



New Jersey Developers Should Seize the Opportunity to Transform Base Closures into New Beginnings

By Jason L. Sobel, Esquire

The Base Realignment and Closure Commission (BRAC) delivered its final report to President Bush on September 8, 2005, outlining its recommendations for reshaping the Pentagon's infrastructure and force structure plan. The final report from BRAC includes the list of candidates for military bases, which are to be either cut back, realigned or closed entirely. The President can now either approve the report as-is and send it to Congress for their approval, reject it or return it to the commission for revisions. If Bush sends the report to Congress, its members will have 45 legislative days to accept or reject the list in its entirety. Congress is not authorized to make changes to the final report. The impending reality of the effect of these closings now permeates throughout numerous military base communities all across the nation, including some right here in New Jersey.

BRAC RECOMMENDATIONS AFFECTING NEW JERSEY

The BRAC final report includes the closing of Fort Monmouth, located in Eatontown, NJ. The report also includes a recommendation for the consolidation of operations at three New Jersey posts: Fort Dix, McGuire Air Force Base and Naval Air Engineering Station Lakehurst. The recommendation, if approved, will create a single joint base under a central commander at McGuire.

The closing of Fort Monmouth, the largest Army post to be recommended for closing, will have a tremendous local impact on its surrounding communities. Located within the boundaries of Eatontown, Tinton Falls and Oceanport, and sharing boundaries with two other municipalities, Shrewsbury and Little Silver, Fort Monmouth consists of a total of 1,126 acres and employs 5,085

civilians and 467 military personnel. As the home to civilian, military and independently contracted employees, Fort Monmouth is believed to be responsible for 22,774 New Jersey jobs, and its economic impact on the state for federal fiscal year 2004 is measured at \$3.24 million, according to an analysis by fort personnel.

There are fears in the Monmouth County community that the closing of Fort Monmouth could mean hundreds of millions of dollars taken out of circulation, as a result of the potential loss in spending caused by removing the fort's civilian employees. There are also worries of property tax spikes for homeowners, an issue that is already a growing concern of all New Jersey residents. Concerns have been expressed over losing the \$321 million in fort contracts awarded to local companies in the host towns, coupled with those concerns over the double-digit unemployment rates in some towns.

Other areas of possible impact are in the vacancies of the commercial and industrial properties that are leased to defense contractors, along with the diminished values and lower tax revenues realized from those properties. The danger to the host communities is not that the properties will disappear from the tax rolls, but rather that their value will be diminished as they lie vacant, thereby reducing the tax revenues from those properties for an extended period of time.

In an effort to coordinate a regional and unified response, the mayors of the affected communities have banded together to face the aforementioned fears and concerns raised by the base closure. In a recent press conference, a committee including the mayors and other local councilmen and administrators has outlined what they call "Plan B," which includes the first steps toward redeveloping the fort's more than

1,100 acres of land potentially left after the research and development installation shuts down. "Plan A" was the committee's attempt to convince the Pentagon that Fort Monmouth is indeed vital to the war on terrorism and should be kept open; however, since the realization that Plan A has failed due to the inclusion of Fort Monmouth on BRAC's final list, the Plan B Committee is now operating under the assumption that the Army will vacate the base in 2011. It is with the formation and subsequent implementation of Plan B that developers in New Jersey can help turn this negatively perceived situation into a truly positive opportunity for the entire community.

ANTICIPATED PLANS OF AFFECTED MUNICIPALITIES

If and when the BRAC final list does eventually become law, it is anticipated that it will take approximately another six years for the deactivation of the fort to be completed. This time period will provide a great window of opportunity to allow the Plan B Committee to help set up a comprehensive redevelopment plan for the area. Members of the Committee have already met with members of the Defense Department's Office of Economic Adjustment, seeking guidance and money to pursue a redevelopment plan for the property.

In following Army policy, the Department of Defense must inventory the land and address any unresolved economic concerns before declaring it as surplus and turning it over to the host communities. Because the land on which Fort Monmouth sits is federally owned, the federal government will be consulted first for future uses of the land. Should the federal government choose to dispose of its land, the host municipalities

See Page 12

would then be allowed to use it for public purposes. If the host communities have no interest in the land, the acreage could then be offered to the private sector.

