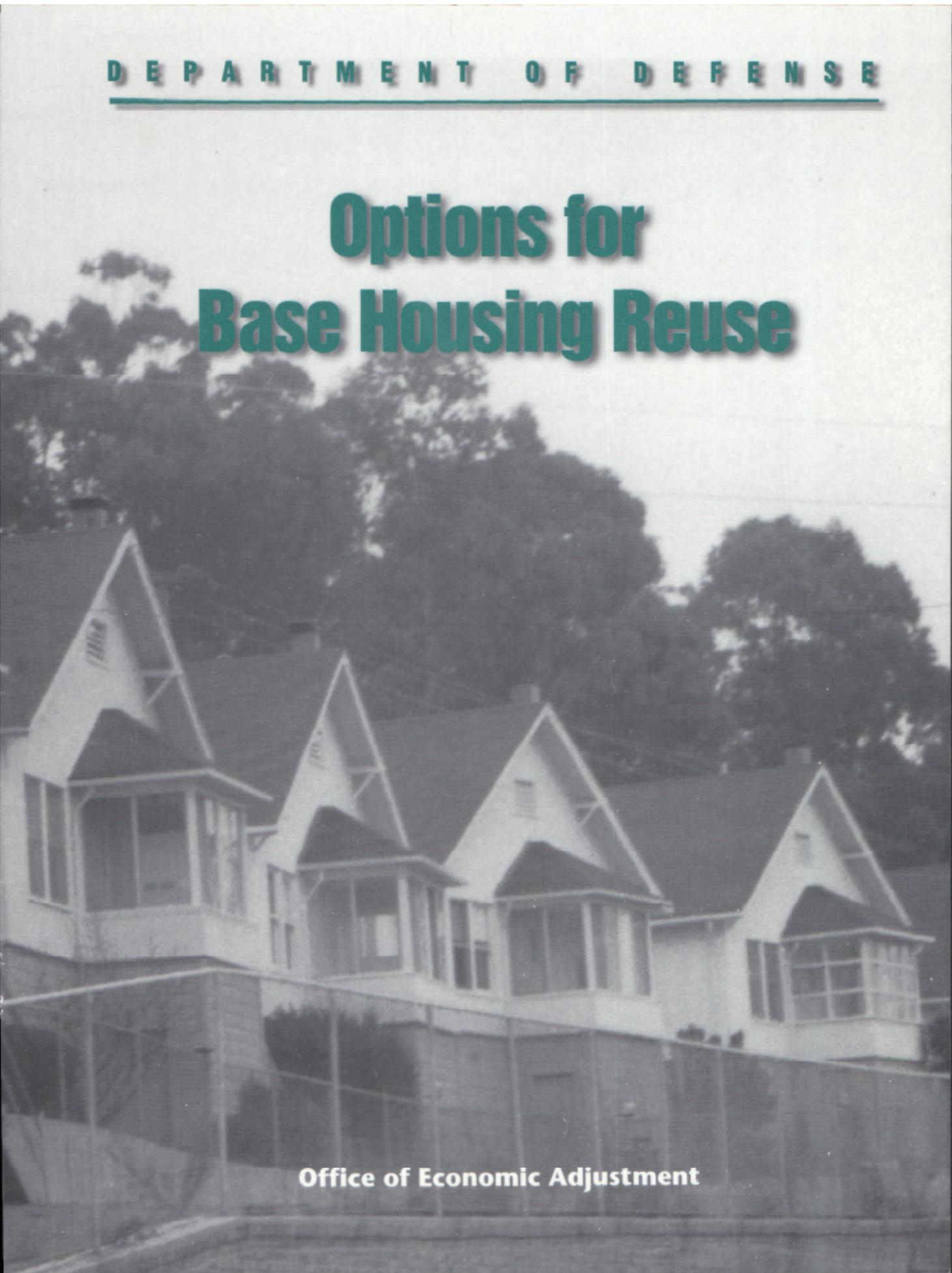


**D E P A R T M E N T   O F   D E F E N S E**

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# **Options for Base Housing Reuse**



**Office of Economic Adjustment**

D E P A R T M E N T O F D E F E N S E

**Options for  
Base Housing Reuse**

**Community Guidance Manual**

**March 1999  
Office of Economic Adjustment**



ACQUISITION AND  
TECHNOLOGY

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000

### Community Leaders

The Office of Economic Adjustment (OEA) periodically prepares and distributes community guidance manuals dealing with subjects that are of interest to communities confronted with military base closures or defense industry layoffs. This manual provides guidance to community leaders interested in identifying new uses for former military housing that meet the needs and priorities of the local community.

Housing needs are changing in the U.S. with the gradual decrease in household size, the aging of the population, and increased demands for specialized housing designed to meet different lifestyles and preferences. Base housing can be an important component of a community's efforts to address the range of local housing needs.

Most military facilities include some single family and barracks style housing that can be adapted for a variety of uses. Communities across the country have discovered a broad array of reuse options that have turned these facilities into an important resource for the community. But the most successful communities are those that have developed a plan and acted quickly to put this asset to use before deterioration and decay take hold. This guide is intended to provide examples and ideas to help community leaders think broadly about how base housing can become an asset in base reuse and community development.

Closed bases present a sometimes overwhelming array of choices and options to local communities. Planning for the successful and productive reuse of housing areas requires a good understanding of community housing trends and the involvement of neighbors, developers, and other stakeholders. Ideally these unique resources can help a community address local needs in ways that were not considered possible before. We hope this manual helps.

A handwritten signature in black ink, appearing to read "Paul J. Dempsey".

Paul J. Dempsey  
Director  
Office of Economic Adjustment

# Preface

In 1961 the Department of Defense (DoD) established the Office of Economic Adjustment (OEA) to assist communities facing base closures, defense industry downsizing, and related impacts. OEA has helped over 300 defense-impacted communities reuse closed bases and create, on average, two new civilian jobs for every civilian defense job lost on military bases closed before 1986.

OEA has prepared several publications to help community leaders reuse land, buildings, and surplus personal property and assist displaced workers. This booklet explains the challenges associated with reuse of former military housing and describes some strategies for making it a positive resource for the community.

This guide was prepared by Toby Halliday. OEA staff members Cyrena Eitler, David MacKinnon, and Colonel Jim Richards, and Acting Director Helene M. O'Connor provided valuable insights and suggestions to improve content and flow of the text.

The author wishes to thank the following individuals for their time and assistance in preparing descriptions of individual projects: George Barber of the Presbyterian Development Corporation, Jane Royer Barr of the Mid-Peninsula Housing Coalition, Ellen Berkelhamer of the City of Highland Park, Jane Blackstone of the Lowry Redevelopment Authority, Ray Boudreaux of the Department of Aviation and Development for the Village of Rantoul Base, Cheryl Davis of the Sacramento County Department of Human Assistance, Sue MacDonald of the Pease Development Authority, Bobbi Morgan and Jim Doyle of California Lutheran Homes, Kevin Schuhlen of Aspen Square Management, Carroll Stevens of Coastal Housing, and Tom Zeidner of the Sacramento Housing & Redevelopment Agency. Any errors are the fault of the author.

The author is also grateful for the contributions and insights of many other representatives of base closure communities who generously shared their experiences and their observations.

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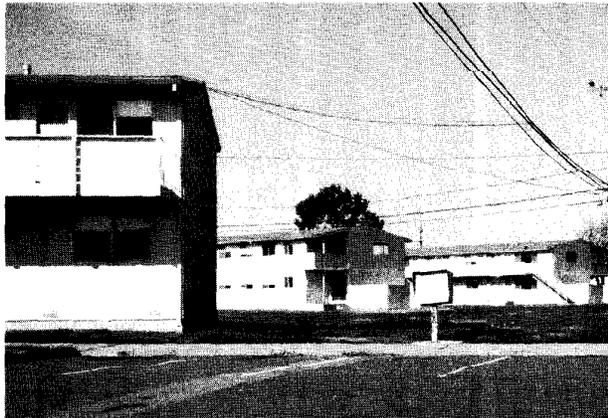
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# ONE

## Overview

### Introduction

The base realignment and closure (BRAC) actions announced in 1988, 1991, 1993, and 1995 constitute the largest reduction in land ownership by the U.S. military since the consolidation of the World War II and Korean conflict base structure initiated by President Kennedy in the early 1960s. The disposal and reuse of 97 major bases and scores of smaller bases under BRAC has had a dramatic effect on hundreds of communities across the country. A significant and often controversial component of these surplus facilities is the stock of over 87,000 units of military housing.



*Examples of the range of family housing stock at the former Naval Air Station Alameda, California.*

Military housing comes in a variety of shapes and sizes, and each presents different opportunities and challenges depending on the condition of the local residential real estate market. Base housing usually includes basic barracks style housing for enlisted soldiers, family housing for officers and enlisted personnel, and often a small number of larger and more attractive units for the senior officers on the base. This guide focuses (though not exclusively) on strategies for reuse of family housing areas.

It is arranged to allow readers to focus on the specific types of housing reuse that interest them. This chapter provides a basic overview of military housing reuse. Chapters 2-6 each describe a specific housing reuse strategy. Chapter 7 provides an overview of some more unique and specialized housing reuse strategies. Each chapter also includes a brief description of the market conditions and community priorities that are especially suited to each particular reuse strategy. While these are intended to be a useful guide, it is important to keep in mind that there are always exceptions to the rule and, as Chapter 7 illustrates, innovative strategies yet to be explored.

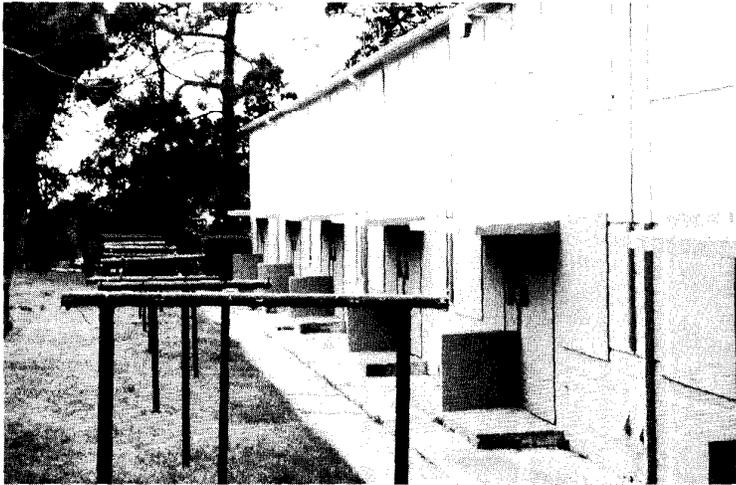
### Physical Reuse Considerations

Military housing generally is not subject to local government building codes or zoning because the property is under the exclusive political jurisdiction of the Federal Government. Upon transfer of ownership, the property will become subject to the local development regulations of the jurisdiction in which it is located.

In many military housing areas, especially older developments, reuse may require the removal or abatement of lead-based paint and asbestos. Many also require the installation of individual meters for water, gas, or electrical lines, another potentially significant expense.

Some housing areas will require infrastructure improvements, such as widening or strengthening of roadways, installation of curbs and sidewalks, or improvements in drainage. Landscaping and exterior treatments may also be needed to improve appearance and create a distinct neighborhood identity. This can range from the use of varied exterior paint colors and

landscaping schemes to more extensive changes, such as the addition of decks, porches, or balconies. Often these modifications can be made in combination with other changes necessary to reconfigure or rehabilitate units for the target market, such as replacing roofs or combining or modifying internal floor plans.



*At Roosevelt Terrace in Vallejo, California, the developer will combine some units and remove others for parking and landscaping to make the site more attractive.*

## Property Disposal

The Federal Government uses five methods to dispose of surplus base property: public bid sale, economic development conveyance, public benefit transfer, negotiated sale, and homeless assistance conveyance. The primary governing statute is the Federal Property and Administrative Services Act (40 USC 484). The primary governing regulations are the Federal Property Management Regulations. Other guidance has been developed, including the Base Reuse Implementation Manual (DoD Directive 4165.66), to address specific public issues and concerns.

The public bid sale approach is an open process that attempts to maximize the sale price on surplus property. Public sales are similar to commercial transactions and are intended to yield the highest possible return to the taxpayer. The common public sale is the written bid variety, although the auction method has also gained favor in recent years. The Federal Government is required to receive fair market value and generally sells the property for cash, but may offer financing terms. The terms are generally part of the invitation for bid. Purchasers are subject to all applicable state or local approvals, building codes, and zoning restrictions. The public sale process places primary responsibility for property reuse on the new owner. Examples of public

bid sales include housing at Grissom Air Force Base (page 7) and Chanute Air Force Base (page 8).

Economic development conveyances (EDCs) were created to foster job-generating economic redevelopment at former military bases closed under BRAC. They allow the conveyance of the property at or below fair market value, with payment terms subject to the approval of the Secretary of the Military Department. Housing alone is not eligible for an EDC, but housing may be included as part of a larger EDC if the revenue from the housing is necessary to the financial viability of job-generating activities elsewhere within the project. An example of housing within an EDC is Eaker Air Force Base (page 11). A Local Reuse Authority (LRA) planning to include residential use within an EDC should discuss these plans early with the Military Department so that the base cleanup plan will support this reuse.

