaluation can be performed either manually, through the creation of graphic exhibits or overlays, or by using computer applications. The newest computer technology permits rapid evaluation of such factors as site and environmental constraints, engineering limitations or planning opportunities. Computer-aided design and drafting (CADD) or geographic information systems (GIS) are the most readily available tools to assist in the evaluation and planning process.

**Market Evaluation:** A market evaluation should be prepared either slightly before or concurrently with the Land Use Planning Process (the market evaluation has previously been addressed in Chapter 6 – How Market Settings Influence Land Use Decisions). The market assessment investigates historical and current market activity, economic factors, competitive factors, probable trends, demand determination and creates a development program or programs to be tested.

**Concept Plans:** At this point in the process, the facilities and land evaluations are merged with the preliminary market information to test the program(s) and to evaluate alternative land use concepts. It is highly recommended that you study several alternative concept plans. Alternative plans can be generated quickly and inexpensively with today's computer capabilities. Insist that your planning team evaluate alternatives early in the planning process. This is one of the best ways to ensure that you will come up with a successful concept plan. Strategies for developing alternative concept plans include the following:

- Do not be satisfied with the first solution.
- Do not assume that there is only one way to make a project work.
- Recognize that a lot of ideas create better solutions.
- Look for the second right answer.
- Ask "what if" questions.
- Challenge the rules.

### Selecting the Preferred Land Use Plan:

Identification and evaluation of alternative concepts is an iterative process. Initial alternatives may be based on any one or more of several variables: program mix, location of uses, patterns of access, intensity of development, physical form, amenity packages and so forth. It may be possible at this stage to assess some early financial implications of the more promising concept reuse plans. This is discussed later in Chapter 11.

Evaluation of the initial set of alternatives may suggest new alternatives to evaluate. Most often, however, the preferred or consensus plan will emerge as the planning team carefully weighs and evaluates the alternative concepts. The selection should be guided by carefully developed plan evaluation criteria, which may include the following:

- Which concept best achieves the community's goals and objectives?
- Which concept has the greatest market potential for both short-term interim uses and for long-term permanent uses?
- Which solution best achieves the program and best fits the site?
- Which concept can be most easily implemented under the local community's zoning and subdivision regulations?
- Which solution provides reasonable benefits?
- Which concept will most aid the local community's economic recovery and long-term growth?

The preferred concept will likely reflect a combination of several ideas uncovered through the comparison of alternative plans.

As the planning process moves from the conceptual planning stage to the preliminary planning stage, and finally to the preferred base reuse planning phase, continued testing and refinement should take place. Using the Base Reuse Plan reached through consensus, it will then be appropriate to prepare a Final Development Plan along with the necessary Design Codes and Development Guidelines. When these documents have been prepared and the LRA has acquired the property, the next step is to file for the property's rezoning (this will be discussed in Chapter 8 – Role of Land Use Zoning and Local Development Incentives).



## Community Planning & New Design Trends:

The trend in planning and in assigning land uses is moving in the following directions:

- Greater mixing of land use, more integration, more variety and choice.
- Vertical mixing of uses as well as horizontal mixed-used.
- Achieving a balance as much as possible between housing and jobs.
- Providing more community services and amenities on-site to reduce off-site traffic trips.
- Linking land use to innovative transportation solutions with more emphasis on the pedestrian and alternative forms of transportation.

**Smart Growth:** Smart growth is a recent planning trend that has received wide acceptance. It has several straightforward goals: support existing communities by targeting resources to areas where infrastructure already exists, save our most valuable natural resources before they are forever lost, and save taxpayers from the high cost of building infrastructure to serve development that has spread far from our traditional population centers.

Numerous states as well as various professional organizations such as the American Planning Association (APA) and the Urban Land Institute (ULI), for example, have adopted the following policies and principles of smart growth:

- Anticipate and plan for growth.
- Mix land uses, generally higher densities.
- Take advantage of compact building design.
- Create housing opportunities and choices.
- Create walkable communities.
- Foster distinctive, attractive communities with a strong sense of plan.
- Preserve open space, farmland, natural beauty, and critical environmental areas.
- Provide a variety of transportation options.
- Strengthen and direct development to existing communities.
- Make development decisions predictable, fair, and cost effective.
- Encourage community and stakeholder collaboration in development decisions.

Reuse planning for former military bases can be fully consistent with smart growth policies and can help achieve our nation's smart growth mandate.

**New Urbanism:** This concept seeks to integrate the components of modern life – housing, workplace, shopping, worship and recreation – into compact, pedestrian-friendly, mixed-use communities. Although the term “neo-traditional” was first coined in 1988 and New Urbanism in the early 1990s, the principles relate back to the characteristics of pre-automobile 19th century towns and early 20th century suburbs. The compact, neighborhood-focused development patterns of those older models are viewed as antidotes to the sprawling anonymity of the standard suburban subdivision. Another term that has emerged for this form of development is Traditional Neighborhood Development (TND).

A particularly distinctive feature of the neotraditional town plan is the street system. New Urbanism planners generally reject the curving, hierarchical street networks of the standard suburb, favoring a more urban grid, with homes and buildings set close to the street's edge. Service alleys provide parking areas, access to garages, and space for such necessities as trash cans and mailboxes. Neighborhood streets and the buildings that closely line them create more intimate, identifiable spaces.

**Traffic Calming:** With increases in automobile usage and traffic congestion, and with traffic issues plaguing most parts of our country, traffic calming has become an important factor in planning. Other terms that have been used are neighborhood traffic control or traffic mitigation (Boulder, Colo.) or traffic abatement (Sarasota, Fla.). Traffic calming is the combination of mainly physical measures that reduce the negative effects of motor vehicle use, alter driver behavior, and improve conditions for non-motorized street users.

Traffic calming can involve changes in street alignment, installation of barriers and other measures to reduce traffic speed and/or cut-through traffic volumes. The basic techniques or devices include: speed control measures such as speed humps, speed tables/plateaus, raised intersections, traffic circles or roundabouts, central island narrowings, and neckdowns/pinch points; and volume control measures such as full street closures, half street closures, traffic diverters, median barriers, and forced turn islands.

The above measures can be used in the planning and design of new communities or in retrofitting existing communities. They can be used separately or in combination. In addition to controlling speeds and volumes, the benefit of these techniques is improved safety.

**Pedestrian Circulation:** A well-planned system of walkways, sidewalks and paths is an important element in any reuse plan. Walking continues to be the number one recreational activity for most people. A number of design objectives have been identified in which pedestrian movement is recognized as a significant factor in shaping the arrangement of the plan.

- A continuous pedestrian network connecting pedestrians' origins and destinations with direct and barrier-free pathways.
- Minimize the number of conflict points between pedestrians and motor vehicle traffic, and reduce the number of places pedestrians must cross vehicular flows, particularly heavy traffic flows.
- Clear delineation of pedestrian paths to ensure that effective walking routes can be selected. Signing may be necessary, particularly on larger sites.
- Pedestrian facilities should be designed for easy maintenance.
- Provision of pedestrian amenities (greenery, shade trees, benches, and so forth) to enhance walking and socializing.
- Consideration of pedestrians' special needs and incorporation of ADA requirements.
- Facilities should be designed to maximize pedestrians' security and safety. Visibility and surveillance from streets, parking lots and buildings should be considered.

**Bikeways:** A bikeway can be defined as being a path open to bicycle travel, regardless of whether such facilities are designed for the exclusive use of bicycles or are to be shared with other modes of transportation. Planning for existing and potential bicycle use should be an integral part of planning for a property. A good reference document to be consulted is "Guide for the Development of Bicycle Facilities," published by the American Association of State Highway and Transportation Officials (AASHTO), 1999.

**Ingredients of a Successful Land Use Plan – The Seven Ss:** How does the planning and development team know that the proposed land

use plan will be successful? What ingredients ensure a sound plan? Over the years we have learned many lessons and discovered several principles that should guide the formulation of successful land plans. These include the following:

**Site Sensitivity:** Previously in this chapter we emphasized the importance of a systematic and careful planning process as a prerequisite to understanding a property and its natural site characteristics. That process lays the foundation for evaluating the land so that the resulting plan responds to, respects, and even enhances the site's natural features. Sensitive planning minimizes visual and environmental impact, allows the natural landscape to predominate and ensures careful implementation and follow-through.

**Structure:** Even in nature there is organization and structure. Structure is also an important ingredient in a successful land plan. Structure establishes the logical framework that permits people to orient themselves to their physical surroundings. Structure in land planning refers to the way the plan is organized. Two primary components of the land plan that determine the organization are the roadway system (along with the resultant spaces) and the open space network. The two systems must be designed in tandem to create a cohesive whole. These are the elements that knit the land uses together and provide an organized, structured land use plan.

**Smart Streets:** In the recent past, too many of our local community streets have been over-designed from the standpoint of right-of-way and pavement widths. Too often street design has been based solely on traffic engineering standards that foster high-speed automobile movement. The "wider is better" philosophy creates wide roads and excessive setbacks that tend to undermine the intimacy, human scale and structure of a community. Wide streets not only encourage speeding and cause safety concerns, but also require more paving which increases runoff and storm drainage requirements.

Today's planning emphasis is on smarter streets – a network of roads, streets and connected paths that are designed primarily for use by people (not just motorized vehicles). Smart streets are based on and scaled to the various functions they need to provide. A classification of streets into various categories results in a hierarchical system. Some of the characteristics of smart streets include:

- Interconnected street patterns.
- Narrower local streets, wider sidewalks.
- Incorporation of traffic-calming techniques.
- Diminished parking prominence.
- Encourage pedestrian and bicycle use.
- Are safe and secure.
- Are visually attractive.

