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THE REDEVELOPMENT OF THE CHARLESTOWN NAVY YARD: A MODEL
FOR THE MILITARY BASE CLOSURE PROCESS

TERMINAL PROJECT PRESENTED TO

By
SCOTT PHILIP CALISTI

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Abstract of Terminal Project Presented to the
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THE REDEVELOPMENT OF THE CHARLESTOWN NAVY YARD:
A MODEL FOR THE MILITARY BASE CLOSURE PROCESS

By

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The purpose of this research is to examine the redevelopment of the Charlestown Navy Yard as an example of the successful reutilization of a surplus military installation. The central role of the Boston Redevelopment Authority as the coordinator of a diverse group of federal, state, and local agencies and private developers is outlined as the basis for a proposed revision of the process by which surplus military installations are currently converted to civilian use. This revised process calls for the employment of a Redevelopment Coordinator early in the decommissioning process to serve as a mediator between the military service involved and the local community. The Redevelopment Coordinator is responsible for developing a reuse plan for the surplus installation which meets the needs of both the local community and the

vacating military service. This plan insures that the redevelopment of the installation is expedited in the shortest period of time possible, and that the negative economic effect of the installation's closure on the local community is minimized. Mediation of the turnover process by a third party limits factious competition between rival redevelopment initiatives in the private sector, and benefits the military service by presenting a reasonable alternative to political interests which may otherwise unnecessarily impede the redevelopment process.

CHAPTER I

INTRODUCTION

The end of the Cold War is resulting in enormous economic, social, and political changes throughout the world. In the United States, the related economic effects of substantial defense budget cuts are becoming increasingly painful, with an estimated loss of 1.8 million defense and related jobs over 5 years (Pennar, 1992).

With the collapse of the Soviet Union as a unified state, the major threat to America's post-World War II national security has virtually disappeared. Weapons spending may now be significantly cut, along with troop strength. Former Defense Secretary Robert McNamara is one of the several authorities on the defense establishment who advocates a 50 percent cut in the defense budget over a period of ten years. The top-to-bottom review of America's military spending programs by Congress and the Department of Defense over the next few years will result in a leaner and somewhat smaller military force. How lean depends in part on the extent of improved U.S.-Soviet relations, whether other perceived military threats become real, and on Congressional action to remove the federal

deficit through defense budget cuts (Lall, et al. 1992:9, 11).

In addition to jobs, another highly politicized component of the demobilization of the U.S. defense economy is the closure or realignment of the nation's military bases, both here and abroad. Each of the fifty states provides land to the federal government for military bases and training facilities. In addition to these, an impressive array of naval and land bases is deployed in various parts of the globe. As of 1988 the U.S. maintained eight hundred and seventy one military installations and properties within the U.S. and another three hundred and fifty seven overseas. The cost of operating these bases worldwide amounts to approximately \$17 billion a year (Lall, et al. 1992:23). One hundred and twenty one U.S. military bases have been closed since 1988, and dozens more have been partially closed or reduced. Almost 40 percent of U.S. military installations overseas will be shut by 1995. The savings from closures currently amount to \$3 billion annually (Hackworth, 1992).

The purpose of this paper is to examine the redevelopment of the Charlestown Navy Yard as a case study example of the successful reutilization of a surplus military installation. From its initial closure in 1974, the base has been transformed from a community liability to a highly productive asset. The Boston Redevelopment Authority estimates that the methods employed in

redeveloping the Charlestown Navy Yard will have produced nearly 7,000 new jobs and \$1.3 billion in private investment by the year 2000. The case study will be used as the basis for a Model Property Disposal Process (MPDP). The MPDP is designed to insure that the redevelopment of a surplus military installation occurs as quickly as possible, and that the negative economic effects of an installation's closure on the local community are minimized.

CHAPTER II

HISTORY OF THE NAVY YARD

The Charlestown Navy Yard has significant historical importance because of its connection with the establishment of the U.S. Navy, and because of its role in incorporating technological innovations into naval facilities and operations. The Navy Yard has been the site of several unique facilities since its inception. Commandant Bainbridge, in 1813 suggested that "shiphouses" be constructed to build ships undercover, thereby protecting them from the elements and speeding production. The idea proved so successful that it was copied in other shipyards in this country and abroad. In 1915, Bainbridge established a naval officer's training school at the Yard that was a predecessor of Annapolis. Construction of Dry Dock 1, one of the two oldest dry docks in the country, was begun in 1827 and completed in 1833. In 1836, the 1,350 foot long Ropewalk was constructed. This granite structure provided all of the rope requirements of the Navy for the next 117 years (BRA, 1973:3). In 1926, "Die-Lock Chain" was invented by two shipyard employees, returning the Navy Yard to the forefront of naval research activities (BRA 1990:6). This

standard anchor chain was manufactured in the Yard's forge shop until the Yard closed in 1974.

In 1800 the U.S. Government bought 43 acres of land and mudflats on Charlestown's southeastern shore to establish one of the first Naval Yards in the country. The site is next to an area known as "Moulton's Point," where the British landed in 1775 in the Battle of Bunker Hill. The U.S. Navy, itself only three years old, sought to build and repair its own ships, rather than depend on private yards. The marshy shore at the confluence of the Charles and Mystic Rivers in Boston's inner harbor was a prime spot, both well protected and fully accessible. The Navy Yard joined the many other yards and piers in Boston Harbor, in what was a pre-eminent shipping and ship-building center in America (BRA 1986:6).

During the first quarter of the century the Yard consisted of a few small scattered Federal style brick buildings and wooden sheds, as well as the huge shiphouses. In 1830, Colonel Loammi Baldwin, the "Father of Civil Engineering in America," prepared plans to expand the Navy Yard into an industrial complex. The plans laid out the Navy Yard in a classical grid, dominated by five broad avenues with rectangular buildings conforming to the new street pattern, with the exception of the Ropewalk, which was drawn at a diagonal. Alexander Parris (designer of the Quincy Market in Boston) was engaged to complete several new buildings. Parris' Ropewalk, Tarring, and

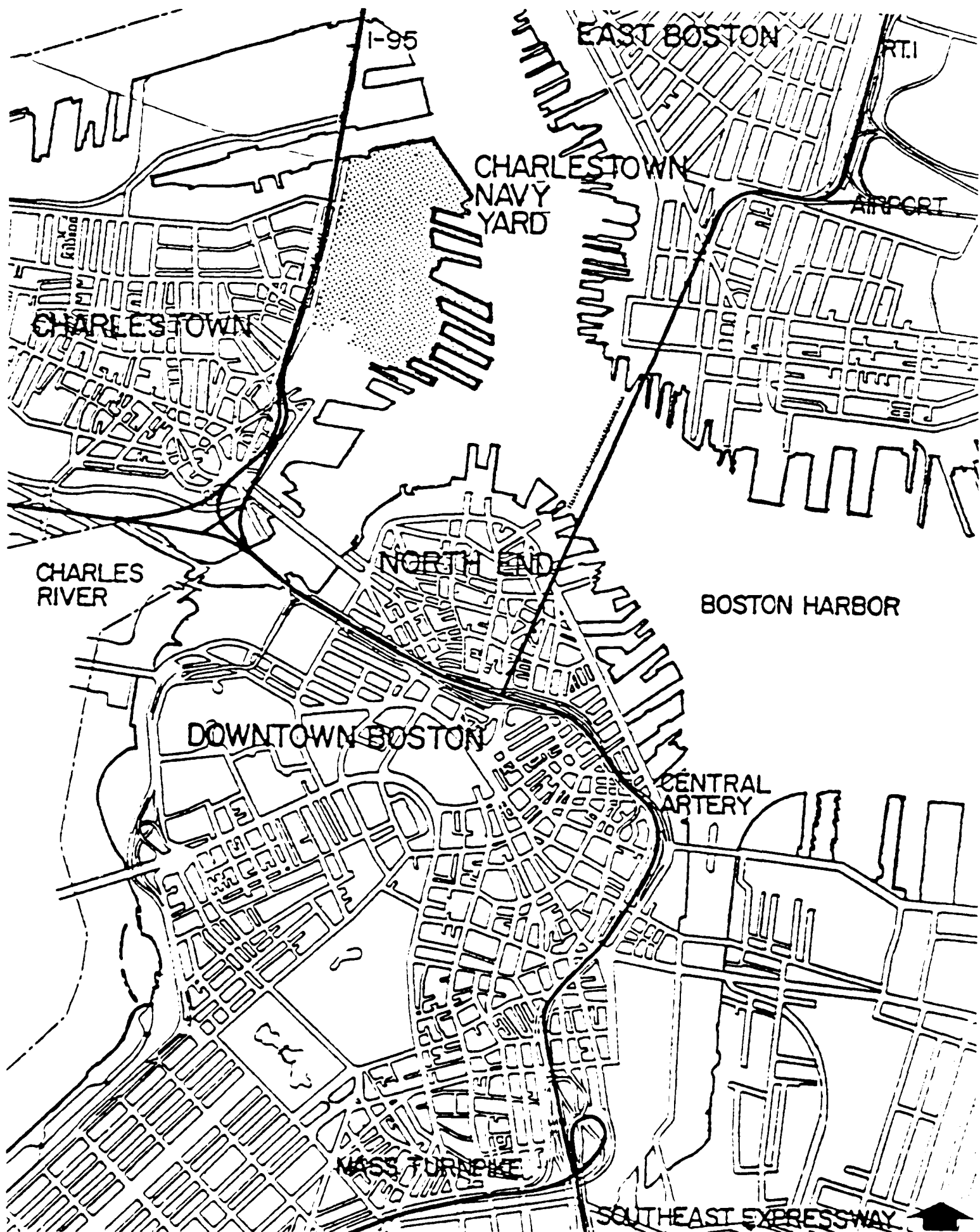
Hemp Houses were completed between 1835 and 1837. The buildings incorporated unique state-of-the-art spinning and twisting machinery powered by steam boilers and engines, all designed by the Boston inventor Daniel Treadwell (BRA 1990:4).

One of the most famous ships constructed at the Yard was the "Merrimac" (1845-55), which was converted into an ironclad after its seizure by the Confederacy during the Civil War. During the war, the capacity of the Yard increased enormously. Thirty-nine ships were built between 1861 and 1865, and many others were equipped and repaired. From the end of the Civil War until the turn of the century, however, physical change occurred slowly in the Navy Yard (BRA, 1986:6). From 1869 to 1933, the Navy Yard specialized in repairing and outfitting ships, since the demand for new ship construction was minimal.