There are several types of public benefit conveyances to facilitate reuse of surplus federal property for specific public purposes, such as airports, prisons, highways, parks, and schools. Housing may be included with public benefit conveyances when housing is an eligible use under those particular programs. The federal sponsoring agency must approve the inclusion of housing as necessary for its program. Potential applications include student housing, prison staff housing, homeless assistance, and group homes for the handicapped. Transfer of housing for such purposes may be subject to continued oversight by the cognizant Federal Agency or other restrictions.

Negotiated sale provides an opportunity for a public body, such as state or local government, to purchase surplus federal real property for a public purpose at fair market value (appraised for highest and best use). There may be times when more than one eligible public body is interested in purchasing under a negotiated sale, which means competition with other public bodies is possible. Examples of eligible public purposes include fire stations or affordable housing. These sales are subject to an "excess profits clause" stipulating that if the purchaser re-sells the property within a three-year period, all proceeds in excess of the purchaser's costs must be remitted to the Federal Government. Negotiated sales are subject to review by the House Committee on Government Reform and Oversight, and this review process encourages the Military Departments to conduct these transactions in a thorough and well-documented manner. Negotiated sales were used to transfer property for affordable housing at the former Mather Air Force Base (page 16) and Myrtle Beach Air Force Base (page 17), and for senior apartments at Chanute Air Force Base (page 11).

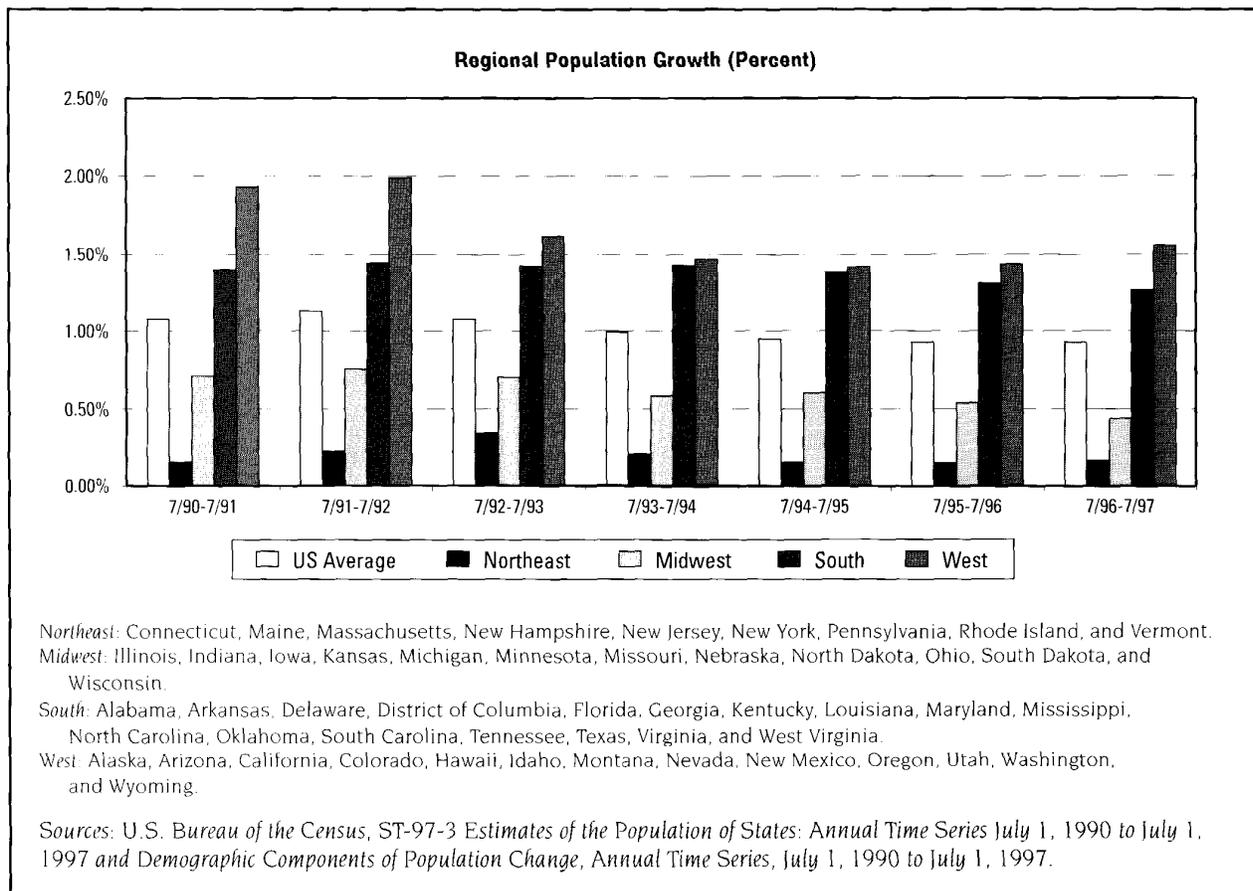
LRAs are required to take the needs of the homeless into account when planning for base reuse. The Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (P.L. 103-421) ("Redevelopment Act") made LRAs responsible for developing a reuse plan that appropriately balances the need for economic redevelopment, other development, and homeless assistance. No-cost Homeless Assistance conveyances may be made by the Military Departments to support a homeless assistance plan prepared by the LRA and approved by the Department of Housing and Urban Development (HUD). For further information see HUD's "Guidebook on Military Base Reuse and Homeless Assistance." Most communities affected by pre-1995 BRAC actions are subject to Title I of the Stewart B. McKinney Homeless Assistance Act of 1987.

An additional method of conveyance for surplus housing is the public benefit conveyance for affordable housing created in 1997 by Public Law 105-50. The affordable housing conveyance was established specifically to provide surplus housing for reuse by self-help housing groups, such as Habitat for Humanity. The law provides for the transfer of surplus housing through HUD for low-income families or individuals who contribute labor

towards construction or refurbishing of the housing. Procedures for use of this new authority are being developed by the General Services Administration and HUD and will be administered primarily by HUD.

## Market and Demographic Issues

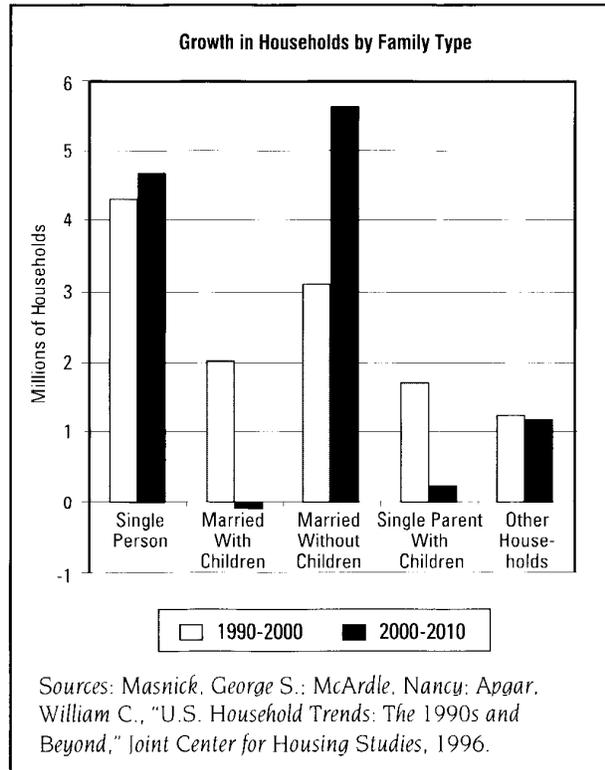
Planning for effective reuse of former base housing is essential to the community's overall reuse plan and economic adjustment efforts. Housing rented or sold below prevailing market rates can depress local real estate prices. This can pose a dilemma if the supply of housing for sale is already bloated by the out-migration of civilian employees or military families living off-base. Once military families are gone, vacant housing can deteriorate rapidly while environmental cleanup and reuse planning are underway. Neglected or abandoned housing can deteriorate rapidly and may become a target for vandalism or scavengers, ultimately representing a lost opportunity for a community. Preserving this asset requires innovative thinking on the part of the LRA and rapid transfer or lease action by the Military Department, provided there is an adequate demand for the housing.





Copper pipe was stripped from Cabrillo housing at Naval Station Long Beach. Vacant housing is subject to vandalism and "mining" as well as rapid deterioration.

Housing demand depends significantly upon population growth, which has favored particular regions and sub-regions. For example, over the 1990-97 period, 49 percent of U.S. population growth was concentrated in just six states: Texas, California, Florida, Georgia, Arizona, and North Carolina.



The key to successful reuse of former military housing lies in understanding the dynamics of the housing market and matching the reuse strategy to the community's needs and priorities. The strategy should be based on local factors, such as income levels, unemployment rates, age, household size, housing vacancy rates, and the existing housing supply. The strategy should also take into account economic conditions and demographic trends, which will have a significant influence on the residential real estate market for the next several years.

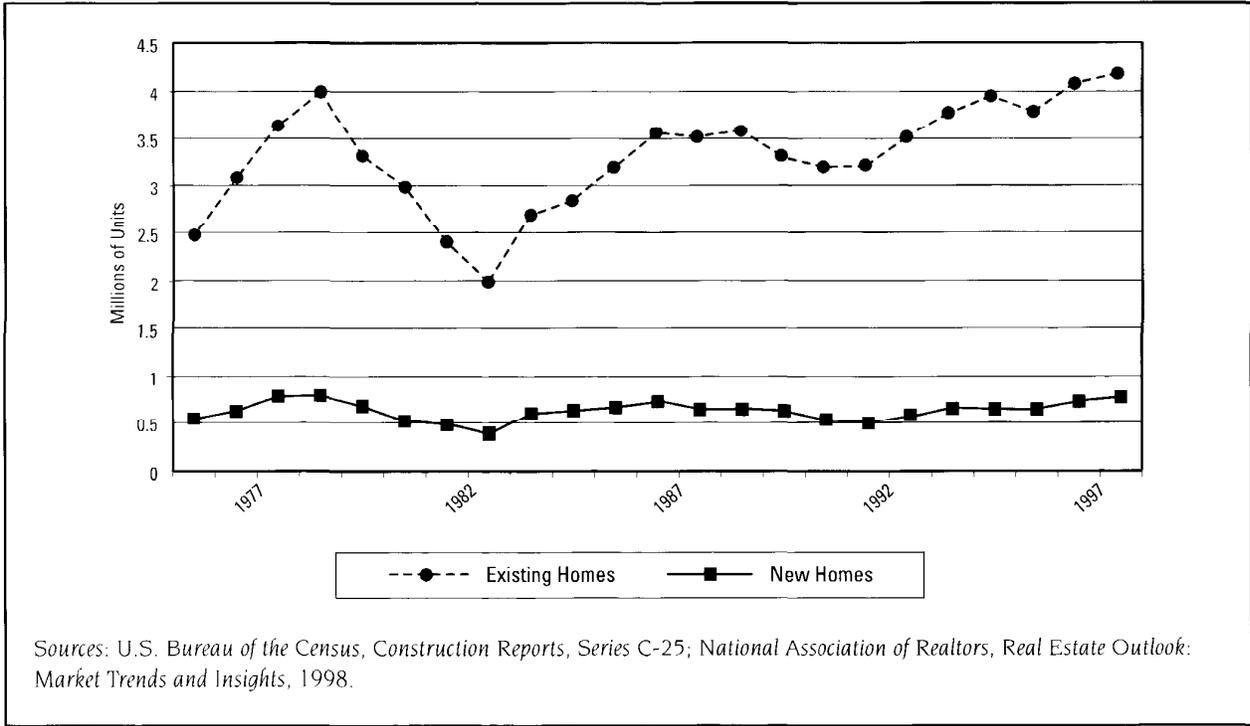
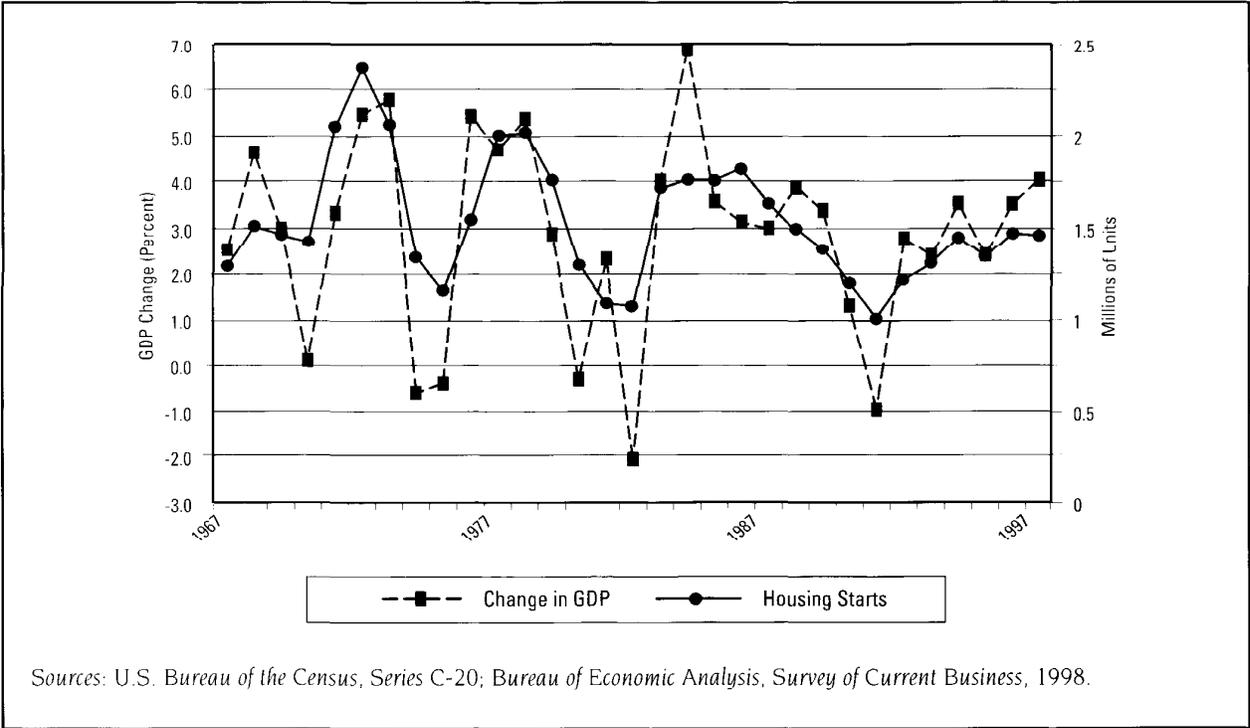
Opportunities for housing reuse will vary from year to year and from region to region. The composition of American households is likely to change over the next several years due to changes in demographics and housing choices. Different regions of the country will experience variations in these trends as a reflection of their own particular demographic characteristics.<sup>1</sup>

