

BASE REALIGNMENT AND CLOSURE

Community Profile

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Fort Monroe, Virginia

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Closure at a Glance

Local Redevelopment Authority (LRA):

Fort Monroe Federal Area Development Authority (FMFADA)

Geographic area affected by closing:

City of Hampton, Virginia
Hampton Roads, Virginia

Population of affected area (before closure):

City of Hampton: 145,500
Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA):
1,658,300

Total Acres to be Disposed:

570 (289 includes accreted lands and reversionary property to the
Commonwealth of Virginia)

Estimated Job Loss Impact:

	Jobs Lost
Military Personnel	3,239
(with 2/3 relocating in region)	
Civilian Personnel	462
Contractors	NA

Source: Base Realignment and Closure (BRAC) Commission Report

Economic Adjustment Challenges

- Economic recession impacts real estate market demand and availability of financing
- High cost of upgrading infrastructure systems to the point where public and private utility providers will accept dedication and/or maintenance responsibility
- Limited availability of public funds for infrastructure improvements and transition staffing
- Preserving valuable historic resources during the transition and early years when there may not be tenants
- Strategy of leasing all properties with no sale of lands or buildings

Key Reuse Planning & Property Disposal Milestones

9/05/06	Federal Surplus Determination
9/05/06	LRA Homeless Outreach Completed
9/29/08	Reuse Plan Received by Department of Housing and Urban Development (HUD)/Military Service
Pending	HUD Determination on Submission
Pending	National Environmental Protection Act (NEPA) Disposal Decision
Pending	Base Closure

Spanning 570 acres, Fort Monroe is located in Hampton, Virginia, on Old Point Comfort where the Hampton Roads Harbor and Chesapeake Bay meet. Established as a U.S. Army installation in 1819, this National Historic Landmark District contains a diverse collection of buildings, structures, and landscapes rich in military and American history. Fort Monroe was built between 1819 and 1834, but the history of fortifications on the site goes back nearly four centuries. The fort was designed to be state-of-the-art for siege warfare in the early 1800s.



Through the Civil War, the Fort remained in the Union and was never attacked by the Confederates. In 1861, the Fort earned the name “Freedom’s Fortress”; escaped slaves came to Fort Monroe seeking refuge, and were declared contraband, the spoils of war, by commanding officer Major General Benjamin F. Butler. Eventually thousands of contrabands were granted freedman status under the Fort’s protection. Over two centuries Fort Monroe’s military tradition has coexisted with the grandeur of on-site hotels. Many grand hotels were built on Old Point Comfort in the 1800s. The Chamberlin Hotel, recently renovated for apartments and senior living, is the last remaining grand hotel.

The Commonwealth of Virginia deeded the property to the U.S. government for a Federal military installation with reversionary clauses in the event the property was no longer needed for national defense. These provisions, and the large amount of land involved, led the Commonwealth to make plans to obtain all surplus federal property at closure.

Organization

FMFADA is an instrumentality of the Commonwealth of Virginia. Its 18-member Board of Directors includes five appointees from the Governor’s Cabinet – the Departments of Administration, Natural Resources, Commerce and Trade, and Finance, as well as the Assistant to the Governor for Commonwealth Preparedness. The Governor also appoints two professional experts. The General Assembly appoints four members of the Board, and the Hampton City Council appoints seven citizen members. The Executive Committee has five members chosen from the Board. Formed in 2007 to assume site responsibilities from the City of Hampton Federal Area Development Authority, which had initiated the planning effort, FMFADA has all the powers of a municipality or a state authority except taxation authority.

A governance study has been completed, and the process is underway to reframe the Board to act as an implementation LRA now that the Reuse Plan has been approved by the Board and is currently awaiting HUD determination.

Due to the historic significance of the installation, the FMFADA Board is assisted by a Historic Preservation Advisory Group chaired by the Director of the Virginia Department of Historic Resources. The nine-member Advisory Group includes historic preservation, architectural, museum, and tourism experts.

FMFADA operates with a very small staff – seven staff members by the end of Fiscal Year 2010 – relying on a team of national consultants for planning, engineering, environmental, historic preservation, legal, financial management, and real estate and tourism services. Because FMFADA lacked the financial staff, the City of Hampton, then the Virginia Department of Housing and Community Development, operated as its fiduciary agent. That required procurement, hiring, payroll, and other activities be conducted within the confines of municipal and then standard state processes. It became clear that these processes could not be flexible or responsive enough to manage the development of this prime

historic resource. In FY 2010, FMFADA took responsibility for its own financial operations and emerged as a truly independent political subdivision of the Commonwealth.

Reuse Plan/Other Studies

Fort Monroe's historic resources are contributing assets to the Fort Monroe National Historic Landmark District. Responding to Fort Monroe's unique natural and historic resources, and the federal management responsibilities imposed by Section 106 of the National Historic Preservation Act of 1966, as amended, a Programmatic Agreement was developed by the Army with consultation with the Virginia State Historic Preservation Officer (SHPO), the Advisory Council on Historic Preservation, the Commonwealth of Virginia, FMFADA, and the National Park Service, as well as over 32 other consulting parties. Federally recognized tribes, the City of Hampton, and various community and citizen groups were included. The programmatic agreement outlines specific responsibilities and actions for various parties to ensure that historic properties are appropriately considered in the future planning and use of Fort Monroe. The programmatic agreement establishes a series of management zones and associated historic property treatment guidelines that provide future users of Fort Monroe with basic direction and guidance regarding historic preservation and new construction.