**Small Sections:** The most successful land plans are usually organized around small sections. Often, excessively large development parcels result in communities that lack interest and human scale. The benefits of developing the plan in small sections include the following:

- Small sections are more conducive to mixed land uses, including employment centers, retail shopping areas, housing areas and recreation facilities. They provide more uses within easy walking distances.
- Small sections permit greater design flexibility that can enhance and facilitate a more comfortable, human scale.
- Small sections can be planned to be more environmentally sensitive and responsive to regulations.
- Reuse plans developed in small sections can be more easily phased and constructed in smaller, cost-effective increments.

**Spaciousness:** In the past, development projects often have lacked sufficient open space. Spatial relationships must be carefully considered because they play a major role in defining a place. Permanent open space is an essential ingredient in the land use plan. It is not unusual today to plan for 25 percent to 50 percent of a large property to be permanent open space.

- Open space can bring visual order and structure. Communities should be planned to include a hierarchy of open spaces.
- Open space can act as a visual and physical buffer in breaking up large communities into intimately scaled neighborhoods. Open space increases the sense of privacy.
- Open space can preserve important or sensitive natural areas such as wetlands and marshes, steep and easily eroded slopes, or woods.
- Open space systems can protect floodplains and act as natural flood storage and groundwater recharge areas.

- Open space can also be used for many forms of recreation. An open space can be set aside as a public gathering space or a formal park. As density increases, careful design and detailing of open spaces becomes more important.

**Scape and Signage:** Probably no other site element is more widely appreciated than mature trees. Preserving existing trees wherever possible is the first step in planning the streetscape. Further, the planting of new trees should be considered in every phase of the redevelopment, especially at community entrances and along street scenes. With military security no longer an issue, the community can be made more appealing and inviting, which helps in marketing the reuse of the property. Signs and graphics constitute another important detail that conveys community character and helps set the development apart from others. Well-executed and placed signs can create an attractive image and can also give a sense of order to the plan.

**Sell, Sell, Sell:** For any reuse plan to be successful, it must be salable. Many think that the selling begins when land parcels are made available or after model homes are built. Actually, selling begins during the reuse planning process as you develop your initial land use plan and continues long after the property is fully developed. The following tips will help you sell the reuse plans to your local community, to decision makers and regulatory agencies, and ultimately, to the consumer:

- Do your homework – Define clear objectives and understand the market.
- Get organized – Devise a sales strategy at the local, regional and federal levels. Don't hesitate to hire specialists and professionals to assist you.
- Believe in what you are selling – Get excited about your reuse plan. Use eye-catching graphic exhibits, sketches, examples and comparative studies.
- Promote and market the positives – Understand the advantages of what you are selling and take a proactive advertising approach.
- Selling is a reiterative process – Keep selling and don't give up.

## Chapter 8

# THE ROLE OF ZONING AND LOCAL DEVELOPMENT INCENTIVES

Christine Shingleton & Dana Ogdon

As indicated in previous chapters, redevelopment at former military bases can be a complex process requiring significant community investment and risk. Communities affected by a base closure or realignment decision deserve the best resources available to help them successfully transition from a defense based economy to a commercial economy. Improving the economic well being of a community after closure will depend on the productive reuse and economic reinvestment of military base assets. However, the adverse physical and economic conditions which occur when a base closure cannot be reversed or alleviated by private enterprise acting alone without public participation and assistance.

Zoning can significantly reduce risks associated with redevelopment at a closing military base, protect a community's reuse plan, and maximize the saleable value of base property.

Risks can be expected to be far greater in implementation of a reuse plan than initially estimated during initial reuse planning efforts and will be subject to many unknowns and ever-changing market place dynamics. The experiences at many closed bases such as Glenview NAS in Illinois, Lowery AFB in Denver, Colorado and Orlando NTC in Florida has clearly demonstrated that the costs of redevelopment have been far in excess of original projections.

A local redevelopment authority and its community can **reduce risks to the private sector by providing business assistance and a variety of development incentives.** These incentives can reduce unknowns and allow certain long term development costs to be addressed with more certainty and in a cost efficient, orderly and fair manner. Without many of the assistance tools that a local community can provide, the progress of future development may be significantly hampered impacting a community's economic recovery.

**The Importance of Zoning:** According to the International City Manager's Association's *Principles and Practices of Urban Planning*, "zoning is essentially a means of insuring that the

land uses of a community are property situated in relation to one another . . ."

It is a widely accepted truth that zoning plays a significant role in well-designed and maintained communities, enhancing the value of real property within a community. Zoning as one of several local land use implementation tools can help ensure that a closed military base will develop in a managed, predictable way and will assist in safeguarding the health, safety and welfare of the general public. In so doing, zoning protects and enhances the value of property within a community.

As described in Chapter 3, the Base Realignment and Closure (BRAC) law requires each base closure community to develop and approve a reuse plan as the "blueprint" for local base redevelopment and economic development activity, and as the "preferred alternative" in the DOD environmental impact statement and property disposal process.

The reuse plan is intended to serve a number of uniquely military purposes including: (1) identification of the Military's future requirements for environmental cleanup of contaminated base property; and (2) initiation of property disposal decision making processes. By itself, a reuse plan approved by a local redevelopment authority **is really no more than a policy guide that outlines the intended reuse for a site. It does not serve the purpose of regulating or actually permitting any specific land use on a site, nor is it a development entitlement for the private sector.**

Without the implementation of land use regulations, typically established through local zoning ordinances, there is no assurance or guarantee to the community that development will proceed consistent with the reuse plan, the culmination of the community reuse planning process. And without the development entitlement that zoning brings, there is also unknown risk for future purchasers of former military base property.

Both the community and military departments should have a significant interest in ensuring that



a former military property is marketed and sold at its potential highest and best use. The market price for former military installations already is typically constrained by the existence of environmental contamination or stigma of past contamination; the absence or obsolescence of utility and infrastructure systems; and obligations to remove hundreds of thousands of cubic yards of existing buildings and other improvements — such as roadways, aircraft runways and parking aprons — not built to support development.

A former military installation can typically represent the largest single piece of property in a community. Historically, development proposals of the size and scale of a military installation can receive intense public scrutiny and opposition to a particular land use proposal is not uncommon.

For example, there have been a number of voter-initiated development referendums and other growth control measures throughout the country impacting reuse. Referendums impacting reuse at installations such as the Marine Corps Air Station El Toro in Orange County, Calif., add to the investment risk assessment of a site by the private development community.

Property disposal accomplished with the certainty that the approved land uses described in the reuse plan can be accomplished will improve the marketability of a property and boost the value. An assurance and commitment to zoning can be an effective tool to allay uncertainties.

Several communities have successfully implemented local zoning as a tool to ensure the immutability of DOD's required reuse plan. In the case of the former Marine Corps Air Station Tustin, the City of Tustin, Calif., worked with the military to prepare a combined reuse plan and zoning document. The reuse plan portion of the document was submitted to the Department of Defense outlining the intended reuse of the site.

Subsequently, the zoning portions of the document were adopted once the City had reached agreement with the military on its Economic Development Conveyance Application for a large portion of the installation. The key in this example is the recognition that zoning of property adds value. Therefore, **don't finalize and adopt zoning for the base until there is agreement with the federal government on the disposition of the site to the satisfaction of the local community.**

**Business Assistance and Development Incentives:** To reduce risks to the private sector in proceeding with redevelopment of a former

military installation, a local community can provide a number of business assistance tools and development incentives. Access to a variety of financing programs authorized by either the federal or state government may be possible, as well as to programs provided by other private, public and non-profit agencies.

A local community can also provide technical assistance, educational support or other similar assistance programs to the business community they wish to attract to the site. A summary of just a few of the many assistance programs and development incentives that might be considered are as follows:

- **Zoning incentives:** Incentives can facilitate the economic feasibility of development. A few of the typical zoning incentives that might be used to encourage economic development might include:
  - Floor area ratio bonuses
  - Allowances for mixed use projects
  - Combining public and private uses
  - Planned unit developments
  - Density bonuses
- **Expedited One-Stop Permit Processing:** A one-stop process for issuing building permits can accelerate permit issuance, ensure coordination in the development process and reduce roadblocks and paperwork that can slow down private investment projects. Many local agencies with this process have also created a staff ombudsman position to resolve any development processing roadblocks and to expedite redevelopment.
- **Permit and Fee Reductions:** Reductions or waivers of permit and plan check fees and entitlement application fees can reduce the cost of development for the private sector.
- **Tax Deferral/Forgiveness Agreements:** Local communities may be able to provide a sales or use tax exemption or reimbursement to a developer to compensate for their investment in land acquisition, buildings, equipment and machinery.
- **Enterprise and Trade Zones:** There are many state and federal programs that provide for significant tax incentives to industry locating in economically distressed areas. These programs encourage business investment and promote the creation of new jobs. In California the Local Agency Military Base



Recovery Area (LAMBRA) zone designation provides specific tax incentives to selected and qualifying communities with former military bases.

- **State and Federal Grants and Loans:** State and federal grant funding may be available to agencies and private entities to support redevelopment; i.e., Community Development Block Grant funding, other funding from the federal Department of Housing and Urban Development such as Section 108 loans, Economic Development Administration loan and grant programs, Small Business Administration assistance programs, etc. Local agency administrative support and a cash match and typically required.
- **Utility Cost Reduction Agreements:** Agencies that own and operate a utility within their jurisdiction may consider reduction or reimbursement of utility costs to attract business and industry.
- **Financing Tools:** Local agencies and developers can partner to expedite redevelopment and construction of necessary public infrastructure and facilities through creative public-private partnerships and the use of certain financing tools authorized in individual localities and states, such as:
  - Tax increment financing
  - Special purpose assessment districts
  - Special revenue bonds
    - Revenue Anticipation Notes
    - Industrial Revenue Bonds
    - Lease revenue bonds
    - Tax allocation bonds
    - Lease purchase financing
    - Industrial development bonds
    - Certificates of participation
    - Mortgage revenue bonds
  - Loans and advances
  - Leases and subsidy of lease rates
  - Sharing in Land disposition proceeds
  - Infrastructure Reimbursement Agreements
  - Participation in future cash flows from a project

- **Employee Training Incentives:** There can be subsidies available for on-the-job or customized training for new companies. A local redevelopment authority would work closely with local schools, colleges and community-based service providers to design and fund training that meets an employer's needs.

