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## Saving a Base, Reshaping a City

*By Curtis R. Cobert, Jr. and Michelle B. Chapleau*

### **A STORY ABOUT BUILDING A PARTNERSHIP BETWEEN THE NAVY AND THE CITY OF VIRGINIA BEACH**

The city of Virginia Beach developed a solution to the encroachment problems that plagued Naval Air Station (NAS) Oceana. These problems jeopardized the city's economic stability when NAS Oceana was included on the Base Realignment and Closure (BRAC) Commission's list for closure and relocation. What the city came up with was a model that has been so successful it has been replicated in other communities that face similar issues. The Oceana Land Use Conformity Program was created to deal with the amount of non-conforming uses around the base. It demonstrates how both localities and military branches can work together for a common goal. Due in large part to the success of the program, the business relocation portion, YesOceana, received IEDC's 2014 Excellence in Economic Development Gold Award for Real Estate Redevelopment & Reuse.

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# saving a base,

## RESHAPING A CITY

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Virginia Beach is a city that is widely known as a vacation destination with 38 miles of beachfront from the Atlantic Ocean to the Chesapeake Bay. However, for many residents, there is one part of this city that holds more meaning than its position on the Atlantic. That's the Navy.

Sights and sounds of Navy jets are an image that Virginia Beach residents and visitors are accustomed to daily. If you get up early enough, you can catch Navy men and women exercising and training on the beach. Here, you rarely hear anyone complain about the jet noise since most citizens prefer to call it the sound of freedom.

The Navy has become a huge part of the city's DNA since establishing a base here in the 1940's. The Master Jet Base, Naval Air Station (NAS) Oceana, generates 16,000 jobs with a total payroll of more than \$1.18 billion and produces more than \$400 million in goods and services each year. It

is one of the most important contributors to economic stability in Virginia Beach and the Hampton Roads region. The military presence is so influential that Virginia Beach was listed among the best places to ride out the recession in 2010 according to the Brookings Institution.

In addition to Oceana, the Hampton Roads region is home to 10 military installations that service the Navy, Army, Air Force, and Coast Guard. The total employment of these bases exceeds 138,000, roughly ten percent of the region's population. (See Chart 1.)

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### CHART 1. MILITARY EMPLOYMENT IN THE HAMPTON ROADS REGION

#### Military Installations in Hampton Roads

	Active Duty Personnel	Civilian Personnel	Total
Naval Station Norfolk	46,000	21,000	67,000
Joint Expeditionary Base Little Creek - Fort Story	14,638	4,841	19,479
Joint Base Langley-Eustis (Air Force)	8,628	2,847	11,475
Naval Air Station Oceana	8,500	2,400	10,900
Norfolk Naval Shipyard	588	9,160	9,748
Joint Base Langley-Eustis (Army)	6,349	1,142	7,491
Naval Air Station Oceana, Dam Neck Annex	3,000	1,600	4,600
Naval Weapon Station Yorktown-Cheatham Annex	1,510	1,377	2,887
Coast Guard Base - Portsmouth	1,450	250	1,700
Training Center Yorktown	555	2,763	3,318
<b>Total Employment</b>			<b>138,598</b>

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### A STORY ABOUT BUILDING A PARTNERSHIP BETWEEN THE NAVY AND THE CITY OF VIRGINIA BEACH

The city of Virginia Beach developed a solution to the encroachment problems that plagued Naval Air Station (NAS) Oceana. These problems jeopardized the city's economic stability when NAS Oceana was included on the Base Realignment and Closure (BRAC) Commission's list for closure and relocation. What the city came up with was a model that has been so successful it has been replicated in other communities that face similar issues. The Oceana Land Use Conformity Program was created to deal with the amount of non-conforming uses around the base. It demonstrates how both localities and military branches can work together for a common goal. Due in large part to the success of the program, the business relocation portion, YesOceana, received IEDC's 2014 Excellence in Economic Development Gold Award for Real Estate Redevelopment & Reuse.