The housing market will be strongly influenced by the housing preferences of seniors as baby boomers continue to age in the decades to come. According to the Urban Land Institute, the number of seniors over age 65—who often rent rather than own—is expected to increase by 3 million between 1996 and 2005. This demand for total apartment units will be offset somewhat by a projected 2 million person decline in the population aged 18-34—the prime rental group. But the types of rental products demanded by these two groups may be very different, with seniors typically moving from larger to smaller houses requiring less maintenance and sometimes interested in fee-for-service amenities and support services.<sup>2</sup> Lenders and investors participating in senior living projects are becoming more enthusiastic about such projects and are offering better finance terms, especially for projects that include assisted living and specialty care facilities.<sup>3</sup>

<sup>1</sup> Joint Center for Housing Studies, *The State of the Nation's Housing 1998*. (Cambridge, Joint Center for Housing Studies, 1998), pp. 15-20.

<sup>2</sup> Kristina Kessler, "Multifamily Housing and Seniors' Housing Trends," *Urban Land*, November 1996, p. 4.

<sup>3</sup> Robert Kramer, "Lending and Investment in Seniors' Projects Up," *Urban Land*, November 1996, p. 15.



Economic conditions also influence the residential real estate market. The upper chart indicates the relationship between changes in U.S. Gross Domestic Product and home construction. The lower chart indicates sales trends of new and existing homes from 1975-79.

With these economic and demographic trends as a context, this guide provides some examples of how some local reuse authorities (LRAs) have addressed the reuse of housing areas within closed military bases. The purpose of these examples is to provide some ideas for other LRAs that are confronting the same issue. Reuse of a base housing area, like other base reuse issues, is not likely to be permanently resolved at some particular point in the reuse process. Reuse strategies often

change as priorities change or as new opportunities and constraints are discovered. Many of the examples cited in this guide show how strategies changed over time: many of the reuse plans have evolved to varying degrees since these examples were written. The point is not to show how one base reuse issue was “solved,” but rather to explore various processes that were followed to identify reuse goals and a range of alternatives that can be adapted to different circumstances.

# Market Rate Housing

Reuse of former base housing at market rates may be difficult because the base closure itself often results in the out-migration of civilian workers formerly employed at the base. Higher local unemployment resulting from the primary and secondary impacts of the closure may also affect housing sales. Existing sellers or landlords become highly sensitive to oversupply and often oppose efforts to market former base housing. However, if the available housing satisfies the existing demand for size, density, and price, reuse at market rates is feasible.

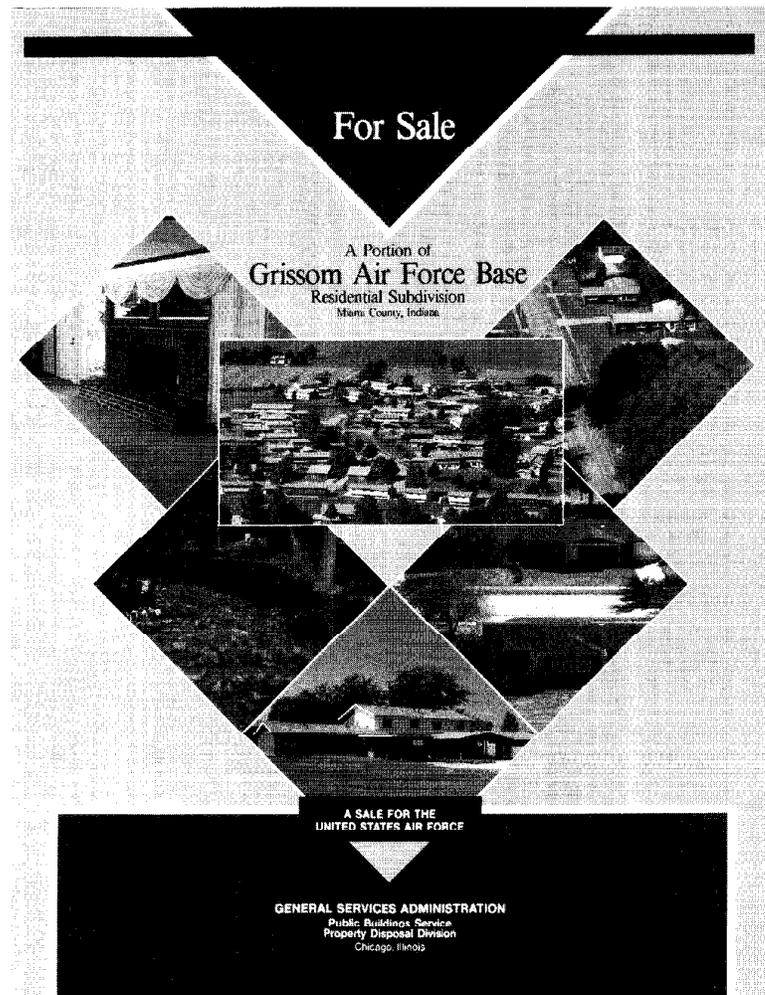
## Private Sector Redevelopment at Grissom

Many communities are eager to move base housing into the private sector for redevelopment as quickly as possible to generate tax revenues and speed the transition of the base to productive civilian use. Maximizing private sector involvement helps to minimize LRA risk and investment cost and incorporate private sector capital and market expertise into the redevelopment process. Private sector control and incentive can be maximized by disposing of the property through public bid sales.

Public bid sales are a relatively straightforward real property conveyance mechanism. Bidders must comply with any land use controls imposed by the local government, and the Military Department conducting the sale may emphasize local zoning or permit restrictions as part of the invitation for bid.

In 1996 Aspen Square Management of West Springfield, Massachusetts, acquired the 1,128 family housing units at the former Grissom Air Force Base in Peru, Indiana, through a public bid sale, paying a total of \$8.9 million, or \$7,890 per unit. The General Services Administration (GSA), which administered the sale, financed 80 percent of the

sale at a 6 percent interest rate. Aspen Square has significant experience in renovating and managing residential real estate for the middle-income market. During the first year of ownership the company spent \$6 million on renovations and expects to spend a total of \$15,000-20,000 per unit before all the housing is occupied.



*The public bid sale for the housing areas at Grissom Air Force Base was managed by GSA.*

The Crissom base housing included single-family, duplex, and four-plex units. The housing market in the surrounding area was not strong at the time of the base closure and reuse of the housing was not initially a priority. But a \$1 billion expansion of the Chrysler plant in nearby Kokomo and the creation of 1,100 new jobs at a new prison facility on the former base invigorated local demand. Aspen will sell some of the single-family housing but will retain many multi-family units as rental properties.

A new owner of a housing area may need significant capital to transform base housing into a successful civilian community. Banks may be reluctant to finance many of these expenses, which may include infrastructure improvements, remediation of lead paint or asbestos, renovation and landscaping costs, and sometimes significant advertising and marketing to establish a new image for the site.

The exit strategy for most of Aspen's base properties is sale, but they may rent the property for several years to establish a new image for the site and maximize ultimate sale value. Facilitating resale may require additional resources. At many of their developments Aspen provides lease-to-own packages, where a portion of a tenant's rent can be applied as a downpayment on the sale of the unit. In other cases, particularly condominium sales, Aspen may finance the first third of the units before banks are comfortable issuing mortgage loans.

## **Privatizing Housing at Chanute**

Chanute was an Air Force training base with 1,322 units of housing available for reuse. While the Village of Rantoul, Illinois, took over the airfield and some of the surrounding facilities under a public benefit airport conveyance in 1993, the LRA's reuse plan supported competitive bid sales for most of the housing areas. Sale prices ranged from about \$2,500 per unit for Capehart homes to \$9,000 for senior officer quarters. Renovation costs ranged from \$10,000 to \$20,000 per unit, including code compliance, utility meters, and roof repair costs.

The Village of Rantoul did not wish to become the developer or property manager for former housing areas at Chanute Air Force Base, but wanted to ensure a transition to healthy neighborhoods. In order to create a competitive but healthy environment for developers to acquire property and move the property onto the tax rolls quickly, the Village worked with the Air Force Base Conversion Agency (AFBCA) to create appropriate rights-of-way and easements and divide the housing into six parcels for sale. The Village has emphasized its role in creating an image for the base and controlling development through code enforcement. Developers

have been required to make significant renovations to bring the housing to market standards and to meet the Villages codes for fire safety, streets and sidewalks, and utility easements.

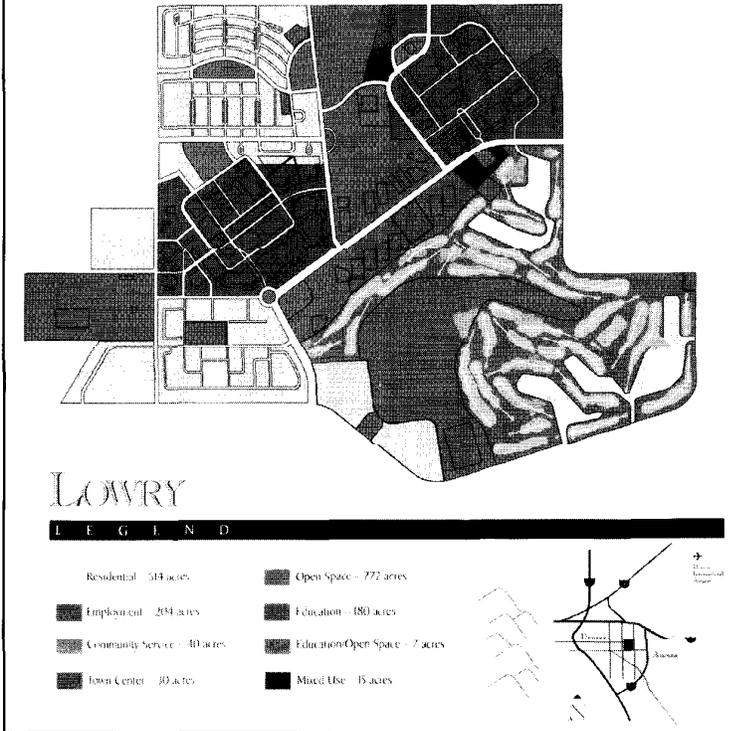
Economic development conveyances were not available at the time of the Chanute Air Force Base closure. But the community may not have chosen this option anyway because the community felt that private developers who invested their own dollars would have stronger incentives to market that property. Five of the housing areas (including some administrative and institutional space) were sold to the highest bidder and the remaining parcel was purchased by negotiated sale by the City on behalf of Hope for the Children, an innovative social services program (see page 23). Two developers based in Champaign, Illinois, paid the Air Force \$3.2 million for 87 homes, 122 duplexes and 138 townhouses now called South Point Commons, and another Champaign-based group paid \$2.4 million for the other subdivision, now called Golfview Village. The last subdivision sold contained 100 duplex units and was bought by a local farmer for \$770,000. The housing is more than 75 percent occupied after four years.

## **LRAs as Master Developers: Lowry Air Force Base**

Sometimes local redevelopment authorities want to take a more active role in reuse in order to promote community goals or to gain access to property revenues for other on-base redevelopment. When Lowry Air Force Base was included in the list of BRAC '91 closures, the cities of Aurora and Denver engaged in a joint planning effort that evolved into a joint redevelopment authority to serve as master developer for the site. The two cities sought a more activist role in order to control the implementation of the master plan; to ensure the quality and character of the mixed-use development, including existing and new housing areas; and to take full advantage of the strong local residential real estate market. The master plan for Lowry's 1,866 acres calls for residential, office, open space, and recreational uses. The LRA acquired the existing housing and land for residential development as part of a larger EDC.

The Lowry Redevelopment Authority is the master developer for the base. Lowry will become a mixed use development including 514 acres of residential space and up to 3,400 housing units representing a variety of styles and prices. The residential development will be phased over time to match the absorption of the local market and to spread finance costs and minimize construction impacts.

Live, Learn, Work and Play in a master-planned community in the heart of a century old city.



The Lowry Redevelopment Authority has assumed all the roles of a master developer. Used with permission.

The LRA will improve each parcel before selling them to builders. A portion of sales proceeds are dedicated to purchasing the Federal Government's interest in the property at a pre-established release price for each parcel. Profits on each parcel are then reinvested in the redevelopment, generating revenues for operations and for community amenities on the site. LRA procedures for selling and leasing property to builders and developers are guided by a set of guidelines that allow direct negotiations based on the base reuse and zoning plan.