A national initiative at the turn of the century to develop a world-class navy resulted in new land filling operations and the construction of Dry Dock 2 at the Navy Yard. A number of steel framed, brick veneer buildings were also built between 1900 and 1920, often with Colonial or Renaissance Revival details. By World War I, however, new buildings were constructed in a stripped-down factory style. During World War I the Navy Yard was used as an embarkation point and a supply depot as well as a repair center, with employment rising to 10,000 (BRA 1990:5).

During World War II the Navy Yard was at the peak of productivity: a total of 141 ships were built and over 3,200 ships were overhauled during this period. In 1943, a record of 46 destroyer escorts were built, 44% higher than the Bureau of Shipbuilding quota. The Navy Yard payroll at that time was over \$144 million for almost 50,000 workers (BRA 1990:6). Also during this period many streets in the Yard were filled with temporary structures, and the northeast corner was built up with multi-story steel-frame and reinforced-concrete factory buildings.

After World War II, shipbuilding slowed dramatically, and the Navy Yard returned to specializing in the repair and outfitting of ships. In 1974 the Navy Yard was decommissioned by President Nixon, ending employment for 5,200 workers. In all, over 500 ships were built during the Navy Yard's 174 year history. The U.S.S. Constitution (originally launched in Boston in 1797) was the first and last ship to be repaired at the Navy Yard (BRA 1990:7). The subsequent redevelopment of the Navy Yard has resulted in the removal of many of the temporary World War II era structures, which has allowed the 19th century plan to re-emerge. Because of its historical associations and the many structures of historic and architectural significance which remain, in 1976 the entire Charlestown Navy Yard was listed on the National Register of Historic Places.



SITE LOCATION OF THE CHARLESTOWN NAVY YARD
SOURCE: The Boston Redevelopment Authority

CHAPTER III

REDEVELOPMENT OF THE NAVY YARD

The original planning for the redevelopment of the Charlestown Navy Yard was considerably less ambitious than the actual project that has evolved over the last eighteen years. When it became clear in 1973 that the Navy Yard would be closed permanently, a proposal was made by the Boston Redevelopment Authority to dedicate the portion of the Yard containing sites and structures of historical, architectural, and technological importance to the development of a nationally significant historic park focusing on the warship U.S.S. Constitution (which is permanently berthed at the Navy Yard and is the Navy's oldest commissioned ship) and on the U.S. Navy itself. The remainder of the site was to be used for industrial production, or for other unidentified purposes. More indicative of what was to follow, however, were the objectives which were outlined for any new development in the Navy Yard (BRA 1973:13).

- New uses of the shipyard should preserve, protect, and enhance the architectural, historical, and environmental character of the site and should provide opportunities for its increased public use

and enjoyment, particularly with respect to the U.S.S. Constitution and its historic place in Charlestown.

- Development of the shipyard should be directed toward meeting the city's critical needs, whether of jobs, housing, or recreation.
- Development of the Charlestown Naval Shipyard should take advantage of its waterfront location.
- Development of the Naval Shipyard should relate to the needs and character of the Charlestown community.
- Economic benefit should accrue to Charlestown, its residents, and the City of Boston.

Also in 1973, the U.S. Department of Housing and Urban Development (HUD) and the Economic Development Administration (EDA) funded the City of Boston to explore reuse options for the site. The Boston Redevelopment Authority, jointly with the City's Economic Development and Industrial Commission, contracted for an extensive land use and transportation study of the Navy Yard. This study, completed in 1974, was the work of a group of consultants under the management of Wallace, Floyd, Ellenzweig, Inc. (Wallace, 1974). The city's mandate was that the consultants identify and evaluate a series of alternatives for the reuse of the site.

The Wallace Report identified three alternative development packages for the Charlestown Navy Yard:

1. Option "A", Industrial/Institutional

This concept provided for 50 acres of the site along the waterfront to be dedicated to industrial uses such as heavy machinery and related manufacturing, tool and die production, and marine-oriented industry and warehousing. Existing structures and facilities would be reused in order to reduce costs. Within the historic area, the report proposed that the National Park Service acquire the Ropewalk as part of a National Historic Park. A museum, a 200 room hotel, an industrial/trade school facility, and retail shops with some upper floor offices and lofts would occupy the remainder of the historic area. Public open space in this concept was limited to the existing streets and some landscaped pedestrian spaces created by the removal of historically insignificant buildings and additions. Redevelopment in the historic area also relied primarily on the renovation and reuse of the existing buildings, with limited demolition and new construction.

2. Option "B," Housing/Industrial/Institutional

This concept provided for 28 acres of land at the north end of the site to be dedicated to industrial uses such as light manufacturing and warehousing. A residential/commercial complex consisting of a 400 room hotel, 500 units of housing, retail/restaurant uses, and a 200 slip marina was proposed for the area directly west of Dry Dock 2, which was to be permanently flooded in order to bring water deep into the site. In the historic area, the

report devoted all of the buildings (after renovation) to institutional uses, including a state college and museums. Some retail uses with upper floor offices and lofts were also included. The public open space system proposed in this option included an extensive system of pedestrian paths and waterfront promenades, as well as a large plaza that would be created in the historic area by the demolition of an existing power plant.

3. Option "C" Hotel/Convention/Housing/Institutional

This concept proposed the construction of 1,000 units of luxury housing on the eastern end of the site, a 1,000 room hotel and convention center adjacent to the National Historic Park, and a 200 slip marina. All of the buildings in the historic area were to be renovated for use as a college and museums, with some allowance for office, loft, and retail uses. This option also proposed an extensive open space and pedestrian circulation system which connected all individual elements with each other and with the waterfront.

The City of Boston also considered two additional options for the redevelopment of the Navy Yard:

4. Option "D" No-Build

This concept involved no participation by local government in the redevelopment process. The site was to be either auctioned or leased as either a unit or in parcels by the General Services Administration. In the historic area, resources that were not selectively retained

by the National Park Service (such as the Ropewalk complex) would deteriorate. After the above areas were accounted for, the balance of the site would be leased out for bulk warehousing and low-grade industrial use. Only the existing facilities would be utilized, with minimal renovation or alteration.

5. Option "E" Shipyard Reuse

This final concept involved the conversion of the entire site to a private shipbuilding and ship repair facility, along with other types of manufacturing. This option required only minor changes within the Navy Yard because it utilized the existing buildings and equipment for their originally-intended purposes. It was also considered as the best means of minimizing public sector investment in converting the site to civilian use, and of reemploying the labor that was displaced by the closing of the Navy Yard.

The development program that ultimately evolved from the alternatives outlined above was based on a modification of Option "C". The two major changes involved the addition of a waterfront park to serve both visitors to and residents of the Navy Yard, and the addition of light industrial uses to provide job opportunities in accordance with the redevelopment objectives. This redevelopment program, as envisioned by the Boston Redevelopment Authority, was a "maximum-build" concept. The density of development proposed, including building heights, number of

residential units, and space for commercial, institutional, and industrial uses, was considered the maximum possible within the limits of (1) the proposed zoning (all of the site was proposed to have a Floor/Area Ratio of 2), (2) the planning and design objectives, and (3), the proposed design controls to ensure the quality of the new development, which specified those buildings to be retained, the areas available for new construction, open space requirements, and required visual easements (BRA, 1977). It should be noted that although Options "A", "B", and "C" were considered on the basis of their relative merits, Options "D" and "E" were considered to be problematic for the following reasons:

- Under Option "D", No-Build, it was estimated that only half of the site could have been disposed of through either leasing or auctioning, and that the rest would have continued to deteriorate. It was clear that public participation in any redevelopment scheme would be required because of the poor condition of the property.
- Under Option "E", Shipyard Reuse, substantial efforts were begun by the City of Boston in 1973 to promote and market the site as a unified shipbuilding facility and as individual buildings to other manufacturers. However, after two years of such marketing efforts, it was concluded that the Charlestown Navy Yard was too crowded with obsolete

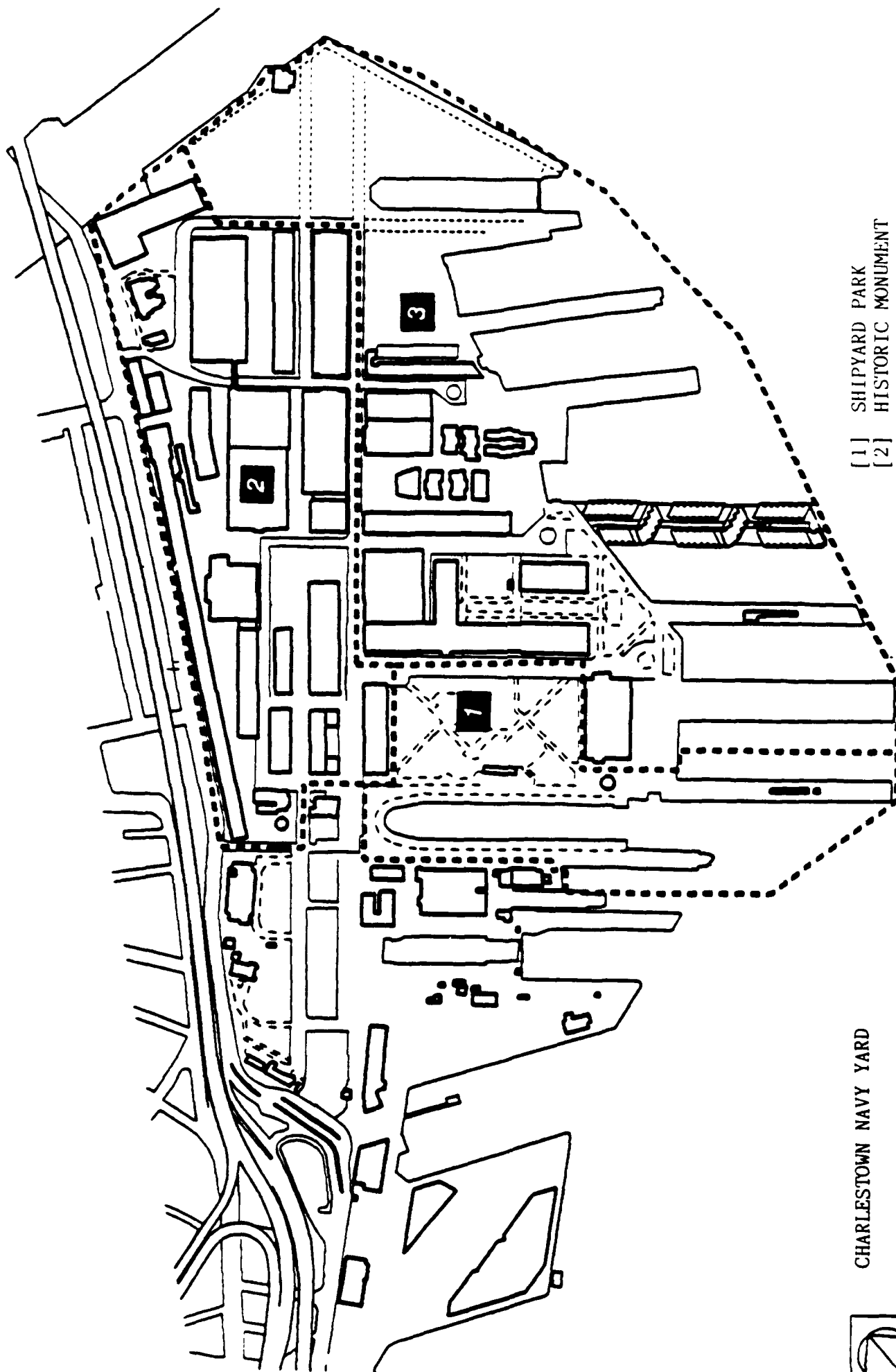
structures and too limited in terms of access for successful modern industrial reuse (BRA, 1977).

