

CONVERTING THE BOSTON NAVAL SHIPYARD  
AT CHARLESTOWN TO CIVILIAN USES:  
EASIER SAID THAN DONE

by

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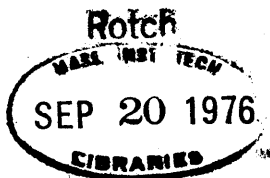
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## ABSTRACT

The system for converting former military bases to civilian uses is incomplete in its present form. As it stands, it is not capable of functioning without voluntary private sector cooperation. This has resulted in a conversion process that is based on the assumption that when the point of marketing is reached, the private sector will cooperate. This is in contrast to the actual situation, a situation in which the private sector operates according to its own plans, not according to how public agencies would like it to operate.

This thesis examines the role of grass roots dedication and determination in the conversion process and compares that with the role of the private sector in the conversion of the Boston Naval Shipyard, Charlestown. Alternatives to the existing situation, changes which would take into account the importance of private sector cooperation, are suggested.

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## INTRODUCTION

The Department of Defense owns and operates more than a thousand military bases in countries all over the world. In an effort to maintain an efficient allocation of monetary resources, these operations are periodically evaluated. Realignments, those adjustments in operations which are necessary for cost-effectiveness, result which consist of an increase in military personal and expenditures at a base, a decrease in activities and expenditures or a total deactivation of the base. In April, 1973, the Secretary of Defense announced that 270 separate actions were being taken to close, reduce or consolidate military bases in the United States as part of a plan to realign the nation's armed forces for the post-Vietnam world. Among these were the closing of forty major military bases.

When a military base closes, there is a possibility that the community in which it is located will be faced with the decision of how to re-use the abandoned property. This thesis examines the process of converting former military installations to civilian re-use. Conversion is the act of changing property from a federal military use to another use and it involves federal disposal of the property, formulation of a plan for redevelopment of that property and implementation of the plan. It has been undertaken by innumerable communities since 1949 when the present disposal system was established. The experience of each community has been used to refine the process.

The purpose of this thesis is to examine the adequacy of the existing system for the conversion of the Boston Naval Shipyard at Charlestown, known as the Charlestown Navy Yard, to civilian use. Established in 1800 by an act of Congress, many of its buildings are valued by historic preservationists. In 1966 it was placed on the National Register of Historic Places. Located on 130 acres of land on Boston's Inner Harbor, the Shipyard consisted of two drydocks and sixty-five structures when it was closed in April, 1973. The Charlestown Shipyard serves as an excellent case study for evaluating the system of conversion. Its facilities, age, location, historical status and the time at which it was surplused all combine to make the Charlestown Shipyard the most complex and challenging of all military base conversions.

It is important to address the problem of conversion for a variety of reasons; economic, social, environmental, and political. Because of their size, former military bases hold the potential for substantially increasing a municipality's tax base and possibly affecting the economic trends of a region. Socially, some military parcels are as large as city neighborhoods. Inappropriate re-use could seriously affect neighboring communities. The employment potential of a base is a social as well as economic resource. Environmental aspects of conversion include affects on city form and regional environmental management. Politically, conversion of a base can be viewed as a pawn in the political power game.

The importance of addressing the problem also lies in the contribution which a new perspective can make to the Federal "corporate memory" of conversion experiences.

The thesis is divided into two parts. Part I is a description of the conversion process. It is presented through three case studies: Brooklyn Shipyard, Watertown Arsenal and Charlestown Shipyard. These also provide a sense of how the process has evolved, the first two conversions having provided examples for Boston. Part II is an analysis of the existing system for conversion.

Part I begins with a description of the Federal surplus property disposal procedure. Two case studies are then presented: New York's Brooklyn Naval Shipyard and the Watertown Arsenal, Watertown, Massachusetts. These are included because of their applicability to the Charlestown situation and because they served as examples of conversion for Boston. What Boston learned from the two cases is discussed. This is followed by an examination of the chronology of events, responses to the announcement of closure and the need for conversion. This includes a brief description of the groups involved, their immediate responses to the announcement, the chronology of events and the present status of the situation.

Part II examines the factors, both public and private, which influence conversion. Private factors, those beyond the control of governmental agencies, include market trends, site characteristics and the state of the regional economy.

Public factors, those within the jurisdiction of governmental agencies, include the statutory process, prospects for cooperation among agencies and expressed goals. This analysis is followed by a discussion of the alternatives to the existing system and conclusions.

A number of government studies have been prepared on successful conversion. These studies were used as a starting point and foundation for the present study. Where they focused on the governmental elements of a successful conversion, this study goes beyond that. The examination of converting Charlestown does not repeat what has been previously documented. Charlestown was chosen not because it is an example of a success, rather because it provided the opportunity to examine the complexity of re-use and to examine the varying criteria for success and failure of conversion. Finally, this study has been prepared from a different perspective than earlier studies. Sponsored by federal agencies whose purposes are to move funds and property, the studies reflect their aims and are designed to move funds and property. This study is aimed at evaluating their process of moving federal surplus property.

Information for the study was collected in a number of ways. The primary method was interviews. These were conducted with representatives of the following groups: Boston Redevelopment Authority, Federal regional agencies, the Massachusetts Government Land Bank, community groups, congressional

aides, Boston Harbor planning interests and those involved at the municipal level with the New York and Watertown bases. The interviews were conducted, for the most part, in person, with a few being carried out over the telephone. During the meetings, notes were taken which were then written up and copies sent to the informant. Of these, 75% were reviewed and returned, some with minor comments or corrections. Periodical literature served as another source of information, helping to establish the chronology and reconstruct the events and responses. Published studies by all groups involved were also reviewed and planning literature has been drawn upon.

PART I  
THE CONVERSION PROCESS

CHAPTER I

FEDERAL SURPLUS PROPERTY DISPOSAL

Prior to 1949, surplus property disposal was carried out by a number of different federal agencies. Each landholding agency such as the War Assets Administration or Defense Plants Corporation disposed of its own personal and real property, in whichever manner it chose. There was no statutory procedure spelling out how to determine the value of property or to whom it should be sold. In some cases, property was given away or sold at a nominal fee. In the late 1940's, this process was reviewed by members of Congress who believed that the Federal government should be realizing returns from the disposal of federal property. A system of priorities and fair market value sales was proposed.

In 1949, the Federal Property and Administrative Services Act was adopted. This Act created the General Services Administration to be the sole agency responsible for the disposal of federal surplus property. An exception to this is the Defense Department's authority to dispose of its property up to \$1,000 in value. The Act also established a means of identifying surplus property and of price negotiation.

In the determining of property as surplus, a federal agency submits its reports of excess property to the General Services Administration (GSA). Executive agencies are then notified by GSA of the property's availability. These agen-

cies have thirty days in which to notify GSA of their interest in the excess property. Any excess property which the Administrator of General Services determines is not required for the needs and discharge of the responsibilities of all federal agencies is then declared "surplus property". Following this federal review, the surplus property is offered to states, local subdivisions and other public instrumentalities at the same time and without priority. These public agencies may be interested in acquiring the property through a public benefit discount or they may choose a negotiated sale. The final decision on public applications for property is made by the Administrator of General Services on the basis of recommendations by regional administrators and other federal agencies, such as the Department of the Interior. If no public agencies are interested in acquiring the property, or if their applications are rejected by GSA, the property will be placed on the market for general bidding at auction. This action is subject to a determination by the GSA Regional Administrator that marketing of the property at any specific point in time is appropriate to the realization of an adequate price.

The Federal Property Act stipulates that surplus property be appraised based on the highest and best use for which there is a current market. The appraisal is reviewed by the Federal government for reasonableness and from it a "negotiated price" is determined. The negotiated price is the price

sent to the public applicant. By statute, GSA can not go below the price established and reviewed by federal committees and agencies. It is not allowed to be liberal in the negotiating process.

The methods of acquisition for a public agency have been expanded. Amendments since 1949 provide for public benefit discounts for certain public uses. The Secretary of the Interior is authorized to convey property for historic monument purposes without monetary consideration and for public parks or recreational use allowing up to a 100% public benefit allowance. For either purpose, property shall be used and maintained as such in perpetuity. The Administrator of the Federal Aviation Administration may convey any surplus real property or personal property for the operation and maintenance of a public airport, without monetary consideration. The Secretary of Health, Education and Welfare may convey property for public health or educational uses giving up to a 100% public benefit allowance and requiring that the property be used for the specific purpose continuously for a specified period of time. The federal agency having original jurisdiction or control of the property may transfer land for wildlife conservation, without reimbursement or transfer of funds. Finally, an additional amendment, though not yet adopted, proposes that the Secretary of Commerce be authorized to transfer property for economic development purposes providing up to a 75% public benefit discount. If any of the

above conditions of transfer are not adhered to by the recipient, the land becomes subject to recapture by the Federal government.

A public agency interested in acquisition of surplus property must submit a written response to GSA. This response must be made within twenty days of the surplus status declaration and must: (i) disclose the contemplated use of the property; (ii) contain a citation of the applicable statute or statutes under which the public agency desires to acquire the property; (iii) disclose the nature of the interest, if an interest less than fee title is contemplated; (iv) state the length of time required to develop formal application for the property; and (v) give the reason for the length of time required.

Pending disposition of the property, the federal agency which owned or controlled the property is responsible for its protection and maintenance. However, interim leases may be arranged, with GSA's approval. Such leases may not exceed one year and are subject to revocation on not to exceed thirty days' notice.

Over the years, federal property procedures have become more liberal with respect to civilian take-over of former military property: earlier access to real estate is available and it is not unusual for a community to receive permission to keep personal property in place to speed the start-up of civilian activities. These modifications have

been based on experiences such as those described in the next chapter.

## CHAPTER II

### LEARNING FROM EXPERIENCE

One of the Defense Department's most comprehensive realignment programs was undertaken in 1964. Considerations of cost savings were paramount in the decisions, with an expected savings on the order of \$477 million. Many of the installations affected were quite old and historic, among them the Brooklyn Shipyard and the Watertown Arsenal. Located in metropolitan areas, these last two bases presented special problems in conversion.

#### I. THE NEW YORK NAVAL SHIPYARD

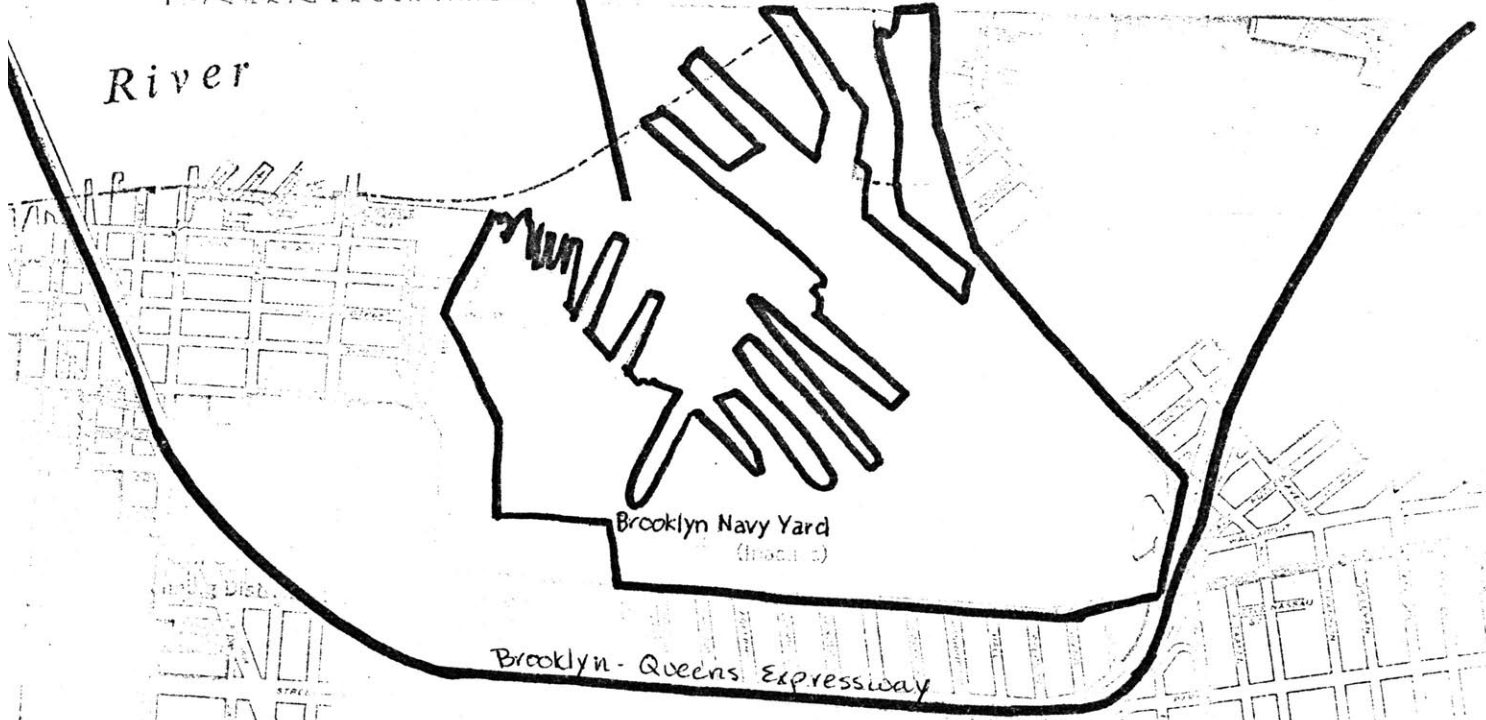
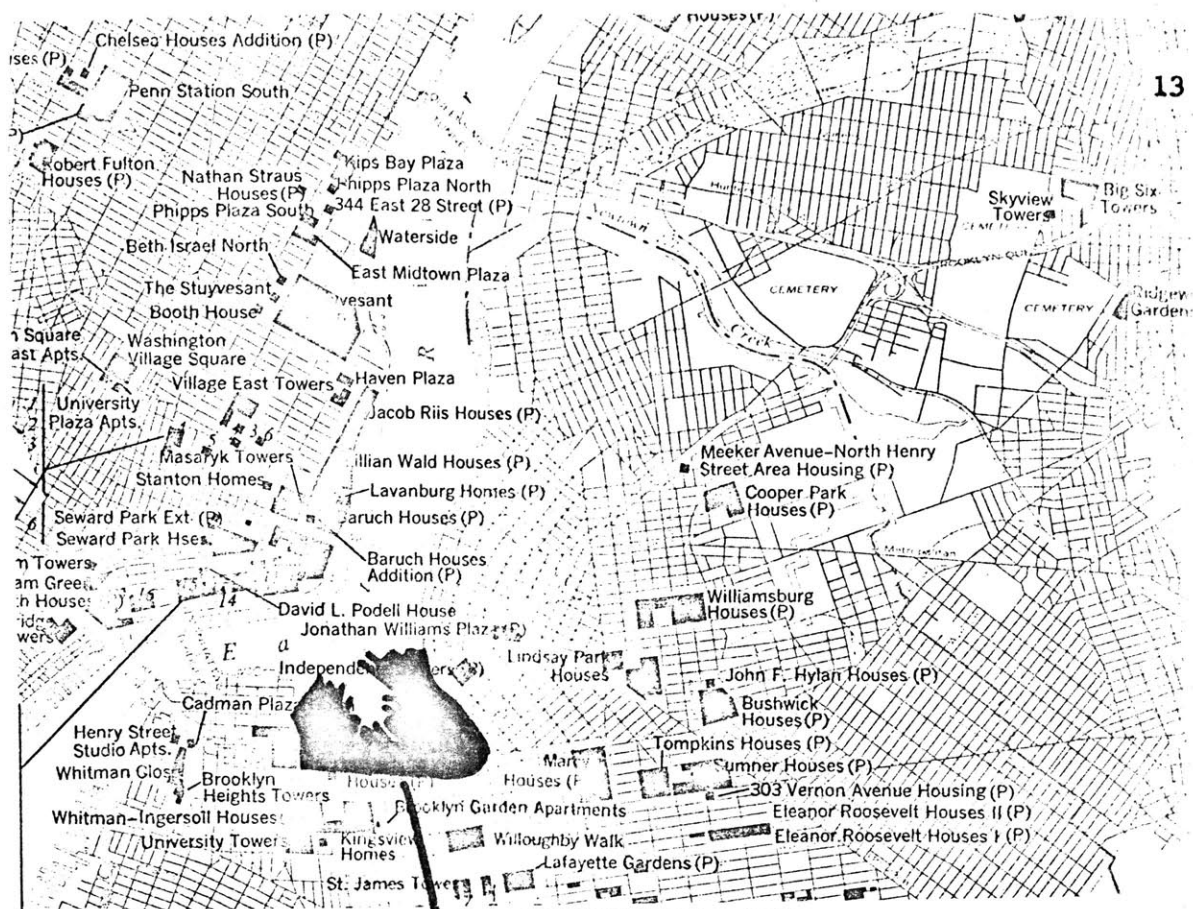
In 1964 the Defense Department, working to cut costs, prepared a study of the Navy's eleven shipyards. Of the four North Eastern yards - Philadelphia, New York, Boston and Portsmouth, N. H. - it was determined that the greatest savings could be realized by closing the New York Naval Shipyard at Brooklyn. The three remaining shipyards were encouraged to keep their costs low.