The Plan B Committee has stated publicly that they intend to seek a balanced development, including industrial and commercial business housing — both market rate and affordable — in addition to schools and open space. The redevelopment poses a great opportunity for the host communities to meet state Council on Affordable Housing (COAH) obligations. The Committee also hopes a redeveloped base could attract private firms doing homeland security-related business that could re-employ the civilian engineers and scientists that would be displaced.

Approximately \$300,000 in federal seed money is available immediately for finding a professional redevelopment firm to help manage the transition of the fort. Eventually, the Plan B Committee will be replaced by a local redevelopment authority (“LRA”), with paid staffers, which will be eligible for \$3.5 million from the federal Office of Economic Adjustment over five years. Those federal dollars require a 10 percent match to be paid by the state, through one or more potential agencies, including the New Jersey Department of Community Affairs’ Smart Growth Program.

The LRA will be charged with the task of crafting and implementing whatever redevelopment plan is ultimately decided upon. The LRA, along with the federal government, will focus on rapid redevelopment and creation of new jobs in the base closure communities. Other previous base closure communities have focused on catalyzing the local planning process, transferring property at an affordable price, investing in infrastructure improvements to make property more attractive, helping to pay for training that gives workers skills needed in the local economy, and cleaning up environmental contaminants left by the military. The federal contributions have helped to attract and complement private sector investment in new business activity on closing bases.

To promote more rapid property disposal and assist base closure communities, the Department of Defense has asked Congress for the authority to transfer property to LRAs at no cost, if it is to be used for job-generating economic development. With the assistance of the federal government funding and expertise, the LRA will play the key role in the transformation of the military base to more productive use.

BASE TRANSFORMATION SUCCESS STORIES

A recent example of an LRA working with the federal government to implement a successful redevelopment plan of a closed military base occurred with the Lowry Redevelopment Authority at Lowry Air Force Base in Denver, CO. The LRA’s reuse plan included a mixture of residential, educational, recreational and commercial development and resulted in the creation of almost 1,500 new jobs at the former Air Force Technical Training Center. Increased residential development in the form of 3,700 new residential units provided great opportunities for the local workforce and developers alike. The \$33 million in funding for the necessary roadway and utility improvements for the project were secured via revenue bonds. In Denver, the hot real estate market, similar to the one that we are currently experiencing in New Jersey, helped to assure that the redevelopment of the former Lowry base was a huge success. The Lowry redevelopment, due to its success, will be used as a model for the redevelopment of Fort Monmouth, despite the differences in the respective base infrastructures.

Historically, the most difficult part of this process is the transition period between the time the base actually shuts down and when it returns to life with new development. If planned and implemented correctly, the redevelopment of Fort Monmouth can be a boon to the Monmouth County area. Lessons learned from past base closure redevelopments should be implemented. The first lesson is that the reuse plan for the base must be “sellable,” since what communities want and what the

market wants are sometimes very different. It is essential that public trust is built for the redevelopment plan, because without it, the project won’t have the necessary support to effectively move from the planning stage to implementation, and ultimately to success. Additionally, the LRA must be prepared for a myriad of potential predicaments, since base redevelopments are complex, highly visible projects, which involve many competing interests that will have to be dealt with. Finally, the public perception must be assessed and addressed since, more often than not, perception too easily becomes reality. Since most people have no direct experience with a military base, unless the LRA can communicate otherwise, the public’s assumption may be that the site is secretive, contaminated and bureaucratic, all which are red flags for the development community and, therefore, must be avoided.

Planners and developers play a very important role in a redevelopment in the wake of a base closure. They are encouraged to meet one on one with stakeholders, conduct public meetings and focus groups and get the word out to the public in the local and regional media. Successful base redevelopments arise from a collective approach that incorporates multiple planning tools, an understanding of the local marketplace and the involvement of the community. If planned and developed correctly, Fort Monmouth can be reborn into a newly successful and vibrant community, which is beneficial not only to its immediately surrounding areas, but to the entire state of New Jersey as well.

The ultimate approval of the final BRAC list should be seen as a great opportunity for builders and developers in the area. It is certainly not too early to start development, research and planning in order to become a part of this massive redevelopment project.

Jason L. Sobel is an associate in the law firm of Genova, Burns & Vernoia, located in Red Bank and Livingston, NJ, and New York City, and a member of the Commercial Real Estate and Redevelopment Law Practice Group. Mr. Sobel is based in the firm’s Red Bank office, and can be reached at jsobel@gbvlaw.com. ■