



**STATEMENT**

**OF**

**MICHAEL ANGELO HOULEMARD, JR.**

**PRESIDENT, ASSOCIATION OF DEFENSE COMMUNITIES  
*AND*  
EXECUTIVE OFFICER, FORT ORD REUSE AUTHORITY**

**TO THE HOUSE COMMITTEE ON ARMED SERVICES  
SUBCOMMITTEE ON MILITARY READINESS**

**December 12, 2007**

**Statement of Michael Angelo Houlemard, Jr.**  
**President, Association of Defense Communities**  
**and**  
**Executive Officer, Fort Ord Reuse Authority, Monterey County, CA**  
**to the**  
**House Committee on Armed Services**  
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Chairman Ortiz, Mr. Forbes, distinguished Members of this Subcommittee, and staff, thank you for the opportunity to appear before you today. I am Michael Houlemard, President of the Association of Defense Communities (ADC) and also Executive Officer of the Fort Ord Reuse Authority. I am honored to have this opportunity today to discuss the experiences of communities impacted by the 2005 round of Base Closure and Realignment (BRAC) and lessons we have learned from previous closures. ADC hopes that its experiences in working with the nation's defense communities provides you with an important source of information as you consider the progress of BRAC implementation.

**Association of Defense Communities**

As you may be aware, ADC is the nation's premier membership organization supporting communities with active, closed and closing defense installations. Our 1,300 members unite the diverse interests of communities, the private sector and the military on issues of mission enhancement, realignment, community-installation partnerships, public-private partnerships and closure/redevelopment.

For more than 30 years, ADC has been the voice of communities addressing the challenges and opportunities of active and closed military installations. ADC was originally known as the National Association of Installation Developers, formed by a group of airport managers at former military facilities in Kansas, Oklahoma, and Texas. These individuals organized the Airpark Development Study Conference in Clinton, Oklahoma, to provide managers and owners of former military bases the opportunity to exchange ideas, discuss experiences and learn new techniques for operating and identifying reuse opportunities for former military installations.

Shortly after that first meeting, with assistance from the Defense Department's Office of Economic Adjustment (OEA), the association was organized by

operators of former military installations in the Midwest and communities where bases had been scheduled for closure in April 1973.

Several years ago, the organization changed its name to the Association of Defense Communities, or ADC, to reflect an expanded mission that has evolved to address issues at all defense communities — communities redeveloping former military bases as well as those with active military installations.

Today, ADC's members include communities responding to the full range of BRAC impacts, including major base closure, mission growth and realignment. Our membership also counts numerous communities affected by previous BRAC rounds still coping with the impact of closure and environmental problems. ADC's diverse membership places us in a unique position to address the successes, challenges and concerns of defense communities.

On a personal level, my experience with military-community interaction involves the closure of the Fort Ord Military Installation and the ongoing connections with the Naval Postgraduate School and the Defense Language Institute in Monterey, Calif. I have served as the Executive Officer of the Fort Ord Reuse Authority (FORA) for the past 10 years. FORA is responsible for the redevelopment of the former Fort Ord, which was listed for closure as a part of the 1991 BRAC round, and is a 45-square mile facility located on the Monterey Peninsula, including the cities of Marina, Monterey, Seaside and Del Rey Oaks. Portions of the former Fort Ord provide support for the ongoing military mission in our community.

Today, I would like to cover three key themes with you: 1) the unique challenges facing growth communities, 2) property transfer issues affecting redevelopment and 3) the need for certainty when it comes to responding to BRAC recommendations.

### **Communities Experiencing Growth Face Unique Challenges**

An unprecedented shift is occurring within our defense infrastructure as military personnel are moving between bases and communities. More than 20 communities are experiencing large-scale growth stemming from BRAC 2005 actions, military transformation and overseas rebasing. Growth communities face a series of unique challenges rarely encountered by the Defense Department. The large influx of soldiers, sailors, airmen, scientists, engineers, and mission support contractors will prompt major changes on the installation as well as in neighboring communities.

The Office of Economic Adjustment (OEA) and the U.S. Department of Labor's Employment and Training Administration have met this challenge by actively supporting growth communities. Both of these agencies have quickly adapted to the needs of these communities, offering grants and technical assistance to support the growth planning process.

Immediately after the BRAC recommendations became law, growth communities formed planning groups to prepare for an expanding population. These organizations have been instrumental in educating their communities about the impacts of mission growth.