The housing plan for Lowry includes market-rate rentals, transitional and affordable housing, relocation of some housing, senior housing, new luxury rental housing, and new home construction. The plan calls for interim reuse of 800 existing housing units at an average rent of \$740 per month to generate revenue for operations and other development projects, with some units to be retained as rental properties for up to eight years.

Two hundred housing units were made available for relocation off site. The LRA offered the units for sale to buyers that could remove them quickly in order to accommodate new development on the site. Many were bought by contractors specializing in building relocation and will be resold later to end users, but some could not be moved within the redevelopment schedule and had to be demolished.

The visiting officers' quarters will be used to provide 165 units of independent and assisted care living for seniors. Although the building was built in 1991, it required extensive renovation, including an elevator, common areas, and a central kitchen. The operator of the facility is a local nonprofit housing provider that has done other senior housing projects in the area.

Up to 400 housing units in two or more neighborhoods will be renovated to provide transitional housing and affordable first-time home ownership opportunities, with an effort to keep sale prices near \$100,000.

Finally, the Lowry development plan calls for the construction of new homes, including luxury rentals, large single-family homes, and multi-family townhomes in a master-planned setting. Proceeds from the sales of finished lots to residential builders will help to support site amenities and improvements for new job creation areas elsewhere on the former base.

## MCAS Tustin

The 1991 announcement that Marine Corps Air Station (MCAS) Tustin would close meant 1,537 additional units of family housing would become vacant at a time when the residential real estate market in Orange County, California, was in a state of near free-fall. These housing units represented a variety of styles, sizes, and ages, presenting a challenge to the City of Tustin to promote reuse while minimizing negative impacts to the local housing market. The City developed a strategy to maximize reuse of the housing areas to support affordable and assisted housing opportunities in the community; to support the Learning Village, a consortium of colleges and job training activities on the base; and to help generate revenues to support other redevelopment on the base. The City hopes to acquire property through an EDC.



*Barracks at Marine Corps Air Station Tustin will be renovated for a residential training center.*

The entire base will be made a redevelopment project area under California law, which will allow the City to issue tax increment bonds for on-site improvements. The City of Irvine also has jurisdiction over 80 acres of the base, but will allow Tustin to serve as the redevelopment authority for the property. Under California redevelopment law, 20 percent of the tax increment must go to existing tax authorities under existing formulas and another 20 percent must be dedicated to housing affordability programs. The remaining 60 percent will be used to eliminate blight and make other improvements to redevelop the area. The law also requires that 15 percent of the housing stock in redevelopment areas be accessible to very low-, low-, and moderate-income families.

In addition to this state mandate, the City has agreed to set aside 50 units of housing to be owned by the City and managed by a group of four homeless assistance providers. The City has also developed a plan to utilize 384 barracks units for a 12-18 month residential training facility to be co-located with the Learning Village, which includes the local community college. The program is supported by a \$1 million grant from HUD. Other former barracks units will be used for student housing for the Learning Village.

During the reuse planning process the City hired a consultant to study potential impacts on municipal services, including schools, fire, and police services. To accommodate the impact of additional families on local schools, Tustin included four new schools in its reuse plan for the two school districts whose service areas extended onto the former base.

While the City was originally unsure of the reuse potential of the various housing areas, the 55-acre Tustin Villas was clearly the most desirable housing on the base and represented a potential source of cash flow

for other redevelopment. These 274 townhouses, built in the mid-1980s, average 1,800 square feet per unit, and their age and features make them the most compatible with immediate use as market-rate housing. Early in the closure process the Coast Guard sought to obtain Tustin Villas for its own use, which would have deprived the community of the base's most valuable asset. The City strenuously opposed this initiative, and the Coast Guard request was finally withdrawn in December 1996. Estimates indicate that these units could sell for \$110,000 to \$130,000 each, but only after a developer invests in remodeling, landscaping, and other

improvements estimated at \$17,000-\$24,000 per unit.

Approximately 500 of the other housing units built between 1978 and 1984 could be suitable for market-rate apartments. But there are also over 100 duplex units built in 1964 and over 500 six- and eight-plex units also dating from the 1960s that will not be competitive in the marketplace and may be demolished.

The City's development plan relies upon the knowledge of developers active in the regional residential housing market to help the City gauge the value of the housing stock and to develop the most effective strategies for reuse. For example, it is unclear whether it will be more cost-effective to rehabilitate some of the older housing units or demolish them to allow for the re-configuration of the site and the construction of new units more responsive to current housing demand. The City will issue requests for qualifications from developers to provide the City with better information about the potential value of the housing areas, which will be incorporated into the City's business plan for the site. At the same time it will allow the City to evaluate the various developers and prescreen them for possible participation in the redevelopment process.

After the City receives title to the property it will enter into agreements with developers to buy and rehabilitate the units for sale to homeowners. Some of the larger land parcels may be broken into smaller, more manageable parcels to expand the pool of qualified developers and to more closely match the rate of availability to the absorption rate for new housing. These units are small but attractive homes, appropriate for affordable housing opportunities. The City's solicitation requires developers to ensure that 75 percent of the remaining family housing units be owner-occupied following renovation and resale.

## THREE

# Senior Housing

The increase in the retirement-age population is expanding the demand for senior living facilities throughout the country. At some bases LRAs are finding that the housing areas are well-suited for senior living communities and are working with developers to capture part of this expanding market.

## Senior Apartments in Rantoul, Illinois

One of six housing areas offered through GSA public-bid sale at the former Chanute Air Force Base in Rantoul, Illinois, was the 500 unit bachelor enlisted quarters. Amerinvest purchased the buildings for \$900,000 to create the Prairie Village senior living facility. The company spent more than \$1,000,000 on renovations, including combining barracks into larger units. One of the Prairie Village Joint Venture owners operates seven other senior living facilities, in the midwest. Prairie Village includes 267 units and a restaurant, a health/exercise room, guest rooms, a library, a chapel, a convenience store, and a beauty shop. Services include 24-hour staffing, cable service, housekeeping and maintenance, and activity program. Breakfast and lunch are included in the monthly rent. Initial rents ranged from \$725 to \$1500 per month, with no endowment or entry fees required.

## Creating a Niche in Blytheville

The closure of Eaker Air Force Base represented an economic blow to the rural economy of northeast Arkansas. Early in the closure planning process local officials searched for strategies to attract new economic activity. A big part of this challenge were the 828 vacant family housing units in a real estate market that was already suffering from the closure of the base.

Soon after the closure, community leaders began exploring the creation of a senior living community, perhaps in combination with a college and conference center. Any housing reuse strategy would likely have a long phase-in period, but this approach had the advantage of focusing on creating a new retirement market for the housing, rather than competing with

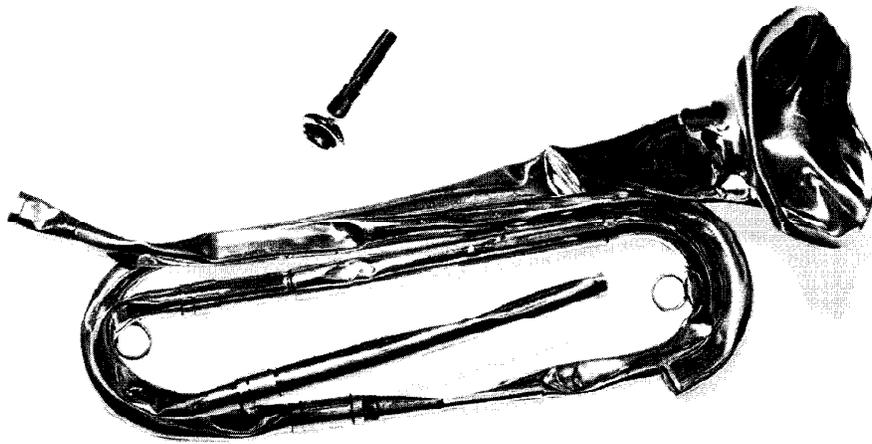
the existing and struggling resale market. Ultimately, three local leaders helped to form the Presbyterian Development Corporation (PDC) in 1995. The Corporation draws its name from the early leadership of the Presbyterian Church, but was ultimately incorporated as an independent, non-denominational, not-for-profit organization.

The Corporation spent approximately \$100,000 on demographic analysis, market survey, and a business plan for a senior living community. The survey identified 100,000 people between the ages of 70 and 80 living within 100 miles of the base, including 45,000 who could afford monthly rents of around \$400 per month. The project's founders reasoned that if they could tap just 1 percent of this market they would have a viable project, bring new life to the closed base, and inject significant new economic activity into the local economy.

The Air Force had totally renovated 250 of the units in the early 1990s, leaving them in excellent condition, but there were costs associated with preparing units for new tenants, plus maintenance costs for the older vacant units. Because of the large number of vacant units and the absence of significant capital available for investment, there would be almost no revenue available for servicing debt on the property. Fortunately, most of the Eaker property was transferred to the LRA under a no-cost rural EDC. The 225-acre housing area was transferred through the City to the Corporation. The City and LRA retain reversionary interest in the property, but this is waived for the purposes of financing.

The project, named Westminster Village of the Mid-South, officially opened in December of 1996 and had 77 units occupied within ten months. Operations are managed by Cooperative Retirement Services of America (CRSA) under contract with the Corporation. Leases are \$495 per month for the recently renovated "deluxe" units and \$395 per month for the remaining units (utilities not included). The target is to execute seven to ten new leases per month, which will bring PDC to the break-even point (estimated at 350 units) after about three years. PDC spends about \$1,500 per





## AS YOU WERE.

As part of the U.S. Military's effort to downsize, England Air Force Base near Alexandria, LA was closed along with many others across the nation. This sparked an idea. California Lutheran Homes, a non-profit organization, decided to convert the existing housing into the first private senior living community of its kind. And since England AFB was a military installation, it made perfect sense to invite retired military personnel to be among the first residents.

England Oaks offers those 55 years and older a secure, affordable, maintenance-free lifestyle with the amenities to make your finest years thoroughly enjoyable.

With 184 two and three bedroom units set in 63 acres of majestic oak lined streets, our homes come complete with home and yard maintenance, transportation assistance and a state-of-the-art emergency response system. England Oaks truly represents the best in senior living.

Call England Oaks at 1-800-786-OAKS for more details. And don't worry. You'll never have to answer to reveille again.

1008 B. Norman Drive

**Gated Community • Emergency Response System  
Transportation Assistance • Fully Equipped Kitchen  
Interior, Exterior and Yard Maintenance • Cable Ready  
Covered Parking • Washer/Dryer Connections  
Private Patios • Convenient Location**

England Oaks  
senior living community

Alexandria, LA 71303

Rapides Regional  
Medical Center  
COLUMBIA

*Louisiana*  
Department of Culture, Recreation & Tourism

PROUD SUPPORTERS OF SENIOR LIVING IN LOUISIANA

California Lutheran Homes used some unique advertising to appeal to military retirees for its England Oaks development. Used with permission.

leases the senior community at England. CLH places a high priority on resident well-being and emphasizes activities on-site and in the community, in part by promoting volunteerism.

CLH focused initial marketing efforts on the local area, but is working toward a national strategy that emphasizes the base reuse aspect of the project. They are marketing through publications aimed at moderate-income military retirees and have received enthusiastic support from the Veterans of Foreign Wars. They estimate that up to 40 percent of their tenants will be from outside the immediate geographic area.

England Oaks, as the development is now called, is a 184 unit senior independent living facility on 63 acres. The complex includes two- and three-bedroom duplexes. The project includes no on-site medical care, but a new assisted living center is being considered as a follow-on initiative. It is targeted for residents 55 or more years of age with a household retirement income of \$25,000-\$40,000.

CLH estimates a minimum economic project size is 100 units. They have projects of up to 400 units but prefer communities of less than 200 units because they tend to have a more cohesive neighborhood feel. CLH seeks to satisfy five key criteria before moving ahead with a project such as this one:

- An LRA with deed ownership and a pre-agreed commitment to senior housing.

- Housing on the perimeter of the base, outside of any industrial area.
- Single story units of at least 1,000 square feet.
- Proximity to shopping, health care, and other services.
- A metropolitan area of at least 50,000 population to provide an adequate target market.

When CLH decided to pursue the project, they conducted a professional market survey to test the demand for senior living developments in the area and to identify sought-after amenities to refine and improve the product. In response to this survey, England Oaks was developed as a gated community with 24-hour emergency response, free home and yard maintenance, private patios, and access to transportation to local services. Basic affordability was also a key element in the market response.

CLH leases the property from the LRA for a minimum base rent or a share of gross property revenues, whichever is greater. Leasing began in November 1996 and full lease-up is expected by mid-1999. CLH will invest an estimated \$2 million for renovations, landscaping, the marketing survey, and other up-front expenses. Although the project resulted in only 22 new jobs on site (most of them temporary), it indirectly supported the local banking, health care, and service fields.

## FOUR

# Affordable Housing

The modest nature of most former base housing areas makes them well suited to helping communities expand their supply of affordable housing. HUD defines housing as *affordable if rents are at or below 30 percent of the household's adjusted income*. HUD currently has two programs intended to help communities expand the supply of affordable housing for low-income families: the Low-Income Housing Tax Credit program, which provides tax subsidies to developers who make capital improvements to units that are affordable to households with incomes at or below 60 percent of area median income, and the HOME Investment Partnership program, which provides formula grants to states and local governments that can be used to expand rental housing opportunities for households with incomes at or below 65 percent of the area median income.