The realignment was announced in November, 1964. Complete closure of the base, known as the Brooklyn Shipyard, was to be accomplished by June of 1966 and would result in the elimination of 9,771 civilian and 165 military jobs. Involved in the closure were 265 acres of land containing five piers and about 600 structures, of which ten to fifteen were evaluated as "suitable for industrial uses".<sup>1</sup>

Following the announcement normal disposal procedures for excess property were undertaken by GSA. Originally, two federal agencies had made claims to portions of the site. But, with the aid of congressional pressure, these claims were dropped in March, 1966, to allow negotiations to occur directly with New York City.

In the words of a person now associated with development of the Yard, at the time of closure it was "studied to death" by local officials and their consultants.<sup>2</sup> Proposals for re-use ranged from filling the yard's drydocks and paving the site for parking to developing a State Park to constructing public housing to converting the Yard to a private shipyard. The studies were useless<sup>3</sup> and the City determined to re-use the site as an industrial park to help alleviate severe unemployment in the vicinity of the Shipyard. In fact, this was an appropriate decision given the characteristics of the site. The Shipyard offers a unique location and industrial facilities. It consists of industrial type buildings, is wholly enclosed, has an industrially related waterfront and is zoned for industry. Additionally, the Shipyard contains rail lines which, though not connected to an outside rail system, provide the potential for future connections or the transport of rail cars by barge. The Yard is located two minutes from the Brooklyn-Queens Expressway and twenty minutes from LaGuardia Airport. (See map, page 13)

The original value set on the Shipyard was \$55 million;



due to the depressed condition of the area and the City's goal of redeveloping the site as an industrial park, this was decreased to \$24 million.<sup>4</sup> At this time, employment projections in the area of 20,000 were made by public officials. Such figures were comparable to peak wartime employment on the Shipyard and were totally unrealistic for the projected redevelopment. No studies were ever carried out to determine accurate employment figures; someone's early generosity or enthusiasm saddled the City with a forecast which it would never be able to meet.

In February of 1966 a non-profit local development corporation was formed by the City to manage the redevelopment of the Yard. The Commerce Labor Industry Corporation of Kings (CLICK) was composed of power structure members: Brooklyn businessmen, civic leaders and elected officials - people interested in the economic survival and growth of Brooklyn. Later that year, CLICK began operating under a permit of entry issued by the GSA. The City acquired the site in 1968.

Though there were over fifty major industrial buildings of different types on the site, the existing facilities were not readily adaptable for modern use for a number of reasons. Being a Federal installation, all construction at the Shipyard had been undertaken by the Federal government without consideration of the New York City building codes. Consequently, CLICK found it impossible to obtain Certificates of Occupancy from the City Building Department. Age and neglect

had combined to severely damage most of the facilities and structures and the utilities in the Yard were in a state of almost total disrepair.<sup>5</sup> This was what represented "a unique opportunity to reintegrate the Yard with the life of the local communities and the City as a whole."<sup>6</sup>

The Yard is located in the Bedford-Stuyvesant, Fort Green and Williamsburg section of the Brooklyn Borough, an area which in the late 1960's was involved in the community control movement. Between 1966 and 1971, the original organizers of CLICK were replaced by community-oriented individuals. Their imperative was to redevelop the Yard generating as many local job opportunities as possible. The City was virtually excluded from any input in the operation and management of the corporation and was unable to exercise any control over the many irregularities that occurred during this period.<sup>7</sup> It was a time, however, when the City and Federal Governments were willing to pay that price to "buy" the peace in urban minority neighborhoods.

When CLICK had come into existence in 1966, requests for space in the Yard had exceeded the available space by five times. But by the late 1960's, following the community takeover of CLICK, all plans for re-use were viewed as optimistic. Darwin Daicoff, commissioned to prepare a report of the economic adjustment to the Yard closure for the Federal government, summarizes this period of community control.

In summary, rapidly formulated plans were retarded

by lengthy negotiations between the City and the GSA and by sporadic conflicts between local groups concerning specific programs for redevelopment. The effectiveness of the quasi-public corporations which were created to handle the redevelopment were hindered by the slowness of the State Legislature in providing the necessary legal foundation for their operation. Early optimism concerning the effective reuse appears to have been unfounded, and the tenants who located at the Base have thus far not filled the employment void created by the closure of the Yard.<sup>8</sup>

One of the greatest obstacles to re-use during the period of community control was the community's goal for creating local job opportunities. All prospective tenants were evaluated in light of how many jobs they could produce for the community, greatly restricting the list of possible tenants. Industries which located on the site tended to move in and out, making the industrial park unstable. One exception to this was the Seatrain Shipbuilding Corporation. It was able to negotiate a very advantageous lease with CLICK and provided stability, remaining as the largest employer and largest tenant on the Yard, occupying nearly 40% of the property.

A major organizational and operational change occurred in October, 1971, when a 99-year lease between CLICK and the City was approved by the Board of Estimate and the Brooklyn Borough Improvement Board. The new lease amounted to a management contract and included an escalating rental figure (to reach \$1.7 million by mid-74) and provisions for periodic reports and financial statements to be submitted to the City and provided for the regular exchange of other operational in-

formation with the City's Economic Development Administration. It also established a new, thirty-seven member Board of Directors; nineteen of whom, including the Chairman of the Board, are appointed by the Mayor; of the remaining eighteen, five each are selected by community corporations in each of the three local communities (Fort Green, Williamsburg and Bedford-Stuyvesant) with the remaining three appointed by the advisory council of elected officials representing the districts adjacent to the Brooklyn Shipyard.

There were many difficulties in gaining acceptance from representatives of the surrounding communities and the then management of CLICK of the new Board composition and terms of the lease. There was community agitation based on the mistaken belief that the City was trying to take CLICK away from community control. In fact, the thrust of the management lease was to expand the base of the industrial complex to benefit the economy of the entire City.<sup>9</sup>

The new Board was installed in May, 1972. Guiding their activities was the principle that "the corporation must be run on a sound business-like basis in order to best achieve the goal of creating a viable industrial complex which would provide job opportunities to the citizens of (New York)."<sup>10</sup> Thus, what should have been the original operating situation in 1966 came into existence in mid-1972. The relationship between the City and CLICK has evolved from very bad to very good over the ten-year period.

Under the new lease, the future of the industrial park on the Brooklyn Shipyard looks brighter. At the end of June, 1972, there were only 2,992 employees. In December, 1974, there were 4,398 and in 1975 the figure approached 5,000.<sup>11</sup> Seatrain Shipbuilding Corporation continues to be the largest employer. A total of twenty-eight companies (including Seatrain) are presently located on the site. These companies range from a manufacturer of handbags to a manufacturer of furniture to a refurbisher of motors, a tempered and armoured glass company, a mirror company and a foundry. The Shipyard has truly become an industrial park.

The new tenancies are all in keeping with the policy of renting waterfront space for waterfront related activities. All of the drydocks (six) and piers (five) are being used as such. In addition to Seatrain, Coastal Dry Dock and Repair Corporation has located on the park's waterfront. An interesting, though not unexpected, outcome of the Navy closing so many of its shipyards is that the Federal government has been forced to contract out for much of its ship repair. Coastal Dry Dock has been one of the firms which has helped to meet the Navy's needs; and on the Navy's old facilities.

According to one participant, the Yard and its facilities were "fully equipped to fight the War of 1812,"<sup>12</sup> but not to service industry in the 1970's.

Further growth in the CLICK Industrial Park had been inhibited by the lack of available and suitable rentable building space. The poor condition

of the existing buildings negated the possibility of attracting the types of tenants required: Companies both fiscally sound and capable of providing the much needed employment opportunities for the unemployed and underemployed. Assessment of the physical complex clearly revealed that demolition of obsolete structures and new construction were mandatory in order to attract a new balance of industry.<sup>13</sup>

In examining the best way of continuing development of the industrial park, it was found that the site contained many smaller areas which could be developed as "mini-industrial parks". This could only be accomplished by offering a developer a cleared tract of land, as was evidenced in preliminary discussions with several leading nationally known developers. Where the Federal officials wanted to see the Yard modernized through rehabilitation of existing structures, the City believed that demolition was to be the key that would unlock the barrier to industrial growth. The concept of redevelopment through demolition commenced in June, 1974.

Demolition on the site was restricted to obsolete structures. These were concentrated in two areas of the site: twenty-two acres at the East End and fifteen acres on the West End. Demolition on the former was carried out with the help of the United States Economic Development Administration which contributed 70% of the cost of the demolition. The cost of demolition of the latter fifteen acres is being borne by the City.

Ideally, given the funding, the City would like to have

demolished all of the buildings on the site to allow for modernizing. It has been limited to the obsolete structures, though, and sometimes the circumstances surrounding those have prevented their removal. None of the buildings were on the National Register of Historic Places at the time the City acquired the site. Since that time the City has had one listed and has future plans for housing some sort of museum in it. However, historic value did not play an important role in retaining structures. Rather, specialized construction resulted in exorbitant demolition costs. For example, a torpedo storage building consisting of reinforced concrete would have cost \$2.5 million to demolish. The only possible use was to convert it to a warehouse. Though it does not provide as many jobs as are desired for the amount of space occupied, the building is in use and is bringing in revenue.

Future marketing plans for the industrial park apply to the recently cleared acreage. Since the completion of demolition, many developers have expressed interest in building and developing these areas. CLICK is responsible for bringing in private development, the only kind which will occur as no public funds for development exist. To date, except for the demolition funds, the City of New York has not contributed any funds to the operation of the CLICK Industrial Park.

Although \$24 million was the negotiated sales price for the Yard, acquisition cost to the City turns out to be \$67 mil-

lion when amortization is included. The City will never be able to recover its investment. However, an attempt was made when the new CLICK lease was drawn up: it was estimated that an annual rent of \$1.7 million would return the investment over the life of the 99-year lease. In 1974, CLICK paid the City \$1.04 million in rent. According to CLICK's accountants, it is questionable whether CLICK is capable of ever paying \$1.7 million.<sup>14</sup> If a suitable arrangement between CLICK and the City is not achieved, CLICK considers its continued existence in its present form as doubtful. Thus, the City has adopted the perspective of re-couping its investment through employment and the ripple effect.<sup>15</sup> The emphasis is on what is brought into the City as a whole, not on a balance sheet accountant approach. This has its problems, though, given that the City's Economic Development Administration is financially responsible to the City's accountants.

New York has what it has in the Brooklyn Shipyard and is realistically trying to make that work. The 20,000 jobs originally promised will never be realized nor will the investment of \$67 million be re-couped, but the 5,000 jobs are 5,000 more than there were when the Yard was closed in 1966 and can be considered as 5,000 individuals off of the City's welfare roles.

