



2009 DEFENSE COMMUNITY CONFERENCE

Mastering Property Disposal II

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New EDC Language

- B) The transfer of property located at a military installation under subparagraph (A) may be for consideration at or below the estimated fair market value or without consideration. The determination of such consideration may account for the economic conditions of the local affected community and the estimated costs to redevelopment the property. The Secretary may accept, as consideration, a share of the revenues that the redevelopment authority receives from third-party buyers or lessees from sales and long-term leases of the conveyed property, consideration in kind (including goods and services), real property and improvements, or such other consideration as the Secretary considers appropriate. The transfer of property located at a military installation under subparagraph (A) may be made for consideration below the estimated fair market value or without consideration only if the redevelopment authority with respect to the installation—
- (i) agrees that the proceeds from any sale or lease of the property (or any portion thereof) received by the redevelopment authority during at least the first seven years after the date of the initial transfer of property under subparagraph (A) shall be used to support the economic redevelopment of, or related to, the installation; and
 - (ii) executes the agreement for transfer of the property and accepts control of the property within a reasonable time after the date of the property disposal record of decision or finding of no significant impact under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)



Congressional Intent of New EDC language

“The conference agreement provides broad permissive authorities aimed at balancing the requirements of the Department with the needs of the local communities. The conferees believe that by providing sufficient authorities to the Department without mandating courses of action for the transfer of the property, and by permitting a range of considerations and funding methods for proposal by local redevelopment authorities, property transfers negotiations can, within a reasonable time, conclude with an agreement that serves the best interests of both parties”.



Fair Market Value (FMV)

Factors that may influence property value include:

- ✓ Redevelopment Plans, zoning and entitlements
- ✓ Market based redevelopment plans
- ✓ Conveyance mechanism
- ✓ Real estate market demand and economic conditions
- ✓ Differentiation in the marketplace
- ✓ Existing leases
- ✓ Environmental condition of property
- ✓ Location, location, location



EDC Evaluation Criteria

- ✓ Community with annual gross income average well below the national median income
- ✓ Regional unemployment rate well above the national average before the closure occurred and further impacted by base closure
- ✓ Low absorption rates for industrial/commercial development
- ✓ Environmental contamination and permit encumbrance that makes property redevelopment difficult
- ✓ Significant infrastructure investment required to attract industrial and/or residential tenants



Application Review

- Factors considered in reviewing an LRA's EDC Application:
 - Evaluation of adverse economic impact of closure action
 - Reasonableness of the LRA's plan for long term job creation and economic redevelopment
 - Extent, terms and timing of state and local investment
 - LRA's ability to implement the plan
 - Consistency with the redevelopment plan
 - Financial feasibility of the application
 - LRA's timetable for assuming control of the property
 - Economic benefit to the Federal Government
 - Compliance with applicable federal, state and local laws and regulations



Application Review (Cont.)

- The EDC is reviewed by select members of the Army Conveyance Team (ACT)
- The ACT is comprised of members from:
 - Base Realignment and Closure Division (BRACD)
 - US Army Corps of Engineers (USACE)
 - Office of Economic Adjustment (OEA)
 - The Army Office of General Counsel (OGC)
 - Deputy Assistant Secretary of the Army (Installations and Housing) DASA (I&H)



Timeline For Review

- The ACT will provide the applying LRA with a “Quick Look” within 30 days
- The Quick Look will highlight the following:
 - Missing Data or the submission of required items
 - Areas requiring further clarification or information/data
 - Areas of significant risk or concern
 - Areas in violation of statute, regulation, or policy



Timeline For Review (Cont.)

- Within 45 days, the ACT will meet with the LRA to discuss the application and outline next actions
- Army review will be completed within 90 days from receipt of the application, unless it is not complete or additional information is necessary to evaluate the application
- Army will schedule timely coordination with DUSD(I&E)