Although median income levels vary among regions in the U.S., the national median household income in 1995 was \$34,076, which means that qualifying monthly rents for these programs in 1997 averaged \$511 for the Low-Income Housing Tax Credit program and \$554 for the HOME program. Another tool for expanding the supply of affordable housing is the new self-help housing conveyance discussed in part One.

Although few LRAs have taken advantage of housing incentives focusing on very-low-income households, many communities have worked to include former base housing to expand housing opportunities for low- and moderate-income families. For further information on these programs, contact your local HUD field office or visit the HUD web site at [www.huduser.org](http://www.huduser.org).

## Fort Ord

Fort Ord is one of the largest facilities closed by the Army during four rounds of BRAC, encompassing nearly 28,000 acres and over 18,000 housing units (including barracks). The former base lies in or near the jurisdictions of nine different local governments, and the reuse plan encompasses a variety of uses to meet the varied goals of these different communities and to utilize the variety of resources found across this large facility.

The 95-acre Preston Park housing complex, located in Marina, California, consists of 354 two- and three-bedroom townhouses built in 1989 for commissioned and non-commissioned officers. The Army provided an interim lease of the complex to the Fort Ord Reuse Authority (FORA) in exchange for care and maintenance of the property while awaiting final property transfer as part of a proposed EDC. FORA has designated the City of Marina as the supervising agent, and the Mid-Peninsula Housing Coalition was selected under a competitive bid to operate the housing area under a two-year sublease with a one-year renewal option. To minimize the impact on the local market, only 30 units will be released for rental each month. Twenty percent of the units are set aside for qualified low-income families. Tenant preference goes to individuals employed by the new airport and to public safety personnel, with the remaining units allocated by lottery. Ultimately the City expects to sell the houses to first-time homebuyers.

Mid-Peninsula Housing Coalition is a nonprofit affordable housing developer operating 3,500 housing units, with 1,500 more under development. The Coalition was interested in the Preston Park project because of the potential to expand opportunities for low-income households. Because nearly 200 units of transitional housing was sited elsewhere in Marina's portion of the closed base as part of the homeless assistance program, City officials limited the number of "affordable" units at Preston Park to 20 percent of the total, with rents targeted to families earning 53-55 percent of Monterey County median income—higher than many of Mid-Peninsula's other projects.

Jane Barr, project manager for the site, urges other LRAs, "Never close down the housing—get a sublease or whatever it takes to keep it from deteriorating." The complex was just three years old when shut by the Army in 1992, but Mid-Peninsula will spend an average of \$5,200 per unit on roof and gutter repair, painting, floor and carpet replacement, and driveway repair, plus utility improvements, individual utility meters, and landscaping. It must also pay the City for police and fire services and street maintenance, starting at \$84,000 and rising to \$132,000 per year at

lease-up. Mid-Peninsula obtained a \$1,200,000 two-year bank line of credit to cover renovation costs and cash flow during rent-up. Rents are \$750-\$900 per month for the market units and \$475-\$550 for the low-income units. The City will charge permit fees when the property is transferred from the Army to FORA and the City. FORA's fees are unknown but will probably be substantial, which will reduce the affordability of the housing if made available for purchase.

## Protracted Negotiations in Sacramento

The story of the 1,271 units of family housing at Mather Air Force Base in Sacramento County, California, provides an example of the pitfalls of the negotiated sale process and the dangers of allowing housing to remain vacant for too long.

Officials at the Sacramento Housing & Redevelopment Agency were concerned about the prospect of a surge in the supply of older, low-cost family housing resulting from the 1988 decision to close Mather, which lies at the edge of the Sacramento metropolitan region. Housing experts were concerned that a public bid sale would result in a community dominated by absentee landlords and poorly maintained houses. A better solution, they felt, was for the County to buy the property directly from the Air Force and select developers that would participate in a program to expand affordable ownership opportunities for first-time homebuyers.

Mather has also been designated a redevelopment area under California law, which makes tax increment financing available. If necessary, the County may borrow against these revenues to make infrastructure improvements or provide other assistance to the developers if necessary.

For nearly five years County officials and the Air Force were locked in rancorous negotiations over the value of the property. Each side accused the other of unreasonable expectations and discussions broke down on several occasions. Meanwhile, the housing deteriorated and projected renovation costs rose. One of the two potential developers selected by the County to participate in the redevelopment walked away from the project, and ultimately both sides lost opportunities in the project because of an inability to reach a deal earlier.



*During five years of negotiations housing at Mather Air Force Base deteriorated beyond the point of cost-effective repair.*

In 1997, the County and the Air Force agreed to a \$4 million sale price for the property, subject to Congressional review of the negotiated sale. The County will re-sell the property to the remaining developer, Lewis Homes Enterprises, who will start with a "village" of approximately 60 new homes.

The County's agreement with Lewis Homes requires that 30 percent of the units be made available to families at or below 80 percent of the area median income, or about \$41,120 for a family of four in 1998. 127 units will be available to families earning 70 percent of area median income.<sup>4</sup> The County will offer up to \$500,000 in incentives in the form of downpayment and closing cost assistance, below-market interest rates, and a mortgage tax credit where, in addition to the normal federal mortgage interest deduction, 2 percent of the mortgage interest is credited against state and federal taxes. The developer will sell 100-200 units at a time, with an estimated absorption of the whole area over a three to ten year period.

Lewis had originally planned to renovate some of the existing 1960s-era Capehart homes at \$15,000-\$30,000 per unit, but after five years of sitting vacant the houses were too badly deteriorated for economic renovation. Lewis will demolish all Wherry and Capehart housing and build the same number of new units on the site. The resulting master-planned development will result in a mix of three-, four-, and five-bedroom homes in three villages expected to sell from \$115,000 to \$215,000. Congress gave final approval to the deal in July of 1998 after inserting a clause requiring that



*Housing adjacent to the new cargo airfield at the former Mather Air Force Base. The mix of land uses at closed bases sometimes creates special challenges for reuse.*

the Federal Government share in the profits if the project is completed ahead of schedule or sales revenues are higher than expected.

The housing area is less than a mile from an active airfield and lacks nearby shopping or other services. "There will be some significant marketing challenges," admits Tom Zeidner of the Sacramento Housing & Redevelopment Agency. But a study commissioned by the County in 1992 and 1994 found no significant problems of noise or environmental impacts from the airfield on the housing area.

## **Low-cost Housing in Myrtle Beach**

The former Myrtle Beach Air Force Base included 777 family housing units, which the LRA's reuse plan had designated for interim housing use. The Myrtle Beach area suffers from a chronic shortage of affordable housing for the many people who work in the area's tourist-oriented businesses. Previously the families of such workers had to look 30 or 40 miles from Myrtle Beach for housing they could afford and take buses into the City.

On May 22, 1997, AFBCA transferred title of the housing units to the Myrtle Beach Air Force Base Redevelopment Authority by negotiated sale. The Authority selected Coastal Housing LLC through a competitive bid process to make all improvements in the housing area and manage the housing operation. The LRA will pay the Air Force \$5,050,000 for the 266-acre parcel, but the LRA may defer interest and principal payments until year three. Payments on principal and interest are required on a seven-year amortization schedule starting in year three.

Housing units first became available for occupancy on June 1, and over 200 families moved into

homes within the first 75 days. Coastal Housing is under a 10-year contract to manage the property and will make pre-established payments to the LRA to cover the payment to the Air Force and additional revenues that will be used to finance development elsewhere on the base. The firm is investing approximately \$7,000 per unit for improvements and \$300,000 to \$400,000 for sewer and other infrastructure improvements. The project was fully occupied in mid-1998.

The negotiated sale was justified by the public purpose of providing housing for moderate income families. Under the terms of the sale the LRA must ensure that at least 30 percent of the houses are available to households earning 95 percent or less of the area median income, or about \$24,000 per year. No special rent levels are available to these households. Coastal Housing is already surpassing this target. Rents average \$700 per month for the units.



# Assisting the Homeless

Since 1994, surplus base property has been subject to the provisions of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (P.L. 103-421), which requires communities to direct some portion of the resources made available by a base closure towards the needs of homeless people in the community. This law replaces Title V of the Stewart B. McKinney Homeless Assistance Act of 1987, which gave organizations that provide assistance to homeless individuals priority in receiving surplus Federal property. The McKinney Act still applies to non-BRAC surplus Federal property.

The 1994 law requires local redevelopment authorities to reach out to providers of homeless services and allows local organizations to propose activities to help the homeless with surplus base buildings and property. Service providers are required to indicate their capacity to undertake the proposed program and indicate how it will meet existing needs in the community. Proposals may include residential uses, such as transitional housing, or non-residential uses, such as a food pantry or training facility. The LRA must then evaluate these proposals and develop a plan to balance these proposals with the community's other base redevelopment needs and priorities. HUD has the responsibility to evaluate these plans and ensure that they meet legal requirements. Once HUD has approved the proposed program, the Military Department has the authority to transfer buildings and property through a no-cost homeless assistance conveyance to support approved homeless assistance activities.

The 1994 law provides a great deal more flexibility to local governments to address homeless needs. Communities may, at their own discretion but subject to the acceptance of the homeless provider, offer buildings, personal property, or funding from non-base sources to substitute for on-base buildings or property requested by service providers. This strategy has been used by many LRAs to preserve some of the unique potential of large base buildings or parcels for large-scale redevelopment projects that cannot be undertaken in other parts of the city. The method used by the Military Department to convey the relevant property (if any) will depend on the plan adopted by the LRA and approved by HUD. For more information on the 1994 law and the screening process, contact OEA or HUD.

## Meeting the Timeline

The 1994 law creates specific timelines to be followed by the LRA, HUD, and the Military Department in meeting the requirements of the law. Most of these deadlines can be extended by the Director of OEA under certain circumstances. The Town of Stratford, Connecticut, met this schedule in assessing the potential of the Stratford Army Engine Plant (SAEP) in meeting some of the needs of the regional homeless population. In carrying out this effort, the Town went beyond the minimal requirements of the 1994 Act and solicited notices of interest from neighboring municipalities. Although there is no housing at the site, the SAEP has significant warehouse and mid-grade administrative space suitable for storage or office activities. The Town ultimately decided to preserve this property as part of a larger redevelopment plan for the site and instead identified local funds to support the proposed program elsewhere in the community. A summary of the procedure followed by the Town of Stratford is illustrative of the process.

### 4/5/96 (Day 0)

U.S. Army Corps of Engineers, New York District, publishes determination of surplus for the Stratford Army Engine Plant in the *Federal Register*.

### 4/28/96 (Day 23)

The Town of Stratford publishes a notice in the *Connecticut Post* calling for notices of interest in the SAEP property from homeless providers, supporters of other public benefit conveyances, and private sector interests.

### 6/14, 7/19/96 (Days 70, 105)

The Town sponsors informational workshops at the SAEP.

### 9/30/96 (Day 178)

The period for receiving notices of interest by homeless providers officially ends. The Town receives one request for administrative space for a worker training program and another request for a warehouse for a furniture storage and distribution program for very-low income households. The Town later seeks supplemental information from these providers.

**11/1/96 (Day 210)**

The Town selects a reuse planning consultant and begins developing its reuse plan, including the homeless assistance component. One provider is unable to demonstrate its capacity to carry out the training program, and the warehouse requested by the other provider lies in an area critical to the future redevelopment of the site. The Town talks with both providers to explore alternative ways to support their proposals.

**6/16/97 (Day 437)**

The LRA approves the reuse plan and homeless assistance application, including personal property for both providers and a payment to support the furniture storage and distribution activity at another location.

**6/30/97 (Day 451)**

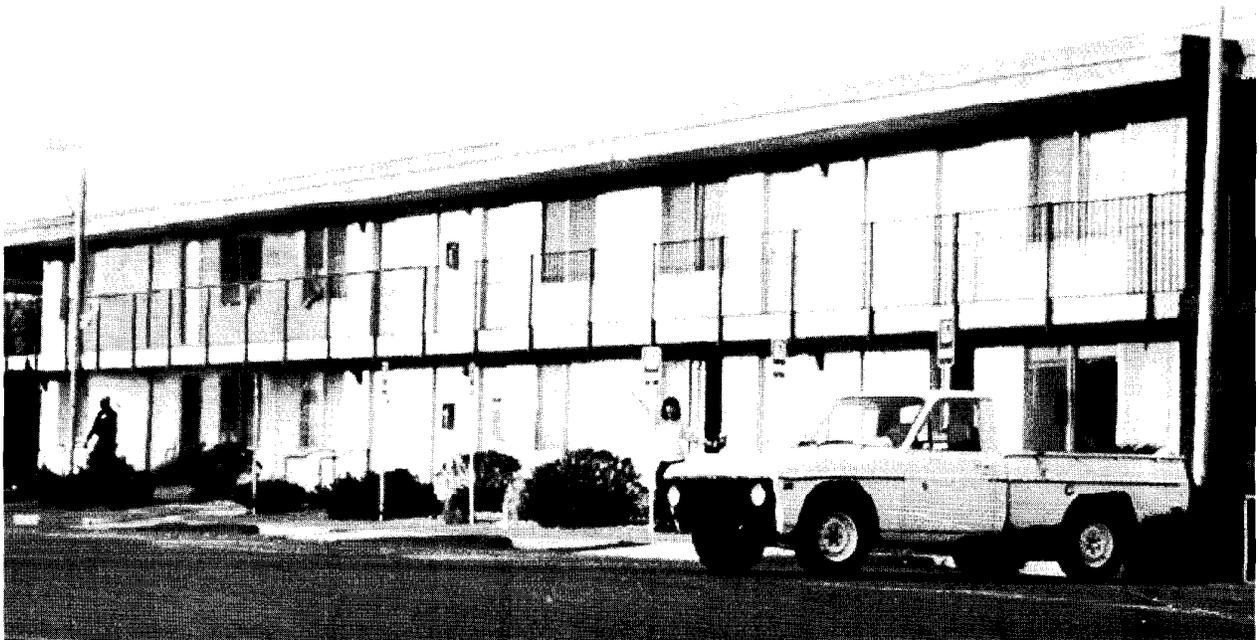
The Town's reuse plan, including the homeless assistance component, are submitted to HUD and to DoD.