## II. THE WATERTOWN ARSENAL

In April, 1964, seven months prior to the New York an-

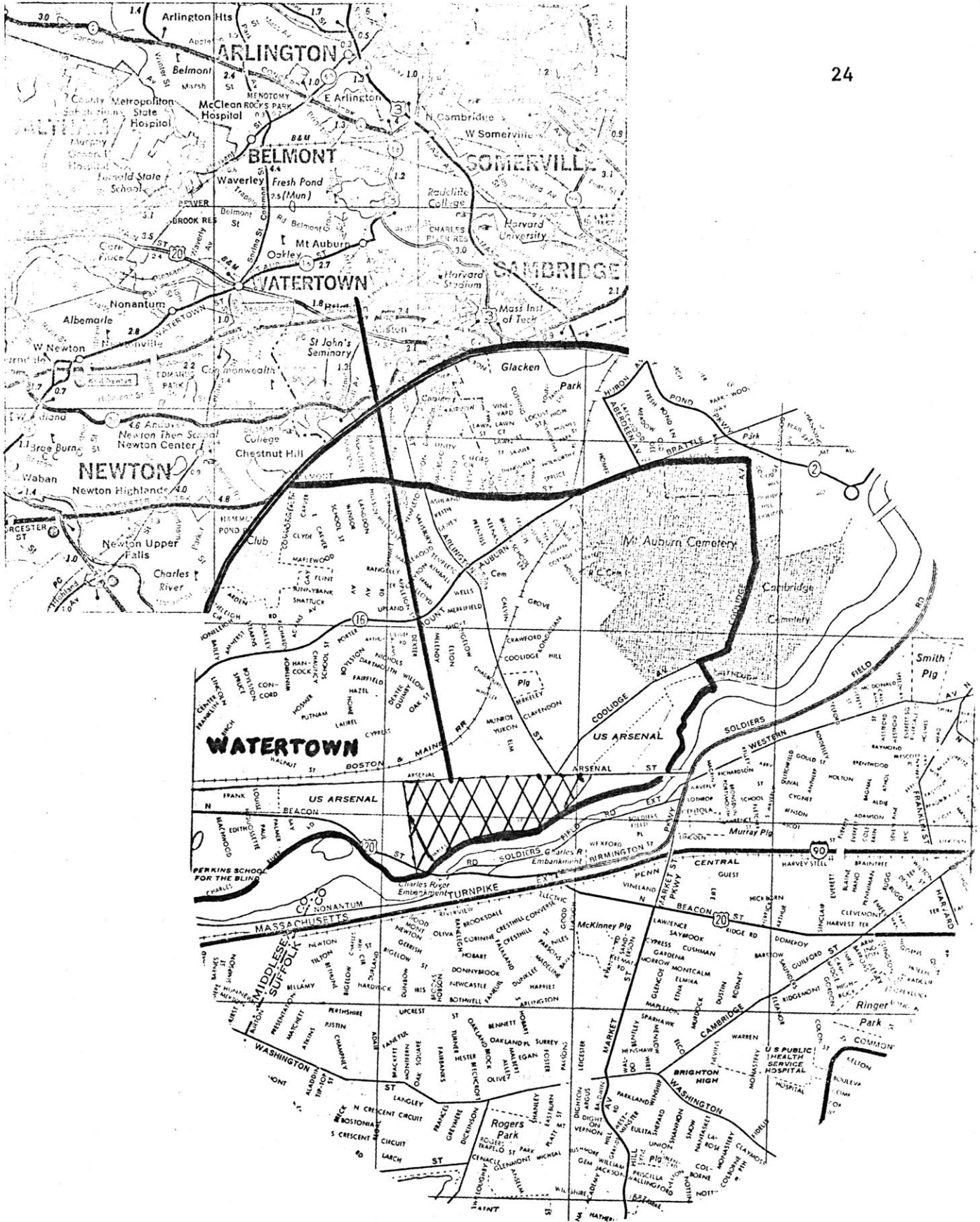
nouncement, the Defense Department announced that the Watertown Arsenal was to be deactivated. Complete closure of the Arsenal was to be accomplished by early 1967. Purchased gradually from 1816 through 1948, the Arsenal consisted of 59 acres overlooking a bend in the Charles River near Boston. At its peak, during World War II, over 10,000 people had been employed at the Arsenal. In the closure, 2,300 jobs were eliminated. The community's initial response to the deactivation notice was shock over the major loss of employment. This was followed by the struggle of the congressional delegation in Washington to keep the base in operation. This struggle, however, did not succeed in altering the Defense Department's decision and normal disposal procedures were undertaken.

By 1965, the Watertown Selectmen had begun to look at possible alternative uses for the site and an Arsenal Study Committee was established for this purpose. The redevelopment of the site was advocated by a consultant study, the Study Committee and the Watertown Planning Board. Town officials were told by GSA that sale to the Town could be financed by a private developer (through immediate resale) only if the Town had a Federally approved urban redevelopment program. The question: Should redevelopment occur at all in Watertown? was central to the redevelopment decision. Across the Charles River, in Boston, entire neighborhoods were being relocated in the urban renewal process. Yet urban renewal

was the only mechanism in existence which could provide the financial assistance for Watertown to purchase and redevelop the property for a private developer. Following a great deal of discussion, Town Meeting agreed to allow urban renewal on the condition that its operations be limited to the Arsenal. The Watertown Redevelopment Authority (WRA) was created and authorized to operate on the Arsenal, but no where else in Watertown. (See map, page 24).

Initial proposals for redevelopment of the site were surrounded by a state of euphoria. The Polaroid Corporation had expressed an interest in purchasing and developing the site in the near future and the economic climate of the region was near its peak. Located in the Boston metropolitan area, on the direct route from Boston to the center of Watertown, redevelopment of the Arsenal held the promise of a financial bonanza for the Town. Viewed as a prime parcel of industrial land, the site would be an important addition to the Town's tax base. Town leaders strongly believed that Watertown needed to increase its tax base and the Arsenal represented one of the few opportunities for expansion. The idea of using a portion of the site for a public park had been suggested by a number of Town groups, including the Planning Board, the Conservation Commission and the Park Commission. But the enthusiasm for redevelopment of the site reduced the idea to a small parcel.<sup>16</sup>

Watertown also saw acquisition as a means of protect-



WATERTOWN ARSENAL PROPERTY SURPLUSSSED IN 1964

ing the site from uncontrollable and undesirable development. According to a brochure distributed by the WRA to Watertown citizens, "The Arsenal Project and You — Opportunity Knocks", the "danger in allowing (GSA to conduct a private sealed bid sale)...was the exploitation of the land and buildings for commercial and speculative purposes by private developers."<sup>17</sup> Through the redevelopment process, the brochure suggested, the

maximum amount of control could be exercised over the type and character of the new business that would be created. Most importantly, the Redevelopment Authority (could) insure the highest tax revenue from the property in as short a time as possible.<sup>18</sup>

WRA anticipated full development of the site to be completed by December, 1979.

In 1968, Town Meeting approved a plan for an office-industrial park which had been prepared for the WRA by consultants, Metcalf and Eddy. It also appropriated \$6,385,000 to cover the purchase and operating costs of the 59 acres. The Town had been assured by the WRA that it would act as a straw for only a short time, "minutes" according to one participant,<sup>19</sup> until a private developer came along. The Town would then be reimbursed. This assurance was based on the assumption that the Polaroid Corporation would acquire the land immediately. In fact, all purchase plans and site plans had been designed for the prospective purchaser/developer, Polaroid.

Following the Town's acquisition of the Arsenal through the WRA, the outlook for redevelopment changed substantially. The WRA had been slow in gearing up and two years had elapsed between its creation and the time the Town approved the plan and appropriated funds. By this time, all of the developers expressing an early interest in the site had vanished. The Town was left with plans tailored to meet the developers' needs, particularly those of Polaroid. When Polaroid withdrew its interests in November, 1968, WRA was left without a means of implementing its plans.

Delays on the part of the WRA only partially account for the total lack of developer interest in the site. Shortly after the site had been purchased by Watertown, the economic climate began to shift downward. WRA was hamstrung both by the market shift and by the heavy purchase price behind it. Further complicating redevelopment was the vacating of the adjacent B. F. Goodrich site within two years of the Polaroid withdrawal. This move meant that the development of both sites was interdependent.

At the time of the negotiated sale between GSA and WRA, no arrangement was made for supplying the property with heat. The Army had retained a few acres of the site for administrative uses and this portion housed the steam plant. Because heating had not been included in the sale, the heating pipelines had literally been cut when the Army pulled out in 1967, leaving the Town's parcel without heat.<sup>20</sup> This great-

ly restricted the possibilities for re-use of the facilities; WRA interim uses have been short-term tenants for warehousing and cold storage. The lack of a heating negotiation was a primary deterrent to tenancy in the buildings and this lack of tenancy has, in turn, led to serious deterioration of the property and buildings through vandalism and lack of maintenance.

Since the WRA purchased the property in 1968, a number of proposals and developers have come and gone. Polaroid was the first in a series of developers who lost interest in the site and located elsewhere. Among them have been: a mini-city (which met with strong opposition from Town residents); the University of Massachusetts, Boston campus; the Boston Cultural Alliance; the Kennedy Corporation; and various public uses proposed by groups such as the Conservation Commission or individuals.<sup>21</sup> Watertown is a struggle which has gotten no where.

The WRA has been able to meet all of its operating expenses through low intensity uses such as warehousing. In 1969, the Authority returned \$160,100 to the Town and in 1970, \$50,000. Since then, the Town has not received any cash income from the property, nor has it seen any of the returns anticipated from the sale of surplus/salvage materials on the site.

As long as the WRA can meet its operating costs, there is no motivation for it to intensify its development of the

site. Thus, its modus operandi has been described as "maintenance of the status quo."<sup>22</sup> The thrust for permanent disposition of the site does not exist within the established mechanism of the WRA. In 1972, the community saw it as their responsibility to provide the missing motivation. Watertown citizens generated their own Public Use Plan for the Arsenal. The proposal suggested mixed uses, including a cultural complex, educational components, open space and a commercial component as contrasted with the commercial focus of the traditional urban renewal approach. In 1973, a Committee was appointed to test its feasibility. With assistance from the Defense Department's Office of Economic Adjustment, Watertown successfully requested an Economic Development Administration Technical Assistance Grant for the public use planning effort. In 1975, Town Meeting approved an amended urban renewal plan which divided the site equally between public uses and private development.

The actual growth of public uses has been gradual. WRA, much as it talked of income producing uses, has in fact been subsidizing a number of Town activities in lieu of payments to the Town, providing space for human services and community centers. These are only temporary uses, pending a developer for the site. The remainder of the site is occupied by short-term tenants who use the building shells for warehousing. Shells of buildings are all that are left from the 1968 transfer; all of the removable fixtures have been removed

for salvaging or simply vandalized. The current community goals are to get something going on the site. A summary of activities on the Watertown Arsenal to date: "Things have been occurring all along, they just are not visible, physical activities which gives the impression that nothing is happening when actually quite a bit of planning activity has taken place since 1968."<sup>23</sup>

The original goal guiding redevelopment of the site was re-couping of the Town's investment. Present goals are but a shadow of the original. Over the twenty-year bonding period, the average Watertown taxpayer will pay \$1,000 toward the Arsenal acquisition.<sup>24</sup> The community is now resigned to not seeing its full investment retrieved, but is urging that action be taken so that it might realize monetary returns and public benefit. "If a developer came along with a plan and dependable financial backing, the Town would probably say 'Go ahead'."<sup>25</sup>

### III. IF WE WERE STARTING OVER....

The experiences of New York and Watertown served to "pave the way" for other urban base closings in the North East. Participants from both bases, blest now with retrospect, have identified four oversights from which other public agencies can learn and in turn apply the lessons to future base conversions. These oversights are: (1) the need for a thorough inventory of the facilities prior to serious

consideration of acquisition; (2) the need for protection and maintenance between excessing and transferral of the property to the public agency; (3) the need for a comprehensive financial and marketing analysis; and (4) the need to minimize the public investment in the property and its facilities.

In both cases, the need for a thorough review of and inventory of facilities was emphasized. This would include examining the age, condition and re-use potential with an eye toward the future marketing of the site. New York neglected to carry out such an inventory. When the acquisition was confirmed, they found they had purchased a shipyard fully equipped to fight the War of 1812; rehabilitation would not provide the degree of modernization necessary to market the buildings, many buildings were not fit for occupancy according to New York City's building codes and those structures which should have been demolished had to be retained due to the expense. Watertown had prepared a counter-appraisal for the negotiated sale which included a \$500,000 discount for the estimated demolition and decontamination costs. Otherwise, they were totally unaware of facility characteristics or conditions and hence encountered unanticipated costs of building demolition and equipment removal.

The lack of adequate protection and maintenance agreements between the Defense Department and both municipalities resulted in rapid and serious deterioration of facil-

ities. It has been estimated that the failure

to undertake property maintenance in the Brooklyn Navy Yard resulted in more than \$1 million in damages when it was transferred from the federal government to New York City.<sup>26</sup>

At the Arsenal, Watertown lost the returns anticipated from the sale of salvage due to inadequate protection and maintenance. All removable fixtures were removed and the site vandalized until only the shells of buildings remained.

Socially and economically, the period in which Brooklyn and Watertown were purchased was very different from today. The mid-60's was the time of the Great Society; funds abundant for investments in neighborhoods and in keeping the peace in the cities. Unlike today, the real estate market was booming. The municipalities had visions of financial bonanzas, excessive demand for the property and financial assistance from urban renewal. Ten years later, the outlook has changed. For New York, the most important considerations in recent re-use efforts have been (i) minimizing the amount of public funds invested in the operation of the industrial park thereby placing demands on the private sector for development funding and (ii) focusing on the job generating capacities of prospective tenants as opposed to their ability to generate tax revenues. The monetary expectations of Watertown have been modified. The WRA, in its 1970 report to the Town, concludes that the goals set in 1968 are probably:

unachievable. The successful development of the Arsenal will not solve all the tax problems of Watertown. Successful development of such a large parcel will take a great deal of time and produce financial tax relief only gradually over that period of time.<sup>27</sup>

Finally, both municipalities made the mistake of overcommitting themselves financially in the negotiated sales process. Though Watertown believes that it sought out the only opportunity available for financial assistance (State Urban Renewal), some participants hold that public needs were never given serious consideration.<sup>28</sup> There was and is a need for public open space in the Arsenal area of Watertown; a portion of the site could have been acquired as open space, meeting the public need and reducing the acquisition cost as well. Today, a participant in the New York case feels that it might have been more feasible for the City not to have purchased the Yard, arranging for purchase by a private consortium instead.<sup>29</sup> Perhaps the City should have turned down the GSA's invitation to purchase the site, countering with an offer to take the outdated facilities off of the Federal government's hands.

The conversion process continues to be a long way from being smooth and equitable, but both New York and Watertown have made important contributions to improving the process. The next chapter will examine how Boston learned from the mistakes of others and how their lessons shaped Boston's approach to the conversion of the Charlestown Naval Shipyard.