For most growth communities, the arrival of thousands of new residents places a considerable strain on local infrastructure. As you will hear later today, there is an increasing demand for schools in growth communities. In addition to schools, communities must also provide healthcare, roads, police, fire, child care, sewer and other municipal services that historically have been provided on base with federal funds.

Growth communities are both eager to support their local installation and anxious to welcome the arriving missions. However, many communities, especially rural ones, face overwhelming financial challenges if they are to fully support such a large influx. While this growth will generate additional revenue for state and local governments, this funding stream will significantly lag behind the need for improvements and lack the certainty needed to secure infrastructure financing. Direct assistance — in the form of assurances, loans, grants, or a combination thereof — from federal and state governments is essential if growth communities are to bridge the funding gap and meet initial infrastructure requirements associated with military growth.

Accommodating growth is costly and the resulting needs should be carefully analyzed as Congress considers the implications of relocating tens of thousands of military personnel across political and geographic boundaries. This burden should not fall solely on local communities that have enthusiastically supported the military presence for decades. ADC encourages growth communities, the Defense Department and other federal agencies, such as the Departments of Transportation, Housing and Urban Development, Commerce and Education, to collaborate on finding creative solutions to address mission growth.

ADC supports all echelons of government working together to support service members and their families relocating to new installations.

## **Closure Communities Confront Multiple Hurdles**

ADC has represented defense communities and tracked the base closure process for over 30 years and through all five rounds of closure. From this historical perspective we have observed several trends throughout the course of reuse planning, environmental remediation, property disposal and economic development.

We applaud the efforts led by the Defense Department and the military services in supporting BRAC 2005 closure communities in the initial planning process. In particular, we would like to commend the Office of Economic Adjustment for the tremendous technical and financial assistance it provides. As a result of this support, communities have quickly formed Local Redevelopment Authorities (LRAs) and are creating reuse plans to guide the redevelopment of their closing installations.

It is in the subsequent phase of the redevelopment process, however — after the community reuse plan has been completed — that some of the most significant problems arise for communities. Once the base is finally closed and the last soldier or sailor leaves, communities encounter new challenges. Maintenance of an installation's infrastructure, remediation of contamination generated over decades of use, and the process of transferring valuable and sometimes not-so-valuable real estate can present stumbling blocks for closure communities. Based on our members' experiences, ADC expects these issues will again arise for BRAC 2005 communities, potentially delaying or hindering successful community-driven base reuse.

### **1. Maintaining Facilities**

The first concern is whether the services will have sufficient resources to maintain facilities after the last personnel leave. Caretaker needs have traditionally been an under-funded part of the BRAC account. Military installations often include historic structures, airports, runways, hospitals, and technical facilities that require continuous care and attention to prevent their deterioration. Physical infrastructure needs to be maintained to be of use and value to the Department of Defense as the disposal agent and to the community as the ultimate recipient of those facilities. Communities incorporate some or all of the existing base facilities and infrastructure into their reuse plans.

One example of the adverse impact of neglecting maintenance occurred at the former Fort Ord in the late 1990s. Following the post's closure, the Army boarded up and disconnected infrastructure to over 3,000 family housing units in a region that desperately needed low-and moderate-income and workforce

housing. Property transfer was delayed for several years and the assets laid fallow the entire time. The combined result was that the facilities became uninhabitable and the services unusable, and all are being demolished or replaced.

## **2. Environmental Cleanup**

A second issue for base closure communities is the pace at which land at closed installations will be cleaned. In most cases, an installation must be remediated before it can be transferred to the community for redevelopment. In each of the prior rounds of base closure, actual environmental remediation costs have exceeded, by many times, DoD's estimates.

Higher costs translate into extended cleanup efforts, hindering communities' redevelopment plans. The Defense Department's obligation for environmental remediation is a statutory as well as a moral and ethical responsibility of the federal government. Based on communities' past experience, ADC is concerned whether adequate funding will be available for either BRAC 2005 closure communities or pre-2005 closure communities.

## **3. Property Disposal**

When it comes to the issue of property disposal, closure communities are concerned that the military services' reliance on public sales will harm their prospects for successful redevelopment. ADC fully understands that public sales are a valuable tool for the Department to offset some of its BRAC implementation costs — including remediation — especially when market conditions are favorable. During an economic downturn, however, relying on public sales likely would slow a community's recovery. Even in the healthiest markets, selling surplus property to the highest bidder cannot be expected to produce similar results as recent sales by the Navy. Without a viable real estate market to absorb large parcels from closed bases, community redevelopment efforts could come to a halt.