The Charlestown Navy Yard was closed by the Department of Defense on July 1, 1974 after 174 years of active operation. After negotiations and reviews involving the National Park Service, the Navy, the Bureau of Outdoor Recreation, the General Services Administration, and the Boston Redevelopment Authority, the land and buildings became available for redevelopment in 1975. When a federal agency no longer requires the use of a piece of property it is declared "excess" and is turned over to the General Services Administration (GSA). The GSA then offers the property to other federal agencies. If these agencies have no interest in the property it is then declared "surplus", and is offered to states, local subdivisions and other public instrumentalities at the same time and without priority. If no public agencies are interested or if their applications are rejected then the property is offered for sale for private use on a competitive bid basis. Although property is ordinarily sold at fair market value, certain kinds of uses are given "discounts". Property to be used for public airports, wildlife conservation or historic monuments may be transferred without monetary consideration. Public health or educational uses may be given a public benefit allowance of up to 100%.

In 1974, the southernmost portion of the Navy Yard (an area of approximately 30 acres) was included as one of seven sites in the Boston National Historic Park Bill, to be operated by the National Park Service in cooperation with the U.S. Navy. This portion of the Navy Yard includes the U.S.S. Constitution, the destroyer Cassin Young, the U.S.S. Constitution museum, Dry Dock 1, and the 19th-century Commandant's House. The remaining 105-acre portion of the Navy Yard was transferred in three sections: (1) the Historic Monument Transfer Area, (2) Shipyard Park, and (3), the New Development Area.

1. The Historic Monument Transfer Area

The Historic Monument Transfer Area is a site of 30 acres which includes 22 buildings (all of which are listed on the National Register of Historic Places) and one development parcel. The buildings range in size from 90,000 to over 700,000 square feet, and total more than 2 million square feet. The buildings date from the 1820's through the World War II era, and include granite warehouses which were built in the 1830's and 40's. Also included among these buildings are later 19th century brick and granite structures which show the advancement of building technology in their larger sizes and differing architectural details. A number of small brick buildings are Victorian in style, while the structures from both the World War I and World War II eras are industrial in appearance. In 1975, the Boston Redevelopment Authority

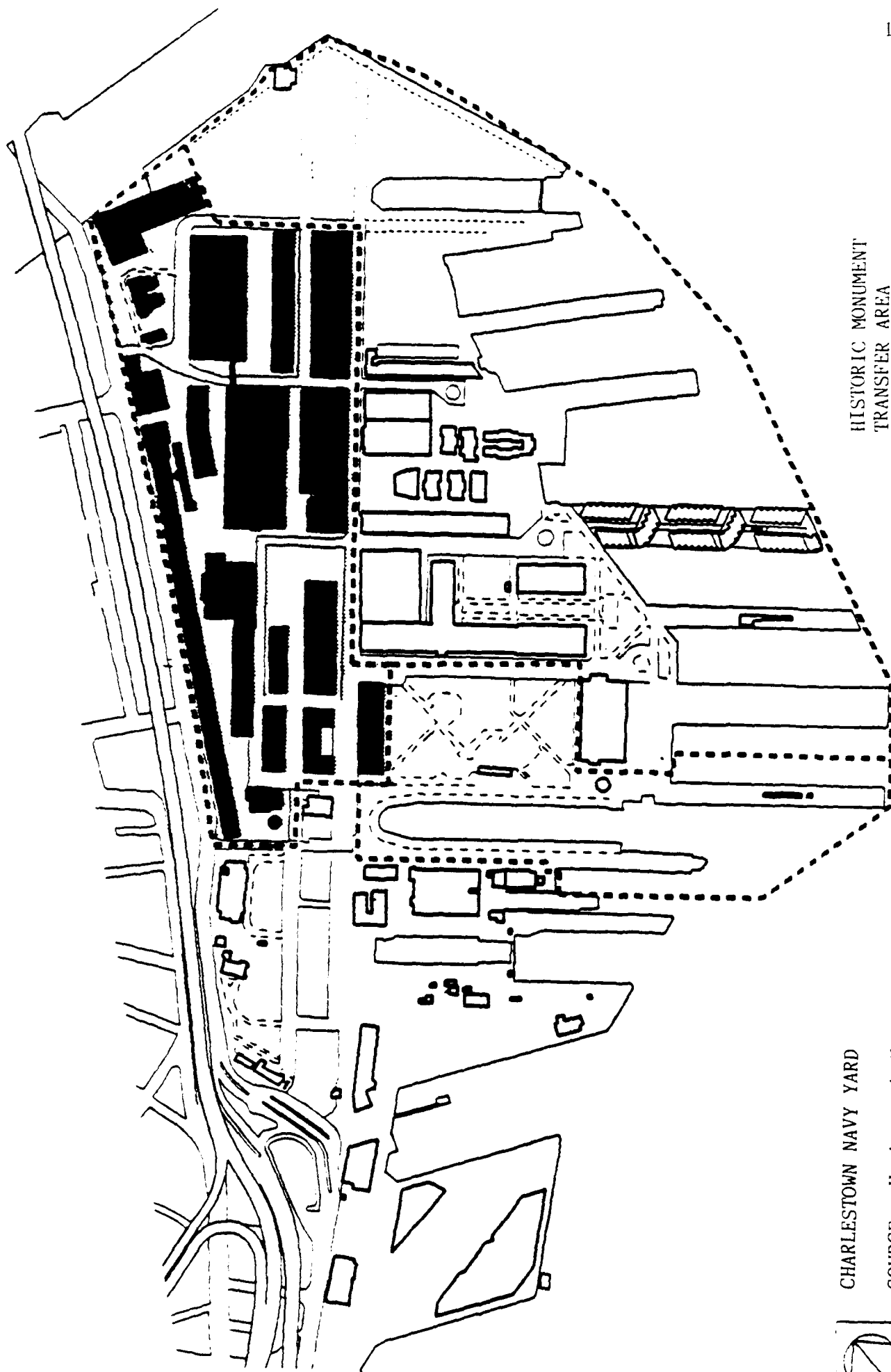


CHARLESTOWN NAVY YARD

SOURCE: Harborpark Update
(BRA, 1986)

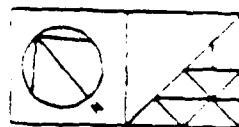


[1] SHIPYARD PARK
[2] HISTORIC MONUMENT
[3] TRANSFER AREA
[3] NEW DEVELOPMENT AREA

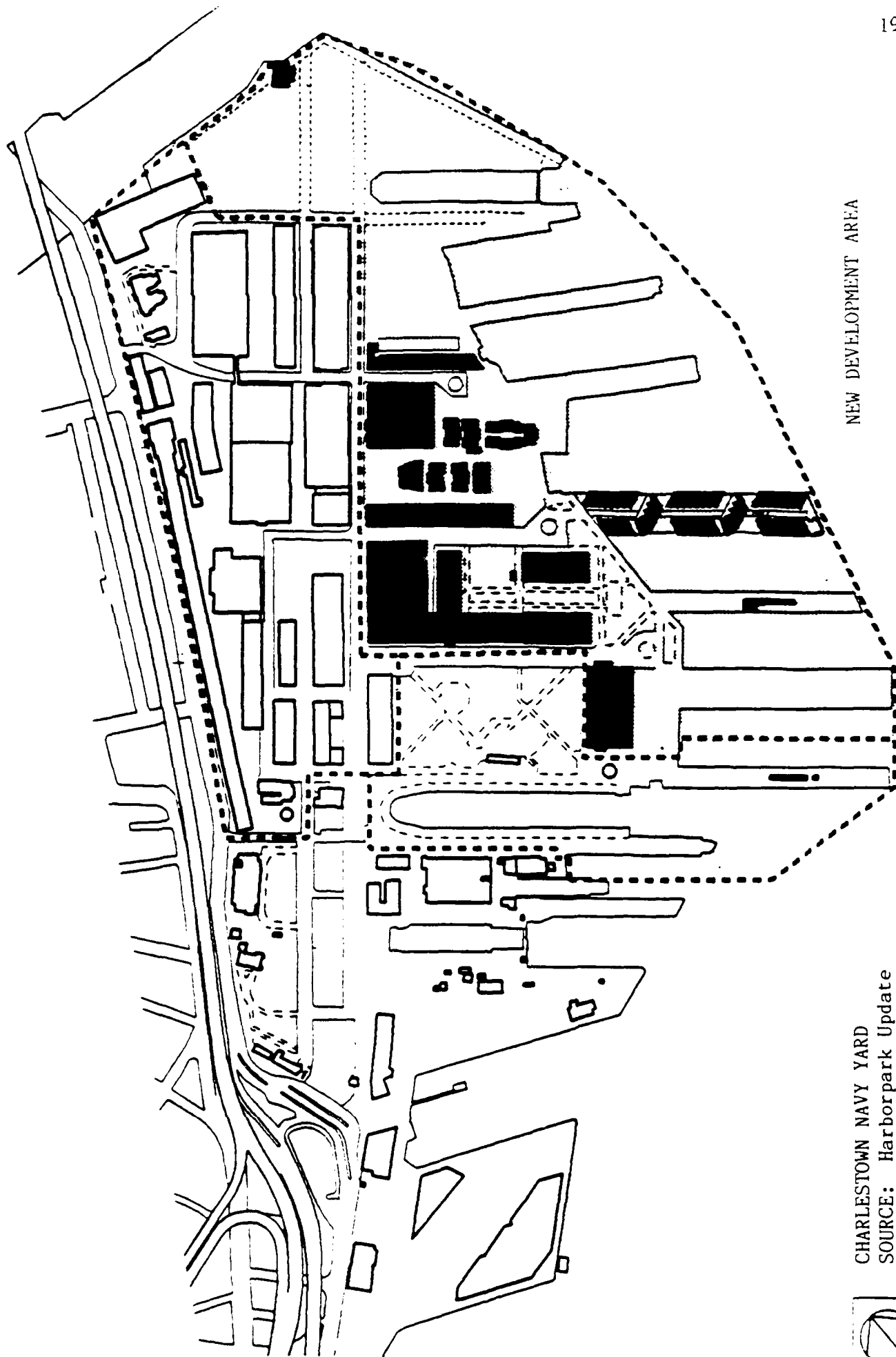


CHARLESTOWN NAVY YARD

SOURCE: Harbortpark Update
(BRA, 1986)