**CHART 2. DIRECT ECONOMIC IMPACTS OF BRAC REALIGNMENT OF NAS OCEANA**

	Total	City of Virginia Beach	Hampton Roads Region (Outside of Virginia Beach)
<b>Drawdown</b>			
Employment Lost	8,509	6,637	1,872
Active Duty	7,979	6,224	1,755
Civilian	530	413	117
Personal Income Lost (millions)	\$580.8	\$453.0	\$127.8
Procurement Lost (millions)	\$404.0*	\$0.6	\$0.8
<b>Mothball</b>			
Employment Lost	11,719	9,141	2,578
Active Duty	9,670	7,543	2,127
Civilian	2,049	1,598	451
Personal Income Lost (millions)	\$770.3	\$600.8	\$169.5
Procurement Lost (millions)	\$451.9*	\$25.2	\$43.6

\*The bulk of expenditures at the base are for services not produced or provided locally (e.g., jet fuel and aircraft parts).

### A TOUGH OPTION: DRAWDOWN OR MOTHBALL

The city's economic stability was jeopardized in July 2005 when NAS Oceana was included on the Base Realignment and Closure (BRAC) Commission's list for closure and relocation. The reason was due to the 46,663 acres or 72.9 square miles of land (an area larger than the city of Richmond, VA – the state capital) that had been filled with incompatible use property located around the base. An incompatible use is any land use that directly conflicts with the Navy's air-right easement over the land. One example of this would be if an explosives manufacturer located on an easement restricted piece of property. Because of this issue, BRAC wanted to move Oceana and its workforce to Cecil Airfield in Jacksonville, Florida.

Losing the base would be a huge setback not only to Virginia Beach but the entire Hampton Roads region and its economy. There were just two options on the table when looking at the base's closure/relocation – drawdown or mothball. Drawdown was the more viable option since it left the base operational and just relocated the jets. This option would have resulted in more than 8,500 jobs leaving the city. Another 6,500 indirect jobs (3,900 in Virginia Beach alone) would be lost throughout the region from companies that support the base in some capacity. This would have totaled 12,400 jobs lost in Virginia Beach and more than 15,000 jobs lost throughout the region. (See Chart 2)

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There were other negative impacts of a drawdown. It was estimated that more than 6,600 homes and rental units would have been added to the market with the mass exodus of military personnel. This loss in population would cause a reduction of \$11.5 to \$12.7 million in state and federal public school funding. This reduction is related to the 3,200 students in the Virginia Beach public school system who have a parent working on the base.

The other option, mothball, would have resulted in the complete relocation of NAS Oceana, leaving just 500 employees to maintain the facilities. The mothball option would have cost the city 17,500 jobs (7 percent of the work force) and 21,500 jobs in the Hampton Roads region. This would have been the most devastating option, which could have crippled the area's economy for years.

### TO SAVE THE CITY, WE JOINED THE NAVY

BRAC wanted the city and the Commonwealth of Virginia to condemn and purchase any incompatible property around NAS Oceana and spend \$15 million per year to do so. This option would appease the Navy but would

have also destroyed neighborhoods and businesses within the city. There was another problem with this option. The city could spend \$15 million per year to acquire the property around the base, but there were no measures in place to stop future owners from trying to build new incompatible uses in the area.

Adding to the growing number of issues for the city's staff, landowners from around the base gathered before the City Council with t-shirts and banners proclaiming that their neighborhoods were in place first. They pleaded to the City Council not to take their land.

In December, five months after BRAC issued its list, the city had a game plan. It had decided to try to meet BRAC's requirements but did not want to disrupt the way of life for the city's citizens. Many different city departments became involved in this plan including Economic Development, Public Works, Planning, Finance, Communications, and City Attorney's Office.

The city had adopted a new comprehensive zoning law that prohibited all new incompatible development in areas around the base. These areas are known as Accident Potential Zone (APZ) -1, APZ-2, and Clear Zones, which are the areas around the base that fall into the jet's take-off and landing flight path. Immediately, this aggressive