## CHAPTER III

### CONVERTING THE BOSTON NAVAL SHIPYARD AT CHARLESTOWN TO CIVILIAN USES

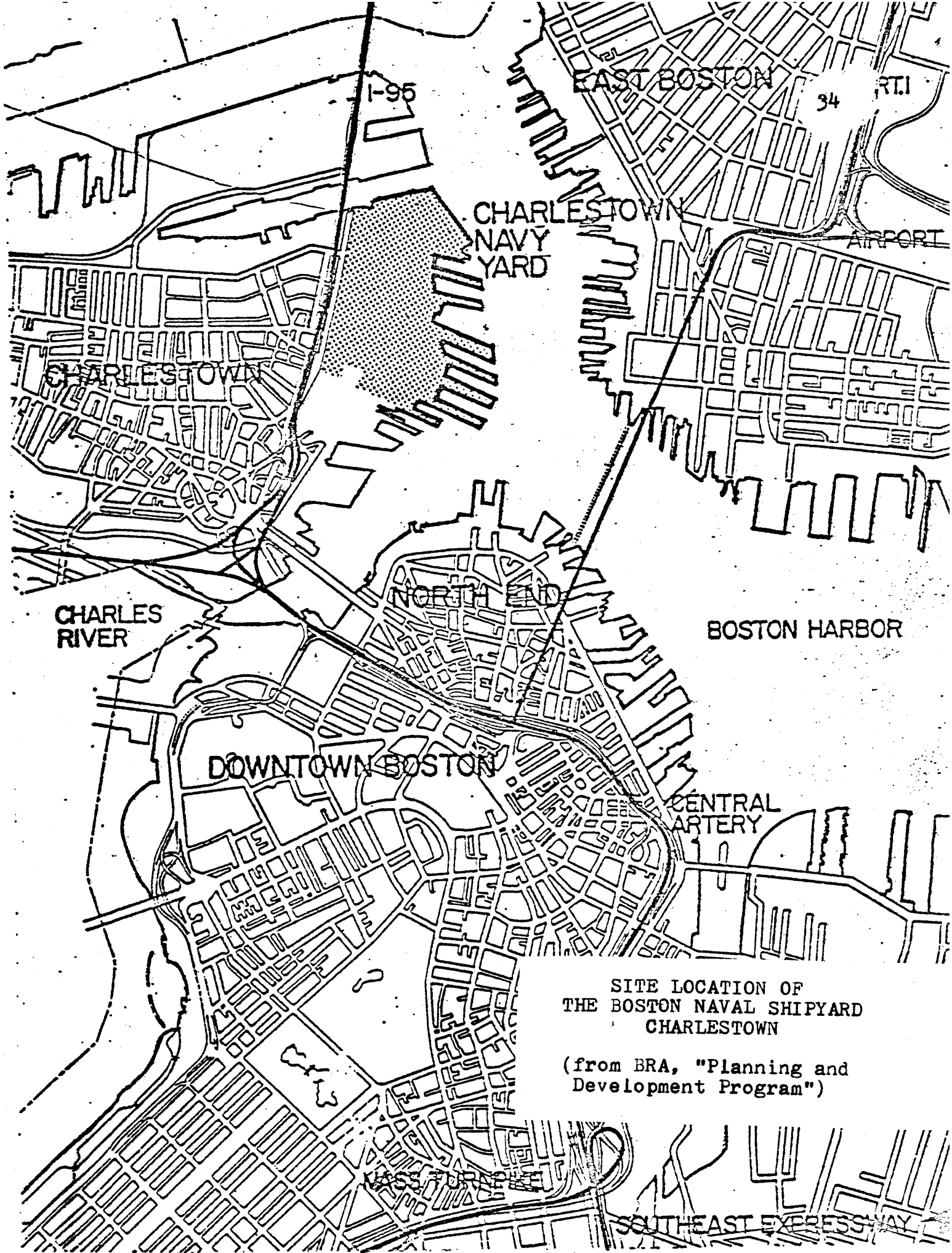
The settlement of Charlestown, established in 1629, antedates that of Boston by one year. Located across the Harbor from Boston on a peninsula formed by the mouths of the Mystic and Charles Rivers, Charlestown has always been a center for shipping activities. When the fledgling nation appropriated \$1,000,000 for the building of six Naval vessels, Charlestown's waterfront was deemed most suitable for the Navy's first shipyard. On June 17, 1800, the anniversary of the Battle of Bunker Hill, the U. S. Navy entered into what would be a 174-year relationship with Charlestown by purchasing forty-three waterfront acres at a cost of \$39,214.

#### I. THE CHARLESTOWN COMMUNITY

The Navy Yard's influence on Charlestown has, to be sure, been stronger than Charlestown's influence on the Navy Yard. (See map, page 34). Woods and Kennedy, in Zone of Emergence, describe this influence as follows:

To the social life of the district a peculiar quality was given by the proximity of the Navy Yard and the intermingling of citizen and soldier. The officers at the Yard lived at the local hotels or in houses of the town which they rented. Many of them found their wives in Charlestown. Thus a semimilitary society grew up, and social rating came to be fixed according to one's rank in the Yard.<sup>30</sup>

In the last seventy years, few of those employed at the Navy Yard have resided in Charlestown. In 1905, "(v)ery few of



**SITE LOCATION OF  
THE BOSTON NAVAL SHIPYARD  
CHARLESTOWN**

**(from BRA, "Planning and  
Development Program")**

the men in the Navy Yard reside in the district, most of them coming from all over greater Boston."<sup>31</sup> In 1970, it was estimated that fewer than 300 of the Navy Yards nearly 5,500 employees lived in Charlestown.<sup>32</sup>

Another influence of the Navy Yard on Charlestown has been the vehicular traffic generated by the Yard. Particularly during World War II, the Yard's period of peak employment, many Townies realized extra revenue by operating parking lots. But the traffic has always been a greater problem than an advantage. At the close of a work day, Charlestown's residential streets were sacrificed as Yard traffic, scrambling to find a new or unused route to avoid the tie-ups on arterials, created their own delays and traffic hazards.

Residential land use predominates in Charlestown, with large tracts of public housing and private housing which is primarily three-family wooden structures. Exceptions to the latter lie in the vicinity of the Bunker Hill Monument. Industry is located on Charlestown's periphery.

Charlestown is now being termed an "up and coming" neighborhood. In the 1940's, the Navy's peak employment period, the population of Charlestown was 42,000. This number steadily decreased through the 1950's and 1960's to a low of between 10,000 and 11,000. In 1963, a General Neighborhood Renewal Plan was prepared for Charlestown. Located across the Charles River from the infamous West End Renewal Area, Charlestown

residents were less than enthusiastic about such an event occurring in their neighborhood. In 1966 skepticism was overcome, compromises were reached and the urban renewal plan for Charlestown was accepted. Because of its status as Federal property, the Navy Yard was not considered in the City's plan.

Renewal had its physical beginning in the late 1960's and was accompanied by individual renovations. These combined to enhance Charlestown's reputation as an urban neighborhood. In the 1970's, Charlestown's Irish-Catholic blue collar population has been growing with the recent influx of white collar workers migrating back to the city.

Given its Irish-Catholic population, much of the community activity centers around the church parishes, particularly the three Catholic parishes of St. Mary's, St. Catherine's and St. Francis. The churches provide many of the community's social gatherings, including guilds and youth organizations.

The community groups which have had the greatest involvement with the Navy Yard are the Charlestown Historical Society and the smaller Charlestown Preservation Society. Memberships of the two societies overlap and rather than competing on the same issues, their activities and interests complement each other. On a few occasions the Kennedy Center has also been involved with the Navy Yard. A community organization supported by the Federal Office of Economic Opportunity, the Kennedy Center provides social service pro-

grams for the community, including employment programs, child care and elderly programs.

Residents of Charlestown identify strongly with their neighborhood. The common three-family residences strengthen this identity, serving as "family" homes. It is not uncommon for young married couples to occupy one of the apartments in their parents' home.<sup>33</sup>

Under the jurisdiction of the Federal government, the Navy Yard has always been administratively separated from the Charlestown community. In 1950, the construction of the Mystic River Bridge created a physical barrier between the Yard and the community, separating the two even further. These two barriers, together with the facts that relatively few Charlestown residents were employed at the Yard and that few Charlestown businesses were dependent upon base generated business, meant that the community viewed the Navy Yard as less and less a part of Charlestown.

## II. EARLIER BOUTS WITH CLOSURE

Employees at the Charlestown Navy Shipyard had heard rumors for thirty or forty years that the Navy was going to close the Yard. The Boston Naval Shipyard at Charlestown has been plagued every ten years or so with threats of closure since the 1930's when Mayor Curley was talking about fighting to keep the Yard open. In the 1950's the Hoover Commission, urging decompetition with private industry, pro-

vided the impetus for closing the Yard's historic ropewalk. Heated congressional debates over the announced closure and a related defense appropriations' rider resulted in a reprieve; the ropewalk was spared. Again, in 1964, the year of the Watertown and Brooklyn closures, operations at the Boston Naval Shipyard were reviewed.

The Brooklyn, Philadelphia, Portsmouth and Boston Navy Shipyards had all been cited as "high-cost" yards in the Defense Departments shipyard study. The cost-savings which could be effected through the closure were examined for each Yard. This was a period of concern in Boston until it was announced in November, 1964, that the Brooklyn Shipyard was to be closed immediately. Portsmouth was to be phased out over the next ten years and Charlestown and Philadelphia were spared. There were immediate responses to the Boston Naval Shipyard's near miss by those interested in its continued existence. Captain Jones of the Shipyard warned that the installation must continue its current efficiency program to avoid further cutbacks.<sup>34</sup> At the Federal level, the Massachusetts delegation undertook action aimed at modernizing the facilities to insure a future demand for its operations and to make the Boston Naval Shipyard a key base in the North Atlantic Defense System. City and community leaders accepted the study and possible closing in stride. Their view was that bases were always being reviewed for efficiency and cost-savings and a possible closure came along every de-

cade or so to maintain efficient operations. With Brooklyn and Portsmouth closed, they viewed Charlestown's future as secure. The Charlestown Shipyard now occupied a key position: To close the Shipyard would leave the North Atlantic "defenseless".

Shortly after the encounter with the Defense Department, the Charlestown Historical Society, increasingly aware of the Navy Yard's historical value, began working toward national recognition of this value. In 1966 it succeeded in having the entire Charlestown Naval Shipyard declared a National Historic Landmark and listed on the National Register of Historic Places. These designations indicated that the Yard was considered to be of exceptional value to the country as a whole and that any future development on the Yard must be carried out with concern for the protection of buildings and areas of value.

The Historical Society became involved with the historic preservation of the Yard again in 1969. The seed of what was to become a proposal for a National Park was sown in the Boston Globe, September, 1969, by Douglas Adams, a professor active in historic preservation. He proposed a park for a portion of the Navy Yard, centered around the U.S.S. Constitution which would interpret the entire Revolutionary War area, explaining the continuity and interrelationships of the various scenes of action.<sup>35</sup> In November of 1969, the Charlestown Historical Society, upon learning of negotiations be-

tween the City and the Navy to have the USS Constitution moved from Charlestown to a berth elsewhere in the City<sup>36</sup>, picked up on the idea. The President of the Historical Society appointed a committee to work with the Boston Redevelopment Authority (BRA) to preserve the Charlestown Navy Yard as a National Park. Within three days of the committee's creation 1,200 Charlestown residents had signed a petition in opposition to any move of the USS Constitution from Charlestown. The BRA, at the request of the Society, drew up plans which became the basis of the proposal for a National Historic Park.

Defense Department actions complemented the drive for a National Historical Park. At the suggestion of the Massachusetts congressmen, the modernization of the Boston Naval Shipyard had been studied by engineering consultants in 1968. These studies resulted in the recommendation that the operations of the Navy Yard be consolidated at the South Boston Annex, the more modern of the two facilities which compromised the Boston Naval Shipyard. Acquired from the Commonwealth of Massachusetts in 1920, the Annex occupied 180 acres of waterfront land at the mouth of the Boston Inner Harbor. In 1970 it was announced that operations at Charlestown would be moved to South Boston over a ten-year period, vacating the Charlestown Yard by 1980. As the BRA began serious consideration of what to do with the soon-to-be-vacated Shipyard, the National Historical Park proposal gained support and momentum. By the end of 1970 it had found its way to Washington.

### III. RESPONSES TO THE ANNOUNCEMENT OF CLOSURE 1973

Three years after the decision to consolidate operations at the South Boston Annex and nine years after the last closure consideration, the closure was again discussed. Those familiar with the history of the Shipyard and previous rumors believed that such a decision could again be averted. The Massachusetts delegation in Washington, D. C., held meetings with each other, with President Nixon and with Secretary of Defense Richardson in an attempt to positively influence the Defense Department's decision. In addition, Senator Edward Kennedy filed a bill in Congress proposing a Military Installation Closing Commission to review and evaluate any decisions of the Defense Department to close any military installation. The measure, however, did not receive action in the 93rd Congress, let alone in time to affect the fate of the Boston Naval Shipyard.

The National Historical Park effort found itself in an awkward position. Legislation pending in Washinton, D. C., required that activities for the Park be continued; the impending closure of the Shipyard meant that these activities might be misinterpreted as lending support and encouragement to deactivation.

On April, 16, 1973, the Secretary of Defense announced that five military installations in Massachusetts would be closed: Otis Air Force Base, Westover Air Force Base,

Chelsea Naval Hospital, and the Boston Naval Shipyard at Charlestown and South Boston. Responses to the announcement came from every level of government, federal to community; responses which varied in scope and focus.

The Massachusetts congressional delegation immediately set to work to "ease the blow". Senators and representatives of Massachusetts and Rhode Island met to discuss ways of easing the economic impacts. For the Boston area these had been predicted at \$45 million per year. A special Emergency Readjustment Commission, headed by Secretary of Defense Richardson, was created to study the economic impact on the affected areas and to recommend Federal funding programs to alleviate those areas.

Where the traditional political response to such rumors and announcements is to protest and make demands, the then Governor of Massachusetts, Francis Sargent, was concerned that his response be consistent with his position of cutting back on defense spending.

I was torn between making a lot of noise hollering about the loss of jobs and being consistent in my position on defense spending. I was concerned about the closure and said that I was, but I did not start a public relations campaign against it. Instead I approached Secretary of Defense Richardson and asked him, 'Is there any way this decision can be turned around?' When he replied no, that it had all been decided, I was convinced that it was best to presume that the decision was final. From that point I began to consider what could be done to constructively reconvert the bases.<sup>37</sup>

On April 15, the day before the Defense Department made its announcement, then Governor Sargent revealed a three-point plan for dealing with base closures, should any of the Massachusetts bases be closed. The plan included: (1) going after whatever Federal grants were available to ease the dollar impacts of closings; (2) seeking more manpower training and retraining programs from the Federal government; and (3) pressing the Nixon Administration for a firm commitment to support manpower programs with a willingness to aid, at least in part, the industries for which the people were being retrained.<sup>38</sup>

The Mayor of Boston designated the Economic Development and Industrial Commission (EDIC) headed by Gerald Bush, as the City's lead agency in conversion planning. The Boston Redevelopment Authority (BRA) was to provide continuous input to conversion planning. The week after the plans to close had been confirmed, the BRA disclosed its intentions to approach the Defense Department for appropriations of upwards of \$30 million to convert the Shipyard to a maritime park and industrial center. This was based on the BRA's belief that the most pressing and important need was to "get several industries situated at the Shipyard in a complex with a maritime park (focusing on the USS Constitution)."<sup>39</sup> These intentions were modified when Mayor White announced that the City was seeking a \$430,000 Federal grant to fund eighteen months of conversion planning. The EDIC and BRA were inter-

ested in jointly commissioning a comprehensive land use study to identify alternative concepts for the redevelopment of the two sites. Three months later, the U.S. Economic Development Administration made \$80,000 available to the City for planning the conversion of the shipyard to civilian uses. The BRA applied for a \$280,000 grant from Housing and Urban Development to fund redevelopment planning.