**Mather Community Campus**

Across the airfield from the family housing at Mather Air Force Base lies an 800-unit bachelor enlisted quarters. When the base was identified to close as part of BRAC '88, social service providers in Sacramento County saw the property as a great opportunity to create a com-

prehensive transitional housing and job training program. The County's earlier transitional housing programs had been successful, but building lease and acquisition costs hindered the expansion of available services. The County also managed job training programs, but never in concert with transitional housing. The County saw the Mather property as an opportunity not just to provide transitional housing, but to couple it with training programs that would provide a chance to move out of poverty. County officials knew that they could request surplus property for this purpose under the McKinney Act and that grants were available from HUD, and so set out to work with local nonprofit service providers to create a vision for a consolidated program at Mather. The result is a full-service residential training program called Mather Community Campus, providing temporary housing, job training and placement, and social services for individuals and families in a campus setting.

The Mather program was designed for up to 200 single adults and 60 families, or about 400 total residents. Neighbors feared that the large concentration of homeless people would create a negative image for the closed base, deter businesses location and expansion, and lead to deterioration of the surrounding area. Although the McKinney Act gave homeless providers a high priority for receiving surplus base property, the County's active participation in the program meant that approval from the Board of Supervisors would be necessary for the project to move forward.



*Newly renovated residential area at the Mather Community Campus.*

The first step for the program's supporters was to educate the community about goals of the program and its clients. The County also directly addressed a main concern of the community by agreeing to test participants for drugs as part of the admission procedure and to include random drug testing as part of the program. This not only allayed some community fears, but also allowed the County to certify to potential employers that participants were drug-free. The County also included neighborhood leaders in a 15-member community advisory committee. While some community members remain actively hostile to the program, the Director notes that some now refer to it as "our program" and see it as a national model and an asset to the community. The extensive scrutiny the program has received from the community has added to the stress of getting the project up and running, but has also made some positive differences.

The buildings were well-maintained by the Air Force, and the County's 1993 estimate for necessary building improvements was just \$850,000. But ultimately, the cost of bringing all buildings into compliance with local fire and building codes would be much higher. The County acquired the property in November of 1994 and soon discovered that code compliance issues would

constrain both the project's budget and schedule. "Every time we thought we were ready to get the certificate of occupancy the fire marshal pulled something else out." The first 20 family units were not occupied until November of 1995, and after several delays the remaining 40 family units and the first 50 singles units were approved in January of 1996. Fire sprinklers, utility upgrades, safety improvements, costs to comply with the Americans with Disabilities Act (ADA), and lead paint abatement all brought the final renovation costs to \$3 million—over 3 1/2 times the original budget.

In addition to receiving the property through a no-cost homeless conveyance, the County ultimately received a \$12.5 million five-year grant from HUD. The high construction costs were met primarily with contributions from the County's annual HUD Community Development Block Grant. Delays in occupying the buildings have resulted in lower participation and a higher per-client operational cost, but the County is working to address this issue. Some of the operations costs are met by the County's public assistance budget and from participant program fees, which typically come from the participants' welfare checks.



# Demolition and Redevelopment

When base housing is functionally obsolete, significantly deteriorated, suffers from weak market demand, or is a physical obstacle to other important reuse goals, removal of existing housing may be the best redevelopment option. The reuse plan for Pease Air Force Base in Portsmouth, New Hampshire, for example, called for demolition of all base housing to make room for new industrial development. Sometimes a housing area designated for a new use by the LRA may contain housing units that are well-suited to relocation. At Lowry Air Force Base the LRA identified organizations eligible to receive housing units, which were taken off their foundations and trucked to new sites. The Wurtsmith Housing Acquisition and Relocation Project administered by the Northeast Michigan Community Service Agency (NEMCSA) assisted families with dilapidated or sub-standard housing or low income families obtain mortgages to purchase, rehabilitate, and relocate Wurtsmith family housing units. This not only helped families with inadequate housing, but also helped to raise property values in the participating counties.

Sometimes demolition of housing may be necessary to accommodate construction of new housing that is better suited to market demand. Even though the family housing at the former Mather Air Force Base will remain residential, the developer working with the County to renovate and re-sell the property will demolish all the houses and replace them with the same number of new units. The developer is pursuing this option because of the age and dilapidation of these units, even though the replacement units will be targeted for low- and moderate-income first-time home buyers. "Renovation costs could be in excess of \$50,000 per unit," explains Bill Mellerup of Lewis Homes Management Corporation. "When you start remodeling, the costs always seem to go higher. If you add \$30,000 per unit for infrastructure and \$10,000 for marketing, you would have \$90,000 or more in each unit. You might be able to sell a renovated unit for \$100,000, but you still have a 1950s house. If you demolish a unit for somewhere between \$7,000 to \$10,000, rebuild it for \$60,000, add infrastructure and marketing, you will have a 1990s house that could sell for \$125,000."<sup>5</sup>

Demolition is also an option when a community wants some of the base housing, but there is too much for the market to absorb in a reasonable timeframe.

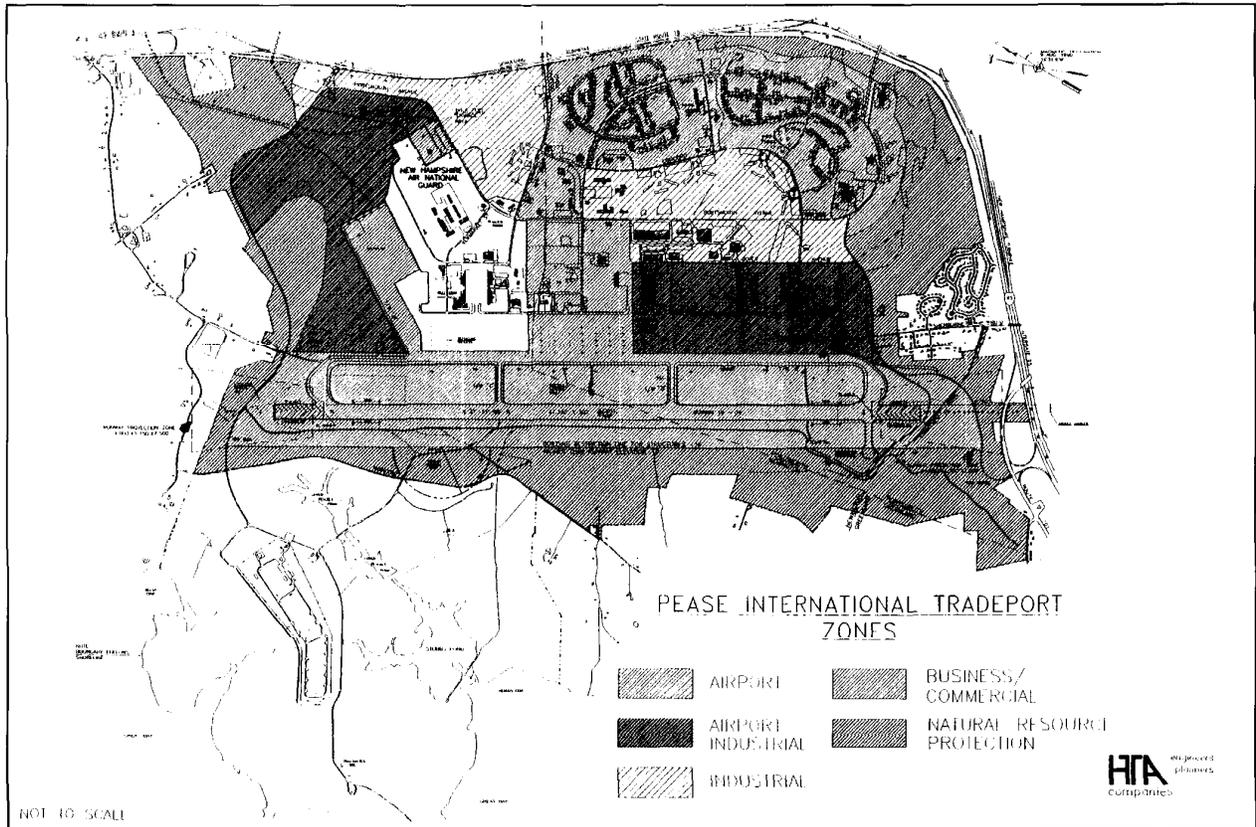
## New Priorities in Portsmouth, New Hampshire

Housing at the former Pease Air Force Base in Portsmouth, New Hampshire, now the Pease International Tradeport, was located on the periphery of the base in the area along New Hampshire Route 16. Due to the visibility and excellent highway access, this area is very desirable for office, research and development, commercial, and light industrial uses. The Pease Development Authority (PDA) decided that the value of the land for long-term commercial development outweighed the value of the aging duplex and four-plex housing units. The reuse plan adopted in 1990 and an update in 1995 called for demolition of the housing area.

Demolition is expensive, however, in a large part because of the cost of disposing of the resulting debris and hazardous materials such as asbestos and lead paint. The PDA received grants from the Economic Development Administration (EDA) for some demolition and redevelopment costs and has removed 155 housing units in three progressively larger phases. Phase One included 30 units on about 19 acres; Phase Two removed 55 units on 35 acres; and Phase Three redeveloped 45 acres with 70 housing units.

The last phase of demolition totaled \$1.3 million, divided evenly between removing asbestos and actual removal of housing units, driveways, roads, and utility lines. Tests indicated that the lead paint in the houses would not pose a leaching hazard at a landfill, so it was not removed. Part of the demolition costs covered erosion controls to ensure that loose soil would not be washed away and clog storm sewers. A salvage company was selected to remove reusable kitchen fixtures, hardwood floors, copper flashing, and other items, which generated some revenue and also reduced the amount of material to be trucked to landfills. PDA has found that bids on demolition and removal of structures have varied widely based on the condition of the local construction market.

After demolition PDA still needed to make improvements to attract new developers and businesses to the site. A mile and a half of new roadways and improvements to the base entrance cost approximately \$1.25



*Housing at the former Pease Air Force Base was removed to create business/commercial space. Used with permission.*

million. Local utility providers will pay to bring utilities to new customers, and PDA has coordinated improvements with utility providers to bury lines under any new roadways. Loaming and seeding the site to stabilize the soil and create an attractive site added about \$1,000 per acre.

Another major expense is the cost of making upgrades to the base water and sewer systems, which was plagued by improper connections and old pipes. PDA is now making a \$7.3 million improvement in the wastewater plant to treat industrial waste plus other infrastructure improvements, financed by a \$1 million contribution from a new brewery on site and an EPA revolving loan fund administered by the New Hampshire Department of Environmental Services. PDA also received EDA funds for demolition expenses, with the local share provided by a prospective tenant that dedicated \$2 million to a fund for this and other site improvement expenses. The tenant will receive rent credits over 10 years for repayment of this amount.

From 1991 through 1996 PDA borrowed \$18 million from the state for operational expenses. In 1997

the authority began to break even with revenues from ground leases, buildings either requiring minimal renovation or renovated with EDA grants, golf course operations, and landing fees.

The public benefit airport conveyance used to transfer the property stipulates that none of the land may be privately owned. At Pease interested tenants lease either raw land for new construction or space in existing buildings. Leases range up to 30 years for tenants making significant investments in new facilities. Tenants in existing buildings have made nearly \$4 million in improvements, and PDA has offered rent credits to some of them. EDA has also made some grant funding available for building renovations and for construction of some new general-purpose buildings. A compromise agreement between the Federal Aviation Administration (FAA) and the State allows Portsmouth to tax improvements in certain parts of the 570 acre airport complex, which helps to offset the loss of real property tax revenues on the publicly-owned complex.

## Innovative and Special Uses

In some communities surplus base housing has been suitable to fit unique needs in the community, such as the job training center at the Mather Community Campus described on page 20. Senior officer housing on some bases has also been turned into a historic amenity, either for meeting space, bed and breakfast, or other special purposes. While these special uses may not be suitable for all communities, they do serve as a reminder that there are always new strategies to make the most of unique local opportunities.

Historic housing can also play an important role in highlighting the historic nature of the redeveloped base, but often can be costly to renovate and maintain for new users. At Mare Island Shipyard in Vallejo, California, and at Fort Benjamin Harrison in Lawrence, Indiana, historic officer's quarters will be transferred as part of an EDC for residential and commercial uses. The local reuse authorities anticipate occupancy by bed and breakfast activities and small companies attracted to the historic structures as attractive settings for their businesses. The LRA at Mare Island leases the 12 historic mansions on Captains Row for \$1,500 per month, with tenants responsible for all leasehold improvements and for all maintenance and repair costs, estimated to average another \$1,500 per month.