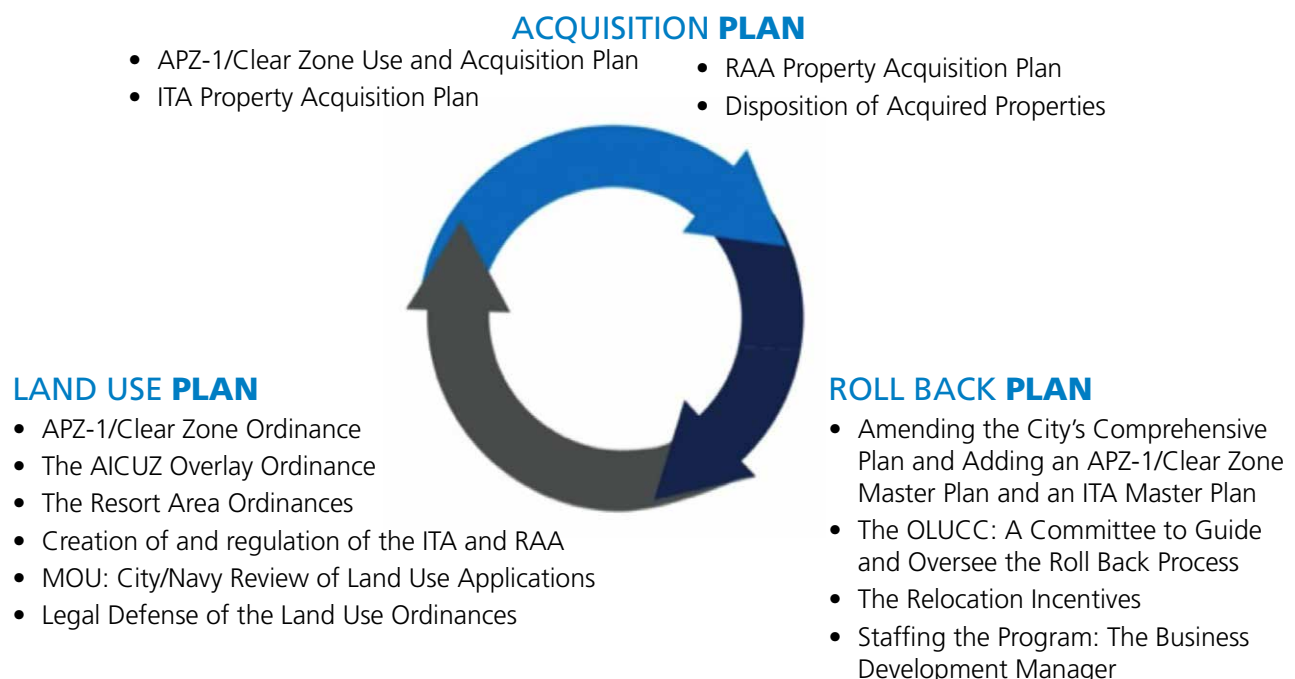
*A squadron of Navy F-18 fighter jets flying over the coast of Virginia Beach. This is a common sight to see for tourists and residents.*

ordinance prevented the development of 1,326 businesses and residential units that were in the pipeline. This new ordinance also had a significant impact on existing property owners. Owners of vacant residential property could no longer build on that land. In return, the city would compensate the owner for the land at a value that matched its development potential.

The plan focuses on three components – zoning changes, property acquisition, and a conformity program, which reduces incompatible development while promoting conforming uses in APZ-1. In a unique arrangement, the city and the Commonwealth of Virginia contribute a combined total of \$15 million per year to ensure the plan has the necessary funding to accomplish its mission. This creative solution appeased the Navy and preserved many neighborhoods and businesses. The offi-