Within a month of the announcement, State officials, believing that it was better to approach the problems created by closure through a formalized mechanism than through a study group, established the Joint Commission on Federal Base Conversion. The need for municipal as well as State involvement was recognized and task forces were created for the Boston/Chelsea area, Otis and Westover. Community advisory committees were established in the communities of Chelsea, Charlestown and South Boston to complement the Boston/Chelsea Task Force. This break-down was to ensure that decisions on retraining and re-use be made at the local level. Task forces and advisory committees were to have a spread of members, some being State appointed and the others city appointed. The Governor assigned two of his top staff aides to assist the Commission and he worked to provide the Commission with the ability to and the funds necessary for functioning.

In the summer of 1973, Frank Zarb, Director of the Office of Management and Budget, and his troop of "flying Federal officials"<sup>40</sup> flew to Boston to assist in the base ad-

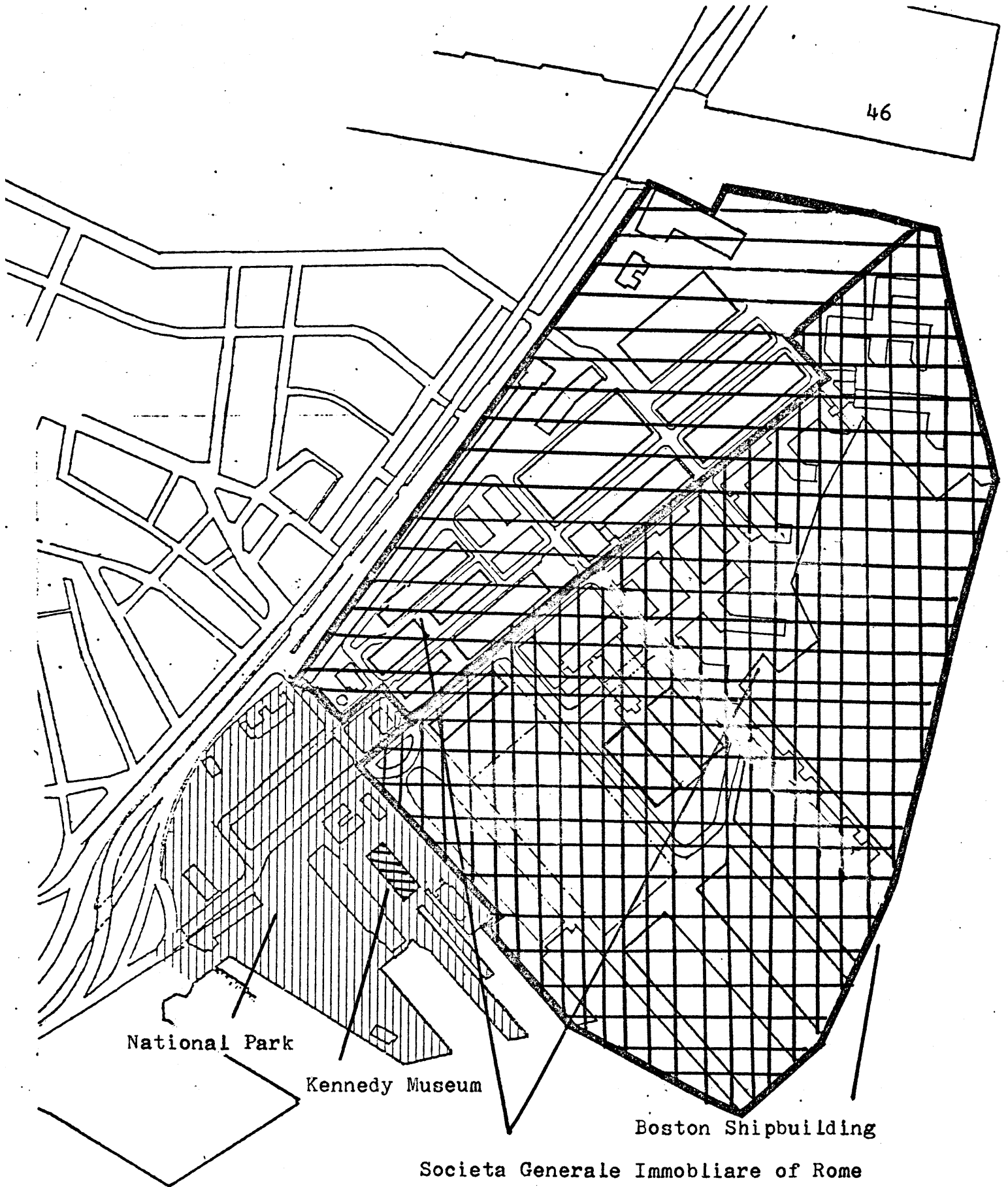
justment. Represented among the fourteen officials were the Housing and Urban Development Department, Economic Development Administration, National Park Service, Office of Economic Adjustment and Health, Education and Welfare. Serving as the high level response to local outcries relating to the April announcement, the team briefly viewed the situation and designated the Office of Economic Adjustment within the Defense Department to serve as liaison and coordinator between the planning agencies responsible for conversion and Federal funding agencies.

Responses on the part of Federal, State and City organizations laid the foundation for converting the Charlestown Navy Yard to civilian uses. Through them a framework for interaction and preliminary goals for re-use were established.

#### IV. RE-USE PROSPECTIVES

In the three years following the closure announcement, the City has courted four major prospective developers for the Charlestown site: the National Park Service, the Boston Shipbuilding Corporation, the Kennedy Library Corporation, and the major real estate firm - Societa Generale Immobiliare of Rome. (See map, page 46).

The National Historical Park. Planning for the National Historical Park, to avoid being identified as favoring closure, maintained a low profile pending the realignment decision. After the confirmation of closure, the activities



National Park

Kennedy Museum

Boston Shipbuilding

Societa Generale Immobiliare of Rome

MAJOR PROSPECTIVES



re-surfaced. The Charlestown Historical and Preservation Societies and the BRA resumed their planning efforts.

Those promoting the Park wanted to include within the Park boundaries as many of the historic buildings as possible, particularly the 142-year old ropewalk. Despite their efforts, when the final, Federally approved plan for the Park was announced, it was limited to the USS Constitution and a surrounding area of approximately twenty-seven acres. Included in the Park were a few historic structures, among them the Commandant's house, but efforts to include the ropewalk were unsuccessful. The National Historical Park became a reality in 1974, as the Navy functions at the Yard ceased.

The USS Constitution and historic Charlestown are the building blocks for the Navy Yard re-use. These visitor attractions will increase the average length of stay per visitor at the Navy Yard and which will, in turn, create a greater demand for visitor services such as hotel accommodations, restaurants and shops. The National Historical Park and the proximity to Charlestown constitute major building blocks for stimulating private investment in the re-use and development of the Navy Yard.

Boston Shipbuilding Corporation. At the outset of conversion planning both EDIC and BRA saw re-use of the South Boston and Charlestown sites as a private shipyard as the most advantageous approach. It would minimize the public sector investment in converting the sites by using the exist-

ing facilities and would re-hire the shipbuilders which had been laid off by the Navy. EDIC, not wanting to acquire the combined 280 acres totally on speculation, was searching for an anchor tenant to locate on the bulk of the property.<sup>41</sup> In late 1973-early 1974, one materialized.

The Boston Shipbuilding Corporation was headed by Lloyd Bergeson. His firm proposed to take over the total land and water acreage of the South Boston Annex and 60 acres of the Charlestown site, including the sheet metal, electrical and steel forging shops, all of which were located on the waterfront. This would leave some 45 acres at Charlestown, those containing all of the older industrial and warehouse buildings, and would remove the potential for housing, marina or other waterfront uses at Charlestown. It was viewed by Gerald Bush, EDIC Director, as a "real time" development.<sup>42</sup> The Corporation estimated that, if it did locate on the Shipyard sites, it would build over \$200 million in ship orders over a ten-year period and provide as many as 3,000 jobs for shipbuilders.

However, before Boston Shipbuilding could make a firm commitment to locate on the sites, it had to raise between \$285 million and \$300 million in ship building contracts.

In March, 1974, three months before the Navy was scheduled to cease its operations on the Shipyard, Bush announced that, with the assistance of the Federal Office of Economic Adjustment, the City had been successful in getting assurances

from the Department of Defense that the Shipyard would be left intact to the extent necessary for Shipbuilding. While vague, these assurances seemed explicit in comparison to the Navy's prior reluctance to comment on its plans for the equipment. The Charlestown community advisory committee recommended to Mayor White that "every possible effort" to support the proposal by Boston Shipbuilding to occupy South Boston and a portion of Charlestown be continued.<sup>43</sup> As a result, the Mayor moved to grant the firm a 120-day moratorium on other uses for the Shipyard properties and pledged the City's cooperation with the firm in advancing its plans.

By April, Boston Shipbuilding was estimated to have nearly \$100 million of the necessary contracts and was working to come up with \$185 million more by July 1, 1974.<sup>44</sup> It also had the backing of city business leaders and the City's four largest banks.<sup>45</sup>

Optimism over the re-use of the site was increasing. The Shipbuilding Corporation as a major tenant would allow the City's industrial park concept to get off the ground immediately since negotiations with GSA could be carried on while the firm was occupying the site on an interim lease. The City estimated a potential \$100 million in new investment for shipbuilding uses on the site and up to \$3.6 million in new property revenue yields.

A special report on the future of the Navy Yard was published in the Globe three days before the complete closure of

the Shipyard by the Navy. The Shipbuilding Corporation was reported to have some \$250 million worth of new ship construction contracts. But the report, attempting to view the realities of the venture, warned that "(w)hile there is optimism because of the shipbuilding offer, it still may be too early to answer the question of whether the City will find itself with a pair of white elephants or centers of potential prosperity."<sup>46</sup> If the shipbuilding project did not jell, directions for the future development of the Boston Naval Shipyard would come from a \$29,000 consultant study which had been commissioned jointly by the EDIC and BRA in mid-1973. The study was being prepared by Wallace, Floyd, Ellenzweig Inc., Cambridge, and would be completed by mid-July, 1974.

In the fall of 1974, conversion planning for the Shipyard was modified. Boston Shipbuilding was having difficulty obtaining sufficient financial commitments. EDIC, given its mandated interest in industrial development, was shifting its focus to the industrially-oriented South Boston Annex, leaving the BRA to plan for the Charlestown site. EDIC itself was forced to alter its approach when its director, Bush, resigned. Finally, in early 1975, the shipbuilding firm foundered due to insufficient financial backing and a collapse of the world shipbuilding market. New directions for development were sought in the alternatives identified by the Wallace, Floyd, Ellenzweig study.

The Kennedy Library Corporation. The seeds of the next

development proposal had been sown at the height of optimism over the Boston Shipbuilding Corporation's proposal. In April, 1974, Stephen Smith, a member of the Kennedy Library Corporation, had made a visit to Boston to scout alternative sites for the proposed Kennedy Library and Museum which was encountering resistance in Cambridge.<sup>47</sup> Among the sites visited was the Charlestown Navy Yard.

As the shipbuilding proposal faded, the community picked up on the Kennedy Corporation's need for an alternative site. The Charlestown community advisory committee had made a timely recommendation that the BRA approach the Kennedy Corporation and offer the Charlestown Navy Yard as an alternative site for the Museum (leaving the less controversial Library located in Cambridge).

There was some reluctance on the part of Charlestown residents to abandon the shipbuilding proposal in support of the Museum proposal. They saw the Kennedy Museum as an exciting idea, but it did not serve to satisfy their major concerns for redevelopment of the site. The employment to be generated was minimal, certainly not the type which Townies had hoped would locate on the Yard. The Museum would not increase the tax base and finally, the tourist traffic generated by the Museum was less desirable than heavy truck traffic. The latter was at least confined to commercial streets and had specific destinations. Tourist traffic would probably meander all over Charlestown's residential streets

while looking for the Museum and generally exploring the neighborhood.

Nevertheless, when it became clear that the shipbuilding proposal was futile, the entire community enthusiastically threw its support behind the Kennedy Museum. The community saw Charlestown as an appropriate location; after all, John F. Kennedy had begun his political career representing Charlestown and the community saw the Museum as a monument to one of its favorite sons. A petition drive was organized to demonstrate community support of such a development and to request that the Kennedy Museum locate at the Navy Yard. A total of 3,000 signatures were collected, representing about one-third of Charlestown's adult population.<sup>48</sup> Members of the Kennedy Center sent off letters to the Kennedy Library Corporation in support of the Museum location in Charlestown.

The BRA was officially designated as the City's lead agency for the Charlestown Navy Yard in June, 1975. The month before, the Kennedy Library Corporation had announced that it had no more interest in the Cambridge site for the Museum. The BRA's first action as lead agency was to offer a building at Charlestown for the Kennedy Museum. For the next five months, the BRA worked to make the Charlestown location as attractive as possible to the Corporation. Detailed development proposals were published<sup>49</sup>; plans for the entire Shipyard began to reflect the historical character of redevelopment.

ment; zoning changes were undertaken to reflect the new direction of re-use planning and the Navy was notified that the City was no longer interested in the personal property on the site related to shipbuilding. The State's cooperation was sought and received. State actions relating to the redevelopment of the Yard were guaranteed top priority. These included the State's Department of Public Works improvements to site access, preparation of impact statements and the expediting of all State reviews and actions relating to Yard redevelopment. The BRA viewed the Kennedy Museum as the "icing on the cake" for the redevelopment of the Charlestown Shipyard.

Then, in November, 1975, the blow was delivered: The Kennedy Library and Museum were to be located at the University of Massachusetts campus at Columbia Point, Boston. Though the Charlestown Navy Yard did not benefit from the decision, a momentum had been achieved for conversion planning and the pledges for State assistance and cooperation which had been obtained would not be rescinded.

Societa Generale Immobiliare of Rome. Just as the Boston Shipbuilding Corporation proposal faded into the Kennedy Museum proposal, the latter faded into a housing-hotel proposal.

At the close of 1975, the Societa Generale Immobiliare of Rome, an international real estate firm, retained an architect to prepare a plan for locating a housing and hotel complex on the Charlestown Navy Yard.<sup>50</sup> In April, 1976, negotiations between the BRA and the real estate firm were made

public by the Boston Globe.<sup>51</sup> The \$100 million, 103 acre development would include 1,000 new housing units along the waterfront, a 700-1,000 room hotel and recreational and parking facilities. The rehabilitation of several of the historic buildings would also be involved. The firm is currently conducting reviews of the financial feasibility of such an undertaking. Their proposal corresponds with one of the alternatives proposed by the consultant's in their land use study.