Historic structures can also become a highlight of a redeveloped area. Fort Sheridan, located on Lake Michigan just north of Chicago, included approximately 90 officers quarters, barracks, and other historic buildings on a 133-acre historic district. The cities of Highland Park and Highwood purchased the district from the Army and then sold it to a master developer who will renovate the existing buildings and construct new infill units to create a mix of single family, duplex, and condominium units.

Where there is interest in base property for college campus development, base housing has been an important resource in making this option a reality. At the former Williams Air Force Base in Mesa, Arizona, Arizona State University and the Maricopa Community College District included 700 family housing units in their request for an educational public benefit conveyance. At Ford Ord in Seaside, California, which has the largest housing stock of any BRAC base, 1,253 of the units will be transferred and redeveloped as student

housing for the new California State University, Monterey Bay. Base housing at Treasure Island in San Francisco will also be used on an interim basis for student housing by a coalition of local colleges. Although the housing is not adjacent to the colleges, its affordability makes it attractive to students and the ability to provide bus service minimizes traffic impacts on the Oakland-San Francisco Bay Bridge.

At the former Chanute Air Force Base in Rantoul, Illinois, an innovative foster care program called Hope for the Children matches at-risk foster children with families in a supportive community environment. The program is designed especially for children who stand little chance of permanently being placed in a family. Created as a more humane and lower-cost alternative to group homes for neglected children, the Hope Meadows development provides free housing and an annual stipend for in-home caregivers who become foster parents to children who have been abused or abandoned. The community also has middle-aged and elderly residents who receive low-cost housing in exchange for their time as maintenance workers, crafts instructors, crossing guards, and "honorary grandparents" in the community center, playing and talking with the children or helping them with homework or other problems. The program has 13 families with a total of about 50 children, including about 30 foster children. There are 42 households of senior occupants.

Per-child costs at Hope average about \$15,000 per year, about one-fourth the cost of the group home programs. Fifteen of the duplexes were converted into six-bedroom homes. Hope occupies 63 duplex apartments on 22 acres on the base, purchased from the Air Force for \$225,000. The program was started with a \$1 million grant from the State of Illinois in 1993, followed by an annual state stipend of \$500,000. In addition to the housing and a \$18,000 stipend for one parent who stays home with the children, the program provides tutoring, a full-time therapist, and recruiting and training for foster families.

At the former K.I. Sawyer Air Force Base outside of Marquette, Michigan, housing has been a surprise impetus for development on the base. Early in the planning process the LRA designated most of the housing for demolition on the expectation that there

would be little demand for the 1,669 available units in a relatively static rural real estate market. Beginning with interest expressed for 275 units of the housing by the Sioux Tribe of Chippewa Indians, there has been growing interest in the housing areas on the base. While there has been some interest in developing housing in connection with winter recreation in the area (skiing, snowmobiling, etc.), most of the demand for this housing appears to be from families currently living in older, often substandard units throughout the local area. Another source of interest is the relocation of an American Eagle aircraft maintenance facility, which moved 200 jobs to the former base when the regional airport was relocated from Marquette. There are now four developers subleasing housing areas from the LRA, including one developer renovating housing around the golf course as recreation-oriented housing. One potential danger of releasing so much housing through competitive developers in a small market is the possibility that oversupply will depress rents until landlords are unable to meet fixed costs such as maintenance or debt on site improvements.

At the former Chase Field Naval Air Station in Beeville, Texas, many viewed the separate 400-unit housing area as a white elephant. But after the LRA purchased the housing for \$168,000 and invested an average of \$1,500 per unit, the area produces revenues of about \$1.1 million per year. This has been a much-needed source of revenue for other improvements on the base. The availability of the housing for construction workers and later for guards also supported the LRA's efforts to attract a prison project to the base.

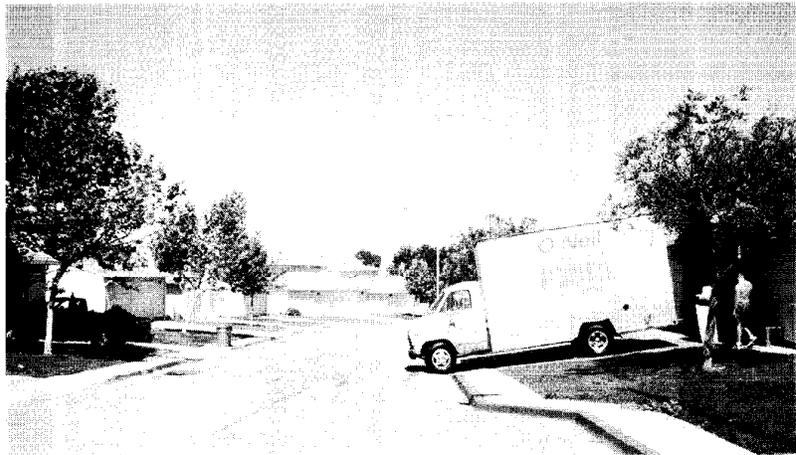
## Conclusions

Surplus base housing has a potential to become a white elephant for base closure communities, representing an obstacle to the community's vision for the future rather than a component of it. Housing will tend to lose its value and reuse potential more quickly than other facilities if it is left vacant. Normal deterioration will affect housing quickly, especially in harsher climates, and housing is also very sensitive to deferred maintenance and to vandalism. But through active planning and management, housing can help to create new opportunities on closed bases. The experiences of LRAs planning for housing reuse yields some useful lessons to improve the chances for success:

- Create a housing subcommittee on the LRA to solicit input from a variety of stakeholders,

generate a variety of reuse ideas, and gain consensus around plans.

- Work closely with the Military Department, HUD and with OEA to identify homeless assistance screening timetables and requirements. Avoid problems by learning the details early.
- Explore opportunities for alternate Federal use of the housing and weigh the financial implications. Be aware of the property screening process and how it will impact redevelopment options.
- Be aware of local market and demographics trends. Other than the base closure, what developments will shape the demand for housing? Get expert advice.
- If long-term reuse can't begin quickly, think about interim strategies. But be aware that "interim" occupants can quickly become a vocal constituency.
- Talk with other communities about what they have done with surplus military housing and learn about the advantages and pitfalls of those strategies.
- Think about unique needs, demands, and opportunities in the community and how they can contribute to a successful housing reuse strategy.



*The last military families move out of a base housing neighborhood.*

Local Reuse Authorities should make the short-term protection and long-term viability of former base housing a priority for their base reuse efforts. A creative and flexible approach to housing reuse can become a catalyst for other successful reuse initiatives on closed military bases.

# Appendix A

## Housing Areas at BRAC Facilities

BRAC	BASE	ACTION	STATE	UNITS
1995	Adak Naval Air Facility	CLOSE	AK	954
1995	Fort Greely	REALIGN	AK	321
1995	Fort McClellan	CLOSE	AL	8,191
1991	Eaker AFB	CLOSE	AR	928
1988	Navajo Army Depot Activity	CLOSE	AZ	643
1991	Williams AFB	CLOSE	AZ	700
1993	Alameda NAS	CLOSE	CA	1,362
1991	Castle AFB	CLOSE	CA	933
1995	East Fort Baker	CLOSE	CA	76
1991	Fort Ord	CLOSE	CA	18,116
1988	George AFB	CLOSE	CA	1,641
1991	Hunters Point Annex NSY, San Francisco	CLOSE	CA	55
1991	Long Beach NS	CLOSE	CA	1,106
1995	Long Beach NSY	CLOSE	CA	834
91,93	March AFB	REALIGN	CA	711
1993	Mare Island NSY	CLOSE	CA	1,083
1988	Mather AFB	CLOSE	CA	1,271
1991	Moffett Field NAS	CLOSE	CA	806
1988	Norton AFB	CLOSE	CA	264
1995	Oakland Army Base	CLOSE	CA	173
1993	Oakland NMC	CLOSE	CA	18
1988	Presidio of San Francisco	CLOSE	CA	2,352
1991	Sacramento Army Depot	CLOSE	CA	2
1993	San Diego NTC	CLOSE	CA	4
1995	Sierra Army Depot	REALIGN	CA	165
1993	Treasure Island NS	CLOSE	CA	2,668
1991	Tustin MCAS	CLOSE	CA	1,537
1995	Fitzsimons AMC	CLOSE	CO	288
1991	Lowry AFB	CLOSE	CO	867
1988	Pueblo Army Depot	REALIGN	CO	19
1988	Ansonia 04 Army Family Housing	CLOSE	CT	16
1988	East Windsor 08 Army Family Housing	CLOSE	CT	16
1988	Fairfield 65 Army Family Housing	CLOSE	CT	28
1988	Manchester 25 Army Family Housing	CLOSE	CT	32
1988	Middletown 48 Army Family Housing	CLOSE	CT	16
1988	Milford 17 Army Family Housing	CLOSE	CT	16
1988	New Britain 74 Army Family Housing	CLOSE	CT	16
1988	Orange 15 Army Family Housing	CLOSE	CT	20
1988	Plainville 67 Army Family Housing	CLOSE	CT	32
1988	Portland 36 Army Family Housing	CLOSE	CT	16
1988	Shelton 74 Army Family Housing	CLOSE	CT	16
1988	Westport 73 Army Family Housing	CLOSE	CT	16
1993	Cecil Field NAS	CLOSE	FL	97
1995	Key West NAS	REALIGN	FL	212

BRAC	BASE	ACTION	STATE	UNITS
1993	Orlando NTC	CLOSE	FL	972
1995	Naval Activities	REALIGN	GU	1,391
1988	Fort Des Moines	CLOSE	IA	10
1988	Chanute AFB	CLOSE	IL	1,322
1988	Fort Sheridan	CLOSE	IL	966
1993	Glenview NAS	CLOSE	IL	37
1995	Savanna Army Depot Activity	CLOSE	IL	8
1988	USARC Addison Army Family Housing	CLOSE	IL	12
1988	Worth Army Family Housing	CLOSE	IL	12
1991	Fort Benjamin Harrison	CLOSE	IN	3,646
1991	Grissom AFB	CLOSE	IN	1,128
1988	Indiana Army Ammunition Plant	CLOSE	IN	49
1988	Jefferson Proving Ground	CLOSE	IN	20
1988	Lexington-Bluegrass Army Depot	CLOSE	KY	249
91,95	Louisville NSWC, Crane Division Detachment, Louisville	CLOSE	KY	9
1991	England AFB	CLOSE	LA	598
1988	Army Materials Technology Laboratory	CLOSE	MA	7
1988	Bedford 85 Army Family Housing	CLOSE	MA	16
1988	Beverly 15 Army Family Housing	CLOSE	MA	16
1988	Burlington 84 Army Family Housing	CLOSE	MA	12
88,91	Fort Devens	CLOSE	MA	9,509
1988	Hull 36 Army Family Housing	CLOSE	MA	8
1988	Nahant 17 Army Family Housing	CLOSE	MA	12
1988	Randolph 55 Army Family Housing	CLOSE	MA	16
1995	South Weymouth NAS	CLOSE	MA	270
1988	Swansea 29 Army Family Housing	CLOSE	MA	16
1988	Topsfield 05 Army Family Housing	CLOSE	MA	16
1988	Wakefield 03 Army Family Housing	CLOSE	MA	12
1988	Croom Army Family Housing NIKE Washington-Baltimore	CLOSE	MD	12
1995	Fort Ritchie	CLOSE	MD	859
1991	Loring AFB	CLOSE	ME	1,772
1993	K.I. Sawyer AFB	CLOSE	MI	1,647
1991	Wurtsmith AFB	CLOSE	MI	1,342
1988	NIKE Kansas City 30 Army Family Housing	CLOSE	MO	36
1988	St. Louis Area Support Center Army Family Housing	CLOSE	MO	94
1995	Fort Missoula	CLOSE	MT	11
1988	Pease AFB	CLOSE	NH	582
1995	Bayonne Military Ocean Terminal	CLOSE	NJ	285
1995	Camp Pedricktown	CLOSE	NJ	254
1988	Clementon Army Family Housing NIKE Philadelphia 41/43	CLOSE	NJ	24
88,91,95	Fort Dix	REALIGN	NJ	1,479
88,93	Fort Monmouth	REALIGN	NJ	246
1988	Franklin Lake Army Family Housing NIKE NY 93/94	CLOSE	NJ	24
1988	Livingston Army Family Housing NIKE NY 79/80	CLOSE	NJ	32
1988	NIKE NY 54 Army Family Housing	CLOSE	NJ	12
1988	Old Bridge Army Family Housing NIKE NY 60	CLOSE	NJ	12
1988	Fort Wingate Army Ammunition Storage Depot	CLOSE	NM	9
1988	Dry Hill Army Family Housing	CLOSE	NY	27
1995	Fort Totten	CLOSE	NY	552
1993	Griffiss AFB	REALIGN	NY	735
1988	Manhattan Beach/Quincy Street Army Family Housing	CLOSE	NY	72
1993	Niagara Falls Navy Family Housing	CLOSE	NY	111
1993	Plattsburgh AFB	CLOSE	NY	1,597
1988	Rocky Pt Army Family Housing NIKE NY 25	CLOSE	NY	16