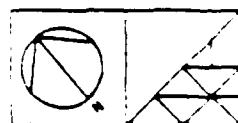


HISTORIC MONUMENT
TRANSFER AREA



NEW DEVELOPMENT AREA

CHARLESTOWN NAVY YARD
SOURCE: Harborpark Update
(BRA, 1986)



(BRA) purchased the Historic Monument Transfer Area from the federal government for \$1.00 with a deed restriction that the buildings be restored in a historically sensitive manner (Quill, 1986:32). The rehabilitation of buildings in the Historic Area is governed by design guidelines for the preservation of the exterior elements of the buildings. These guidelines were outlined in an agreement between the BRA and the National Advisory Council on Historic Preservation which became part of the conditions of transfer of the buildings.

The buildings in the Historic Monument Transfer Area were offered for development by the BRA on a long-term lease basis, rather than sold. Annual base rent is calculated as an amount per square foot of the improvements made to the building. The average initial lease negotiated by the authority required the payment of \$1.00 per gross square foot totalling over \$1 million annually. Developers paid half this amount during the construction period. In addition, developers are required to pay, on a gross square foot basis, into central funds which pay for security services and the upkeep of common spaces such as parks. Finally, an annual payment of 15% of net operating revenues is also paid by the developer to the BRA (BRA, 1986:10).

2. Shipyard Park

Located adjacent to the Historic Monument Transfer Area, the 16 acre Shipyard Park was also purchased by the BRA in 1975 for \$1.00 on the condition that it be

permanently dedicated to public recreational purposes. The park is a gently rolling area with tree-lined paths, shrubs, flower beds, a children's playground, a large granite fountain, and a performance pavilion comprised of a segment of a building which once stood on the site. This area, known as Phase I of Shipyard Park, was completed in 1982 at a cost of \$2.3 million. Phase II, also completed, added a public dock at an adjacent pier with 50 slips for short term boat mooring and facilities for tour boats, commuter boats, and water taxis. The cost of Phase 2 was almost \$500,000. Phase III of Shipyard Park was completed in June 1991 at a cost of \$2.5 million. Work consisted of improvements to the area around Dry Dock 2, including the construction of a pedestrian promenade around the perimeter of the dry dock, lighting, benches, rehabilitated and new fencing, and landscaping. Although not yet funded, Shipyard Park Phase IV will extend the head of Pier 3 seaward another 540 feet. Estimated to cost \$3 million, this pier extension will add over 30,000 square feet of open space and 1,300 linear feet of public docking space (BRA, 1991).

3. The New Development Area

The New Development Area is a site of 57 acres which occupies the northeast quadrant of the Navy Yard. Immobiliare New England was granted tentative designation as redeveloper of the area in February, 1977, and final designation in March, 1978. Immobiliare New England was

formed in 1976 by two Italian firms-Società Generale Immobiliare and ICOS Construction Company.

In 1977, the BRA paid the General Services Administration \$1.7 million for the New Development Area. Concurrently, Immobiliare loaned \$1.7 million to the BRA. As the BRA conveyed parcels of land to Immobiliare, the value of the parcels was deducted from the loan. The parcels will revert to the BRA after 99 years, with the exception of parcels that have been developed into condominiums. Instead of a reverter clause, Immobiliare pays the BRA 4 percent of the gross sales price of each condominium, and another 4 percent of the price is deducted from the New Development Area mortgage held by Immobiliare (BRA, 1987). In the original development scheme, Immobiliare was to create 1,200 housing units, both rental and condominium, with about half being produced through the recycling of factory and warehouse structures within the area. A portion of these units were to be affordable by low and moderate income people. Ten percent of the housing was to be reserved for senior citizens. Also planned were 20,000 square feet of commercial space, parking for 1,200 cars, and a 500 room hotel. Additionally, Immobiliare was the developer for a 500-slip marina and a public promenade along the water's edge throughout the New Development Area (BRA, 1981a:36).

In 1976 the BRA incorporated the Navy Yard into the Charlestown Urban Renewal Plan to insure the careful and

orderly development of the area. Under the Plan, extensive redevelopment and rehabilitation took place in Charlestown from the mid 1960's to the early 1980's, including the construction or rehabilitation of more than 2,500 new and existing housing units (a portion of which were subsidized or targeted to the elderly). Major new public construction included a community college, three schools, a public library, a fire station, a community recreation center, and parks and playgrounds (as well as the improvement of existing facilities). Additional improvements included the relocation of a Massachusetts Bay Transportation Authority (MBTA) rapid transit line and the demolition of the former elevated structure, and extensive street and sidewalk reconstruction, street resurfacing, sewer and water line replacement, and new street lighting (BRA, 1977). As a result of its incorporation into the Charlestown Urban Renewal Plan, the Navy Yard's zoning was changed to allow for the development of commercial, residential, and light industrial uses.

Beginning in early 1978, the BRA undertook a massive public improvements project in order to prepare the Navy Yard for commercial and residential development, including the construction or repair of streets, sidewalks, lighting, landscaping, parks, and utility systems. Concurrently in 1978, the BRA was awarded \$2.4 million in Urban Development Action Grant (UDAG) money from the

Department of Housing and Urban Development (HUD) to fund the first phase of these improvements. The BRA additionally received \$1.4 million from the Heritage Conservation Recreational Service of the Department of the Interior for Navy Yard parks and amenities. A total of \$5.4 million in Economic Development Administration (EDA) funding from the Department of Commerce was received by the BRA in 1976 and 1977 to undertake infrastructure development, utility work, and site clearance in the Charlestown Navy Yard (BRA, 1981a:31-32). Additional funding was also obtained from other federal, state, and local agencies, resulting in a total commitment of more than \$11 million.

From 1978 to 1983 modest achievements were made in the redevelopment of the Charlestown Navy Yard, although none of the buildings in the Historic Monument Transfer Area were restored to new uses, and only \$36 million in private funds was invested in the Navy Yard as a whole. Despite a goal that 10% of the housing built in the Navy Yard was to be affordable, not one unit of affordable housing was built from 1978 to 1983. Only 16 people were employed at the Navy Yard in 1983. As a result, the Navy Yard was in danger of becoming an exclusive community of luxury condominiums (BRA, 1990:10).

The primary reasons for this failure were Boston's strong real estate market during this period and the severe reduction in federal housing funds that occurred

during the first Reagan administration. A massive urban renewal program begun in the 1960's had paved the way for Boston to become a headquarters city for financial services, insurance, and high technology industries, as well as a center for educational and medical institutions. By the early 1980's, Boston's real estate market was the strongest in the country. Although much of the city's housing stock had been rehabilitated, net new units had not kept up with the burgeoning demand. Private investment flowed to commercial projects or to luxury rental and condominium units and market rate units that were beyond the means of much of Boston's population (Levitt, 1987:22).

In order to spur economic growth, attract substantial additional private investment, develop the Historic Monument Transfer Area as a revenue and job producing center, and ensure that the Charlestown community shared in the benefits of the Navy Yard's redevelopment, two major initiatives were undertaken between 1981 and 1984:

- (1) The designation of the Historic Monument Transfer Area as a Commercial Area Revitalization District (CARD) and
- (2), redirection of development in the Navy Yard to conform to the guidelines of the Harborpark Plan.

Harborpark is a city-wide program designed to leverage the economic attractiveness of waterfront development in order to secure public benefits.

1. Designation of the Charlestown Navy Yard Commercial Area Revitalization District

In late 1981 the Historic Monument Transfer Area was designated as a Commercial Area Revitalization District (CARD) (BRA, 1981b). The objectives of the Navy Yard CARD were as follows:

- To encourage private sector investment in the reuse and revitalization of the Charlestown Navy Yard through retail, housing, office, and light industrial development.
- To provide an additional financing mechanism to support renovation and development of the Historic Monument Transfer Area.
- To assist in meeting the demand for office and high technology industrial space in the Boston core area.
- To maximize employment opportunities for Charlestown, Boston, and regional residents.
- To facilitate and provide assistance for the continued economic revitalization of the former Charlestown Navy Yard.
- To support retail, office, and light industrial development by providing a parking facility in the Historic Monument Transfer Area.
- To support the reuse of the historic structures in keeping with established design guidelines and controls.