The City views this newest interest as large enough to be an anchor tenant. That is, if the firm chooses to locate on the Yard, their development will be large enough to justify the risk involved in the City's acquisition of the property. Should the firm reach such a decision, the City will have to exert pressure on the Federal agencies to expedite the acquisition process.

The City has responded to each of the expressed interests in turn, incorporating each systematically into its conversion process. Unlike Watertown, which repeatedly undertook new approaches to conversion, Boston has successfully applied the momentum from earlier efforts to subsequent interests.

#### V. THE CITY'S PLANNING PROCESS

Prior to the April, 1973, announcement, very little planning had been done which dealt with or related to the future of the Charlestown Navy Yard. The City was permitted zone, or in any other way make recommendations for or place

controls on future re-use of the site, though it could not compel the Federal occupant to comply. Yet Boston chose to treat the Navy Yard as a void in the City. Planning was carried on all around it, never dealing with it.

When the Urban Renewal Plan had been prepared for Charlestown, the Navy Yard was overlooked due to its Federal status. As the situation now stands, it would be desirable for the Yard to be included in the Charlestown Urban Renewal Area so that renewal funds could be applied toward its redevelopment. Today, urban renewal is dead and administratively, it will be easier to spend the City's lag money on existing renewal areas such as the South End or the West End, finishing off existing projects rather than attempting to designate the Navy Yard as a renewal area. Had the administrative details of including the Charlestown Navy Yard in the General Neighborhood Renewal Plan for Charlestown been carried out in the mid-1960's, the City could now take the lag money and invest it there.

When the ten-year phase out for consolidation was announced in 1970, conversion planning by the City focused on the National Historical Park. A study series prepared by the BRA in 1970 cited development opportunities such as commercial activity, residential uses, industrial uses and recreational use.<sup>52</sup> The needs and unmet demands for these uses were mentioned, but nothing more substantial supporting such development. When site deactivation was re-sched-

uled for 1974, these planning efforts were too superficial to provide the City with immediate direction for the conversion planning.

Regional planning efforts, in the form of a Harbor plan, could have provided a context in which to consider the waterfront development of the Charlestown Navy Yard. As it is, plans for the Navy Yard are being pushed ahead without any special reference to planning for the Greater Boston shoreline. This is not a reflection on the BRA; nothing exists to which it could refer in its planning. If the BRA were to wait until a Harbor Plan were adopted by the Greater Boston area, the precious momentum it still maintains on the Navy Yard could be lost.<sup>53</sup>

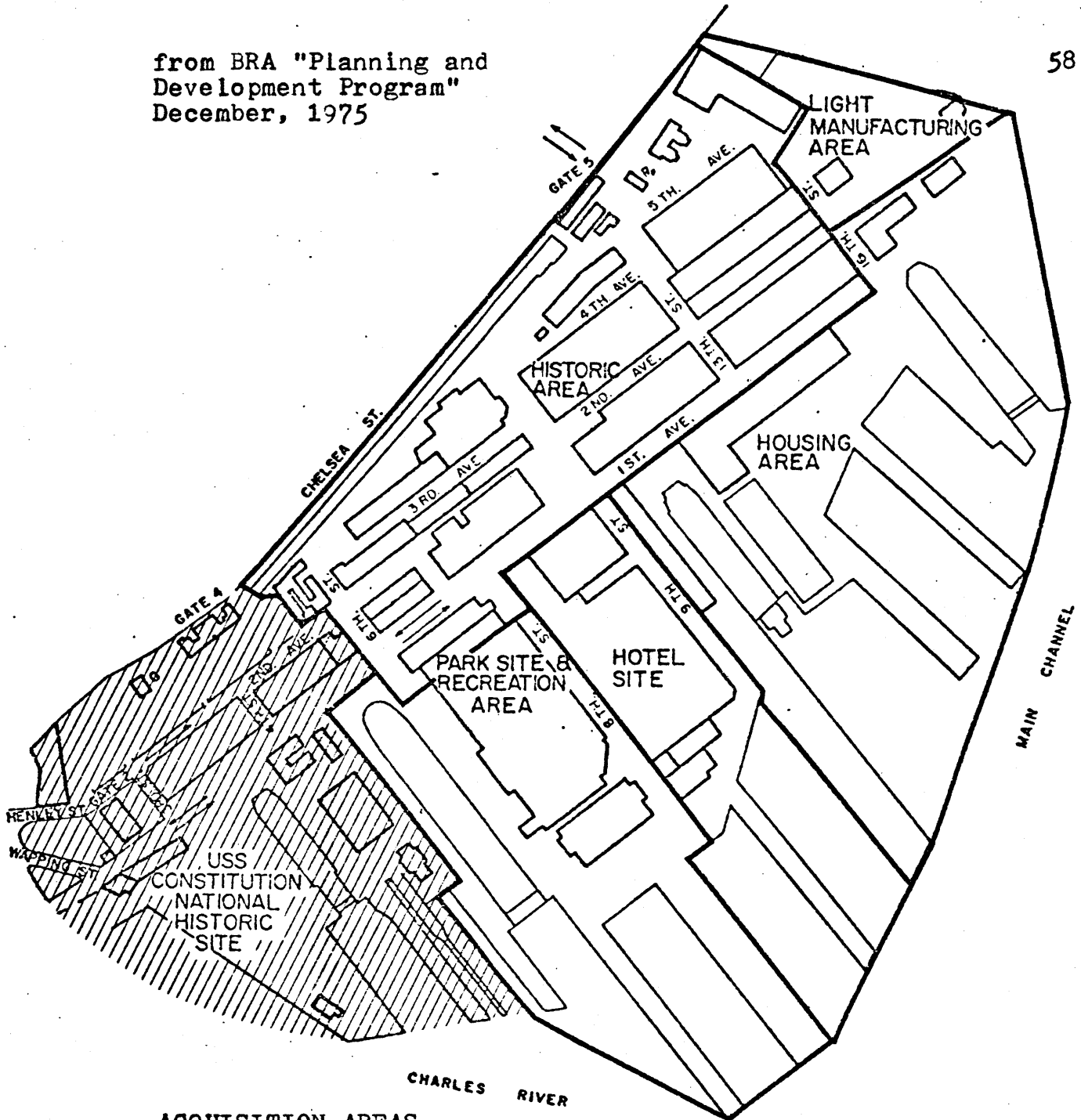
In February, 1976, a Boston Harbor Act was introduced in the Massachusetts State Legislature. If adopted, it would establish a one-stop permitting procedure, greatly simplifying the present permitting process which can involve a myriad of agencies from the Army Corps of Engineers to the State's Division of Waterways. Where shoreline management on the West Coast is aimed at controlling development, this proposed legislation is aimed at expediting shoreline development in Boston Harbor.<sup>54</sup> It is not expected to be passed this year, but it reflects the enlightened attitude of the region toward this resource.<sup>55</sup>

Given this lack of pre-planning on the part of the region as well as the City, the City had to start its planning

efforts from scratch when the closure was announced. Perhaps unconsciously, its strategy was aimed at avoiding mistakes which predetermined the futures of the Brooklyn Shipyard and the Watertown Arsenal.

Prior to serious consideration of acquisition, Boston took an inventory of the buildings and utilities on the Navy Yard, examining their age, condition and potential for future use. The City commissioned a land use alternatives study, a transportation access study and an engineering study of the infrastructure. The City then prepared a marketing analysis for each of the various development packages which were identified in the consultant study. An acquisition scheme to minimize public investment and speculative risk has been devised which involves the following: (i) applying for all applicable public benefit discounts and (ii) keeping GSA informed so that their appraisal will reflect the marketability of the site for the intended uses set forth in the Land Use Plan, discounted by public and private sector restoration and improvement costs. Those areas which qualified for public benefit discounts included thirty acres of historic merit to be acquired for historic preservation and twenty acres for public open space. (See map, page 58). The former is proving to be a complicated procedure because of the Archeology Department's (within the Federal Interior Department) limited experience. All of its previous dealings have been with a courthouse here, a post office there; never

from BRA "Planning and  
Development Program"  
December, 1975



**ACQUISITION AREAS**

	HISTORIC AREA	HOTEL SITE	HOUSING AREA	PARK SITE & RECREATION AREA	LIGHT MANUFACTURING AREA	TOTAL
LAND	29.8	8.3	15.4	8.9	3.7	66.1
DRY DOCKS			1.2	1.8		3.0
PIERS		.8	6.4	3.7		10.9
WATER		5.2	12.1	5.2	.2	22.7
<b>TOTAL</b>	<b>29.8</b>	<b>14.3</b>	<b>35.1</b>	<b>19.6</b>	<b>3.9</b>	<b>102.7</b>

anything approaching thirty acres. The Department is still struggling to apply its one-building procedures to the entire parcel. The fifty-three acres remaining after these discounts will be acquired through the negotiated sale procedure. The property, zoned waterfront industrial during occupation by the Navy, has been rezoned general business, apartments and light manufacturing to reflect re-use intentions of the City. The Federal government is being used as an unofficial land bank pending City acquisition of the property. This has worked to date because of the fragmentation of the Federal government. Until the discounts are confirmed and rezoning approved, neither the exact dimensions of the negotiated sale property nor the highest potential use can be defined. The City can not acquire the property without being given a price and that price is dependent upon those definitions. In the meantime, the Federal government is paying for the protection and maintenance of the property which is estimated at \$4 million per year.<sup>56</sup> Ideally, a simultaneous transfer would occur with the City acquiring the property and transferring it to a developer that same day.

The BRA, according to one source, has no intention of using the Massachusetts Government Land Bank, if it can be avoided. It prefers to have the Federal government land bank it as long as possible. The BRA sees no monetary advantage to going through the State, when the costs of borrowing from the Land Bank will have to pay for its opera-

tions. The City could achieve the same ends by borrowing the funds on its own. The idea of this being a Federally generated problem therefore let them land bank it is also advocated at the City level.<sup>57</sup> If the BRA does not move to purchase the property when GSA submits a price to them, GSA threatens to sell the property through the sealed bid procedure. The City is tempted to respond: Try it. Presumably, the price submitted to the City will be the rock bottom figure...sealed bid would certainly test that.

One of the major concerns of the Mayor and his staff has been to determine the overhead and maintenance costs. Where a capital investment can be spread over twenty years and amortized, protection and maintenance costs can not. They are immediate costs. The City is concerned about pro-rating the costs and maintaining the cash flow. It is estimated that an investment of \$17.5 million of public monies for site preparation will encourage the additional investment of \$82 million in private capital.<sup>58</sup> Complete re-use of the Charlestown Navy Yard is projected to occur over ten to twelve years, with the heaviest public expenditures taking place in the first three years.

This, then, is where the conversion of the Charlestown Navy Yard to civilian use stands. Part II examines the factors which have influenced this outcome. Chapter IV focuses on the role of public agencies: their goals, mandates and abilities to interact. Chapter V examines those factors op-

erating independently of public agencies and government institutions, particularly the demand for land in the North East. Chapter VI discusses alternative courses of action for improving the system of converting former military bases to civilian uses.

## PART II

### DETERMINANTS OF A SUCCESSFUL CONVERSION

#### CHAPTER IV

##### PUBLIC AGENCIES AND SUCCESSFUL CONVERSION

In situations such as Charlestown, where many groups from varying levels of government are involved, it must be assumed that every agency will operate in its own self-interest; working to achieve the goals which they were created to achieve and to maximize their benefits. The agencies involved in the conversion at Charlestown are no exception. From the federal to local level, each is acting on its own behalf. Though the potential for inter-agency conflict and competition exists, there currently exists a commonality of interest among the agencies, allowing for cooperation and implementation of a conversion strategy. This chapter will examine the agencies involved in conversion; the goals which they are interested in achieving, the resources available to them for meeting those goals, and the strategies which have been employed in that process.

#### I. FEDERAL AGENCIES

The primary federal agencies associated with converting the Charlestown Navy Yard have been the Department of Defense, the Office of Economic Adjustment, the Economic Development Administration, and General Services Administration. From

the municipal viewpoint, the federal agencies involved in the disposal and conversion of surplus military property can be divided into two general categories: (i) the advocates - Office of Economic Adjustment and Economic Development Administration - and (ii) the adversaries - Defense and General Services. This is not to say that either group has taken it upon themselves to champion or challenge municipal efforts in conversion. Each agency has mandated goals and areas of operation as well as statutory constraints on when and how it can operate.

Department of Defense (DoD). Charged with providing for the National defense, the Department's budget appropriations are spent on defense contracts and maintaining more than a thousand military bases in countries all over the world. Its budget is subject to the normal slow growth in congressional appropriations as well as increasing criticism and opposition as the nation moves in to the post-Vietnam era.<sup>59</sup> To put its budget to the most efficient use means that bases will be realigned and deactivated.

While operating within its budgetary constraints, DoD has two discretionary powers which relate to conversion at Charlestown: (i) determining the most efficient distribution of resources and (ii) determining how a realignment will be announced and carried out. Admiral Elmo Zumwalt, Jr., in defending the objectivity of DoD in the former determination, stated "that it would be 'immoral' to keep a shipyard

in operation because of the disastrous effect a closing might have on an area's economy. He felt it immoral to spend defense money which was not to be used 'in the real sense of the word, for the nation's defense.'"<sup>60</sup> However, based on evaluations and recommendations from earlier realignments, DoD has progressively modified its realignment procedures. A study of the base closings of 1964 found that

it can be concluded that to insure maximum recovery and minimum deleterious effects on the community, the closure actions should be done quickly and given considerable publicity, with prompt official release of available information and future plans and schedules.<sup>61</sup>

This recommendation has been incorporated to a degree. DoD has not yet forfeited all of its discretion in this area. Those associated with bases must still speculate on their futures. Rumors of realignment provide food for thought which are followed up, possibly months later, by official confirmations of DoD intentions.

General Services Administration (GSA). As described in Chapter I, GSA is the sole agency responsible for the disposal of surplus federal property. It functions according to the Federal Surplus Property and Administrative Services Act of 1949 and is, as was mentioned earlier, prohibited by law from being liberal in the disposal process. Neither statute nor budget allows GSA to operate in a land banking capacity. To operate within the limits of its budget appropriations demands that GSA minimize the variable costs of disposal, such

as protection and maintenance. Under these constraints, GSA has defined objectives and strategies for achieving its purpose which is to transfer property from one public body to another.

GSA is first of all interested in some productive use occurring on the property as soon as possible.<sup>62</sup> The particular nature of the re-use is, theoretically, left up to the choosing of the applicant and depends on what their interest is, whether in realizing tax revenue or non-monetary public benefit use. Contrary to this, GSA believes that it is to the benefit of the public body to have that property not transferred under a public benefit discount disposed of for its highest and best use. It interprets getting property back on the public body's tax rolls as maximizing that body's benefit. GSA views itself as a monitor of the future use of the property.

