BASE REALIGNMENT AND CLOSURE

Community Profile

November 2009

Naval Station Pascagoula, Mississippi

Closure at a Glance

Local Redevelopment Authority (LRA):
NS Pascagoula Local Redevelopment Planning Authority

Geographic area affected by closing:
Pascagoula, Jackson County, MS, Gulf Coast

Population of affected area (before closure): 131,420

Total Acres to be Disposed:
637 Acres (529 reverted to State; 75 acres transferred to the Air Force)

Estimated Job Loss Impact:

Jobs Lost	
Military Personnel	844
Civilian Personnel	112
Contractors	7

Source: Appendix O, Defense Base Closure and Realignment (BRAC) Commission Report to the President

Economic Adjustment Challenges

- Facility Reuse
- Employment regeneration

Key Reuse Planning & Property Disposal Milestones

5/10/06	Federal Surplus Determination
9/18/06	LRA Homeless Outreach Completed
12/18/07	Reuse Plan Submitted to Department of Housing and Urban Development (HUD)/Navy
11/13/08	HUD Determination on Submission
Pending	National Environmental Policy Act (NEPA) Disposal Decision
Pending	Base Closure

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Organization

In April 2006, the Jackson County Board of Supervisors established the NS Pascagoula LRA for the purpose of developing a reuse plan under BRAC 2005. The duties of this LRA include serving as Jackson County's sole authority to develop, coordinate, and disseminate the plans for reuse and redevelopment of those properties known as Lakeside Manor in Jackson County.

Pursuant to this resolution, residents from throughout Jackson County were appointed to LRA which included members of the Jackson County Board of Supervisors, the Jackson County Economic Development Foundation, and the Jackson County Port Authority, as well as each of the County's four municipalities (Pascagoula, Moss Point, Gautier, and Ocean Springs) and representatives from the business community and State of Mississippi (Secretary of State).

A certified copy of the Resolution, declaring the LRA and its responsibilities, was submitted to the Office of Secretary of Defense, asking that the Secretary recognize the LRA as the entity responsible for developing a reuse plan for NS Pascagoula Lakeside Manor and Singing River Island.

The LRA was formally recognized by the Office of Economic Adjustment (OEA). Subsequently, OEA also recognized the NS Pascagoula LRA as an implementation LRA for the purposes of acquiring emergency vehicles to serve Singing River Island via a personal property Economic Development Conveyance (EDC).

Reuse Plan/Other Studies

Background

The NS Pascagoula was comprised of three parcels: the main naval base on Singing River Island (528 acres), a separate Sandhill family housing site (75 acres), and Lakeside Manor (33 acres), which houses the Navy pre-commissioning crews for the Northrop Grumman shipyard. The family housing parcel was transferred to the Air Force to support Kessler Air Force Base in Biloxi. The Singing River Island property reverted to the State of Mississippi leaving Lakeside Manor as the only surplus site requiring outreach, a redevelopment plan, and a homeless submission.

The Lakeside Manor Redevelopment Plan

Lakeside Manor was constructed in 1963 to be a retirement villa for retirees of the International Brotherhood of Boilermakers. The retirement home never opened, foreclosure followed, and in September 1965, the Federal Housing Commission sold the property to Carecenters of Mississippi (Carecenters). HUD foreclosed on Carecenters, and in 1968, sold the manor to the Gulf Coast Institute (College of the South). After the attempt to use the property as a college campus failed, HUD repossessed the property and in May 1975, the property was purchased by a private citizen.

Lakeside Manor was leased in 1979 by the Navy to provide berthing for crews of ships undergoing overhaul, new construction and shore personnel, and for support services. At the expiration of the lease, the Department of Justice condemned the property to assure the Navy's continued use, since there were no other suitable properties available. In 1987, the private landowner sold Lakeside Manor Facility to the Department of the Navy. The property was controlled by Supervisor of Shipbuilding, Conversion and Repair (SUPSHIP) when originally purchased and in 1996 administrative and operational control was transferred to NS Pascagoula. In August 2005, during Hurricane Katrina, Lakeside Manor sustained water damage or flooding in all buildings on the property. All buildings had approximately four feet of water in them.

The Redevelopment Plan for the Lakeside Manor is to convey the recreation portion of the property to the City of Pascagoula (the City), through a Public Benefit Conveyance (PBC) for public recreation use. Reuse of that portion of the site would consist of public recreation, open space, stormwater management, and parking.