Transferring property directly to the private sector while markets are unsteady could interfere with redevelopment in other ways as well. Developers may acquire property as long-term investments or for land banking, a strategy at odds with the community's reuse vision. In such a scenario, the community would be deprived of achieving its goals for job creation.

ADC believes that there is an obligation for the federal government to consider more to disposal and reuse than just monetary gain to the Department of Defense. As the economy slows, we hope the Department will rely on other property disposal tools, such as economic development conveyances —

including at no-cost — to dispose of base property and ensure successful and speedy community-driven reuse.

### **Certainty: A Requirement for Communities to Respond to BRAC Recommendations**

In the two years since the BRAC 2005 recommendations became law, closure and growth communities have launched comprehensive planning efforts to respond to the economic changes slated to arrive by September 2011. Closure communities — after the initial shock of the loss of a primary economic engine for the region — are faced with decisions on reuse, economic growth, job creation and the maintenance of a viable tax base. The closure of a base can have a dramatic and immediate impact on property values, employment opportunities and community growth. Many LRAs have been aggressive in developing reuse plans, committing huge monetary and intellectual resources to shape their community's future. As 2007 closes, some of the local redevelopment authorities established in these communities already have completed their reuse plan; in most cases, creating a vision of how a former installation can be converted into a non-military community asset, providing jobs, homes, recreational opportunities and public spaces.

Similarly, as described earlier, communities that stand to gain missions and personnel as a result of BRAC are faced with difficult planning challenges. Meeting the demand for off-post support requirements for healthcare, schools, transportation and environmental infrastructure, housing, public safety and other municipal governmental responsibilities requires both a significant financial outlay and the effort of dedicated planning officials.

Driving the planning efforts in both closure and growth cases while ensuring they stay on track is the certainty of change. Whether it is the closure of a facility that residents have faithfully supported for decades or the influx of thousands — and in some cases, tens of thousands — of service members, their dependents, and civilian personnel to a burgeoning installation, a clear and firm decision is critical to community planning. A firm deadline provides communities the necessary certainty to allocate scarce public resources and attract private investment. The absence or erosion of certainty sends a dangerous message to the marketplace and to other communities affected by BRAC decisions, injecting doubt into an already complex and arduous process. Certainty helps local communities to budget resources and craft policies that will aid in their support of the military mission.

When it comes to the merits of amending a specific BRAC decision, ADC will not opine. That has been the association's stand for the past 30 years as it has supported all defense communities. ADC firmly believes that national security decisions such as BRAC are best made by Defense Department experts, the independent BRAC Commission, Congress and the President. At the same time, ADC reinforces and emphasizes its long-standing opposition to individual basing decisions being made outside of BRAC.

Over its history, BRAC has been an open and public process based on certainty and equity. The process has a defined timetable and steps for every affected community. Communities rely on this certainty and equity to make plans for dealing with the impacts of closures and mission growth movements. ADC is concerned by the unusual precedent that would be set by reopening base closure decisions outside of the BRAC process and cannot support an independent decision to that effect.

A secondary component of certainty is money. In addition to programmatic uncertainty, communities affected by BRAC 2005 must also be assured that the military services will receive an adequate stream of funding to carry out the BRAC recommendations. Delays in funding, or inadequate funding, will severely hamper the Department's ability to implement the BRAC 2005 recommendations. Given the complex nature of BRAC 2005, even minor delays or shortfalls in funding will have a ripple effect in numerous communities that can potentially disrupt the implementation of multiple BRAC recommendations.

## **Conclusion**

I hope ADC's experiences with defense communities give the Subcommittee some insight into BRAC implementation. For communities, whether closure or growth, BRAC 2005 will have a tremendous impact not only on real estate, but also on people, jobs and a way of life — an issue that impacts all aspects of a community.

In order for communities to adequately address the impacts of BRAC, there must be collaboration between all parties. We are encouraged by the Defense Department's willingness to work with defense communities to tackle the challenges of BRAC and hope that this positive relationship continues and that a true partnership between all stakeholders emerges.

Thank you for the opportunity to appear today as ADC looks forward to working with the Subcommittee in supporting America's defense communities.