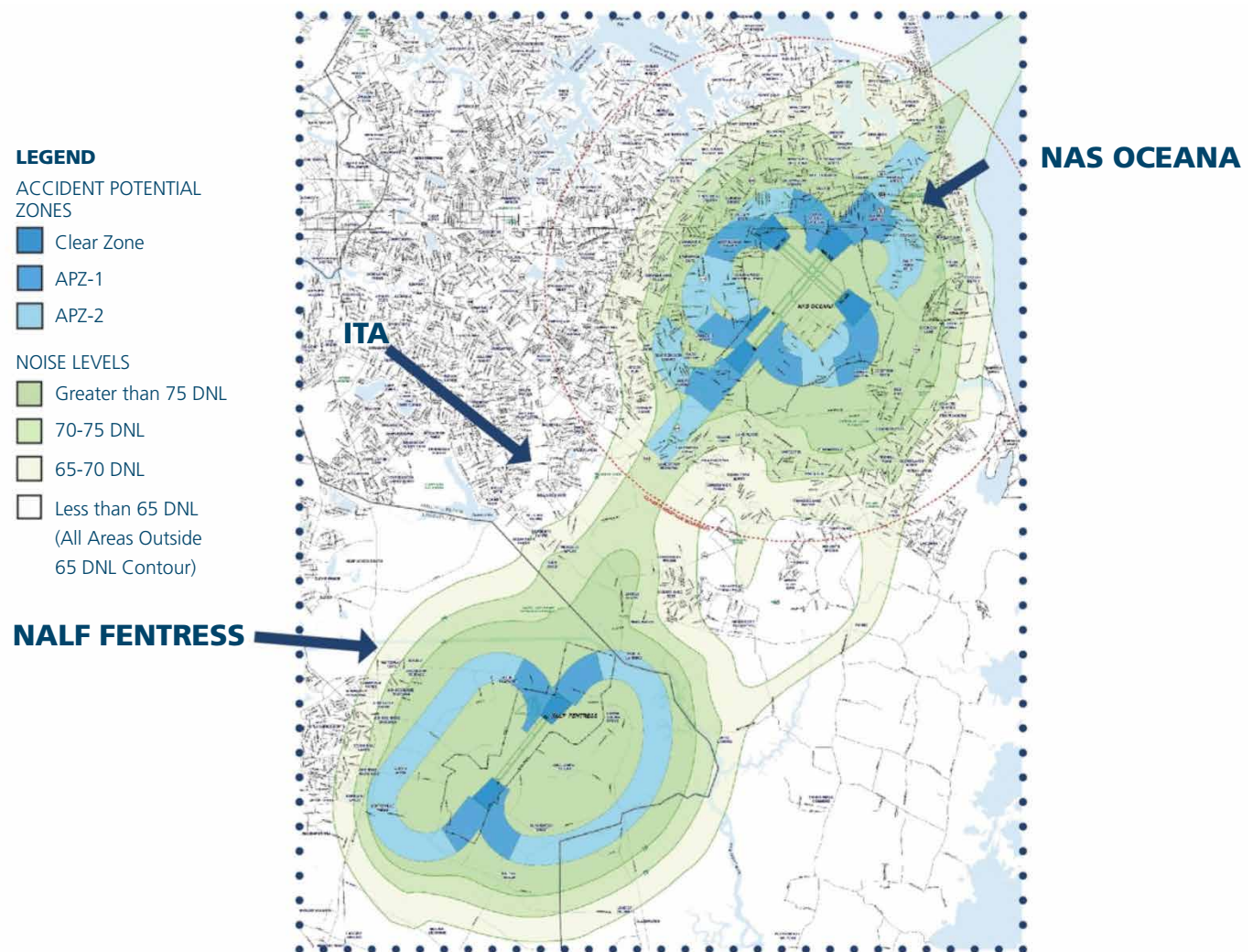
This creative solution appeased the Navy and preserved many neighborhoods and businesses. The official name was the Oceana Land Use Conformity (OLUC) Program, with three major parts that have been equally important in the program's success: land use planning, acquisition, and roll back.

## FIGURE 1: OCEANA LAND USE CONFORMITY PROGRAM





**FIGURE 2: MAP OF ACCIDENT POTENTIAL ZONES AND NOISE CONTOURS**



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## BREAKING DOWN THE PROGRAM

### Step 1: Land Use Planning

The adoption of a new land use plan was the first step. The city originally adopted the Air Installation Compatible Use Zones (AICUZ) zoning ordinance in December 2005. The ordinance placed limitations on incompatible development and addressed the issue of residential uses. The city accomplished this by adopting the Navy's AICUZ Program and using it as an overlay for areas around Oceana. The AICUZ Program is the guide that the Navy uses to determine what kind of uses would be acceptable in areas around their bases across the country.

This new AICUZ Overlay Ordinance addressed four key areas:

- Discretionary development applications for incompatible uses (rezoning and conditional use permits),
- Residential development in the Interfacility Traffic Area (ITA) (the area between NAS Oceana and Navy

Air Landing Field (NALF) Fentress in Chesapeake, Virginia),

- Residential redevelopment within the AICUZ footprint, and
- Sound attenuation (a requirement for new houses to offset the sound of the jets).