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In addition, the Redevelopment Plan regarding the buildings is to convey the remaining property (that portion not conveyed to the City) to a private party for reuse of the existing buildings as housing for the Navy's pre-commissioning crews (see alternative #1).

The existing zoning is residential, which permits single-family and two-family dwelling units. The current Navy use is multi-family residential. Zoning was not an issue while the property was occupied by the Navy. However, once the property is conveyed, the City of Pascagoula should initiate and adopt rezoning to permit the intended uses.

The Redevelopment Plan is a logical reuse of the property, meets the needs and interests of the City and LRA, and is compatible with other redevelopment work occurring in the City.

Alternatives

1. Reuse of the existing buildings on approximately 20 acres and conveying the remaining 12 acres to the City of Pascagoula for public recreation use. There are two reuse options for the buildings under this strategy:

    a. A third party owner-developer acquires the property, operates an extended stay hotel available for the Navy to continue its use for pre-commissioning crews. The Navy and the owner-developer may execute an agreement whereby the Navy guarantees certain occupancy and the owner-developer guarantees certain room availability and room rates; least obligation and cost on the part of the City and the property continues its productive use; no change in use, only a change in ownership and the Navy maintains its quarters in one location, satisfying both housing and force protection needs.
    b. Retirement independent-Assisted Living Apartments; existing building footprint and layout limits and constrains such apartment use; residents would have use and benefit of public recreation open space; renovation costs may be cost prohibitive to support development.

2. Redevelop the property by subdividing and conveying approximately 12 acres to the City for: public recreation use; demolishing and removing the existing improvements; develop new market rate residential housing. The estimated demolition cost, $3.8 million, limits the developer's ability to pay for the land and/or the demolition costs. As a subdivision of 30 single-family detached homes is estimated to contribute $2.0 million toward acquisition and/or demolition, and offer new homes for $285,000. Using the same layout, a subdivision of townhomes would yield 148 units for $200,000, and is estimated to contribute $3.8 million as acquisition cost, which covers the estimated demolition cost. This redevelopment option offers reuse of the property, needed market rate housing, and payment for demolition costs. These benefits warrant recommendation as a reuse option if an agreement between the Navy and an owner-developer, to continue to provide housing for pre-commissioning crews, cannot be reached.

3. Redevelop the property in context of an Area Master Plan and in conformance with the City's Comprehensive Master Plan. This reuse option is recommended for consideration because it incorporates the reuse options above, and extends the boundary of the property to a larger area, thus integrating the property redevelopment into the community fabric and providing connecting corridors to focal points of activity, encouraging community wide interaction, and facilitating community-wide improvements and enhancing property values.

The City and the community prefer and strongly desire a solution which allows Lakeside Manor to continue to provide housing for the Navy pre-commissioning crews. Notwithstanding the BRAC 2005 requirements, LRA desires an outcome whereby an agreement between the future owner-developer of Lakeside Manor and the Navy will be reached which will guarantee room availability and room rates in exchange for a guaranteed occupancy. The terms of such an agreement will require further discussion between representatives of the Navy, LRA, and the prospective buyer-owner-developer. With the execution of such an agreement, this option is preferable and recommended because the property use continues unchanged, the housing needs and force protection requirements of the Navy continue to be met, and the City retains the Navy personnel as a valued members of the community.

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Analysis concludes that the highest and best use for the property is residential. Residential use includes housing for pre-commissioning crews of the Navy and development of market-rate housing. The option of new market-rate housing satisfies market demand, imparts no material cost to the City, while contributing toward the estimated demolition cost.

Redevelopment of the property as part of an Area Master Plan, in conformance with the City's Comprehensive Plan is highly recommended, because it will connect the property to major areas of activity in the City, encourage community wide interaction, and facilitate community wide improvements and property values.

LRA awaits a Navy decision on housing for the pre-commissioning crews before property disposal and reuse plan implementation actions can occur. National Park Service (NPS) approved a Pascagoula park and recreation application for 14.32 acres of Lakeside Manor to add to an adjacent city park. NPS has requested assignment of this property from the Navy.

The Singing River Island Redevelopment Plan

The deed for the main naval base Singing River Island property was originally conveyed from the State of Mississippi to the United States in 1988 with the provision that the property would revert to the State if the Navy abandoned the home port. Therefore, the deed was transferred from the United States to the Mississippi Secretary of State in June 2007.