The intent of the management zones is to recognize that while Fort Monroe as a whole is historic, there are distinct differences in the way the property developed over time and these differences need to be considered in the future planning and management of the entire 570-acre site. Recognizing the importance of financial self-sustainability, the agreement is flexible in its treatment of historic buildings to encourage adaptive reuse, using a combination of federal and state investment tax credits. A key goal is to prevent buildings from sitting empty which makes them susceptible to the rapid deterioration that typically results from such vacancies. Fort Monroe will have a dedicated Historic Preservation Officer responsible for enforcing the programmatic agreement and safeguarding the historic resources in the historic district.

With active involvement by more than 600 interested residents and stakeholders, the Reuse Plan was developed over a two-year period. Five key principles led the formulation of the Reuse Plan:

- Protect this historic place and keep it vital
- Open it up
- Establish a large-scale open space park
- Seek economic sustainability
- Allow new development, within strict limits

The Reuse Plan provides a framework for future decisions. Specific concepts and limits for future uses of the buildings and site are described and organized by the five management zones of the programmatic agreement. Initial efforts for implementation will focus first on the reuse of existing structures; then on selective infill, reclamation of underutilized land, careful realignment of circulation patterns, and the establishment of a large-scale open space to the north; and lastly, on the redevelopment of plan areas for which a consensus regarding future use has not yet been determined.

The Reuse Plan proposes no new construction inside the stone Fort. The existing buildings will be maintained and can be reused for a variety of purposes, including historic interpretation purposes, museums, meeting spaces, offices, lodging, and residences. The adaptive reuse of buildings will look foremost to supporting the interpretation of the Fort as a historic site and enhancing cultural tourism. In the Historic Village, the goal is to create a complete mix of uses similar to those found in other historic towns and villages in the Tidewater region, including workplaces, shops, residences, lodging, and civic institutional uses. One area of storage warehouses, surface parking lots, and garages will most likely be used for new construction that integrates seamlessly with contributing historic structures within a walkable urban framework. The Parks and Recreation Area will include an area devoted to open space uses, including public beaches, preserved natural areas, recreation fields, and walking trails, and a second more developed area where existing non-contributing buildings will be allowed to remain or be redeveloped under strict limits. Due to lack of public consensus on the most appropriate use of the Wherry Quarter, its future land use and physical design were left to be determined at a future date after additional studies.

Under the direction of the Historic Preservation Advisory Group, detailed design standards have been prepared for each individual building on Fort Monroe. The design manual includes information on historic features and significance and provides detailed guidelines for reuse (e.g., what must be preserved and what can be modified). The accumulation of all the building information in one place will facilitate developer and tenant evaluation of the many opportunities for adaptive reuse of historic structures, while providing clear guidance on what will be required.

Ongoing engineering studies are evaluating all of Fort Monroe's major utility systems, the seawall, and flood protection systems. The impact of Hurricane Isabel in 2003 demonstrated the installation's vulnerability to flooding. Following the hurricane, several improvements were made to the infrastructure systems. The U.S. Army Corps of Engineers undertook major repairs to the seawall and started building breakwaters for additional flood protection. This building program was interrupted by the BRAC closure decision, and millions of dollars of improvements still need to be completed. In response to the Old Point Comfort geography, surrounded by water, particular attention has been given to the long-term consequences of sea level rise.

As with many older installations, water, sewer, electric, gas, and telecommunications systems will require major upgrades before they can be accepted by the City of Hampton, the Newport News Waterworks, and the local utility providers. Investigative studies are now underway to characterize the systems, document conditions, and prioritize future upgrades, to determine what improvements will be required before and after closure.

Fort Monroe has the advantage of a magnificent waterfront location in a historic setting with quality historic residential and office buildings. Evaluating the market potentials for reuse of both historic and non-historic resources for housing, office and retail space, and tourism uses required a series of market analyses, many of them ongoing. Following FMFADA's decision that no property would be sold, the economic consultants developed a real estate strategy that depends upon long-term ground leases for new development and commercial building reuse and prepaid leasehold payments for long-term (50+ year) leases on residential property. Detailed financial modeling demonstrated the financial feasibility of the Reuse Plan proposals. Fiscal impact analysis is serving as the basis for negotiating agreements with the City of Hampton and other service providers for takeover of major infrastructure systems and provision of municipal services.

Ongoing environmental analyses are investigating the extent of environmental contamination that might have the potential to affect the planned reuse and evaluating the need for actions to address known and potential environmental contamination. Known and potential concerns include munitions releases and disposal; hazardous substance releases and solid waste disposal; petroleum hydrocarbon releases; and asbestos, lead-based paint, and other hazardous materials in buildings.

A governance and management analysis explored alternative structures for long-term implementation of the Reuse Plan.

