

FINANCING MILITARY INSTALLATION REDEVELOPMENT

WHY IS MILITARY INSTALLATION REDEVELOPMENT FINANCING IMPORTANT?

The Base Realignment and Closure (BRAC) process presents communities the opportunity to redevelop surplus property at closed or realigned military installations. However, preparing an installation for civilian use can be very costly because many communities will need to make infrastructure improvements and formulate an economic stimulus package that attracts or retains businesses in or around the installation. To achieve a successful redevelopment plan—at both the planning and implementation stages—securing financial assistance and creating diversified financing mechanisms is essential.

FEDERAL ASSISTANCE FOR FINANCING INSTALLATION REDEVELOPMENT*

Planning Assistance

Dept. of Defense – [Office of Economic Adjustment](#) (OEA)

- **Base Reuse Planning and Community Economic Adjustment Assistance** – awards grants allowing military communities to develop a comprehensive base reuse plan when there is a federal property surplus and prepare economic development strategies and action plans when cutbacks in defense activities significantly affect local economies.

Infrastructure Development Assistance

Dept. of Commerce – [Economic Development Administration](#)

- **Public Works and Economic Adjustment Assistance Programs** – provide funding to help economically distressed communities plan and implement infrastructure improvement projects that generate long-term, private-sector jobs and investment.

Dept. of Transportation – **Federal Aviation Administration**

- **Military Airport Program** – awards grants to facilitate the conversion of military airfields for civilian or joint civilian/military use.

Worker Assistance

Dept. of Labor – [Employment and Training Administration](#)

- **National Emergency Grants** - provide grants to address the employment needs of workers impacted by BRAC actions.

Business Development Assistance

Various Federal Programs – complete listing available at OEA's [Coordinated Federal Resources](#) website.

- *Dept. of Treasury* – **Community Development Finance Institutions (CDFI) Program** – provides financial assistance to CDFIs able to leverage non-federal dollars for business development activities in underserved markets.
- *Dept. of Commerce* – **EDA Revolving Loan Funds (RLF)** – provide loans to help small business located in communities experiencing sudden and severe economic difficulties to generate and retain jobs.

STATE AND LOCAL PUBLIC FINANCE OPTIONS

Economic Development Incentives

- **Enterprise Zones** – designated by states, EZs are geographic areas in which the state offers tax incentives to businesses that locate to the zone. Primary benefits include sales tax exemptions and tax credits for job creation.
- **Local Agency Military Base Recovery Areas** – a state program in California, LAMBRA are established at designated closed military bases to stimulate growth and development through special tax incentives. The state also offers 1 to 9 percent bidding preferences (for certain state contracts) to businesses that conduct work in a LAMBRA zone and employ LAMBRA qualified workers.
- **Property Tax Abatement** – a temporary suspension of property tax payments primarily offered to existing businesses in an effort to stimulate reinvestment.

Tools for Public Infrastructure and Other Improvements

- **General Obligation Bonds** – a loan-type financing tool state and local governments utilize to finance infrastructure improvements. GO Bonds are repaid with general revenue.
- **Tax-Increment Financing (TIF)** – used in districts where taxes are collected from businesses in certain tax-revenue categories—primarily property and sales taxes—to pay for public infrastructure projects that directly benefit the district.
- **Special Assessment Districts** – similar to TIF, these districts encourage infrastructure improvements by charging businesses a fee rather than collecting a tax. Fixed fees are determined by a calculation of the projected total cost of the project and provide a more predictable stream of revenue because they are not dependent on an increase in property value or sales.

FOR ADDITIONAL INFORMATION VISIT:

NGA Military Base Information: www.nga.org

DoD Office of Economic Adjustment: www.oea.gov

Coordinated Federal Resources – www.oea.gov/oeaweb.nsf/cfr

Economic Adjustment Committee –

<http://www.oea.gov/oeaweb.nsf/EAC?openform>

*States may be required to provide partial or full matching grants for projects qualifying for federal funds.