GSA cooperates with communities affected by closure to the extent of teaching them their rights and identifying options which are available to them for conversion. It encourages them to work up a program to meet their needs, reminding them of the options: developing the site themselves or merely receiving the taxes which would result from GSA's sale of the property on the private market. GSA sees the appraisal of the property's fair market value as providing the basis for decisions as to the methods of disposal likely to produce the best results.

Without funds for protection and maintenance the value of the surplus property decreases rapidly as deterioration increases. Budgetary constraints require GSA to adhere to time schedules. All requests for time extensions are viewed extremely carefully. There is always the possibility of this being interpreted as pressure to rush into acquisition. But GSA can not wait on a community to organize for a decision. If GSA determines the amount of time requested by a public body is unreasonable, a private sale must be undertaken.

Federal property procedures have become more liberal with respect to civilian take-over of former military property. In addition to public benefit discount amendments, interim leases allow earlier access to the real estate and it is not unusual for a community to receive permission to keep personal property in place to speed the start-up of civilian activities.<sup>63</sup> But just as there are limits to the amount of discretion which DoD will forfeit, GSA believes that there are limits to the methods of public benefit discounting. In particular, GSA sees its role, of use monitoring and property transfer, if not its existence, threatened by Congressman O'Neill's proposal to allow up to a 75% discount for economic development.<sup>64</sup>

Office of Economic Adjustment (OEA) and the President's Economic Adjustment Committee (EAC). The Federal government has increasingly perceived that realignments will often have serious impacts on the individuals affected, local and state

agencies involved and the region's economy. As a result, the OEA was established in 1961 within the Defense Department. It has grown from a staff of one in 1961 to a staff of thirty-three, including regional staff. The adjustment process was strengthened again in March, 1970, by the formation of the President's Economic Adjustment Committee.

OEA, complemented by EAC, exists to "help communities help themselves." Where DoD moves money in the form of defense contracts and GSA moves property, OEA moves advice. It has no funds with which to offer assistance and no authority to direct other federal agencies to take needed action. It must depend on its position in DoD (and EAC under the President) to lend weight to its advice and on its ability to function as a liaison, communicator, educator and advocate, to give its existence meaning. It can not initiate action; it must wait until called upon by a state or community to respond.

Although the intent of the agency is to be helpful, states and localities at times find it especially difficult to work with because its role in adjustment is an amorphous one.<sup>65</sup> OEA's position within DoD is at times a disadvantage, at times advantageous. It is a drawback when the community's feelings toward DoD are negative causing them to view OEA with suspicion. It is an advantage when being on the inside of the agency which necessitates the adjustment facilitates cutting across service lines within that agency.

Economic Development Administration (EDA). Complementing the adjustment advice and advocacy available from OEA is the financial assistance available from EDA. Though its functioning is not limited to economic adjustment necessitated by military base realignments, it is one of the most important agencies in that economic adjustment due to the particular tools which it possesses through legislation. The first tool is its planning and technical assistance granting capability. This provides the opportunity for obtaining economic development expertise at the local level. In Boston, EDA made nearly \$500,000 available for conversion planning. The second tool is its grant assistance for infrastructure work. This is provided in the form of public works grants. The BRA has recently applied for a grant of \$3 million to assist with street development, access and demolition of certain buildings at the Charlestown Navy Yard. Finally, EDA has a business loan program. It is designed to encourage new businesses and the expansion of existing ones. It has not been utilized at the Navy Yard because conversion has not proceeded to that point yet.

Other Federal agencies involved. Other federal agencies have been involved in the process at times. For example, the National Park Service has been involved with conversion due to the creation of the National Historical Park. HUD provided 701 planning assistance funding to the City and may be involved in a land transfer for the housing portion of the site.

The Bureau of Outdoor Recreation reviews applications for and recommends conveyances of property for open space and historic monuments under public benefit discount amendments.

## II. STATE AGENCIES AND ACTORS

Congressional Delegation<sup>66</sup>. Where OEA must refrain from acting as a community advocate and advisor until it is called upon, the congressional delegates are elected to serve as community advocates. It is in their best interest to take the initiative in championing the local cause because it is an important aspect of their goal fulfillment: to work for career development and to maintain a constituency as well as visibility. They can assist the community in its efforts in a number of ways. These include: drafting legislation; lending visibility to the problem and bringing it to the attention of those with resources to alleviate the situation; informing federal officials of community concerns; securing positions of power such as committee chairmanships; establishing a record of consistency; and finally, cutting through specific instances of federal red-tape.

Current actions by the delegation which are relevant to the Charlestown Navy Yard include O'Neill's proposed legislation and cutting through red-tape.

Governor's Office. Then Governor Sargent defined his role in conversion as follows: (i) establishing a formal mechanism for community-state interaction; (ii) selecting

good, experienced people to operate it; (iii) provide the mechanism with backing, both financial and political, making top staff aides available; and (iv) giving them the ability to function, avoiding hemming them in. He saw himself keeping the feet of federal officials to the fire to respond to state and community concerns as expressed through the mechanism.<sup>67</sup>

Former Governor Sargent was constrained in his actions by his constituency. He was personally interested in acting responsibly, constructively and consistently.

It is easy to protest and make demands, he said, plus it receives coverage by the media. But I was uneasy about joining the noisy response of the elected officials...I believe that proceeding from the announcement and creating the State Commission was the responsible thing to do, though maybe not the best political move.<sup>68</sup>

However, had his approach to conversion been successful, his abilities would have been confirmed and the move would have been politically successful.

Joint Commission on Federal Base Conversion. The Commission was created by the Legislature in April, 1973, to serve "as a catalyst in setting up a full scale conversion program" eventually phasing out of existence.<sup>69</sup> The Commission had twenty-one members, among them leading citizens and legislators as well as representatives of the affected communities of Otis, Westover, Chelsea, South Boston and Charlestown. Seven members were from the House of Representatives, three from the Senate and eleven persons were appointed by the Governor.

The existence of community mechanisms for defining goals and making decisions was acknowledged.

The Commission determined that state government decisions about civilian use of the former defense properties should be subordinate to local decisions.<sup>70</sup>

The Commission was not intended to add another level of bureaucracy. Rather, it was intended to serve as a go-between, a liaison between the community and the federal levels as well as a clearinghouse for state agency interests in the bases and their proposals for re-use. It was to play a procedural role working with communities on their goal definition and on the technical aspects of conversion. Where the Commission started out with visions of "enabling" and guiding the process, it ended up playing a neutral, technical role.

The Commission initially insisted on a coordinated approach, dealing with all federal agencies at once. It was eventually agreed that...each base or area would submit its own application for federal planning funds. The State would apply for additional federal funds, to research issues which cut across several bases.<sup>71</sup>

Local task forces were mandated for the municipalities, complemented by community advisory committees in Charlestown and South Boston. The task forces, under the State's plan, were to develop the comprehensive plans for conversion.

The State's formal mechanism worked best in every community except Boston. Boston had an existing structure of elected and appointed officials to deal with the situation and already had the staff experience and organization necessary to approach such a complex problem. The Commission respected the

City's attitude of "Don't call us, we'll call you" and served a back-up role in Boston. Though it was not the single moving force in problem solving in Boston, as it was elsewhere, it was instrumental in bringing parties together. It was able to provide assistance to Boston in at least four instances.

1) It clearly and specifically defined situations to the State's delegates in Washington, D.C., so that they, in turn, could put pressure on the appropriate federal agencies; 2) It clarified environmental issues of the bases and assisted with the impact statements; 3) It assisted in clarifying and coordinating transportation issues; and 4) It served as a clearinghouse for re-use proposals from State agencies.<sup>72</sup>

At the end of 1975, the Commission's enabling legislation expired. Out of it grew the Massachusetts Government Land Bank.

Massachusetts Government Land Bank. Established in January, 1976, it consists of two professional staff members, one secretary and a nine-member Land Bank Board. It is authorized to use State funds to purchase and hold for five years, the bases in Westover, Chelsea and Boston. During the five years, the municipality is allowed to improve the site and sell any parcels in conformance with the agreement of both the municipality and the Bank. Proceeds from the sale of land must be shared between the municipality and the Bank proportional with the investment of each entity. The municipality would at the end of the five years agree to acquire

all unsold land in the new development area. The municipality would also have the right to acquire any land parcels from the Land Bank during the five years. The State appropriations for the Land Bank will only cover the costs of property acquisition. The municipal interest payments must cover the operating costs of the Bank. The purpose of the Land Bank is to be used. There is some concern that Boston's Redevelopment Authority, the City's lead agency for the Charlestown Navy Yard, is unaware of the Land Bank's intentions to be used.<sup>73</sup>

Boston/Chelsea Task Force. This Task Force was established in the State Commission legislation to serve as the focus for planning the conversion process, making conversion decisions at the local level. An attempt was made to include local interests, appropriate local officials and state legislators on the task forces.

Boston's Task Force suffered from a lack of role definition and from insufficient authority to act for the community. Though community and state leaders were included in its membership, it was not clear what the Task Force was to do given that City agencies were approaching the situation of conversion with skill. After a few meetings, the Task Force was disbanded.

### III. CITY AGENCIES

When federal officials made their visit to Boston in the summer of 1973, the City was less than appreciative of their

"helpful" gesture. City agencies such as EDIC and BRA took offense at federal officials dropping in and making suggestions as to how they could best approach the problem. Boston agencies were organized and qualified to handle the conversion, possessing skill in large scale redevelopment, in community participation, in tapping federal resources and in avoiding the mistakes of others.

Economic Development and Industrial Commission (EDIC). Though concerned only with the South Boston Annex now, until June, 1975, EDIC was the City's official lead agency for conversion of Charlestown, too. As its name indicates, its mandate is to attract industry to Boston, serving as an economic development agency.

In 1973, Director Bush announced his biases in the redevelopment of the Boston Naval Shipyard. "Better Gillette than the Navy."<sup>74</sup> He felt that the underuse of industrial land, especially where industrial land is scarce, is a sin,<sup>75</sup> noting that the Navy Yard had been underused for years and that there was a need for more industrial land in Boston.

Bush resigned in late 1974 and since then EDIC has been concentrating on redevelopment of the Annex, now known as the Boston Marine Industrial Park. Briefly, EDIC's goals and objectives for the Industrial Park are: to attract the maximum number of jobs and to run a break-even operation by attracting industry to the site and through careful cost-accounting; to achieve the coordination among City departments neces-

sary to allow EDIC to seize every opportunity that comes by. Director Michael Westgate stresses that a knowledge of the market is required because development of the Park is dependent on those companies which would be suitable tenants seeing an opportunity in terms of their market.

In acquiring the site, EDIC has been primarily interested in minimizing the risk involved. Their original method for this was to acquire an anchor tenant to develop most of the site. Boston Shipbuilding Corporation was to serve this function. Now EDIC intends to use the Land Bank to purchase the facilities.

Boston Redevelopment Authority (BRA). BRA was formally designated lead agency for conversion of the Charlestown Navy Yard in June, 1975. The OEA and State Commission were to assist BRA in the conversion process by providing them with the expertise and political connections. Both offered a coordinating capacity which BRA utilized. Initially, BRA was unable to determine how the varying forms of assistance should be incorporated. It was faced with a dilemma: with whom should it align to insure the most benefits in federal grants? Or, should it stick with tried and true pipelines? The strategy which developed was mixed. The City's pipelines were used for approaching HUD and EDA; OEA for matters relating to the Navy and the Navy's control of the site. The Commission was ancillary to these.

BRA's primary goal in conversion, not made explicit in

the planning for Charlestown due to its universality, is to minimize risk. Any organization tends to avoid uncertainty in planning for the future and BRA is no exception.<sup>76</sup> This objective has meant that BRA must work to minimize public sector investment in redevelopment. In order to achieve the goal, BRA has applied for federal monetary assistance. The strings attached to these funds play an important role in determining what activities will occur on the site. Where programs, such as public benefit discounts, were designed to allow local needs to be defined in non-profit terms, they instead provide the incentive to define needs in terms of the aid available.

In the BRA's published planning and development program for the Charlestown Navy Yard<sup>77</sup> its development goals are enumerated. (1) create new jobs for Boston residents; (2) generate large scale capital investment in Boston and increase the City's tax base; (3) take advantage of the waterfront location; (4) relate development to the needs of the Charlestown community; (5) meet part of the City's critical need for new housing; and (6) protect, as far as possible, the architectural, historical and environmental characteristics of the site. There is potential for these goals to conflict at the point of implementation. The re-use plan, however, is only a statement of what the City would like to see developed. It is not a firm, fast outline for development. Since the development program is non-binding, BRA can keep

all involved with the site satisfied by incorporating their desires into present goals and objectives. This is not unreasonable in light of the fact that it is difficult to set priorities when there is nothing to focus them on. As concrete proposals are made, a basis for eliminating some goals and espousing others is provided. When proposals such as the Kennedy Museum come along which satisfy only a few goals, the City justifies them on the grounds that they will round out development, free other land in the City for taxable uses and employment purposes and minimize public sector investment.

BRA acknowledges the unfeasibility of maximizing both tax yield and employment. The City therefore views them interchangeably and is, theoretically, willing to substitute one for the other. In fact, the City is not willing to exchange taxes for jobs. Should Boston have to decide between subsidizing jobs or a tax generating use, the latter will triumph. Development subsidies occur when the City invests more in the acquisition and preparation of a site than a group is willing to pay to locate on it. There is not a development in the City that is not subsidized in some form or another.<sup>78</sup> But such subsidies are rationalized by projecting tax yields to demonstrate that the City will recover its investment. This rationale can not be applied to employment generating developments. In facing the trade-offs - absorbing land costs to create jobs, taking an actual cash loss to subsidize jobs - there is no reassurance, such as tax yield projec-

tions, that the City will benefit. This was one of the stumbling blocks for the shipbuilding venture - the City was not willing to take on the risk to generate jobs.<sup>79</sup> Thus, in its approach to conversion the BRA is concerned about minimizing the risk which it wishes to impose upon the future. It is achieving this by leaving the other goals flexible and by acquiring the site the least-cost route.

#### IV. COMMUNITY ORGANIZATIONS AND ACTORS

In the community, there were two types of involvement: formal and informal. The former was the State's community advisory committee and the latter consisted of community groups and individuals.

Community Advisory Committee (CAC). A sub-group of the State Commission Task Force, the CAC included representatives of community interest groups: community organizations, local businesses and the shipbuilders union, among others. Like the Boston Task Force, the CAC suffered from a lack of role definition and opinions on its success vary. The former manager of the Charlestown Little City Hall, an organization which played an ex-officio role in the process, believes the committee was able to provide concrete input to conversion planning and did not exist merely to rubber stamp City and Federal proposals. He infers from the lengthy and well-attended meetings that the committee viewed its role as important.<sup>80</sup> While it is true that the suggestion to offer

the site to the Kennedy Library Corporation came from the committee, another local leader feels that the committee did not give the community any better handle on controlling the development of the Navy Yard than it had on its own. Committee members expressed their opinions and feelings, but there was no power invested in the committee to act on any of the opinions.<sup>81</sup> The role of the committee was also limited by the length and complexity of the redevelopment process.