- **Employee Recruitment Assistance and Training:** Work force agencies can work with employers to find matches for their jobs and assistance with job specification development, recruitment, interviewing, screening and training. Many agencies sponsor events that bring employers and a large number of job seekers together.

**Reducing Overall Development Risk:** In summary, whatever a local community can do to reduce investment risk will maximize the future value of the former military installation. Zoning is an absolute necessity to protect a community's reuse plan vision and enhance the property's value. It is important that the adoption of zoning take place after a disposition decision has been agreed to between the local redevelopment authority and the military.

Other actions a community can take to reduce the investment risk to the private sector in the form of business assistance and development incentives will expedite redevelopment.

## Chapter 9

# INITIAL UTILITIES PLANNING CONSIDERATIONS

Paul O. Reimer, P.E. and Kristie Reimer, AICP

Civilian reuse of a former military base inevitably brings into focus the necessity of staging reuse in concert with available capacity of the existing utilities. While the addition of a significant block of urban land to any city usually entails the challenges of constructing new and complete utilities systems, a former base comes with its own existing water, sewer, energy supply, drainage and communication facilities.

**Inheriting Existing Systems Can Be “Problematic”:** Truly a “good news/bad news” situation, the existing utilities can mean an early start to the income stream that justifies and supports the base reuse objectives. At the same time, the antiquated systems – which may date back to World War II or before – may have deferred maintenance problems, and the existing systems may also reflect a difference between civilian and military construction specifications. In effect, military utilities may not be up to industry standards or even local codes, making the inheritance of existing utilities problematic.

Except where environmental contamination is directly associated with the facility and its previous utility services, military bases are mainly transferred in an “as is” condition. Therefore it is an absolute necessity for the future owner/operator to conduct a due diligence evaluation of the existing utility systems. Equally important is an understanding of the future operational responsibilities among the municipal, private or public utility entities that may be involved

When correctly scoped, the appropriate due diligence study will not only establish existing on-base conditions but will also provide a life cycle perspective, offer future replacement schedules, and document the current delivery capacity.

The proper interpretation is **not** one that requires the immediate replacement of all utility systems (even though civilian delivery standards may not be fully met), but rather **one that allows reuse plans to be implemented and rate-based income streams to be realized in order to finance scheduled improvements**. There is also due dili-

gence associated with environmental contamination in and around existing utilities or future routings. The environmental focus follows the initial determination of future operational responsibility.

**Fork in the Road:** Under recent Department of Defense (DOD) directives, some military commands have already privatized the operating, maintenance and utilities replacement responsibilities at some bases. Consequently, the first phase of due diligence by the future utilities' providers and/or reuse leader should be targeted at eight basic questions.

1. If privatization has occurred, what entity is currently responsible for which aspect of the base infrastructure?
2. If privatization has occurred, what are the terms and conditions of the privatization contracts in respect to operations after future closure?
3. If the military component is still responsible for utilities, is a “where is/as is” transfer anticipated or is a sale of the utility assets to a private provider intended before transfer?
4. If the military component is still responsible, where are the utility records, previous studies, maintenance logs and construction plans physically located and who is the on-site manager of each utility sector?
5. What are the easements of record held by any and all private utilities for pipeline, substations, or overhead lines that are within the base boundaries?
6. What are the capacity rights – available water supply or for wastewater treatment – held by the military which may be retained or are available for transfer?
7. Are there any permits – storm water or air quality – held by the military that may be retained or are available for transfer?
8. What provision for future utility services will be required by the military for any continuing on-base activities?

The actual state of privatization of utilities will vary widely from base to base. While metered utilities such as water, electricity, gas and communications are more easily accepted by local public utility agencies as income generators, there are drainage, street lighting and signalization systems that underlay the surface streets. Each of these service infrastructure systems needs to be accounted for and the responsible agency designated before the military's maintenance effort ends.

In particular, an early effort to obtain "as-built" drawings and maintenance records applicable to each utility system will pay big dividends. These "as-built" records may not always be entirely accurate, but the records provide an essential starting point. Even more important is the pre-closure contact with key on-base engineering, maintenance and operations staff who hold the "institutional memory" of just how things work on a particular base. These individuals may also be the most qualified personnel to augment municipal, public utility or private purveyor staffing which is necessary to maintain service.

**The Process of Transfer:** If the on-base systems have been privatized prior to closure, the transfer issue has already been dealt with. If not, then the military will need to transfer the utility systems as part of the base closure process. Sometimes, the military department will offer a transitional "care and custody" contract to the LRA during which the LRA can maintain the utility systems and gain experience during the military phase-down period.

Given the potential DOD savings from phasing down its base operations and maintenance, a care and custody agreement or an early utility system transfer will likely be a priority item from the military perspective. From the LRA or reuse agency perspective, utility system transfer should also be a priority issue since it can become either a benefit or a liability.

If a city has a strong municipal service department, then it may want to consider taking on the responsibility for part or all of the on-base infrastructure and utility systems. If the reuse agency is not "in the business, then the LRA may not want to consider taking over the utilities or may want to team with a local utility provider. As previously stated, it is very important to undertake a diligence effort that identifies any pre-existing easements or agreements with private utility providers that could impact the transfer of the systems.

Generally, there are three paths to take with respect to the transfer of infrastructure and utility systems. Each of these mechanisms has implications that could fill a single chapter unto itself, and therefore property transfers will be the focus of a subsequent NAID Base Reuse Implementation publication. A "thumbnail" summary of the BRAC and federal property transfer approaches is included in Appendix B, and a brief overview of these utility transfer mechanisms is provided below.

- **Public Benefit Conveyance** – This conveyance of water systems and sewer-water treatment systems requires sponsorship by the Department of Health and Human Services. These conveyances are often at zero cost, but do come with strict requirements for the receiving agencies. For example, proof and/or history of service provision may be required.
- **Transfer as Part of the Economic Development Conveyance Process** – This is a more common method for system conveyance since it ties the utilities to the land transfer process. The value of individual systems as well as implications (i.e., environmental liabilities, code compliance, etc.) will need to be assessed as part of the due diligence and transfer process. Under this process, the LRA or reuse agency has the greatest involvement, responsibility and potential liability or benefit.
- **Sale of Asset** – If a reuse agency does not wish to take on the responsibilities for utilities, then the military may opt to sell the systems. This is a common practice for "dry" utilities such as gas, electric, telephone and cable systems. In these cases, the systems, equipment, fixtures, easements and rights-of-way are usually sold in a lump sum to the private sector. Pre-existing agreements and easements are an important consideration prior to the sale of these assets.

It is important to note that when the military conveys infrastructure and utility systems, costs associated with surveying or mapping the systems and easements will be the responsibility of the receiving entity. The availability of this type of information varies from base to base, but in any case, the cost of preparing legal descriptions must be anticipated by the local agency before ownership transfer occurs.

**Environmental Sensitivity:** The earlier "Fork in the Road" section above leads to a matrix of

responsibility for each utility system. When the military has fully privatized utilities, the associated environmental conditions will likely be a matter of record as part of the privatization contracts.

Under these circumstances, the civilian reuse agency or LRA has a more limited interest in environmental conditions along infrastructure routes or at the utility facilities. That interest is related to continuity of service and the cost of service extension which the utility purveyor has accepted hopefully with full knowledge of any environmental constraints.

When a new user accepts ownership of one or more utility systems, it is imperative to acquire a working knowledge of environmental conditions as well as the mitigation measures completed or planned by the military. In the most basic due diligence sense, this initial investigation is focused on the environmental risks that are assumed when a change in ownership occurs.

Those knowledgeable of CERCLA or RCRA environmental remediation laws will emphasize, accurately, that the transfer of Government Property cannot occur until environmental remediation is completed to the reuse standard. As pointed out in Chapter 5, each military base will have its Environmental Baseline Survey (EBS), Remedial Investigation/Feasibility Study (RI/FS) for the intended cleanup; and finally a Finding of Suitability to Transfer (FOST).

Nonetheless, **specific reference to utility trench conditions or residual contamination due to accidental or unintended discharges may still be missing or must be searched for.** Examples of such utility-centric environmental exposure include:

- Backfill of utility trenches – often under pavement – with contaminated material such as “green sand” from hull sand blasting or petroleum/solvent-contaminated site excavation material.
- Asbestos encasement of conduits.
- Presence of asbestos cement pipe that requires special treatment for removal.
- Joint leakage and/or infiltration.
- System inter-connections allowing industrial or sanitary wastes to enter drainage conduits.
- Terminal discharge of piped systems to surface waters without permits in place.

- Inadvertent release of hazardous materials through sewer systems that may affect soil and/or groundwater.

Clearly, detective work on environmental exposure for a civilian reuser may appear to be a daunting task. The reference here is intended to explain why such questions should be asked rather than to define universal problems.

DOD has spent roughly \$1.5 billion per year for environmental cleanup at its active bases, suggesting significant mitigation of risks. For the reuser, the “after action” reports for environmental cleanup projects at a particular base, consultation with state regulators with base specific knowledge, and finally, the ever so important interviews with the on-base operating personnel constitute the basic information sources which should be accessed.