Massachusetts state law authorized the use of tax-exempt industrial revenue bond financing for "commercial enterprises" provided that the enterprise was located in a Commercial Area Revitalization District which had been approved both by the City and the State Secretary of Communities and Development. Approval of such a district was also a pre-condition for the use of Urban Job Incentive Program tax credits by commercial facilities (BRA, 1981b), and for the authority for the BRA to apply for a Parking Facilities Grant. The designation of the Historic Monument Transfer Area as a CARD was critical in facilitating the use of the following three programs offered by the Commonwealth of Massachusetts (BRA, 1981b).

a. The State Parking Facilities Program

Under the Parking Facilities Reimbursement Act, the Commonwealth of Massachusetts could provide a Grant-in-Aid of up to approximately \$4 million for the construction of parking facilities located in a CARD district. The lack of on-street parking and rapid transit access in the Historic Area made the creation of a parking facility absolutely necessary to the area's successful redevelopment. A total of \$12 million in state and federal funding was received in 1982 to fund the construction of 752 parking spaces inside two of the existing historic buildings, as well as code improvements and exterior rehabilitation of the two structures. Part

of this funding was also used to provide public improvements to outdoor parks and walkways.

b. The Use of Tax-Free Industrial Revenue Bonds for Commercial Development Within the Project

Industrial revenue bond financing was used to assist in the development and rehabilitation of over 2 million square feet of space in the buildings located in the Historic Monument Transfer Area.

c. The Use of Job Incentive Bureau Programs to Encourage the Employment and Training of Local Residents

The Commonwealth of Massachusetts offered both a net income deduction and tax credit to expanding companies which located in a CARD. It was originally estimated that the planned reuse of the Historic Monument Transfer Area would eventually create over 4,000 new jobs. One thousand of these jobs would be in either retail, restaurant, or office settings, while the remainder (3,000) would be in high technology and research and development operations. It was envisioned that many of these jobs would be particularly suited for job training programs. The Boston Residents Job Policy requires developers of private commercial buildings in Boston to hire Boston residents (50 percent), minorities (25 percent) and women (10 percent) for construction jobs. (These figures apply on a craft-by-craft basis.) The city adopted this policy in 1983 for publicly funded projects; it was extended in 1986 to the much larger number of private projects. The goal was to provide these groups with the high-paying building

trades jobs that would allow them to benefit from the construction boom that occurred in Boston throughout the 1980's (Dreier, 1989:51-52).

Each of the incentives outlined above were valuable in realizing the maximum development potential of the site. These incentives reduced the need for scarce capital from the City of Boston, assured high quality restoration of the area's historic buildings, and provided the ability to create employment opportunities for area residents. Finally, the listing of the Navy Yard in the National Register of Historic Places meant that developers of buildings within the Historic Monument Transfer Area were eligible for the tax advantages related to historic buildings. In 1981, the Economic Recovery Tax Act authorized a 25 percent investment tax credit (ITC) for rehabilitation expenditures on certified historic properties, a 20 percent credit for non-residential structures at least 40 years old, and a 15 percent credit for non-residential structures at least 30 years old. The investment tax credit provision replaced the 1976 Tax Reform Act that allowed a five-year accelerated depreciation and a 10 percent ITC for rehabilitation expenses on certified historic industrial commercial buildings (Levitt, 1987:7).

2. Redirection of Development in the Navy Yard to Conform to The Harborpark Plan

Originally begun in 1984, the principal goals of the Harborpark initiative are to provide an open, accessible

waterfront that includes opportunities for recreation, affordable housing, and jobs for Boston residents. This initiative also addresses actions which will result in improved public transportation, additional tax revenues, and a variety of cultural attractions (BRA, 1990:11). The Harborpark Plan, as expressed in planning for the Navy Yard, will satisfy these goals in the following ways (BRA, 1986:2-3).

- By encouraging a balanced mix of private development with public improvements.
- By creating a continuous waterfront walkway that will ensure access along the Yard's piers, around its two dry docks and right up to the water's edge. This walkway will connect Charlestown to all of Boston's waterfront neighborhoods and is being built largely by developer contributions.
- By establishing guidelines and criteria for private developments to ensure their compatibility with the character of the waterfront.
- By proposing additional public spaces and public facilities which will provide opportunities for recreational and cultural activities.

After the implementation of the Harborpark policies in 1984, the Navy Yard experienced substantial growth. From 1984 to 1989 over \$433 million in private funds were invested in the Navy Yard, resulting in a successful redirection of the Yard as an integral part of the

Charlestown community. Also during this time, 1,900 construction jobs were created in the Navy Yard. By 1989 over 2 million square feet of space in new and rehabilitated buildings had been completed, and the number of permanent jobs increased to 3,000. A commitment that 25% of the total housing built in the Charlestown Navy Yard would be affordable replaced the prior unrealized goal of 10%. Of the 574 housing units constructed from 1984 to 1989, 171 units (or 30%) of those built in this period were affordable (BRA 1990:12-13).

The increase in development activity was accomplished despite the reduction of federal funding assistance for urban development by the Reagan Administration during the early 1980's. Immobiliare New England, after its designation as developer of the New Development Area and its financing of the BRA's land acquisition, began a gradual process of development. Rather than forging ahead on an extensive program, Immobiliare renovated and constructed buildings in phases, using revenues from initial projects to initiate subsequent phases while testing the market for housing, office, and retail space. The presence and early success of Immobiliare encouraged other developers to invest in the Navy Yard. As part of the development process, the BRA received commitments for linkage payments of \$3.5 million from the two large developers in the Historic Monument Transfer Area (BRA, 1987). Linkage is a fee on downtown development projects

targeted for the construction or rehabilitation of low-income and moderate-income housing (Keating 1986). It was first proposed in Boston in early 1983 (by Massachusetts Fair Share, a confrontational community group based in working-class neighborhoods, and by a Boston Globe columnist) as a way to mitigate some of the pressure on Boston's housing market caused by the increase in jobs and population spurred by downtown redevelopment (Dreier, 1989:46). The money from the two large Navy Yard developers was used to establish a housing trust which supports the construction of affordable housing, while smaller developers contribute 50 cents per square foot to a fund for community projects in Charlestown.

To manage growth in the Charlestown Navy Yard, the Harborpark Interim Zoning Plan required the creation of a master plan. The Master Plan for the Yard's End was a product of a community-based planning process initiated in the Harborpark Plan. Yard's End is a 14 acre, arrow-shaped section of land located at the northern tip of the Navy Yard, and will be the last area of the Yard to be developed. The master plan for the Yard's End calls for:

- Construction of a new New England Aquarium at Dry Dock 5.
- Construction of a medical research center totaling 1.1 million square feet, with 220 parking spaces.
- Construction of a 1,100 car parking garage.

- Relocation of a building from the Historic Area to a site adjacent to the new Aquarium, where it will be used as a festival marketplace run by neighborhood businesses and non-profit organizations.
- Construction of a 390 room hotel/conference center, with 175 parking spaces (Hernandez, 1990:33).

To minimize the traffic impact on the community, the plan also proposes the construction of a new road (to be used primarily by trucks and buses) over existing railroad rights of way which cross the Little Mystic Channel to the north of the Navy Yard.

The relocation of the New England Aquarium from its present inadequate facility on Central Wharf in downtown Boston to the Navy Yard's Dry Dock 5 site will allow the construction of the world's most technologically advanced facility for the study and exhibition of the marine environment. It will include a glass enclosed underwater walkway that takes people through the main exhibition tank (which will be built inside the dry dock) with whales and dolphins swimming above and below. A dynamic similar to two anchor stores in a shopping center will be established between the Aquarium in the northern portion of the Navy Yard and the U.S.S. Constitution in the southern portion. Major public open spaces at Shipyard Park and Yard's End will further reinforce these cultural/recreational magnets

at either end of the Navy Yard, thus maximizing public access throughout (BRA, 1990:30-32).

Development of 1.1 million square feet of biomedical research and laboratory space and related light manufacturing space is planned for Yard's End. The construction is planned to take place in two phases: A 550,000 square foot building between 1990 and 1995, and an additional 550,000 square feet for occupancy after January 1, 1995. This biomedical and technology research center will support the rapidly growing biomedical and biotechnological sector of the Boston and regional economy, and will be in addition to more than 600,000 square feet of similar space in the Historic Monument Transfer Area which is occupied by the Massachusetts General Hospital Research Center. Biomedical/research space in the Yard's End will provide community benefits in the form of \$6 million of linkage for affordable housing in both the Navy Yard and Charlestown, and \$1 million for job training assistance programs to teach local residents the necessary skills to advance in the biotechnology industry. This development will also generate approximately 2,300 new permanent jobs (BRA, 1990:33).

TABLE 3-1
CHARLESTOWN NAVY YARD DEVELOPMENT 1978 - 2000

	1978-1983	1984-1989	1990-1995	1996-2000	Potential Buildout in Special Study Area
Affordable Housing		154,400s.f. (171d.u.)	64,000s.f. (50d.u.)	100,000s.f.	*
Market Rate Housing	300,000s.f. (367d.u.)	783,000s.f. (403d.u.)		198,000s.f. (110d.u.)	*
Medical Research		630,000s.f.	550,000s.f.	550,000s.f.	
Office		343,000s.f.	60,000s.f.		*
Retail		113,000s.f.	34,000s.f.	24,000s.f.	
Hotel			350,000s.f.		
Cultural			275,000s.f.	195,000s.f.	
Total GSF (w/o Pkg)	300,000s.f.	2,023,400s.f.	1,333,000s.f.	1,067,000s.f.	250,000s.f.
Open Space	9 acres	13 acres	8 acres	4 acres	*
Harborwalk		8,000l.f.	4,000l.f.	2,500l.f.	
Marina Slips	170	180	175		
Parking Spaces	367	2,738	1,405	110	230

* Composition of potential buildout by use to be determined through Special Study process. A minimum 100 units of affordable housing will be developed in the Special Study Area from 1990 - 2000. The Special Study Area is comprised of vacant sites located in both the Historic Monument Transfer Area and the New Development Area which will be evaluated for their suitability as locations for additional housing.

Source: Master Plan For The Yard's End (BRA, 1990:27)

Table 3-1 Continued

	1978-1983	1984-1989	1990-1995	1996-2000	Potential Buildout in Special Study Area
Total Private Investment	\$36,000,000	\$433,000,000	\$524,000,000	\$352,000,000	\$70,000,000
Permanent Jobs	16	3,000	2,400	1,400	*
Construction Jobs	200	1,900	2,300	1,100	300
Jobs Linkage	0	\$115,000	\$875,000	\$415,000	*
Housing Linkage	0	\$3,289,000	\$4,375,000	\$2,075,000	*
Property Taxes**	\$250,000	\$6,800,000	\$13,300,000	\$16,600,000	\$17,500,000

*To be determined through Special Study area process.

**Recurring yearly revenue in 1989 dollars.

SOURCE: Master Plan For The Yard's End (BRA, 1990:27)

TABLE 3-2

CHRONOLOGY OF EVENTS IN THE REDEVELOPMENT
OF THE CHARLESTOWN NAVY YARD, 1973-2000

- 1973 - Initial notice that the Navy Yard would be closed; Department of Housing and Urban Development provides funds to study reuse options for the site.
- 1974 - The Wallace Report is completed; it identifies three alternative development packages in addition to the existing "No-Build" and "Shipyard Reuse" options.
- 1974 - Charlestown Navy Yard is decommissioned.
- 1975 - The Historic Monument Transfer Area is purchased by the Boston Redevelopment Authority for \$1.00.
- 1975 - The Shipyard Park site is purchased by the Boston Redevelopment Authority for \$1.00.
- 1976 - The Charlestown Navy Yard is added to the National Register of Historic Places.
- 1976 - The Charlestown Navy Yard is incorporated into the Charlestown Urban Renewal Plan.
- 1977 - The New Development Area is purchased by the Boston Redevelopment Authority for \$1.7 million, using developer funds.
- 1978 - Public improvement program begins in the Navy Yard; \$11 million in federal, state, and local funds is invested in infrastructure development, utility work, and

TABLE 3-2 continued

site clearance in order to leverage private investment.