A major interpretive master plan is required under the programmatic agreement and is scheduled to begin soon. This master plan will develop a strategy for interpreting Fort Monroe's historic and natural resources for the general public and will frame future recreational activities. Several major organizations have voiced interest in having an on-site presence. This plan will define how that might happen and specify an implementation strategy, including a business plan and financing approaches.

Homeless Submission

Due to the reversionary clauses that return most of the property to the Commonwealth of Virginia, Fort Monroe has little federal surplus property. An off-site funding solution was negotiated with homeless service providers as opposed to the use of buildings or property on the installation. Trust fund proceeds will be used by two Hampton providers of homeless services to support the expansion of emergency shelter space and day service center facilities as well as permanent supportive housing, the primary gaps in the Virginia Peninsula Continuum of Care.

Off-site funding allows the location of supportive housing and services for the homeless in an integrated manner throughout the community and not clustered in one area of the community. Concentrating homeless facilities at one location on Fort Monroe would isolate these facilities from employment and mainstream services, including health care and social service providers.

Implementation and Partnering Strategies

Key Challenges

- The budget shortfall facing the Commonwealth of Virginia and the City of Hampton are constraining the financial resources available to achieve the required infrastructure upgrades. Strategies are being discussed that might allow the utility providers to maintain the systems on a contractual basis until the system upgrades can be funded and completed and the systems turned over to them.
- The reuse strategy depends on private market demand from businesses and households to work and live at Old Point Comfort. The economic recession has dampened that demand and raised questions about the depth of the second home market. While demand and supportable rents are expected to recover by the time of closure in September 2011, the business plan has been reworked to include more short-term leasing of existing housing and office space so as to generate near-term income and prevent the deterioration that would inevitably result from vacancies and building mothballing. Hampton Roads' extensive military population may provide a ready source of near-term demand for Fort Monroe housing. FMFADA is planning to make housing available on a short-term basis at rents consistent with housing allowances.
- Currently, FMFADA is seeking a private-sector property manager to manage the leasing and maintenance of properties offered for short-term leases.
- FMFADA will be seeking a private development partner to direct the property improvements and marketing to prospective tenants over the long term. One of the key selection criteria will be the financial resources the developer can bring to the table. Given the state of real estate financial markets, the shift from short-term leasing to long-term leaseholds and ground leases may be delayed.
- The near-term impacts on the City of Hampton's budget is a matter of concern for the city council, which fears that the near-term demand for municipal services will cost more than the site will generate in property and other local taxes and fees. Ongoing negotiations will explore strategies to minimize those early demands for city services.
- Reliance on ground leases and pre-paid leaseholds will somewhat limit the demand from prospective residential tenants. Though a leasehold interest provides the same benefits as owning, when coupled with a lease term of 50 years or more, the mechanism is not well known in the local market. FMFADA will work with bankers and realtors to educate them on the leasehold mechanics to assure that the lack of information does not deter prospective tenants.
- The FMFADA will take responsibility for leasing some properties as early as Spring 2010 in anticipation of a seamless transfer by September 2011. Military families leasing housing at Fort Monroe will become tenants of FMFADA automatically upon closure.
- The Army is claiming rights to "accreted lands" that were created since the deeding of the property by the Commonwealth by filling in wetlands. Though that assertion is disputed by the Commonwealth, FMFADA is seeking transfer of those disputed lands through an Economic Development Conveyance.
- Also being sought is the transfer of certain key pieces of equipment needed to support the maintenance and protection of the Fort. The narrow entrances through the Fort walls limit the use of some modern trucks and equipment. In particular, FMFADA will need the Army's fire engine to be able to access and protect inner Fort structures.
- The Army has several collections of documents and other materials that will be very valuable in interpreting the Fort's historical significance. An agreement with the Army is expected to result in the on-site retention of the Casemate Museum collection.
- Discussions are ongoing with the BRAC caretaker force to coordinate provision of services during and following the Army's departure.

Successes/Lessons Learned

- The extensive outreach to the community and the many stakeholders with an interest in the long-term preservation of Fort Monroe was critical to the success of the Reuse Plan process. The installation's historic significance has attracted interest from across the nation, requiring the involvement of a disparate group of stakeholders. As the interpretive planning gets underway this fall, input will be sought from an even larger group of stakeholders. Early agreement on key principles was essential in framing the Reuse Plan strategy. The struggles between advocates seeking designation as a national park and other residents and leaders who wanted to create jobs and economic activity to replace that lost with the closure helped to craft a sound Reuse Plan, one that achieves an important balance between protection of the historic resources and the need to achieve financial self-sustainability.
- Outreach to other installations and developments provided important lessons. FMFADA consulted with the Presidio Trust and the National Park Service on the reuse of the Presidio of San Francisco, which faced many of the same issues. The experience of Jekyll Island, a property that is owned by the state of Georgia, and other developments that use ground leases, helped illuminate the issues involved and the need for educating local realtors and bankers.
- The economic recession underscored the importance of maintaining flexibility in planning as FMFADA has shifted to emphasize short-term leasing as a transition strategy to long-term ground leases.