As a final note pertaining to utilities and environmental cleanup, the reusers – whether municipal, private or public utility – should be sensitive to any ongoing environmental mitigation work which involves excavation, regrading or surface modifications. Often such mitigation encounters existing utility systems and, when properly coordinated, allows cost-effective extension of utility systems as part of the environmental project.

In these instances, **the concept of “moving dirt once” to accommodate both environmental cleanup and future reuse goals is highly recommended.** Given the technical aspects as well as issues concerning liability transfer, the potential reuser may wish to hire an environmental consultant.

#### **Relationship with the Community's Base**

**Reuse Plan:** The symbiotic connection between utility infrastructure and the land use plan to be served is an important relationship that shouldn't be overlooked or even intentionally bypassed as reuse planning for closing military bases evolves.

As pointed out in Chapter Two, it is the ability to establish consensus that determines the success of a community organization for base reuse. That consensus is largely centered on the visible, above-ground land use plan. The out-of-sight infrastructure is usually not debated except when “macro-limitations” – such as available water supply – limit the overall development potential.

The local political aspects of land use decisions are more volatile than are the mechanics of utility design. Unfortunately, however, the unit

cost of providing the full array and expected delivery capacities of urban infrastructure can vary widely depending upon the land use and density pattern to be served.

The cost of utility service will be minimized if the planned footprint of the base reuse plan is reduced and urban densities increased. Still, it doesn't make sense to impose a concentrated land use plan if local preference or precedent argues for a different "consensus".

**Experience from Previous Closure Rounds:**

In the ideal base reuse situation, there is a match between the evolved reuse plan, the current delivery capability of the military's existing utility systems, and an optimized master plan for utilities extension and replacement.

Except where civilian reuse mimics the previous military operation – say a conversion of military to civilian airport – there is rarely such a close match. Consequently, the experience evident from previous base closure rounds (when complete rebuilding of infrastructure was often justified by future land values and low or zero acquisition costs) suggests that **the relative cost of utility services provision should be identified as reuse alternatives are being considered.**

**Real Time Analytical Response:** The early rounds of BRAC may have set in place a reuse planning sequence for land use and utilities which, in retrospect, was out of step with realistic civilian reuse. Except when well-funded communities used their own resources to proceed or when the reuse essentially matched the previous military presence, the funding support offered by DoDs Office of Economic Adjustment first called for development of a "Preferred Alternative" by the local community.

Often this "Preferred Alternative" step came before in-depth market studies and infrastructure service solutions became available. Thus, the search for a "Preferred Alternative" was largely untamed by market realities or the comparative cost of providing necessary services to optional land use plans.

In retrospect, the typical engineering approach to infrastructure master planning in the early 1990's was a cumbersome response to a fixed array of intended land uses. The utilities, transportation, and services needs were made to fit the "Preferred Alternative" — sometimes as unrelated system master plans — rather than as guidance leading to an optimized match between land use and provision of services. The experience resulting from the previous four rounds of military base closure **now argues for a much earlier match of both business planning and phased infrastructure costing in support of ongoing "Preferred Alternative" base reuse decisions.**

Fortunately, computer applications and infrastructure strategy programs are now available which can offer real-time responses to the utility, transportation and services cost differential for different intensities and spatial arrays of land use alternatives. This link to reuse planning, rather than the previous disconnect where service costs might make affordable development of the "Preferred Alternative" impossible, offers real promise for a productive round of civilian reuse in 2006 and beyond.



## Chapter 10

# ADDRESSING HOMELESS NEEDS

Owen W. Bludau

In 1994, the Base Closure Community Redevelopment and Homeless Assistance Act, and a memorandum of agreement between the General Services Administration (GSA) and the Department of Defense (DOD), substantially modified the homeless provider process required by the McKinney Act as part of the Federal Property and Administrative Services Act of 1949. The modifications made local redevelopment authorities (LRAs) primarily responsible for identifying and addressing the requests of homeless providers as part of their BRAC base reuse planning process.

Homeless provider requests for BRAC facilities have the potential for creating conflicts that can delay the site transfer or result in costly litigation. Under the 1994 revisions, the LRA is responsible for formulating a base reuse plan that balances the expressed needs of the homeless with the community's economic redevelopment goals.

It is important for LRAs to identify, understand, evaluate and accommodate, if possible, the legitimate requests of homeless providers that seek BRAC sites and facilities. Such requests may offer mutual benefits that allow each party to accomplish its desired goals as part of an integrated base reuse strategy.

**Statutory Basis for Homeless Provider Requests for BRAC Facilities:** The Federal Property and Administrative Services Act of 1949, as amended (the Property Act), identifies the hierarchy of eligible claimants to surplus federal property. The GSA initially offers surplus sites to other federal agencies to purchase at fair market value from the transferring governmental entity.

Under the Property Act, homeless providers, the state government, local governments and then non-profit organizations, respectively, follow in priority to acquire the surplus property. If none of the listed organizations wants the property, it is then offered for sale or other public purpose uses.

GSA has entered into memorandums of understanding with the Department of Defense (DOD), the Army Corps of Engineers and other

federal organizations to modify the 1949 Property Act for disposal of BRAC sites. The major differences between the DOD BRAC disposal process and the 1949 Property Act process are:

- The DOD BRAC disposal process recognizes a Local Redevelopment Authority (LRA) as the sole representative on local reuse issues. The 1949 Property Act does not use or recognize LRAs as community representatives.
- The BRAC process allows for economic development conveyances (EDCs) that are not authorized by the property act.
- In the DOD BRAC process, homeless provider requests for BRAC facilities are coordinated with the Department of Housing and Urban Development (HUD). The GSA disposal process also requires coordination with the Department of Health and Human Services of homeless provider requests for surplus federal property.
- The military departments, not GSA, make BRAC disposal decisions based on the LRA's approved base reuse plan.

The DOD BRAC disposal process follows the same GSA hierarchy for organizations eligible to acquire surplus BRAC sites, except that LRAs are given precedent over homeless providers in their requests for BRAC land and facilities. That precedence, however, carries the obligation for LRAs to make good faith efforts to accommodate legitimate homeless provider requests into their base reuse plans. Failure to do so can result in the provider requests being honored by HUD and the military department, and the LRA having to adjust its reuse plan to sites or activities that are not integrated into or necessarily compatible with its goals.

**Responsibilities: The Military Department:** The owning military command of the BRAC site provides HUD with a survey of proposed surplus property. HUD publishes in the *Federal Register* a list of buildings and property that are suitable to assist the homeless. When an LRA is not yet recognized, the military will undertake outreach to local homeless providers. The military may

ask the communities to help identify local homeless provider agencies to insure they receive notification. The military will hold at least one public meeting and a facility tour for homeless providers to explain the BRAC disposal process and how interested providers can apply for land and/or facilities at the closing base. Interested homeless providers will be invited to submit applications for the facilities in which they are interested.

**The LRA:** When a recognized LRA has expressed interest in the BRAC property, homeless providers must submit their property interests to the LRA. The LRA is responsible for undertaking outreach efforts to homeless providers. It must advertise the pending availability of the site for local homeless providers and establish the date for receiving expressions of interest. It shall consult with representatives of the homeless in the local communities, provide information on the available buildings and property, and help providers evaluate buildings and property.

The LRA can identify homeless provider agencies that may show interest in the facilities by conducting a public meeting(s) and tour(s) to describe the disposal process and invite statements of interest. That can help the LRA identify sites or facilities in which the providers show interest.

The LRA should also begin discussions with homeless providers that attended the public meeting or that submit applications or letters of interest in response to the public notice process. The LRA should focus particular attention on the needs of the homeless providers, their proposed uses for the land or facilities, how their specific facility or site interest meshes with those needs, and their ability to adequately fund or manage the facilities, if successfully acquired.

The LRA should enter into legal agreements with homeless providers for property or facilities, either on or off the base, which are contingent upon the LRA receiving the property from DOD. The agreements should provide for reversion of the property to the LRA or some other entity if the property ceases to serve the homeless. The agreements and base reuse plans incorporating the homeless providers' properties have to be submitted to HUD and DOD for their approvals.

**Potential for Conflict:** Surplus military facilities — such as former dormitories, warehouses, light industrial buildings, medical and dental facil-

ities, residential units and classrooms — can readily provide opportunities for various homeless provider agencies. The same surplus facilities offer economic redevelopment and public benefit opportunities for the LRA and the community as well.

A potential for conflict arises from these potentially competing reuse opportunities. Successful resolution by LRAs of such potential conflicts is important in acquiring the BRAC property it desires and in acquiring that property as quickly as the disposal process will allow.

Examples from previous BRAC rounds include Marine Corps Air Station Tustin, Calif., where homeless provider agencies resorted to political and legal actions to acquire sites and facilities that they were not provided under the LRA's reuse plan. Such extreme conflicts cost both parties funds that can better be spent on their core activities and delay property transfers by the military department controlling the surplus site.

#### **Accommodating Homeless Provider**

**Requests:** It is the LRA's responsibility to try to incorporate legitimate homeless provider requests into an overall base redevelopment plan. Some requests may not be realistic, financially feasible or acceptable within the context of the proposed base reuse.

However, the LRA cannot dismiss the requests out-of-hand without trying to make acceptable accommodations for them, especially if they prove to be valid requests. The types of accommodations that a LRA can make with homeless providers are:

- To incorporate conveyances from the military department or from the LRA of sites and/or facilities to homeless providers into the reuse plan.
- To justify why a proposed request is not acceptable as an element of the base reuse plan. When a LRA makes this determination, it should work through other community processes to help the agency address its legitimate needs.
- To lease desired facilities to a homeless provider on a long-term basis when the financial or managerial abilities of the homeless provider to successfully operate the proposed facility is a legitimate concern (as shown in the accompanying insert for Vint Hill Farms Station).