- 1978 - 1983 - Modest improvements (beyond infrastructure) are made, including \$36 million in private investment.
- 1981 - Designation of the Historic Monument Transfer Area as a Commercial Area Revitalization District.
- 1982 - \$12 million in state and federal funding received for the alteration and rehabilitation of two existing historic buildings into parking structures.
- 1982 - Phases I and II of Shipyard Park are completed.
- 1984 - Development in the Navy Yard is realigned to conform to the requirements of the Harborpark initiative.
- 1984 - 1989 - Substantial growth, totaling \$433 million in private investment.
- 1990 - 1995 - Estimated growth of \$524 million in private investment.
- 1991 - Phase III of Shipyard Park is completed.
- 1996 - 2000 - Estimated growth of \$352 million in private investment.
- 2000 - Estimated completion of redevelopment in the Charlestown Navy Yard.

CHAPTER IV

THE BASE CLOSURE PROCESS

Base closings have been occurring for decades, and politics has played a major role in determining which bases would be closed. Massachusetts, for example, was the only state which did not vote for Richard Nixon in the 1968 presidential election: at the same time that the Charlestown Navy Yard was closed, closure or realignment actions were also initiated at the Boston Army Base/South Boston Naval Annex, Chelsea Naval Hospital, parts of both Otis and Westover Air Force Bases, and the Springfield and Watertown Arsenals, all which are located in Massachusetts. Neither a close analysis by the Department of Defense of future military needs, nor an analysis of the local impact of the base closures was undertaken. Economic assistance to affected communities to adjust to a base closure helped the transition, but minimal advance planning by these communities meant that there was little local input regarding reuse (Metropolitan Area Planning Council, 1991:12).

In 1977, Republican U.S. Representative William Cohen of Maine and Democratic House Speaker Thomas P. O'Neill of Boston, both of whose congressional districts had been the

frequent targets of Pentagon budget cutters, persuaded Congress to require an environmental impact report before closing any base. The procedure required by the law was long, complicated, expensive, and open to legal challenge. Its result was just what its sponsors intended, and more: not a single military base was closed down between 1977 and 1988 (Sylvester, 1988).

In 1988 Congress passed the Base Closure and Realignment Act to minimize the effect of politics in the selection process and to implement an efficient and cost effective base closure program. The Act set up a commission to select bases for closing, and allowed closures to occur in advance of the completion of environmental impact reports. As a result of the 1988 Base Closure Commission's recommendation more than 60 bases were closed.

Amendments to the 1988 Act resulted in a new 5 year plan for closing bases throughout the United States, which was approved by Congress in October, 1990. The Defense Base Authorization and Realignment Act of 1990 and the Defense Economic Adjustment, Diversification, Conversion, and Stabilization Act of 1990 established the procedures to be followed and provided conversion planning funds.

The 1990 base closure bill established a procedure for the identification of bases to be closed or realigned in 1991, 1993, and 1995. The Secretary of Defense makes preliminary recommendations based on military value,

return on investment, and impacts. In each of the three years the Department of Defense submits a Force Plan to Congress which is then reviewed by a presidentially-appointed Base Closure Commission. This commission serves as both a check on the Pentagon and a public forum to allow input from affected communities, which almost always challenge the selection of the local base for closure. During the 1990 review process a number of changes were made in the list of bases that was originally submitted by the Secretary of Defense, and several bases were taken off the list.

In 1991, the Commission recommended to President Bush that 27 major bases and 8 smaller installations be closed, and that 42 other activities be given revised or expanded roles. The President could have asked the Commission to revise the list, accepted the recommendations, or taken no action, which would have had the effect of a veto. President Bush accepted the list as submitted. Congress was then required to vote to either accept or reject the entire list. In the case of the 1991 list, Congress voted to accept. It is estimated that the base closings on the 1991 list will save \$1.5 billion per year beginning in 1998. It is likely that much more extensive cuts will be made in 1993 and 1995, for which planning will begin in 1992 (Metropolitan Area Planning Council, 1991:13-14).

Local economic impact is a factor of consideration in the Defense decision-making process. To the extent

possible, Defense actions are implemented in a manner that will minimize the impact. An Economic Adjustment Program was initiated for this purpose in May, 1961. Since 1970, adjustment assistance has been rendered through the President's Economic Adjustment Committee (EAC), which is composed of 18 federal departments and agencies and is chaired by the Secretary of Defense. The role of the EAC is to help communities "help themselves" by working with local, state, and federal agency representatives to develop strategies and coordinate action plans to generate new job opportunities and alleviate serious social and economic impacts which result from Defense changes. The Office of Economic Adjustment (OEA) serves as the permanent staff for the Committee (Office of Economic Adjustment, 1990:1).

Environmental impact is also a factor of consideration in the Defense decision-making process. For example, once a base is declared excess and the federal real estate screening process is complete, an environmental impact statement is prepared in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). The purpose of this action is to study the disposal of federal land and facilities to a non-federal entity. The local community affected by the base closure is asked to develop a reuse plan which may provide a basis for determining the extent of potential impacts that could reasonably be expected to occur. This

reuse plan is normally in the form of a master plan, and includes zoning, land use, utility, and transportation elements. Funding for the preparation of such a plan is available to the community under United States Code Title 10, Section 2391, "Military Base Reuse Studies and Community Planning Assistance", if the Secretary of Defense determines that the closure of the base is likely to impose a significant impact on the affected community. A significant impact involves the loss of 2,500 or more full-time Department of Defense and contractor employee positions in the locality of the affected community.

CHAPTER V

A MODEL PROPERTY DISPOSAL PROCESS

The disposal of a military property is initiated when the President and the Congress make a final decision to close the base itself, and the property is determined to be "excess". When a piece of property is declared "excess" by a federal agency it is turned over to the General Services Administration for disposal, which then offers the property to other federal agencies. If no other federal agency expresses an interest in acquiring the property it is declared "surplus", and is offered to state and local governments. If no public agencies make a suitable bid, the property is then offered for sale to the private sector on a competitive bid basis. Although property is ordinarily sold at fair market value, "discounts" of up to 100% are given on the transfer of property which is to be reused for public airports, wildlife conservation, historic monuments, or health or educational purposes.

The turnover of military property from federal to private ownership has become increasingly complex in recent years because of the economic distress which often accompanies it. The average time needed for the

successful reutilization of a decommissioned base has been estimated at a minimum of 3 to 5 years, during which time small businesses and real estate values are often particularly hard hit. Asbestos and hazardous material contamination, environmental issues, and the costs of remediating these problems on military bases are major concerns of both the government and affected communities. It has been estimated by the Inspector General of the Department of Defense that the cleanup bill at military bases could be as high as \$200 billion (Metropolitan Area Planning Council, 1991:16). Serious problems also arise if no suitable use is found for a decommissioned base and the government is forced to act as a caretaker. Any uncertainty over the future use of a base serves to divide the community over the best option for its reutilization, and to jeopardize the plans of potential users by delaying the reutilization process itself. From the perspective of the local military command, the negative effects of base closure on both service and civilian personnel can be devastating. Morale plummets and command budgets are cut substantially. Employees who leave are often not replaced, even though their services may still be required. In the Navy, the responsibility for much of the planning needed to close a base is delegated to the command itself, thereby placing additional burdens on an already overtaxed staff.

The closure of a base may impact only one small town, or it may affect an entire regional economy. Once the decision is made to close a base, the number of competing ideas for the reuse of the base's facilities can be overwhelming. The current centralized system of government assistance to communities affected by base closures is coordinated by the Economic Adjustment Committee, and involves 18 federal departments and agencies. The nature of this system allows competing interests to use politics to unwittingly extend the economic distress of a base closing by failing to arrive at a consensus over redevelopment priorities. What is needed is a modification of the existing property disposal process which will allow decisions to be made quickly and efficiently, with the greatest amount of concurrence possible among all interested parties.

The case study outlined earlier in this paper showed the dramatic impact of the Boston Redevelopment Authority on the redevelopment of the Charlestown Navy Yard. Similar local organizations should either be incubated or expanded (in the case of inadequate existing organizations) to fulfill a comparable role in every base closure initiative. The coordinating actions of the Economic Adjustment Committee could then be delegated to these organizations as local representatives, which would then be responsible for negotiating a set of turnover agreements between participating federal agencies and

departments, the vacating military service, and the local community. The subject of one of these agreements might be anything from a timetable for the cleanup of a site that has been contaminated by improper hazardous material disposal to the payment of maintenance, repair, and utility costs for buildings which have been vacated by the military but have not been reoccupied by new tenants. The overall result of these negotiated agreements should be part of a comprehensive plan which will minimize the period of time that is required to return a closed base to productive reuse.

Once a closed base is determined to be excess property it is turned over to the General Services Administration for disposal. Under the Model Process the subsequent reuse screening to determine interest in the property by other federal agencies would be strictly limited to a period of no more than six months. The failed Breaux-Johnston amendment to the FY 92/93 Defense Authorization Bill would have modified existing property disposal procedures even further by transferring decommissioned military bases directly to the communities which were affected by base closure actions. Under the Model Process, however, "surplus" properties (those in which no federal agencies express an interest) would then be offered to state and local governments, who would be required to designate a "Redevelopment Coordinator" as a condition of their interest. The Redevelopment

Coordinator would be the sole authorized representative of local government for all decisions and negotiations concerning the turnover and subsequent reuse of a decommissioned base. In the case of competing governments vying for control of a particular property, a proposal system would be established by the General Services Administration in order to determine the most qualified group. The Redevelopment Coordinator would also be responsible for the management of the public half of all partnerships with private enterprise that are established in the process of redeveloping a base. Management responsibilities might include such actions as:

- Coordination of efforts required to make zoning changes that are critical for redevelopment.
- Preparation of grant proposals in order to compete for project-related federal, state, or local funding.
- Initiation and implementation of creative development proposals, such as designating part of a closed base as the receiving area for a Transfer of Development Rights (TDR) program.