The ordinance imposed limitations on discretionary development applications for property in the Noise Zones of 70 decibels or higher. The ordinance became even more restrictive in January 2008 when a new version was passed that included land inside the 65-70 decibel Noise Zones. As a result, 46,663 acres of property within the AICUZ footprint became subject to the Overlay Ordinance. (See Figure 2)

Residential redevelopment was also a major issue. Between 2005 and 2008, rezoning applications to replace existing residences with new homes were subject to the same standards as applications to develop vacant land. This was the case even if the number of units was to be reduced. City Council understood this problem and, in the 2008 update, it exempted applications for residential redevelopment from the ordinance if the application did not increase the number of units.



Examples of buildings constructed under the enhanced design criteria in one of the APZ-1 districts. Due to these design criteria, the program has also become a catalyst for redevelopment in these parts of the city. The design criteria cover such items as building materials, external finishes, landscaping, and signage.

The last component of the Overlay Ordinance addressed sound attenuation in the AICUZ areas. Since 1994, the city had required sound attenuation in all residential structures within the Noise Zones. In 2005, this requirement was expanded to commercial structures and other building types as well.

### Step 2: The Acquisition Plan

Part of the BRAC compromise was a provision that the Commonwealth of Virginia and the city of Virginia Beach had to appropriate \$7.5 million apiece annually to fund the Acquisition Plan. The purpose was to aid those property owners who were affected by the plan's land use component that left their property with no viable use. The secondary focus of the plan was to acquire property in the ITA to reduce the number of incompatible uses. Both components of the Acquisition Plan were completely voluntary and only affected willing sellers.

The city established a Disposition Committee for residential property acquisitions, which reviewed every acquisition that was made to determine if the dwelling should be demolished or preserved. Each disposition determination required analysis into:

- The cost to noise attenuate and bring up to code existing single family homes,
- Whether the house can be rolled back (i.e. demolished) without unduly harming the neighborhood,
- Whether the property can be put to a current or future public use,
- The potential to assemble the property with adjacent lots to further reduce density,
- Whether the dwelling itself has historic value, and
- The cost to maintain a vacant site until it can be converted to a conforming use.

The properties are usually held for assemblage or converted to a conforming use. Demolished/vacant lots are marketed to adjacent land owners without creating additional development rights and reducing overall density.

### Step 3: The Roll Back Plan

In adopting the initial ordinance in 2005, the City Council of Virginia Beach also wanted to develop some innovative means of “rolling back” the incompatible uses and replacing them with compatible ones. This portion of the program had a couple of different pieces that had to be accomplished.

First, the city had to amend its comprehensive plan to incorporate some guiding principles for the development in APZ-1. The first principle was to encourage the replacement of nonconforming uses in APZ-1 with con-

ACRONYM/TERM	DEFINITION
AICUZ	Air Installation Compatible Use Zone
APZ	Accident Potential Zone. There are two zones, APZ-1 and APZ-2; APZ-1 being the areas closest to the base.
BRAC	Base Realignment and Closure Commission
Compatible Use	A use of land that falls in line with the Navy's easement of the property
DNL	Day-Night Average Sound Level
Encroachment	Incompatible uses within the footprint of the Navy's easements
Incompatible Use	A use of land that does not fall within the guidelines of the Navy's easement
ITA	Interfacility Traffic Area; The land between Oceana Naval Base and Fentress Landing Facility
NALF Fentress	Naval Air Landing Field Fentress (Located in Chesapeake, Virginia)
NAS Oceana	Naval Air Station Oceana (Located in Virginia Beach, Virginia)
Noise Contours	Areas around the Base that are impacted by the sound of the jets
OLUCC	Oceana Land Use Conformity Committee

forming uses. This was accomplished through the use of incentives to encourage compatible growth in these areas. Second, this program would only involve willing property owners in the areas, meaning that no one would have their land condemned against their will. And finally, unsuitable/nonconforming uses would not be allowed to diminish the quality of life for residents in the area. This meant that the city had to keep the existing neighborhoods in mind when it was buying property, being careful not to destroy the integrity of the neighborhoods with these purchases and redevelopment opportunities. The underlying objective for all of this was to enhance the safety and welfare for those that work and live in and around the APZ-1 district.