- A lease or transfer agreement should contain a reversion provision for the property to return to the LRA without obligation to continue the homeless service if the provider defaults on the financing or management requirements. (This reversion provision is essential to avoid a second round of housing-the-homeless or surplus property screening, but this time without the benefit of the 1994 BRAC homeless provisions.)
- A lease can also contain terms and a schedule by which title to the property or facility will be transferred by the LRA to the homeless provider when it has successfully demonstrated its long-term ability to fund and manage its property or facility.
- There have been cases where BRAC facilities sought by a homeless provider are not in the best location or best condition to be conveniently reused by the provider. However, the provider would be deprived of an opportunity to acquire free assets if it did not seek title to what is available. In some instances — such as at Cameron Station in Alexandria, Va., using the pre-1994 homeless provisions — the community and the homeless provider agreed that the requested transfer should occur, but with the understanding that the transferred facilities would then be sold by the homeless provider to a private sector developer. That agreement allowed the LRA's planned economic redevelopment to occur, while generating funds for the homeless provider to purchase or expand facilities elsewhere that were better suited for its purposes.
- The LRA should maintain close contact with HUD as discussions and proposed accommodations with homeless providers are under way. The LRA must demonstrate to HUD that it has made a good faith effort in evaluating, accommodating, and rejecting or entering into mutually acceptable arrangements with interested homeless providers.

Some homeless provider agencies have sought property and facilities at distant BRAC sites in order to acquire assets for expansion of programs or for the potential to sell those assets to generate income. Such requests should be carefully considered by the LRA to determine whether they represent attempts at asset grabbing or legitimate requests that will result in actual services to an existing or under-served local clientele. Under the 1994 process, the LRA is only

### USE OF LEASE AGREEMENT TO ADDRESS HOMELESS PROVIDER REQUEST

The Vint Hill LRA received one request for 24 housing units for a new transitional housing program. The provider operated two transitional housing units and a small emergency shelter. It could not show the LRA or HUD that it had the annual income needed to sustain the proposed project. However, the provider would not have been able to acquire such units for community use if it did not pursue the BRAC process.

The LRA concurred. It offered to lease the units to the provider at no cost for up to three 10-year periods. The provider would have to fund all maintenance and operating costs. This would provide time for the provider to develop its program and long-term funding sources. The LRA agreed to transfer title within 20 years if the provider was successful in funding and managing the units in a way that made the program an acceptable Vint Hill occupant. The units would revert to the LRA if the provider was not successful. The LRA would then have no obligation to continue to use the units for homeless assistance. HUD understood the reasons why this approach made sense and approved the agreement. This was the first lease agreement to a homeless provider approved by HUD under the 1994 BRAC process.

The transitional housing program has operated for three years. It has yet to occupy all 24 units. The program relies upon a combination of private grants, rental income, state and local funding sources. The provider has asked the LRA to transfer the property title. The LRA is not yet satisfied that the provider's funding sources are sufficiently stable to guarantee its long-term program operation and it has denied the request for now.

obligated to consider applications from providers serving the jurisdictions or areas represented by the LRA membership itself.

There have been instances — most occurred prior to the 1994 process — when the LRA and homeless provider agencies have not been able to make satisfactory accommodations of planned reuse and homeless provider activities and the providers still received their requested facilities from the military departments.

In those cases, the homeless provider's presence and facilities have become pockets within the overall reuse plan that are not compatible. That is the worst situation from a site and economic reuse perspective. Creative efforts should be employed by the LRA in order to prevent this undesirable situation from occurring.

**Opportunities for Mutual Benefits:** Wide ranges of services are offered by agencies identified as homeless providers. Many of these services are fully compatible in mixed-use redevelopments. Some of the clients the providers serve may be able to support reuse activities planned for the BRAC site, such as day care service, among others. With training, the provider's clients may offer a source of workers for on-site employers. Providing services or products to on-site employers may offer opportunities for provider agencies to create small employment centers for their clients. It is mutually beneficial for the LRA and provider agencies to explore the opportunities that co-location may offer.

**Homeless Provider Issues to be Considered and Addressed:** It takes creative planning to successfully incorporate homeless provider facilities into plans for commercial, industrial, retail or residential uses. The same applies when the goals of replacing jobs and creating new tax base are identified as important to the community.

Rightly or wrongly, there is an automatic tendency by prospective site purchasers to be alarmed to having homeless provider agencies on the same reuse site. The fear exists that such users will adversely affect the prospective prospect's property values, employee safety, resale ability and image. The LRA must understand that automatic, but often erroneous, response. It must develop site reuse, marketing,

informational and security strategies for addressing and overcoming such reactions in order to successfully market the planned reuse of the BRAC site.

These concerns should be identified by the LRA and discussed with the homeless providers during the initial site reuse planning process. Homeless providers and the LRA have vested interests in eliminating or minimizing that reaction by prospective site clients, who are both potential clients for the LRA's land and facilities and potential neighbors to the homeless provider's activities and facilities.

## Chapter 11

# FINANCIAL IMPLICATIONS OF THE INITIAL BASE REUSE PLAN

**Craig Seymour & Jeff Donohoe**

How to pay for the redevelopment of a former military base is a critical concern to everyone, particularly during the initial consideration of alternative conceptual plans by the community. Redevelopment of these typically large-scale, complex facilities is costly, often requiring large investments in basic infrastructure along with a professional organization capable of managing the process over several years. A sound approach to understanding and evaluating these potential costs and the revenues necessary to support them is critical to successfully planning for reuse.

There are a few key lessons that have been learned over the years with previous base reuse efforts. First, it's going to cost more than you think. Second, it's going to take longer than you think. And third, things will change. While these concepts may seem simple (and applicable to just about any other project you take on), they point to the need for good information presented in a logical, yet flexible fashion. A strong budgeting and forecasting program is one of the most important functions the community must put into place early on in the planning process, since nearly all decisions that are made pertaining to the reuse process have financial implications.

The following sections detail some of the elements necessary for effective budgeting for reuse, including estimating costs, understanding sources of revenues and applying these in a flexible yet understandable manner to the decision-making process.

**Estimating Development Costs:** During the initial planning phases, determining even a ballpark idea of what the costs of redevelopment are going to be is very difficult – simply because the information needed to accurately estimate expenditures has not been compiled and evaluated. One of the key objectives of the planning process is to quickly begin to get a handle on what will be needed and when.

Community officials charged with the initial planning effort often look at the existing military

installation's operating budget and capital improvements plan as a basis for forecasting future costs. While helpful, these documents should be viewed with a great deal of caution, since the military's requirements and approach to budgeting and operating the facility are very different from the community's.

It is helpful to break expenditures down into two major categories, each of which are then further broken down by the phase or lifecycle of the redevelopment. The first category, and typically the largest, is the facility infrastructure – roadways, water and sewer systems, storm drainage, telecommunications and electrical systems, buildings and grounds, as well as other improvements such as fencing, signs, recreational facilities and open space. The second major category is operations, or the costs associated with the day-to-day management, operations and administration of the project. The phasing of the redevelopment effort, which is heavily influenced by market conditions, is also critical to the budgeting process. Both infrastructure and operating costs will differ dramatically between early and later phases of development. Each of these is discussed in more detail below.

**Facility Infrastructure:** Many communities are unaware of the actual physical condition of their military installations. Since thousands of military and civilian personnel work there every day, most people assume that the installation must be in excellent condition, and ready for redevelopment. However, as one LRA director put it, "simply because the military is currently (or was recently) active, don't assume that everything will work for you or your tenants."

Typically, military installations were built many years ago (many in a very short period of time in response to the needs of World War II), and the major infrastructure systems are often old, obsolete or dysfunctional from a private user's perspective. Repairs were often made on an as-needed basis, without much concern for long-range needs. Military/government installa-



tions were also designed and built for a single tenant. Common infrastructure issues include (but are not limited to):

- Functionally obsolete materials and equipment, involving old pumps, corroded pipes, non-standard or outdated systems, customized components — with limited documentation or institutional history of how they work.
- Lack of utility easements, where lines were run from building to building so as to be as short as possible, without regard for the possible future need to separate systems both functionally and legally. In some cases, buildings may have redundant electrical leads and crossed services, making it very difficult to measure service to individual buildings or tenants.
- Super-adequacy, an appraisal term that says that you have more than you really need, be it an overabundance of pavement; lots of roads and streets with little regard to traffic movements, service needs or parking requirements; or heavy-duty building foundations that are fine until you need to remove them.
- Access limitations — military installations were built to be relatively secure, not easily accessible to markets.
- Lack of compliance with current building or safety codes; the cost of retrofitting otherwise usable buildings for ADA compliance alone has made redevelopment infeasible at many transferred properties.

In the short-run, the facility can continue to operate (although typically not very efficiently) and these issues can for the most part be managed. The evaluation of whether the infrastructure can be reused or if it needs to be replaced is one of the key strategic questions facing the community in the first year or two of the redevelopment effort.

In the longer term, particularly with the need to sell property, most of the infrastructure will likely need to be replaced or upgraded. This is a very costly and time-consuming effort that will impact the ability of the community to initiate reuse. There is a very compelling need throughout the redevelopment process for close cooperation and good communications between the administration of the newly acquired facility and the engineers, planners and consultants that are working with them.

**Operations:** Military installations are complex organizations that serve a multitude of uses during their productive life. In essence, most military bases function as small, independent communities. Redeveloping them for productive civilian use is a complex undertaking that often requires substantial staffing levels with a wide variety of skills and expertise. The local community that decides to undertake the reuse must quickly and efficiently learn to operate the facility in a cost-efficient manner, while also planning for new investment.

Taking on the responsibility for redeveloping a former military base means that the community will have to make sure that the roads are maintained, buildings are heated, lawns are mowed, water and sewer systems are operational and numerous other operational tasks are completed. Each of these tasks has an associated cost, and the total cost of operating and maintaining the former base could exceed the community's existing operating budget.