The general role of the Redevelopment Coordinator is a delegated version of the role of the Office of Economic Adjustment (OEA). The OEA is responsive in base closure actions for:

- tailoring government assistance to local needs and capabilities.

- joining available Federal, state, and local government resources with those of the private sector to achieve adjustment goals.
- replacing lost jobs.
- assisting in the conversion of surplus military facilities to civilian job producing uses such as airports, schools, and industry.

The Redevelopment Coordinator would also be responsible for negotiating a fair price for the purchase of each parcel of real estate on a surplus base. Since the federal government has a vested interest in selling its property at the highest possible price (in order to defray some of the high costs of environmental remediation on the average base), the Redevelopment Coordinator would balance this interest by acting as a professional bargaining agent for local government. In cases where a piece of property could not be readily disposed of, the Redevelopment Coordinator would be compensated by the government for acting as an interim caretaker. The Redevelopment Coordinator could be an existing organization like the Boston Redevelopment Authority or it could be established on an ad hoc basis, but it must be staffed and managed by experienced design, engineering, financial, legal, and planning professionals.

Regardless of the impact of a base closure on a particular community, the scope of 10 U.S.C. 2391, "Military Base Reuse Studies and Community Planning

Assistance," should be expanded to include funding for all base closures, not just those that involve 2,500 or more government employee positions. Expanded funding of this type could be used to augment the staff of an existing Redevelopment Coordinator, or to create an ad hoc coordinator via a contract with a civilian planning firm. Funding should also be provided to retain professional planners (or military reserve engineering officers on active duty) to assist military professionals at each base in formulating closure procedures that are consistent with the needs of both the military service and the local community.

CHAPTER VI

ADVANTAGES OF THE MODEL PROPERTY DISPOSAL PROCESS

The closure of a surplus military base involves the dissolution of an old public-private partnership and the potential inauguration of one (or more) new one(s). In the old partnership, the federal government invested substantial sums of money in a local economy, first by constructing a base and then by contracting with local businesses to meet its ongoing requirements. When a base is decommissioned, however, that economic lifeline is abruptly severed. The purpose of any new partnership(s) should be to construct a new economic lifeline that will address the needs of the community by combining equal levels of commitment (organizational and/or financial) from all of the partners involved, regardless of whether they are public or private. The nature of this proposed equality of commitment demands that all partnership agreements be derived from negotiation and cooperation. The idea of public-private partnership was advanced by Franklin Roosevelt during the Depression and was a central feature of President Carter's urban policy. It has been built into the regulatory process of the federal government since the late 19th century, and has been a

standard principle to be encouraged in government planning and policy making since the adoption of the Administrative Procedures Act in 1946 and in citizen participation regulations and practices that have grown dramatically since then (Langton, 1983:257).

The formulation, augmentation, or incorporation of a quasi-public organization similar to the Redevelopment Coordinator (outlined above in the Model Property Disposal Process) would provide the following advantages in the process of redeveloping a closed base:

- Structural independence from city government.
- Expansion of public powers because such institutions are not constrained by city charters.
- Privacy of negotiations: "Negotiations for the sale or lease of public property can occur without constant public scrutiny or bidding procedures."
(Privacy of negotiations in the sale of property on a closed base would allow the Redevelopment Coordinator to present a unified voice for the community after citizen input had been received.)
- Coordination of public and private resources.
- Continuous access to public officials by private developers.

(National Council on Urban Economic Development 1978:3)

A regional example of the potential benefits of structural independence from both local and national government and the expansion of public powers exists in

the Tennessee Valley Authority (TVA). Although the TVA has not entered into public-private partnerships, its success serves to illustrate the productive advantages of its separation from direct governmental influence. The United States Congress established the TVA in 1933 to guide the conservation and development of the Tennessee Valley's resources. The Tennessee Valley Authority Act was a unique piece of legislation because it provided broad policy directives and specific responsibilities for the TVA, but left considerable room for interpretation of the law by the agency. Up to this time most government corporations were established for a specific purpose and were not autonomous, separated from other departments or branches of government (Lowitt, 1983:35). The area to be served by the TVA was located in what was possibly the poorest part of the poorest region in the United States at the time of the New Deal. East Tennessee, southwest Virginia, western North Carolina, northwest Georgia, north Alabama, and northeast Mississippi were the most deprived sections of their respective states and generally were not favored by the political factions dominating their states. Moreover, the services provided by state, county, and local government throughout the Tennessee Valley were very limited in 1933. In seeking to develop the region, TVA did not compete with agencies of these entities. In many instances TVA assisted in the development of state, county, and local agencies and turned over to them some of

the programs it developed. In addition, TVA did its best to keep some federal agencies out of the Valley and therefore unable to compete with or challenge its programs. In short, TVA had unprecedented opportunities for planning and developing one of the most neglected regions in the eastern part of the United States (Lowitt, 1983:37). Through the construction of a series of dams, TVA practiced multi-purpose development by coordinating programs (flood control, power development, transportation, soil conservation, forestry, etc.) to a level that had not previously been achieved elsewhere.

The overall purpose of the Redevelopment Coordinator, however, is not to provide benefits to developers and private sector investors at public expense. Cities that suffer substantial economic distress as the result of a base closure should not be held hostage by private development interests. The administrative delegation of federal economic adjustment assistance to the local level would change the current system by empowering a more active public planning presence in redevelopment policy. The Redevelopment Coordinator would assist in the incubation of local organizations to engage in strategic planning and deliver development services, public workshops on resource allocation, and increased public access to information necessary for informed decision making. This more active public planning presence might also result in the adoption of linkage policies which

require developers to contribute to special funds to meet community needs in such areas as housing, job training, public transportation, and child care in return for lucrative development rights (Porter 1985; Keating 1986).

In addition to promoting cooperation between the public and private sectors, the organization of the Redevelopment Coordinator is intended to eliminate the two major problems of many partnerships:

- The tendency not to involve citizens who may be affected by the effort.
- The tendency to include only dominant and established institutions and influential leaders to the exclusion of others.

The absence of citizen participation is a serious potential problem since a partnership can proceed just as arbitrarily as government often has in imposing a decision or a solution to a problem. Just because an activity is called a partnership does not mean it is democratic or sensitive and responsive to the community. In fact, it is possible that partnerships which are exclusionary and controlled by elite institutions may have greater potential for ignoring the advice and concerns of citizens than do many government projects that require citizen participation procedures. The only way a partnership can truly achieve a community connection is by providing meaningful opportunities for citizen participation. And, it is only when such opportunities are provided that

leaders of a partnership venture can accurately anticipate the potential impact of their efforts on the community as a whole (Langton, 1983:259-260). The role of the Redevelopment Coordinator includes the responsibility for identifying citizens who may be affected by a base closure/redevelopment effort, and for factoring their needs and expectations into any agreements that are made. The Redevelopment Coordinator thus becomes the advocate for people who might normally be excluded from the decision making process by providing them with the same opportunities for representation that are often afforded only to the elite. The overall result should be the democratization of the entire redevelopment process.

CHAPTER VII

CONCLUSION

The first part of this paper outlines the pivotal role of the Boston Redevelopment Authority in the redevelopment of the Charlestown Navy Yard. The second part outlines the process by which military bases are selected for closure, and the disposal process by which surplus property is converted to alternate uses. A Model Property Disposal Process is also presented, which calls for the services of a Redevelopment Coordinator in order to minimize the local economic disruption that accompanies any base closing. The Redevelopment Coordinator fosters and supports the use of public-private partnerships which employ comprehensive planning and implementation in the redevelopment of closed bases, focusing on the following objectives:

- Tailoring government assistance to local needs and capabilities.
- Joining federal, state, and local government resources with the private sector to achieve redevelopment goals.
- Replacing lost jobs.

- Converting surplus facilities to civilian job producing uses.

As an example of a model Redevelopment Coordinator, the Boston Redevelopment Authority (BRA) successfully accomplished the following results by addressing the objectives outlined above:

- In order to prepare the Navy Yard for commercial and residential development the BRA aggressively pursued funding from federal, state, and local agencies which deal with the problems of economic adjustment. The massive \$11 million public improvements program which resulted from a creative blend of these sources served as the catalyst for the Navy Yard's current economic success. Redevelopment goals were targeted towards meeting the city's critical needs, and were based on the premise that the local community should receive direct economic benefits from the redevelopment of the Navy Yard.
- The BRA was able to make extensive use of three programs offered by the Commonwealth of Massachusetts to achieve its redevelopment goals by qualifying the Historic Monument Transfer Area as a Commercial Area Revitalization District (CARD). As a result of this action, the BRA was able to meet the initial requirement for parking facilities in the Navy Yard, and to utilize tax-free industrial

revenue bond financing for redevelopment projects. The BRA was also able to assist in establishing employment and training programs for local residents.

- When the original planning for the Navy Yard failed to meet its intended goals of providing access to the waterfront, affordable housing, and jobs for local residents, the BRA was able to reorient the direction of redevelopment through the Harborpark Plan and through the Master Plan for the Yard's End. Both of these plans were a product of the BRA's community-based planning process, and were important factors in providing the substantial employment, housing, and recreational opportunities that have accrued to local residents as a result of the redevelopment of the Navy Yard.
- When the Charlestown Navy Yard was decommissioned in 1974, the community was faced with the eventual loss of a potentially valuable cultural asset in addition to the immediate loss of thousands of jobs. In fulfilling the role of Redevelopment Coordinator, however, the BRA was also able to assume ownership of the property. By negotiating with the federal government for the title to the Navy Yard and with private investment organizations for its redevelopment, the BRA was able to preserve and enhance the architectural, historical, and

environmental character of the site in addition to meeting the needs of the community.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development (HUD) was established by the Department of Housing and Urban Development Act (42 U.S.C. 3532-3537), effective November 9, 1965. HUD is the principal Federal agency responsible for programs concerned with the Nation's housing needs, fair housing opportunities, and improvement and redevelopment of the Nation's communities.

Although HUD administers many programs, its major functions may be grouped into six categories, which include:

- Insuring mortgages for single-family and multi-family dwellings and loans for home improvement and the purchase of mobile homes;
- Channeling funds from investors into the mortgage industry through the Government National Mortgage Association;
- Making direct loans for construction or rehabilitation of housing projects for the elderly and the handicapped;
- Providing Federal housing subsidies for low and moderate-income families;
- Providing grants to States and communities for community development activities; and
- Promoting and enforcing fair housing and equal housing opportunities.