Next, the Oceana Land Use Conformity Committee determined that a Master Land Use Plan was a necessary pre-requisite for the effective implementation of the Roll Back portion of the plan. In response, the city's Planning Department devised an amendment to the city's comprehensive plan that provided land use policy guidance, community design criteria, and other useful information pertinent to the future use of property in the APZ-1/Clear Zones.

After the land use plan was finished, attention turned to the issue of recruiting conforming businesses to these APZ-1 districts around the base. It was determined that the best way to handle this was by providing financial/zoning incentives in these areas.

The first of these incentives was a zoning incentive. This allowed compatible uses the ability to locate within APZ-1 without having to get a conditional use permit. This allowed a project to receive city approvals in a significantly shorter time frame, and it saved the businesses money they might have used trying to go through the approval process.

Another incentive was a Business Professional Occupational License (BPOL) tax reimbursement. For a period of 15 years, a business could receive a 90 percent rebate on the BPOL tax. Also there was a property tax exemption for 15 years. This provided tax abatement for the



*In an effort to stay connected to the community, Oceana puts on its annual Airshow. The community gets the opportunity to go onto the base and interact with the military personnel.*

## DISTINCTIONS

- Virginia Municipal League's President's Award for Entrepreneurial Government 2009
- Naval Air Station Oceana selected as the Active Base Community of the Year 2010
- 4th place in the International Right of Way Association's Project of the Year 2012
- City of Virginia Beach Mayor William D. Sessoms, Jr. named Elected Official of the Year in 2012 by the Association of Defense Communities
- International Economic Development Council 2014 Excellence in Economic Development Gold Award recipient for the YesOceana Program – Real Estate Redevelopment & Reuse

rehabilitation, renovation or replacement of commercial or industrial improvements, resulting in the conversion of a non-conforming use to a conforming use in APZ-1.

The largest of these incentives was the Economic Development Investment Program (EDIP) grant. The EDIP grant comes from the city's Development Authority (City Council appointed board) and can be used to help recruit businesses and to grow certain areas of the city. City Council expanded the definition of Strategic Growth Areas (areas of the city that the EDIP was focused on) to include property/land that was located in the APZ-1. This allowed these properties to be eligible for the city's EDIP grants.

The key part of these incentives is the city's enhanced design criteria. In order to qualify for such treatment, the proposed use must conform to design criteria that ensure an organized and aesthetically pleasing appearance in the residential neighborhoods or other commercial areas.

## RECOGNIZING SUCCESS

In 2008, the city's Department of Economic Development hired a business development manager to manage the APZ-1 incentive program on a daily basis. This portion of the program has been actively marketed as Yes-Oceana.

Since YesOceana's beginning, 1,640 incompatible residential units have been removed. The city has rezoned 46,663 acres to stop encroachment, relocated 584 dwellings, and relocated 53 non-conforming commercial uses out of the APZ-1. Additionally, the city has committed \$2.4 million to promote compatible uses. Included in that total is \$1.8 million in EDIP grants to 26 businesses, which have leveraged \$20 million in new private investment in the city.

Also through this process, the program has become a catalyst for redevelopment of several major corridors in Virginia Beach. This has been aided by the fact that new builders must adhere to the enhanced design criteria in order to receive incentives.



The program has become so successful that the cities of Hampton and Chesapeake, VA, are establishing programs modeled after YesOceana and OLUC to help curb the issues they are facing around air installations in their areas, Langley Air Force Base and Fentress Landing Field, respectively. Virginia Beach is now splitting its funds from the state with the city of Chesapeake to help support its program.

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Virginia Beach was confronted with a problem that could have damaged the city for decades. Instead of doing just enough and suffering incredible losses, the city decided to take matters into its own hands and with the help of many departments (City Attorney's office, Planning Department, Economic Development Department, Real Estate Office) and a strong alliance with the US Navy, a program was created that has changed the region for many years to come.

The commitment demonstrated by the Commonwealth of Virginia and the city of Virginia Beach and their partnership with the Navy continues to be successful in reducing and reversing incompatible development around NAS Oceana. This program serves as a model for other localities grappling with the problem of encroachment around military bases and for communities facing future BRAC Commission closure/relocation rounds. 🌐

**"The partnership between the City and State has been a true collaboration. Virginia Beach is fortunate that our State leaders recognize the significance and lasting effects of this program and are committed to protecting NAS Oceana."**

*– William D. Sessoms, Jr. Mayor*

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