The operations of a facility will change as it progresses through its development phases. In the early stages, the focus of the community is on planning and the costs associated with hiring consultants, managing public input and creating an organization that can implement the results of the planning efforts.

During the next phase, the focus shifts towards finding users for the property and keeping existing tenants happy, while also building new infrastructure to serve these and future users. Once the project is established, management's role shifts towards ongoing property management in some cases, or putting itself out of business and allowing the private sector to take over. Each of these phases presents unique needs and the question of whether to use outside consultants (planners, engineers or brokers) or to hire in-house staff must be carefully evaluated.

There is no one best way to operate a facility — success will depend on local conditions and funding levels as well as on the community's role in the redevelopment. Facilities that have gone through successful redevelopment range from very small organizations of only one or two people that serve as the quarterback of a team of professional consultants, developers and others to large organizations similar to a small city government with nearly all activities run in-house.

**Sources of Revenue:** Once the costs of operating the facility and needed investments in infrastructure are identified, the next step is to find the revenue to pay for it all. In general, revenue for redevelopment comes from one of three sources – direct property sales or leases; grants from federal, state or local government; or monies borrowed against the future value of the property. Typically, grants and loans are the primary source of revenue during the early stages of development. These come from federal agencies such as the U.S. Department of Commerce's Economic Development Administration (EDA) or the Department of Defense's Office of Economic Adjustment (OEA), often matched with state and local economic development funds. These monies support the initial planning effort and begin to fund the physical improvements necessary to attract private investment.

Only when the planning is nearly complete and the proper legal mechanisms are in place will private investors step forward to buy or lease property and generate direct revenues. One of the biggest mistakes made by new community-based redevelopment organizations is to prematurely anticipate (and in some cases depend on) private funding from real estate assets. Early sales of property — before the final infrastructure or the institutional safeguards found in the private sector are in place — will inevitably result in heavy discounting on the part of investors.

While some people refer to these early investors as bottom feeders looking for a bargain, the reality is that these early investors are frequently incurring substantial risk by being one of the first tenants, and as such, they expect to be compensated for the project's potential risk. In other words, a nice office building that might sell for \$100 per square foot in a more established, successful redevelopment might only bring in \$5-\$10 per square foot during the early stages of development. The more complete the plan, the more valuable the property will be.

Once the redevelopment plan is approved, borrowing money to be repaid from future revenues is a financing method increasingly being utilized around the country. Such borrowing takes many forms – industrial revenue bonds, tax increment financing and general obligation bonds to name a few – but all require a realistic assessment of the future value of the property.

Often, however, the future is not quite clear enough to allow traditional investors such as banks or real estate investment trusts to participate in the reuse efforts without some kind of governmental guarantee or other assurances. In some cases, early stage revenues contributed by state or local governments are structured with a payback provision that allows the facility to return monies that were borrowed without encumbering actual property rights on development parcels, allowing future users and investors to acquire them.

Two caveats are important when considering the reuse plan for the property. First, it is important for the plan to be flexible, in order to be able to respond to changes in the regional marketplace. If your region suddenly attracts a cluster

FINANCIAL IMPLICATIONS OF BASE REUSE		
Major Component	Time Frame	Issues/LRA Roles
INFRASTRUCTURE	Short Term (1-5 years)	Evaluation of systems – Replace or Reuse? Day-to-day operations Management of technical experts & information Creating Capital Improvement Plan (CIP)
	Long Term (6-20+ years)	Implementation of CIP Institutionalizing funding mechanisms
OPERATIONS	Short Term (1-3 years)	Planning
	Medium Term (4-10 years)	Developing
	Long Term (10+ years)	Property Sales & Management

of warehousing and distribution uses and your plan excludes these uses, your community may miss a redevelopment opportunity. Second, don't be afraid to say no. Many communities, anxious to attract tenants during the early stages of redevelopment, have sold off prime locations to users that are not the highest and best use for a prime site. Remember, the initial flagship tenant often sets the future tone for the entire project.

It is also important for communities to be realistic in the development of their reuse plan. For example, many communities have expressed a desire that their redevelopment focus on high tech uses. However, when local labor force skills were evaluated, it became apparent that the necessary high tech skills were lacking, leaving the community with a choice between investing heavily in training/retraining programs or redeveloping more inline with the existing skills of the labor force. Each has its own set of financial and marketing implications for the community (see Chapter 6: How Market Settings Influence Land Use Decisions).

**Developing the Financial Model:** Perhaps the most important need that communities have for the successful redevelopment of military facilities is sound business planning. Accurate estimates

of costs are needed to determine financing needs, and the financial planning should be well integrated with the land use and engineering work. However, the financial/business plan needs to remain flexible, due to the constant changes that will occur in the marketplace over the life of the redevelopment process.

A comprehensive financial model will look at realistic costs for the project, including infrastructure, operations, marketing, maintenance and management, as well as likely revenues from property sales, leases, grants and other sources. The model should look at a 10- to 20-year planning horizon, and should be constructed so that the community can test various assumptions and their impact on the long-term financial health of the project.

For example, if property sales double or triple, what will be the impact on the need for capital improvements – will roadway or utility construction have to be accelerated at the same pace to make the land available? The sensitivity of key operating assumptions should also be tested, such as the impact of higher building operating costs or the impact of demolishing vs. maintaining existing buildings.

TRUMAN WATERFRONT (EDC) DEVELOPMENT COSTS								
EDC Application Executive Summary					Years 2-5	Years 6-10	Years 11-20	TOTAL
INITIAL CONVEYANCE COSTS					\$ 895,740	\$ -	\$ -	\$ 895,740
UTILITIES					\$ 2,114,450	\$ 2,114,450	\$ -	\$ 4,228,900
ROADS/STREETS					\$ 767,460	\$ 255,820	\$ -	\$ 1,023,280
OPENSACE/HARBORWALK					\$ 1,162,500	\$ 1,162,500	\$ 2,325,000	\$ 4,650,000
MARINAS					\$ 2,948,180	\$ 2,948,180	\$ -	\$ 5,896,360
BUILDING DEMOLITION					\$ 940,600	\$ -	\$ -	\$ 940,600
					\$ 8,828,930	\$ 6,480,950	\$ 2,325,000	\$ 17,634,880
PARCEL-SPECIFIC DEVELOPMENT								
	SF							
Retail	141,898	\$	21,752	50,965	69,181	141,898		
Office	84,902	\$	10,876	25,483	48,543	84,902		
Light Industrial	27,905	\$	-	-	27,905	27,905		
Residential	84,226	\$	10,876	-	73,350	84,226		
Mega Yacht Marina (slips)	20		20	-	-			
100-Slip Commercial Marina (slips)	100		50	50	-			
PROPERTY REVENUES								
	Land Value (\$/SF)							
Retail	\$ 18	\$	398,783	\$ 934,366	\$ 1,268,315	\$ 2,601,464		
Office	\$ 11	\$	120,843	\$ 283,141	\$ 539,367	\$ 943,351		
Light Industrial	\$ 25	\$	-	\$ -	\$ 697,629	\$ 697,629		
Residential	\$ 5	\$	54,380	\$ -	\$ 366,750	\$ 421,130		
					\$ 574,006	\$ 1,217,507	\$ 2,872,060	\$ 4,663,574
ANNUAL REVENUES								
	net revenue/slip							
Mega Yacht Marina (20 slips)	\$ 28,563	\$	1,142,500	\$ 2,856,250	\$ 5,712,500	\$ 9,711,250		
Commercial Marina (100 slips)	\$ 7,797	\$	779,656	\$ 3,898,281	\$ 7,796,563	\$ 12,474,500		
(begin in Year 4)		\$	1,922,156	\$ 6,754,531	\$ 13,509,063	\$ 22,185,750		
PROPERTY MAINTENANCE					\$ 1,200,000	\$ 1,500,000	\$ 3,000,000	\$ 5,700,000
NET CASH FLOW					\$ (7,532,768)	\$ (8,911)	\$ 11,056,123	\$ 3,514,443
cumulative cash flow					\$ (7,532,768)	\$ (7,541,679)	\$ 3,514,443	

Most importantly, the model should be reviewed frequently to determine how actual performance compares with projected performance. Forecasts of revenues and expenses should be updated based on actual experience after the redevelopment begins, and every one to two years thereafter.

Some communities have understandably been reluctant to commit themselves to the redevelopment of former base reuse projects without a clear indication of the future financial implications involved. For instance, the preparation of a fiscal forecasting methodology, tied directly to land use planning, was essential for Fauquier County's (Va.) approval of the Vint Hill Farms Station acquisition plan in 1998 (see Vint Hill Farms Station, Chapter 7, *Case Studies in Base Conversion*, NAIDinfo series, July 2002). The Vint Hill EDA has maintained and updated its fiscal forecasting/land use planning model to this day as an essential tool for guiding the long-term development of the Vint Hill property.

In summary, financial planning that is undertaken for the project should begin as soon as possible and should be done in parallel with engineering, land use and utility planning. It must command the attention of the top officials responsible for the redevelopment effort and be flexible to adapt to the constantly shifting market. The financial analysis also should allow for multiple what-ifs to be evaluated and explored in order to maximize the potential for success.

## Chapter 12

# FORMULATING THE COMMUNITY'S BASE REUSE PLAN

Jimmy E. Hicks and J. Lynn Boese

The preparation of a redevelopment plan for a military base designated for closure or realignment is a challenging and demanding assignment that usually has to be completed in a relatively short period of time.

Due to these time constraints, as well as the variety of different issues that must be considered in completing a reuse plan, some Local Redevelopment Authorities (LRAs) have relied on an existing municipal, county or regional organization, such as a planning or development agency, to prepare the redevelopment plan. In other instances a private consulting firm, with experience in preparing similar types of planning studies, is retained to complete the plan. A few LRAs have also used a combination of public and private organizations to complete different components of a redevelopment plan.