(Office of The Federal Register, 1991/1992a:331)

ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Development Administration was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121), to generate new jobs, to help protect existing jobs, and to stimulate commercial and industrial growth in economically distressed areas of the United States. Assistance is available in rural and urban areas of the Nation experiencing high unemployment, low income levels, or sudden and severe economic distress. The basic programs include:

- Public works grants to public and private nonprofit organizations and Indian tribes to help build or expand public facilities essential to industrial and commercial growth. Typical projects are industrial parks, access roads, water and sewer lines, and port and airport terminal developments;
- Loan guarantees to industrial and commercial firms. Proceeds from the loans may be used for working capital to maintain and expand operations or for fixed assets such as purchase of land, construction of plants, and the purchase of machinery and equipment;
- Technical assistance and grants to enable communities and firms to find solutions to problems that stifle economic growth. Under the technical assistance program, funds are used for studies to determine the economic feasibility of resource development to

establish jobs and to provide on-the-scene assistance to help business overcome a wide range of management and technical problems through university centers;

- Planning grants to states, cities, districts and Indian reservations to help pay for the expertise needed to plan, implement, and coordinate comprehensive economic development programs; and
- Special economic adjustment assistance to help state and local governments in solving recent and anticipated severe adjustment problems, resulting in abrupt and serious job losses, and to help areas implement strategies to reverse and halt long-term economic deterioration.

(Office of The Federal Register, 1991/1992b:156)

GENERAL SERVICES ADMINISTRATION

The General Services Administration (GSA) was established by Section 101 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 751). The GSA establishes policy for and provides economical and efficient management of Government property and records, including construction and operation of buildings, procurement and distribution of supplies, utilization and disposal of property; transportation ,traffic, and communications management; and management of the Government-wide automatic data processing resources program.

Within the GSA, the Federal Property Resources Service maintains an extensive program to provide for the proper utilization and disposal of Government real property. The goal of this program is to provide for the efficient and economical utilization of Federal real property and the disposal of any real property surplus to Federal requirements.

(Office of The Federal Register, 1991/1992c:609,620)

INDUSTRIAL REVENUE BOND FINANCING

1. Description

Industrial Revenue Bond (IRB) Authorities generally require legislation setting up a public or quasi-public revenue bonding authority. Title to the property is held by the revenue bonding authority who leases the property (often with an option to purchase) to the developer or user. Title in the name of the revenue bonding authority is required to obtain the federal tax exemption. A mortgage is placed upon the property by the lender. The lender may take additional collateral from the user, but not from the revenue bonding authority. As a result, no guarantee or general obligation of the municipal government or the bonding authority is attached to any project. The bonding capacity of the municipality is in no way affected by the existence of the IRB. If default occurs, the lender may foreclose on the property and pursue any additionally provided collateral from the user or the developer, but has no right to pursue the revenue bonding authority.

2. Advantages

IRB's can increase a project's profitability by decreasing interest expense because interest paid on an IRB is exempt from federal income tax. Because revenue received by a lender from an IRB borrower is not taxed by the IRS, the lender can make an equal or higher rate

of return while charging a lower interest rate. Market forces pass part of this tax savings on to borrowers through lower interest rates. This rate savings tends to approximate 2-3%. An additional advantage of IRB's is that they may be used to decrease equity investment, since IRB's are often booked in a bank's bond department (mortgages are booked in a bank's real estate department). Bank real estate departments tend to have fixed loan-to-value ratios which are less than 100%, while bond departments often ignore loan-to-value ratios and focus on the credit worthiness of the borrower and the rates of return. Bond departments may thus book loans of 100% of product cost.

3. Disadvantages

IRB's are limited in their flexibility, which may cause the following problems:

- A. Special legislation is required to set up an IRB authority. Many areas do not have IRB authorities because special state enabling legislation is required.
- B. In some areas, the cost of obtaining an IRB can be high relative to the savings in interest cost. When considering the IRB option, the upfront cost of obtaining an IRB must be deducted from the savings which occur over time.
- C. IRB's may be inflexible because some IRB authorities will only finance new construction,

while other IRB authorities will only operate in
certain geographic areas.

(The National Development Council, 1980a:991-996)

INDUSTRIAL REVENUE BOND FINANCING WITH TAX ABATEMENT

1. Description

Tax abatement authority may be offered separately from an IRB or in conjunction with it. Tax abatement is offered to the land owner (developer or owner-user in a non-IRB project) or to the primary tenant (IRB project). Although tax abatement increases the developer's rate of return by lowering expenses, the secondary tenant of the developer sees little benefit unless the savings are passed along in lower rents. Tax abatements are designated for a specific period of time (5, 10, or 20 years), and are often on a sliding scale (falling from 90-100% abatement of the tax value of improvements to 0% over the period of abatement).

2. Advantages

- A. Tax abatement lowers the expenses in a project, thereby raising the rate of return to the developer.
- B. Tax abatement lowers the cost of occupancy to an owner-user, thereby giving the subject property a competitive advantage over other properties.
- C. Property taxes act as disincentive to improving property. Tax abatement removes this disincentive by allowing a business to make improvements without incurring additional tax liability.

- D. Over the long term, tax abatement enhances a city's tax base by encouraging the improvement of property.

3. Disadvantages

- A. Tax abatement limits the tax revenue stream of a city for a period of time.
- B. Obtaining tax abatement can be a lengthy process.

(The National Development Council, 1980b: 995-990)

NATIONAL PARK SERVICE

The National Park Service was established in the Department of the Interior on August 25, 1916 (16 U.S.C.1). The National Park Service administers for the American people an extensive system of National Parks, monuments, historic sites, and recreation areas. The objectives of the National Park Service are to administer the properties under its jurisdiction for the enjoyment and education of the public, to protect the natural environment of the areas, and to assist States, local governments, and citizen groups in the development of park areas, the protection of the natural environment, and the preservation of historic properties.

The National Park Service also administers the following programs: The State portion of the Land and Water Conservation Fund, Nationwide Outdoor Recreation statistics and information and State comprehensive outdoor recreation planning, planning and technical assistance for the National Wild and Scenic Rivers System, and the National Trails System, natural area programs, the National Register of Historic Places, national historic landmarks, historic preservation, technical preservation services, Historic American Buildings Survey, Historic American Engineering Record, and interagency archeological services.

(Office of The Federal Register, 1991/1992d:347-348).

THE BOSTON REDEVELOPMENT AUTHORITY (BRA)

Established in August 1957 at the request of the mayor and city council, the Boston Redevelopment Authority is responsible for the city's urban renewal and planning activities. Its administrative budget is appropriated from Boston's consolidated budget. Various federal and state sources and income from leasing property provide the remainder of its funds.

In 1960, when the city planning board was abolished, its staff was transferred to the BRA. The functions, duties, and responsibilities for general city planning and development were consolidated in this one agency, which was empowered by state law as the city's redevelopment authority. As such, the BRA is authorized through U.S. Department of Housing and Urban Development (HUD) contracts to finance slum clearance, urban renewal, open space programs, urban beautification, and other programs designed to prevent the spread of urban blight.

The BRA manages the process of development in the city. As the city's planning agency, it functions as economic coordinator and expeditor for development projects. Moreover, the agency is responsible for analyzing and monitoring development, and for assuring that development activity produces the jobs, economic benefits, and tax revenues that strengthen the local economy. The departments of the Authority that are organized to implement this role include Community Planning and Development, Development and

Urban Design, Environmental Review, Land Use and
Environmental Policy, Research and Policy Development, and
Zoning (Levitt, 1987:24).

THE PRESIDENT'S ECONOMIC ADJUSTMENT COMMITTEE

- Department of Defense
- Department of Agriculture
- Department of Commerce
- Department of Education
- Department of Energy
- Department of Health & Human Services
- Department of Housing & Urban Development
- Department of the Interior
- Department of Justice
- Department of Labor
- Department of Transportation
- Department of Economic Advisors
- Office of Management & Budget
- Arms Control & Disarmament Agency
- Environmental Protection Agency
- General Services Administration
- Small Business Administration
- Office of Personnel Management

(Office of Economic Adjustment, 1990)

THE URBAN DEVELOPMENT ACTION GRANT PROGRAM

Initiated by the Carter administration in 1978, the Urban Development Action Grant (UDAG) program was authorized under the 1977 Housing and Community Development Act. The purpose of the UDAG program is to revitalize distressed cities by stimulating economic development, which in turn creates new permanent jobs and net new tax revenues. The program is based on the concept that cities can be most efficiently revitalized by the private sector, with the public sector providing "gap" money to make opportunities within the distressed cities comparable with the opportunities available to development firms outside of distressed cities. Development within cities involves costs not required in the suburbs, such as relocation, demolition, and structured parking; often these costs are not totally offset by higher rental income. In funding this economic gap, the UDAG program makes projects within distressed cities attractive development opportunities for the private sector. The result is economic development through a public/private partnership.

Action Grants are highly flexible, and grant money can be used in virtually any way provided that it is causing new private development for jobs and taxes and is not resulting in the relocation of jobs from one distressed city to another. For example, grants may be used for public infrastructure (water, sewer, streets, underground utilities), parking, relocation, demolition, land

acquisition, equipment, interest subsidies on loans, and subsidies to developers for extraordinary costs, real property improvements and certain fixed equipment. To the extent possible, Action Grants are structured to avoid "up front" grant expenditures. This is a deliberate administrative strategy to insure that the private sector will, in fact, proceed before the grant funds are spent. (Black et al. 1980:100-101).

This program is not currently funded and therefore no new grants are being awarded.

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BIOGRAPHICAL SKETCH

Scott Philip Calisti was born on September 23, 1955 in Somerville, New Jersey. He grew up in Westwood, Massachusetts, and graduated from the Roxbury Latin School in May, 1973. Mr. Calisti then entered the University of Pennsylvania, where he received the degree of Bachelor of Arts in Architecture in 1977. In September, 1979 Mr. Calisti entered Kent State University as a graduate student and teaching assistant in the School of Architecture. He graduated with the degree of Master of Architecture in May, 1981. In September, 1981 Mr. Calisti was commissioned as a Lieutenant (junior grade) in the Civil Engineer Corps of the United States Navy, and has since served in duty stations in Naples, Italy; Cairo, Egypt; and Philadelphia, Pennsylvania. He has subsequently received two promotions in grade, and currently holds the rank of Lieutenant Commander. Lieutenant Commander Calisti is a registered architect in the Commonwealth of Pennsylvania. He will return to active duty in the Navy after his graduation from the University of Florida in December, 1992.