Singing River Island is located in Mississippi Sound at the mouth of the Pascagoula River. Years of dredge material deposition created the 437-acre island. Development covers 187 acres of the island, and 100 acres of the island are utilized as a dredge material management area. The remaining acreage is composed of salt marsh that cannot be developed. A two-lane causeway that spans approximately 2.8 miles of the Mississippi Sound provides access to the island. When driving across the causeway, the view consists of the open waters of the Mississippi Sound to the west and the highly industrialized shipbuilding systems of Northrop Grumman to the east.

Development Considerations

Key development considerations specific to the redevelopment and reuse of Singing River Island include stakeholder concerns, environmental issues, and compatibility with other developments in the Pascagoula area. Two additional factors that directly impact the development of the property include the recently enacted economic tax incentive programs by the State and the recently revised zoning ordinance in the City of Pascagoula.

Economic Incentive Programs

The State of Mississippi enacted economic tax incentive programs for the purpose of accelerating the recovery efforts from Hurricane Katrina. Tax incentive programs are in effect throughout the state. In addition, 49 of Mississippi's 82 counties are eligible for the Go Zone Tax Incentive Program. The Federal government is funding the incentives to encourage new investment and development in the areas that were damaged by Hurricanes Katrina, Wilma, and Rita in 2005. The incentives include low-income housing tax credits, increase of the rehabilitation tax credit for commercial buildings, additional bonding authority, enhanced Section 179 expanded work opportunity tax credits, increase in new markets tax credits, increase in Hope scholarship and lifetime learning credits, allowing municipalities to restructure outstanding debt to reduce costs, authorizing Gulf tax credit debt service bonds, and Gulf Coast recovery bonds. Additionally, an extension through December 2010 has been granted for Hancock, Harrison, Jackson, Pearl River, and Stone counties, providing bonus depreciation within the region. This incentive allows businesses and some residential owners to claim an additional first-year depreciation deduction equal to 50 percent of the cost of new property investments made in the region.

City of Pascagoula Revised Zoning Ordinance

The City enacted a revised zoning ordinance effective in June 2007. The zoning district and permitted uses are described for the property as follows: Singing River Island is zoned SU – Special Use District. Permitted uses are not specified in the zoning ordinance and are subject to approval by the Port of Pascagoula, the City's Zoning Board, City Council, and the City's Planning Board. The current uses at Singing River Island, pre-existing from the Navy's use of

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the island, include light industrial-warehouse, office, multi-unit apartment, recreation and marine (pier). It is assumed that the governing authorities have approved the existing uses.

Valuation and Recommended Use

Based on the Market Study and the highest and best-use analysis of the property, the recommendation for the reuse of Singing River Island is an Industrial/Office Park Development with Northrop Grumman as the anchor tenant. The recommended development includes new flex-office space composed of warehouse/light manufacturing space with supporting administrative office space.

The use will be compatible with and complementary to Northrop Grumman's use of Singing River Island. Retail, recreational, and residential developments are excluded from the recommended Industrial/Office Park Development; however, the recommended usage of the property will be compatible with and complementary to the City's Riverfront Master Plan, which does include retail, recreational, and residential uses.

Environmental Issues

The property is 437 acres, which includes 150 acres of salt marsh considered undevelopable. There are no other known environmental conditions, natural resources, or cultural resources that impede redevelopment, nor are thereother known features, amenities, or characteristics of the property that constrain redevelopment. Consequently, industrial development of the property is physically possible on a majority of the island, with the exception of the salt marsh. However, this undevelopable area could be considered available for public use.

Recommended Uses

Short- Term Use (1-5 years): The highest and best short – term use of the Property is as an Industrial/Office Park Development that focuses on retaining Northrop Grumman as the primary user and anchor tenant. Northrop Grumman is one of the most influential economic forces in the region, and the company will be able to utilize a large portion of the island to its maximum potential with the support of LRA, the Jackson County Economic Development Foundation, the Port, and the State. It is envisioned that Northrop Grumman's primary business vendors and other prospective industrial tenants will lease office/industrial space to further enhance the shipbuilding and maritime industry in the area.