**Range of Technical, Procedural & Strategic Concerns:** Whatever approach is chosen, community officials need to be aware that the adopted reuse plan, as well as the process used to prepare the plan, needs to address a wide range of technical, procedural and strategic concerns. Important issues that should be considered during the formulation of a base reuse plan include the following:

- The reuse plan should contain a realistic strategy for property acquisition, management and marketing.
- The planning process should involve an extensive public information and outreach effort during the preparation of the reuse plan.
- An inventory of physical resources at the military facility should be completed in order to formulate a redevelopment plan that responds to existing market forces and economic conditions.
- The reuse plan should identify practical redevelopment alternatives that are capable of attracting private investment capital and provide a reasonable return on that capital.

- Military bases often contain hazardous waste sites as well as historic facilities and archeological sites. The location and condition of these sites and possible impacts on eventual redevelopment should be addressed in the reuse plan.
- The reuse plan must be responsive to the fiscal concerns of local governments. In essence, development options identified in the reuse plan should reflect economic reality while minimizing the financial exposure of communities involved in redevelopment efforts.
- Redevelopment activities identified in the reuse plan need to be coordinated with existing and future state, regional and local development initiatives.
- Basic principles and goals for redevelopment should be identified in the reuse plan in order to guide implementation efforts and then be used to measure results.
- Successful implementation of the reuse plan will likely take 10 to 20 years, or even longer. During that time period some significant market, regulatory and financial changes will most likely occur. As a result, the reuse plan should be flexible so implementation efforts can be altered in order to accommodate changing conditions.

**Contents of the Reuse Plan:** The primary purpose of a base reuse plan is to provide guidance to the LRA and the community concerning the eventual redevelopment of a specific closed or realigned military facility. Consequently, the contents of reuse plans vary somewhat across the country depending on the unique circumstance of the community and the facility designated for disposal.

It must be recognized, however, that the reuse plan is also used by the military department responsible for managing the facility. For example, the reuse plan has been used by the Department of Defense to determine redevel-



ment impacts as part of the National Environmental Policy Act (NEPA) evaluation process. In addition, the reuse plan provides part of the framework, eventually as the “preferred land use alternative,” for negotiations involving the eventual transfer of the facility to the community or other possible users (See Appendix B – Property Transfer Process).

Although there is no specific model for the contents of a reuse plan, there are a number of issues that should, if appropriate, be addressed during the preparation of the plan. Key elements that should be included in a reuse plan are outlined below:

**Inventory and Analysis:** The preparation of a practical reuse plan requires a realistic assessment of on-base features and significant community attributes that could influence future redevelopment efforts. As noted in Chapter 7 (Initial Land Use Planning) an inventory of buildings, utilities and roadways at the facility should be prepared in order to determine existing conditions and possible reuse potential.

In addition, other on-base features should be analyzed including environmental conditions, types and extent of hazardous wastes located on the site (see Chapter 5, Evaluating Environmental Conditions), and historic and archaeological characteristics. Local and regional economic and real estate trends should also be evaluated in order to identify possible development constraints and opportunities (see Chapter 6, Market Setting Influencing Land Use Decisions).

In order to minimize planning efforts devoted to this type of activity, data collection should primarily be based on existing information. For example, most military branches maintain fairly good records on the condition of existing facilities, including on-site infrastructure such as water, sewer and telecommunications systems (see Chapter 9, Utilities Planning Considerations). Data relating to existing economic and market conditions can also be obtained from a variety of public and private organizations.

Finally, it is vital that the inventory and analysis portion of the planning process primarily focus on the strengths and weakness of the site for eventual redevelopment. While it may be important to understand possible community impacts associated with the closing of a military facility, a detailed evaluation of existing conditions is more critical.

**Redevelopment Vision and Reuse Alternatives:** After the inventory and analysis portion of the reuse plan is completed, a vision for the future redevelopment of the site should be prepared. The vision statement should articulate a set of goals and objectives for guiding redevelopment efforts. Based on the development principles outlined in the vision statement, land use alternatives should be identified and evaluated.

As noted in Chapter 7 (Initial Land Use Planning), these concept plans should include a range of different land use options for the site. In evaluating these land use alternatives, it is also important that the LRA examine financial and development implications, as well as the effectiveness of the various concept plans in achieving the goals and objectives identified in the vision statement.

This is due to the fact that goals, when evaluated as redeveloped concepts, can highlight conflicting results. For example, the most economically viable land use concept may not be environmentally wise or fiscally sound. Maximizing the fiscal return to the community could also impose untenable financial burdens. Conversely the most politically acceptable land use alternative may not deliver the number of new jobs that are so badly needed.

Therefore, it is extremely important that a decision making process be established that contributes to building a **consensus** relative to the key development principles, and that the creation and evaluation of reuse alternatives provide a mechanism for identifying a land use plan that is both practical and realistic.

**Redevelopment Plan and Implementation Strategy:** During this stage of the reuse planning process a, preferred land use plan is identified (see Chapter 7). The conclusion of the redevelopment planning process, however, involves more than just the creation of a land use plan.

The reuse plan should also be accompanied by a strategy for implementing specific land use recommendations. For example, infrastructure and roadway improvements, including conceptual cost estimates, should be identified, as well as a strategy for marketing the site to possible private sector users. In addition, an operational plan should be prepared that provides direction concerning property acquisition from the Department of Defense (see Appendix B – Property Transfer Process), project phasing and financing (see Chapter 11 – Financial Implications of the Initial Base Reuse Plan).

As shown in the accompanying insert on the Fort Benjamin Harrison Reuse Plan in Retrospect, the actual implementation of the reuse plan may well lead the LRA in some new directions — in part influenced by changing market conditions — in order to reinforce the long-term objectives of the plan itself.

In essence the implementation strategy should include a management plan that provides a road map and schedule for translating the land use plan from paper to reality.

**Concluding Observations:** During the past decade over 100 communities across the country have prepared plans designed to promote the redevelopment and reuse of military bases designated for closure or realignment.

While this planning process has not been simple or particularly easy, the experience of many communities demonstrates that the time and effort devoted to planning does improve the ability of LRAs to successfully redevelop former military installations.

Finally, it must be emphasized that whatever approach is used for preparing a reuse plan (local organization or private consultant), a critical ingredient of the planning effort should be the involvement of local citizens and other stakeholders. As shown in the accompanying Fort Benjamin Harrison insert, the residents of a community are more inclined to support projects that are developed with their input in an open forum than projects developed only by so-called experts.

Consequently, any multi-stage reuse planning process should include a variety of opportunities and venues for public review and comments. Although an extensive public involvement process may increase the time and complexity of the reuse planning effort, the public's understanding and commitment to redevelopment efforts will most likely be stronger at the completion of planning activities.

## **FORT BENJAMIN HARRISON REUSE PLAN IN RETROSPECT**

As a 1991 closure, Fort Benjamin Harrison was among one of the earlier bases closed under BRAC and now, after more than a decade, we can evaluate what we did during the process of developing the reuse plan that was to our advantage. Likewise, we can see what we might have done differently.

We elected to develop the reuse plan internally rather than hiring consultants. Consultants were brought on board later to help prepare the economic development conveyance application and the implementation strategy. Preparing the reuse plan internally may not work for all situations, but it worked well for us because we were able to draw upon local governmental planning agencies. However, it would have been difficult, if not impossible, to prepare the economic development conveyance application and the implementation strategy without the expertise that consultants brought to the task.

The task force responsible for the reuse plan appointed a number of committees that met over a 12-month period and provided input to the development of the reuse plan. This enabled us to involve a broad base of local citizens and stakeholders. Various constituencies thus felt that they had a say in the reuse plan. A total of over 100 people were appointed to five different committees. As a result, we had strong community support when we implemented the reuse plan. Community goals stressed improved vehicular traffic flow through the base, preservation and reuse of historic and environmentally sensitive properties, and generation of real estate taxes from the previously untaxed federal land.

The reuse plan that was formulated contained an inventory of on-base facilities and their potential for reuse, and only very basic general goals for the reuse of those facilities and redevelopment of the installation. We wanted the plan to be as conceptual and as flexible as possible. The more detailed technical and strategic concerns were dealt with in the economic development conveyance application and implementation strategy. It was these later documents that formed the basis for rezoning and marketing the property.

From the reuse plan we progressed to more detailed land use planning in the implementation strategy, and that ultimately culminated in the rezoning of the property. Because of the preliminary planning we did and the input of the committees in developing the planning concepts, the rezoning was accomplished with little or no controversy. Once the property was rezoned, an effective marketing campaign was begun. However, within the confines of the rezoning, we tried to maximize the potential reuse options available to us. We anticipated that market opportunities would change during the 10 to 15 years that the project would take to complete and we wanted to maintain the greatest flexibility possible.

We financed the construction of a two-mile stretch of a four-lane thoroughfare through the former base and rezoned a substantial amount of real estate on both sides of the thoroughfare for light industrial, retail and commercial uses. With improved access and visibility, and zoning in place, the market value of the property increased exponentially. This increased value allowed the LRA to invest in other activities to achieve the reuse goals.

Neither the reuse plan nor the implementation strategy anticipated the LRA's financial involvement in some of the more challenging development projects. The reuse plan didn't envision the LRA would take on the role of developer. The LRA has helped finance infrastructure improvements to stimulate private development, reacquired property from non-performing developers and subsequently developed those projects itself, and developed projects that the private sector would not tackle because the risk was too great or the return on investment was potentially inadequate. The LRA believes it makes sense to take on these more difficult projects as long as they further the reuse goals and at least break even financially.