<b>BRAC</b>	<b>BASE</b>	<b>ACTION</b>	<b>STATE</b>	<b>UNITS</b>
1995	Seneca Army Depot	CLOSE	NY	493
1988	Spring Valley Army Family Housing NIKE NY 99	CLOSE	NY	12
1993	Staten Island NS	CLOSE	NY	574
1988	Tappan Army Family Housing NIKE NY 01	CLOSE	NY	36
1993	Gentile Air Force Station (DESC)	CLOSE	OH	1
1988	Umatilla Army Depot	REALIGN	OR	17
1988	Coraopolis Army Family Housing Site 71	CLOSE	PA	5
1988	Coraopolis Army Family Housing Site 72	CLOSE	PA	7
1988	Elrama Army Family Housing Pitt 43	CLOSE	PA	16
1988	Finleyville Army Family Housing Pitt 52	CLOSE	PA	12
1995	Fort Indiantown Gap	CLOSE	PA	173
1988	Herminie Army Family Housing Pitt 37	CLOSE	PA	16
1988	Irwin Support Detachment Annex	CLOSE	PA	16
91,95	Letterkenny Army Depot	CLOSE	PA	44
1988	Monroeville Army Family Housing Pitt 25	CLOSE	PA	12
1991	Philadelphia NS	CLOSE	PA	936
1988	Pitt 02 Army Family Housing	CLOSE	PA	16
1988	Pitt 03 Army Family Housing	CLOSE	PA	12
1988	Rural Ridge Army Family Housing Pitt 42	CLOSE	PA	12
91,95	Warminster NAWC, Aircraft Division	CLOSE	PA	2
1995	Fort Buchanan	REALIGN	PR	361
1991	Construction Battalion Center Davisville	CLOSE	RI	9
1988	Davisville Army Family Housing	CLOSE	RI	62
1993	Naval Education and Training Center, Newport	REALIGN	RI	400
1988	North Smithfield 99 Army Family Housing	CLOSE	RI	16
1993	Charleston NSY	CLOSE	SC	586
1991	Myrtle Beach AFB	CLOSE	SC	800
1995	Defense Distribution Depot Memphis	CLOSE	TN	9
91,95	Bergstrom AFB	CLOSE	TX	719
1991	Carswell AFB	CLOSE	TX	554
1991	Chase Field NAS	CLOSE	TX	415
1993	Dallas NAS	CLOSE	TX	11
1995	Kelly AFB	REALIGN	TX	422
93,95	Red River Army Depot	REALIGN	TX	193
1995	Reese AFB	CLOSE	TX	402
1995	Defense Distribution Depot Ogden	CLOSE	UT	19
1988	Fort Douglas	CLOSE	UT	61
1995	Fort Pickett	CLOSE	VA	7
1988	Manassas Army Family Housing	CLOSE	VA	9
1988	NIKE Norfolk 85 Army Family Housing	CLOSE	VA	14
1993	Vint Hill Farms	CLOSE	VA	685
1988	Woodbridge Army Family Housing	CLOSE	VA	9
1988	Midway Army Family Housing	CLOSE	WA	32
88,91	Naval Station Puget Sound (Sand Point)	CLOSE	WA	5
1988	Youngs Lake Army Family Housing	CLOSE	WA	28
1988	Sun Prairie Army Family Housing	CLOSE	WI	110
	TOTAL UNITS			89,164

Sources: Defense Base Closure and Realignment Commission, "Defense Base Closure and Realignment Commission 1995 Report to the President," Appendix L; Air Force Base Closure Agency; Army BRAC office; Naval Facilities Engineering Command.

## Appendix B

# OEA Publications

*Base Reuse Implementation Manual: Guidance for Implementing the Base Closure Community Assistance Act of 1993 and the Base Closure Community Redevelopment and Homeless Assistance Act of 1994*

December 1997

Available on line at <http://emissary.acq.osd.mil/bccr/brim.nsf>

*Civilian Reuse of Former Military Bases 1988-1996*

September 1996

*Community Guide to Base Reuse*

February 1995

Available on line at <http://www.acq.osd.mil/iai/reinvest/guide2.html>

*Converting Closed Military Bases to Centers for Education and Vocational Training*

October 1996

*Joint Land Use Study Program Guidance Manual*

November 1993

*Organizing for Economic Adjustment*

March 1994

*Planning Civilian Reuse of Former Military Bases*

November 1991

*Using Former Military Installations as Correctional Facilities*

March 1990

*Workforce Adjustment Strategies*

October 1996

## Appendix C

# Sources for Additional Information

### **California Governor's Office of Planning and Research**

1400 10<sup>th</sup> Street  
Sacramento, CA 95814  
(916) 322-3170  
<http://www.cedar.ca.gov>

### **Department of Commerce**

Bureau of the Census  
Suitland, MD 20746  
(301) 457-2794  
<http://www.census.gov>

Bureau of Economic Analysis  
1441 L Street NW  
Washington, DC 20230  
(202) 606-9900  
<http://www.bea.doc.gov>

Economic Development Administration  
Economic Adjustment Division  
Department of Commerce Building  
Washington, DC 20230  
(202) 482-2659  
<http://www.doc.gov/eda>

### **Department of Defense**

Deputy Under Secretary of Defense  
(Industrial Affairs & Installations)  
Office of Economic Adjustment  
400 Army Navy Drive, Suite 200  
Arlington, VA 22202  
(703) 604-5690  
<http://emissary.acq.osd.mil/bccr/oea/oeahome.nsf>

### **Air Force**

Air Force Base Conversion Agency  
1700 North Moore Street, Suite 2300  
Arlington, VA 22209  
(703) 696-5500  
<http://www.afbca.hq.af.mil/>

### **Army**

Deputy Assistant Secretary  
for Installations and Housing  
110 Army Pentagon  
Washington, DC 20310  
(703) 697-8161  
<http://www.hqda.army.mil/acsimweb/brac/braco.htm>

### **Navy**

Deputy Assistant Secretary  
for Conversion & Redevelopment  
1000 Navy Pentagon  
Washington, DC 20350  
(703) 588-6611

### **Department of Housing and Urban Development**

Base Redevelopment Team  
451 Seventh Street SW, Room 7204  
Washington, DC 20410  
(202) 708-0614  
<http://www.hud.gov>

### **Fannie Mae**

3900 Wisconsin Avenue, NW  
Washington, DC 20016  
(202) 752-7000  
<http://www.fanniemae.com>

### **International City/County Management Association**

777 North Capitol Street, NE, Suite 500  
Washington, DC 20002  
(202) 289-4262  
<http://www.icma.org>

### **Joint Center for Housing Studies**

Harvard University  
79 JFK Street  
Cambridge, MA 02138  
(617) 495-7908  
<http://www.gsd.harvard.edu/jcenter>

**National Association of Home Builders**

1201 15<sup>th</sup> Street NW  
Washington, DC 20005  
(800) 368-5242  
<http://www.nahb.com>

**National Association of Installation Developers**

1730 K Street NW, Suite 700  
Washington, DC 20006  
(202) 822-5256  
<http://www.naid.org>

**National Association of Realtors**

700 11<sup>th</sup> Street NW  
Washington, DC 20005  
(202) 383-1000

**Urban Land Institute**

1025 Thomas Jefferson Street NW, Suite 500W  
Washington, DC 20007  
(800) 321-5011  
<http://www.uli.org>

## Appendix D

# Acronyms and Abbreviations

<b>ADA</b>	Americans with Disabilities Act
<b>AFB</b>	Air Force Base
<b>AFBCA</b>	Air Force Base Conversion Agency
<b>AMC</b>	Army Medical Center
<b>BRAC</b>	Base Realignment and Closure
<b>COE</b>	U.S. Army Corps of Engineers
<b>DoD</b>	U.S. Department of Defense
<b>DOI</b>	U.S. Department of the Interior
<b>DOT</b>	U.S. Department of Transportation
<b>EDA</b>	Economic Development Administration, U.S. Department of Commerce
<b>EDC</b>	Economic Development Conveyance
<b>EIS</b>	Environmental Impact Statement
<b>EPA</b>	U.S. Environmental Protection Agency
<b>FAA</b>	Federal Aviation Administration, U.S. Department of Transportation
<b>FOSL</b>	Finding of Suitability to Lease
<b>FOST</b>	Finding of Suitability to Transfer
<b>GSA</b>	U.S. General Services Administration
<b>HUD</b>	U.S. Department of Housing and Urban Development
<b>LRA</b>	Local Reuse Authority
<b>MCAS</b>	Marine Corps Air Station
<b>NADEP</b>	Naval Aviation Depot
<b>NAS</b>	Naval Air Station
<b>NAWC</b>	Naval Aircraft Warfare Center
<b>NEPA</b>	National Environmental Policy Act
<b>NH</b>	Naval Hospital
<b>NMC</b>	Naval Medical Center
<b>NS</b>	Naval Station
<b>NSWC</b>	Naval Surface Warfare Center
<b>NSY</b>	Naval Shipyard
<b>NTC</b>	Naval Training Center
<b>OEA</b>	Office of Economic Adjustment, U.S. Department of Defense
<b>PBC</b>	Public Benefit Conveyance
<b>P.L.</b>	Public Law
<b>ROD</b>	Record of Decision



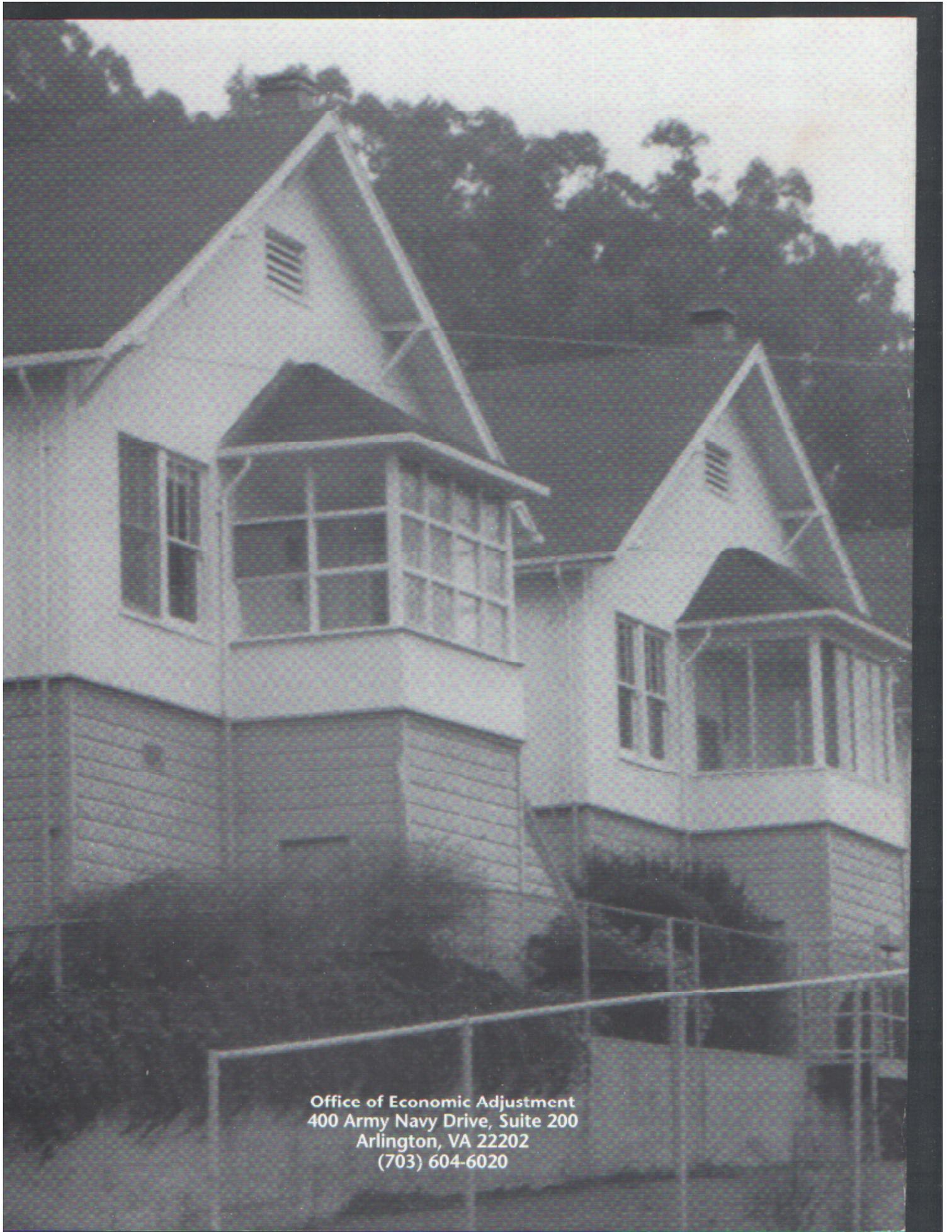
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- <sup>1</sup> Joint Center for Housing Studies, *The State of the Nation's Housing* 1998, (Cambridge, Joint Center for Housing Studies, 1998), pp. 15-20.
- <sup>2</sup> Kristina Kessler, "Multifamily Housing and Seniors' Housing Trends," *Urban Land*, November 1996, p. 4.
- <sup>3</sup> Robert Kramer, "Lending and Investment in Seniors' Projects Up," *Urban Land*, November 1996, p. 15.
- <sup>4</sup> Mike McCarthy, "Old Mather Houses to be Torn Down and Replaced," *Sacramento Business Journal*, September 28, 1998.
- <sup>5</sup> "Sacramento County Purchases Mather Housing," *California Base Closure News*, August 1997.







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400 Army Navy Drive, Suite 200  
Arlington, VA 22202  
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