It is recommended that the entities comprising LRA actively market the Industrial/Office Park Development and continue to work with Northrop Grumman for the issuance of a Notice of Interest (NOI). The shortage of quality family homes as well as the availability and skill level of the workforce in the Pascagoula area must be addressed by Northrop Grumman and the local entities. However, these challenges can be overcome through coordinated efforts by the local entities and residential developers.

Mid- Term Use (6-15 years): A secondary mid-term use recommendation is a planned, mixed-use development as a Maritime Commerce Center in which Northrop Grumman continues as the anchor tenant with other flex-office users, the Coast Guard, possible participation of the National Oceanic and Atmospheric Administration (NOAA), and a Center for Advanced Maritime Technology. This development satisfies the interest of the existing tenants, who welcome the continuation and possible extension of their lease agreements.

A planning strategy to create a Center for Advanced Maritime Technology must be initiated through a collaborative public - private partnership, which will include a research university. An NOI should be sent to various commercial developers to gauge market interest and to reveal potential conflicts with current tenants. Providing an NOI to commercial developers would ensure compatibility with the City's Riverfront Master Plan since retail and recreation uses could be included in the mixed-use development. A measured approach would create synergy between the Maritime Commerce Center mixed-use development and the City's Riverfront Master Plan.

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Financial Analysis

Extensive research of data for the various commercial, residential, and retail products of the local and regional area was conducted in order to determine the highest and best-use recommendation. A land lease analysis was conducted to illustrate possible land values and land lease payments based on certain assumptions and redevelopment yields. The annual land lease payment for the initial lease term is an estimated $882,772, which is designed to cover the current operating and maintenance costs on the island.

Acquisition Strategy

For the purpose of this profile, it is assumed that the State will retain ownership of Singing River Island and continue (or enter into additional) land lease agreements for the various uses through its agreement with the Port of Pascagoula. In addition, it is assumed that any recommended uses that require legislative amendments will be accomplished in cooperation with the Mississippi State Legislature.

Studies

- Evaluation of Hurricane Damage
- Facilities Assessment
- Reuse Planning Analysis and Report Naval Station Pascagoula, Mississippi
- Redevelopment Plan and Homeless Assistance Submission for Lakeside Manor Naval Support Facility, Pascagoula, Mississippi.

Homeless Submission

Information about Homelessness and the Outreach Process

Outreach efforts by LRA resulted in no homeless provider interest in the property. HUD suggested JCEDF contact The Open Doors Homeless Coalition as the homeless Continuum of Care point of contact for Jackson County. The organization is comprised of the six coastal counties of Mississippi (Harrison, Hancock, Jackson, Stone, Pearl River, and George Counties). This organization brings together a group of people from both the public and private sector, and includes faith-based organizations, local government agencies, state government agencies, community organizations, and colleges with in Southern Mississippi.

Attendees were asked for opinions regarding the proposed reuse scenarios and any additional feedback. Of those who attended the public forum, there was a marked preference for Lakeside Manor to be used for residential housing; preferably upscale, single-family dwellings. However, each attendee recognized the immediate need for the Navy to house pre-commissioning crews in the area. Therefore, they expressed a desire that, if the Navy personnel remain in the area, that Lakeside Manor be used by the Navy as a housing facility for the pre-commissioning crews.

In addition to the comments received on the proposed scenarios, two unique ideas were proffered by the public. Both fell within one of the proposed reuse scenarios, but modified the scenarios slightly. The first, brought by representatives of the Church on the Rock (Church), located across the street and just north of the Lakeside Manor, entailed utilizing scenario number one. Wth the Navy sharing the existing facilities, the Church proposed using the other half of the facility as a faith-based training program for thise in need of temprary assistance. The program would run for 6-12 months and would offer training in self-discipline, character development, career/workforce skills, education, and financial and economic life planning skills including job placement asistance at the end of the program. The program would be based on similar programs found in California (the Dream Center in Los Angeles) and Louisiana (the New Orleans Mission).

The second suggestion proposed a modification of the facility for government reuse. In addition to local government and/or education programs, a medial rehabilitation cent could be run from the facility.

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Successes/Lessons Learned

In June 2007 the Singing River Island property reverted to the State of Mississippi. In December 2007 the Jackson County Port Authority (leases the property from the State) executed a sub-lease with Northrop Grumman for 23 acres. At that time the Navy conveyed two fire trucks and an ambulance to the LRA via a personal property Economic Development Conveyance. Northrop Grumman use of the facilities created 360 new jobs.

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