We have found that the public remembers the reuse plan and its goals and has been willing to allow us some latitude in how we accomplish those goals.

## Appendix A

# DEFINITIONS & ACRONYMS

BCT	BRAC Cleanup Team
BRAC	Base Realignment and Closure
BRAC Cleanup Team	Team composed of DOD and base personnel engaged in the facility cleanup.
CADD	Computer-aided design and drafting.
Care and Custody Agreement	A contract program by a Military Department permitting the LRA to maintain the BRAC property, pending final conveyance.
CERCLA	Comprehensive Environmental Response, Compensation & Liability Act (42 USC 9601).
CEQ	Council on Environmental Quality within the Executive Office of the President.
Cooperating Agency Agreement	An agreement by DOD – authorized in CEQ guidelines – allowing state and local agencies to participate in the Military Department's DEIS study process.
DEIS	Draft Environmental Impact Statement
Development Advisor – Partner	A private sector firm that supplements the staff resources for the LRA, that sometimes develops portions of the property for its own accounts, but does not take title to the BRAC property.
EA	Environmental Assessment
EDC	Economic Development Conveyance
Economic Development Conveyance	A property transfer authority for surplus BRAC property that permits the property to be transferred for job creation purposes.
EIS	Environmental Impact Statement
Excess Property	Property under the control of a Military Department that the Secretary determines is not required for the needs of the Dept. of Defense.
FEIS	Final Environmental Impact Statement
FONSI	Finding of No Significant Impact
FOSL	Finding of Suitability to Lease
FOST	Finding of Suitability to Transfer property that has been environmentally cleaned to meet the standards in the base reuse plan.
JLUS	Joint Land Use Study: A cooperative local-DOD land use planning process, financed in part by OEA under 10 USC 2391, to reduce land use and environmental impacts on DOD missions.
Local Redevelopment Authority	The local entity, recognized by the Department of Defense, responsible for planning and implementing the reuse plan for the BRAC property.

LRA	Local Redevelopment Authority, sometimes referred to as a Local Reuse Authority.
LUC	Land Use Controls: Zoning, deed restrictions or other limitations on the reuse of property.
Master Developer	A private sector firm, competitively selected by the LRA, that assumes responsibility for and takes title to for the BRAC property from an impacted community.
NEPA	National Environmental Policy Act of 1969 (42 USC 4321)
OEA	Office of Economic Adjustment
OSD	Office of the Secretary of Defense
Preferred Alternative	The Military Dept.'s proposed property disposal alternative in its property disposal EIS; almost always the LRA's recommended base reuse plan.
Property Screening	The process by which Federal agencies identify potential federal, state or local uses for "surplus" or unneeded federal property. (For BRAC property, property screening is largely conducted by the LRA.)
Public Benefit Conveyance	A property transfer to public agencies for a specific public purpose.
RAB	Restoration Advisory Board
Representatives of the Homeless	A state or local government agency or private non-profit, including a homeless assistance planning board, which provides or proposes to provide services to the homeless.
RCRA	Resource Conservation & Recovery Act (42 USC 6901)
Related Personal Property	Equipment located at the closed BRAC facility that can be transferred with the real estate to permit a fully functional facility and early reuse of the property.
RIFS	Remedial Investigation/Feasibility Study.
ROD	The document that records the disposal decision by a Federal disposal agency under NEPA.
Site Characterization	The identification of the environmental or soil conditions on a BRAC base.
Surplus Property	Real or Related Personal Property no longer needed by Federal agencies.
Transition Coordinator	A military or civilian official, assigned to the BRAC facility on behalf of the Military Department and the Secretary of Defense, who is responsible for assisting the community and for expediting the BRAC property transfer for civilian reuse.
USC	United States Code
Zoning Incentives	A range of local inducements for encouraging quality development, such as density bonuses, allowable floor area ratio bonuses, allowances for mixed use projects, combining public and private uses, and planned unit development inducements, and other steps intended to reduce developer risk.



## Appendix B

# THUMB-NAIL SKETCH – PROPERTY TRANSFER PROCESS

This community *Infoseries* guide offers a layman's overview of the base reuse **planning** process. The “implementation” of any future base reuse plan will be the subject of a separate community *Infoseries* guide. Yet, it is often difficult to understand the planning process without having a general picture as to how the surplus BRAC property eventually transfers to the Local Redevelopment Authority and the community.

This appendix offers “thumb-nail” summary of the Federal and BRAC property (including both real property and related personal property or equipment) acquisition approaches available under the 1949 Federal Property and Administrative Services Act, as amended, as well as the 1990 Defense Base Closure & Realignment Act, as amended – on the basis that a federal agency does not acquire the property through the federal screening process:

### Transfer of Title Without Restriction on Future Use:

- **Public Bid Sale:** The Military Department disposal agency or the General Services Administration are authorized to sell (whether by public bid or sealed bid sale) surplus or BRAC property for **any use**, including a broad range of commercial, office, industrial or residential uses. A public bid sale is subject (1) to full information being included in the public bid document on the approved local land use zoning in urban areas, and (2) an identification of any environmental restrictions placed on the property. Bid sales can be a useful property transfer mechanism where the LRA has identified the future use (such as specific family housing areas) in its base reuse plan, and where the LRA wants to conserve its limited resources by encouraging the private sector to bid for and redevelop the property, subject to local land use zoning conditions.
- **Negotiated Purchase:** States, local governments, Indian tribes, and other public agencies can purchase surplus or BRAC property at the fair market value, as appraised by the Military Department or GSA disposal agency. Information on individual negotiated purchases

es must be submitted to the appropriate committees of Congress for review and approval.

- **Economic Development Conveyance:** The Military Department disposal agency may transfer BRAC property for long-term economic development purposes, provided that the LRA devotes the proceeds from any sale or lease of the “no-cost” EDC properties for at least the first seven years after the initial transfer of the EDC property to support economic development of, or related, to the installation. As a result of the slow Military Department property transfer pace from 1994 to 2001, a large share of the 1988-2005 BRAC EDC transfers were made without cost consideration. BRAC properties in “rural areas” are transferred without cost by statute. For properties closed in the 2005 BRAC round, the Military Departments will be required to seek consideration equal to the fair market value for the EDC property, except in rural areas.
- **Economic Development Conveyance – Fair Market Value Sale:** The EDC authority allows the DOD disposal agency to provide multi-year payment terms. The EDC authority also permits the sale the BRAC property at fair market value to the LRA. A permanent record file is maintained by the DOD disposal agency on the EDC sales transaction, but without the record being submitted to the Congressional Committees for review prior to implementing the property transfer.

### Public Benefit Transfers with Title Earned Through Constructive Use:

- **Educational Transfers:** The Department of Education may transfer surplus or BRAC properties for school or educational uses without cost to tax-supported schools or non-profit educational institutions. Full title to the property is actually “earned” over a thirty-year period through constructive use of the property for approved educational purposes.
- **Health-Related Transfers:** The Department of Health & Welfare may transfer surplus or BRAC property for public health (including research) purposes. Health-related transfers

can also include medical facilities, water systems, and sanitary sewer treatment facilities among other public health uses. Full title to the property is also “earned” over thirty years through its constructive use for approved public health-related purposes.

## Public Benefit Transfers Used Permanently for Public Purposes:

- **Park, Recreation & Wildlife Conservation Transfers:** The Department of the Interior can transfer surplus and BRAC properties to state and communities for park, recreation, and wildlife conservation purposes. These transfers can be made for discounts up to 100 percent (i.e., without cost) – with a further stipulation that the facilities be reserved in perpetuity for public purposes.
- **Historic Monument Transfers:** The DOD disposal agency or GSA, at the recommendation of the Department of the Interior's National Park Service, can similarly transfer historic properties without consideration to be preserved in perpetuity for national historic monument purposes. The historic park area can also include commercial or office facilities to provide a rental income to support the historic landmark area.
- **Public Airports:** The DOD disposal agency or GSA can, subject to the recommendation of the Federal Aviation Administration, transfer airports and aviation-related facilities in perpetuity to support public airports. Airport conveyances can include the runway and aviation facilities, as well as revenue-producing industrial, commercial, and support facilities that can be leased to provide a rental income stream in support of the public airport. These restrictions can be released only with the approval from the Federal Aviation Administration.
- **Housing the Homeless:** For non-BRAC unutilized or underutilized property, the Department of Health & Human Services can lease or transfer title to local representatives of the homeless as a priority claim among all state and local applicants, under the provisions of the McKinney-Vento Homeless Assistance Act at no cost. This priority claim feature does not apply to applications for BRAC property.
- **Public Port Facilities:** The Department of Transportation's Maritime Administration can convey harbor activities, supporting rail yards, and port facilities to recognized public port authorities for long-term port and economic development operations.
- **Correctional Facilities:** At the recommendation of the Attorney General, the military disposal agency or GSA may transfer BRAC or surplus property for correctional facility use in perpetuity.
- **Highways & Public Roads:** The Secretary of Transportation can transfer the acquisition right-of-way for approved interstate highways and Federally-assisted highways without cost consideration to state departments of transportation.

## POSTSCRIPT

The goals of this Base Reuse Planning “tutorial” were to capture the best thinking from a group of experienced community practitioners from the 1988, 1991, 1993, and 1995 BRAC era, and to summarize these individual experiences in layman’s terms for future community leaders affected by a pending 2005 BRAC round.

This volunteer “light editor” was blessed with the enthusiasm and commitment of eighteen individual authors, who did not really need much in the way of encouragement toward explaining the best possible base reuse planning practices. Please allow me to express my personal appreciation to my colleague authors for their insight, hard work, and patience in compiling this publication:

Brad Arvin	Owen Bludau
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*John Lynch*

*For more information, or to order a publication, go online to [www.naid.org](http://www.naid.org).*



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