Community Groups and Individuals. A long history of exploitation by government agencies of all types has led Townies to be suspicious of any public project contemplated in their community. A number of community watchdogs exist, such as the Preservation Society's Navy Yard Committee, to keep track of the development of the Yard. They are concerned about its compatibility with the community goals of minimizing adverse impacts on the community, particularly vehicular traffic, and providing job opportunities to match the skills and needs of the Charlestown labor force.<sup>82</sup> If a proposal is made which the community or a community group does not agree with, objections are raised. In the case of the Kennedy Museum, the community voiced its attitude toward the potential traffic. To date, opposition has been minimal; development on the Navy Yard has not been a threat to the community. Townies have let the City know that Charlestown will oppose a proposal for subsidized or high-rise housing on the site. Over the years, Charlestown has finally developed suf-

ficient political base to insist that community impacts be considered.

#### V. CAN THEY ACHIEVE A "SUCCESSFUL" CONVERSION?

Given that these are the backgrounds, objectives, resources and strategies of the public groups involved, what are the prospects for the cooperation necessary to implement a conversion strategy?

The latest Federal study of base closings<sup>83</sup> outlines a four-part formula for "successful" conversion.

1. a community with spirited local leadership and willing to rise to the challenge usually can accomplish its objectives;
2. by following the advice of professionals who have worked with others in similar situations, a community can save time, money, trouble and tempers;
3. comparatively few dollars, when used to support a well-drawn recovery strategy which shows where to go and how to get there, pay greater dividends than a fortune thrown at random into a crisis situation; and
4. the best and fastest economic progress occurs when federal, state, and local governments work in close cooperation with the private sector.

The first three of these have been met; the fourth, cooperation, is being strived for. Cooperation among actors is necessary for the implementation of a conversion strategy.

The degree of cooperation at any time will depend on the degree to which group interests are common interests. To date, some interests have been satisfied, others have not. Reviewing briefly where each group stands as far as meeting its

interests:

DoD's interest was met in the deactivation of the Boston Naval Shipyard;

OEA's was met when it was called upon by BRA to provide assistance;

EDA and other federal agencies have been able to transfer funds from donor to recipient;

Congressional delegation has responded to the concerns of its constituency;

State Commission, task forces and community advisory committees ceased to exist when their enabling legislation expired.

Four groups remain whose interests have not been satisfied:

GSA is working toward realizing reasonable returns from the sale of the property;

Land Bank has intentions of being utilized;

Community has voiced its desires and concerns and is waiting for a proposal to which it can respond; and

BRA has done the research necessary to determine its interest in the site. It is now awaiting an anchor tenant to justify its acquisition of the property.

The Kennedy Museum activities demonstrated that, given the impetus in the form of a prospective tenant, the four groups remaining could cooperate. For the public agencies and groups involved in conversion, the point of optimum cooperation is at hand. It will be passed when GSA gives BRA a price and BRA attempts to continue its informal federal land banking through delay, avoiding utilization of the State's Land Bank. After that, implementation of a conversion effort will become more complicated.

But, the four-part formula is said to lead to "success-

ful" conversion and President Ford writes in the forward to the study that "the key to successful recoveries is the dedication and determination at the 'grass roots' level."<sup>84</sup> What is a successful conversion? At the federal level it is defined as re-using the former base to meet social and/or economic needs. At the municipal level it is defined as the ability of the community to re-coup its investment. In addition to the four requirements identified by the federal government, for the municipality, successful conversion hinges on an additional prerequisite being met: the intended re-use, in this case, the re-use on which the appraisal and price are based, must locate promptly on the property. Boston has been fortunate in having experienced individuals involved in conversion: people who were aware of the importance of reviewing the alternatives prior to considering and accepting the negotiated sale method of acquisition. The staff of the BRA has worked to reduce the acquisition cost as much as possible, but it has not eliminated it. Fifty-three acres are currently being appraised based on their "highest and best use for which there is a current market."

In the existing system, unless the entire site is acquired through public benefit discount transfers, BRA can not eliminate the requirement for prompt private sector cooperation. Nevertheless, because it lies beyond the jurisdiction of the institutional system, it can not be identified as a key to conversion and its importance is neglected by the

federal studies.

As the process for surplus military property conversion exists at present, it is not self-sufficient. The mistake is that actors must operate as if it is. As a result, federal officials blame local officials and local officials blame federal officials for the failure of conversion efforts. From one camp is heard: "Defense Department officials...blame local stumbling blocks."<sup>85</sup> From the other: "Federal overpricing has doomed every urban base conversion in recent decades to, at best, half success."<sup>86</sup> The fact is that, despite the activities of groups presently involved, the list of actors is incomplete. There is a group to provide the property (DoD), a group to move the property (GSA), groups to advise and assist (OEA, EDA, State Commission and community), groups to acquire it (BRA and State Land Bank), but no group desirous of using it other than for certain public uses. Thus, the process lacks meaning and direction. The success and failure of it are, to a degree, independent of how it operates. "Perhaps the principal factor in the process of successful community adjustment to defense expenditure and manpower reductions, however, is a vigorous regional economy."<sup>87</sup>

The next chapter will examine the prospects for a "successful" conversion at Charlestown. That is, prompt, voluntary cooperation on the part of the private sector to help achieve the highest and best use of the property.

## CHAPTER V

### THE ACTUAL DETERMINANTS

It was said of the 1964 adjustments to realignment that

(t)he general level of economic activity in the Nation may well account for a major portion of the success that these communities have had in offsetting the effects of the installation closures. The adjustment experiences might have been significantly different had the national economy been less robust.<sup>88</sup>

and later,

The community impact story described may tend to lead formulators of public policy to a sense of complacency; this is only possible in the situation of rapidly rising economic activity and a full employment situation. The story may have been quite different had the National economy in 1964-1967 been significantly less robust.<sup>89</sup>

In 1973-1976, the National economy was less robust, and the New England economy even less so. Unemployment in Massachusetts remains above the National average and newspaper headlines read: "Massachusetts left behind in US economic takeoff."<sup>90</sup> The conversion to civilian use of the Charlestown Navy Yard can not be considered outside of the regional economy. This chapter will look at what the site has to offer that is generally considered economically desirable, how these advantages compare to other sites in the region and what happens when the site is compared on the national level. Out of this will come a sense of the economic potentials, the actual highest and best use for which there is a current market, for the Charlestown site. Theoretically, the GSA fair market value accounts for all of these characteristics in its

appraisal. There is, however, some question about whether this system takes into account those characteristics of the land market which are a part of the private real estate exchange system.

#### I. THE HIGHEST AND BEST USE - SHIPBUILDING

Initially, Boston's agencies and officials saw the most advantageous conversion of the Boston Shipyard to be from a public to a private shipyard. Boston Shipbuilding Corporation materialized and proposed to devote South Boston Annex and a portion of Charlestown to shipbuilding. It successfully acquired \$250 million in contracts but was unable to find the \$300 million commitment necessary to make its proposal financially feasible. Some officials say that the Corporation was hampered by the delay of federal agencies in setting a price<sup>91</sup>; others say that Boston Shipbuilding failed because the City is more committed to tax generating than job generating uses.<sup>92</sup> The reality of the situation is that Boston Shipbuilding failed because the bottom fell out of the world shipbuilding market. In Japanese shipyards, prices quoted today are one-quarter what they were two years ago. Thus, even if Boston Shipbuilding had located on the Shipyard sites, it would probably have no business today due to the 75% drop in Japanese prices.<sup>93</sup>

The collapsed market eliminates shipbuilding as the highest and best use, but what about using the property for ship

repair? A portion of the South Boston Annex is being devoted to ship repair. With this comparatively small fraction of the total Boston Naval Shipyard being put to such use, local ship repair firms have become concerned that unfair competition on the part of the City will put them out of business.<sup>94</sup> The demand for ship repair in the region is not great enough to support 280 acres of municipal ship repair facilities in addition to the private shipyards already in existence.

Thus, neither shipbuilding nor ship repair qualify as the highest and best use for which there is a current market.

## II. THE HIGHEST AND BEST USE - INDUSTRIAL USES

Given that shipbuilding/ship repair, the re-use requiring the least investment in site preparation, is unfeasible, converting an industrial facility from public to private use was the City's next least-cost alternative.

The State Commission, aware of the need for private sector involvement in conversion, prepared a promotional booklet on the Massachusetts bases and distributed it nationally.

"Federal Bases in Massachusetts: A Remarkable Development Opportunity" listed the attractive characteristics for each of the bases. For Charlestown these included:

- \* 84 acres centrally located along Boston's inner harbor;
- \* 65 structures, 2 drydocks; about 3.5 million square feet of enclosed space;
- \* 10 minutes from Logan International Airport, the world's eighth busiest;

- \* immediate access to major interstate highway system;
- \* 5 minutes from downtown Boston;
- \* rail facilities throughout the site;
- \* a large and varied work force available in the area;
- \* public transportation to the site; and
- \* excellent water access for barge and cargo carriers<sup>95</sup>.

All are desirable attributes for an industrial parcel - until a closer examination is made.

The size of the parcel immediately limits the types of industrial uses potentially interested in the location to those companies which can afford to develop the entire parcel, those uses, such as warehousing, which are not concerned about neighboring uses, or to a firm or agency interested in ensuring the compatibility of uses by preparing a development scheme for the property.

The sixty-five structures are, in actuality, more of a deterrent than an incentive to industrial location on the site. An industrial survey carried out in 1970 by EDIC and BRA<sup>96</sup> noted that new production processes require structures different from the types which exist in the City. Furthermore, as was confirmed in New York on the Brooklyn Shipyard, developers are more interested in a cleared tract of land than in obsolete structures.

Though the Charlestown property abuts a major interstate highway system, access to that system from the Yard is circuitous and involves winding through residential streets. The

fact that the site is five minutes from downtown Boston also carries with it the general accessibility problems caused by central city congestion.

Excellent water access for barge and cargo carriers would be an asset if the Charlestown Shipyard were located in Halifax, Nova Scotia, or New York. As it is, located in Boston, water access is a limited industrial asset. Charlestown has never been seriously considered by MassPort for meeting the regional shipping needs.<sup>97</sup> Even if the Port were expanding, the limited back-up space and staging area at Charlestown would preclude its consideration.

If an industry is attracted to the large and varied work force mentioned, locating on the Navy Yard is not a prerequisite for utilizing it. The work force is available throughout the region, not just at Charlestown. While it may be a reason for locating within the region, it is not a reason for locating specifically at Charlestown. There are many more desirable industrial locations in the area which can draw on this available labor pool; sites which, though they may not offer water access, have rail access, immediate access to the interstate system, are less intensively developed - offering interested tenants the opportunity to begin with modern structures tailored to their needs - and parcels varying in size and location to meet any industrial needs.

While Charlestown has its industrial drawbacks, if the regional demand existed, Charlestown could be appropriate for

industrial re-use. There are a number of national trends, however, which indicate that the regional demand for industrial land will not be great enough over the next couple of decades to justify converting the Charlestown Navy Yard to industrial use at present.

The trend most clearly illustrated in the closure of the Charlestown base is the shift in National policy. During the Vietnam war, Massachusetts' economic outlook was temporarily improved. In the mid-60's greater than 10% of the nation's war contracts, mostly those for research and development, and of funds for the burgeoning space-exploration industry came into New England. Much of that came to Massachusetts.<sup>98</sup> Then, with the ending of the Vietnam war, Federal priorities were reordered. The cutbacks in space spending and the closing of military bases severely affected some Massachusetts industries and enlarged the pool of unemployed workers.

'Looking back today,' said the New England Regional Commission in November, 1975, 'there is little doubt that strong defense and space spending contributed significantly to the improved economic situation in New England.'<sup>99</sup>

Nor has Massachusetts seen the last of the federal cutbacks. April, 1976, witnessed a 92% reduction in personnel at Fort Devens in Ayer, Massachusetts. Recent warnings from the Stanford Research Institute are that the outlook for the US defense industry during the next few years is one of survival of the fittest. Of Massachusetts' industry they said, "Your route 128 electronics firms will undoubtedly be among the

areas affected."<sup>100</sup>

Since the 1920's, industry has been leaving Massachusetts, many of the firms moving to the South. Today that trend continues, reinforced by increasing federal spending in the Sunbelt. The Sunbelt consists of fourteen southern states and southern California and is described as "where the action is."<sup>101</sup> The region's share of federal funds has risen from 35% in 1960 to greater than 40% in 1975 in prime military contracts alone. The area accomodates more than 140 installations, more than the rest of the country combined.<sup>102</sup> Increasing federal investment in the Sunbelt is complemented by increases in the region's share of industry. A number of Sunbelt characteristics are identified as attracting increasing investment and industry from the North to the South: big government with its regulations, red tape, bureaucracy and taxes is freely fought; public and private institutions, since they are new, are neither as fixed nor as stratified as in the older North; the climate is pleasant; the cost of living is low; labor unions are relatively weak; the energy and raw materials are there; the ports are there; and perhaps, most important, there is room to grow.<sup>103</sup>

In attempting to reverse this trend Massachusetts is nearly helpless. It is unable to change its weather, it can not become young again and it can not guarantee room to grow, politically passive labor, readily available raw materials or a low cost of living. The only action left to take to counter-

balance these trends is to improve the State's institutional and jurisdictional climate. In the South, it is said, big government, with its regulations, red tape, bureaucracy and taxes is freely fought. In the North they try to mimic:

The state is still 'anti-business' claims the business fraternity and the state in turn denies the claim...But any improvement in business will have to depend on what happens to state taxes, governmental restrictions and regulations and a supply and cost of money for borrowing, the experts say.<sup>104</sup>

Or,

Herculean efforts by the state are imperative to reverse this situation with a comprehensive program of tax incentives and attractive financing, not just to lure new industry, but most importantly, to retain the existing companies...Industry incentives for our state should be the by-word for 1976.<sup>105</sup>

And, regarding Charlestown, "officials are uncertain as to how much incentives are needed for industry to locate here..."<sup>106</sup>

The evidence that these incentives actually attract industry is that they do not. Bennett Harrison and Sandra Kanter, in a recent study, conclude that "empirical studies... provide little or no evidence that business decisions are influenced by these incentives."<sup>107</sup> The more important locational considerations are the availability of basic resources, adequate transportation access and politically passive labor force; those areas which the State has little power to affect.

Given the lack of interest on the part of the private sector, national trends in industrial location and the inabil-

ity of state and local governments to influence these trends, the highest and best use for which there is a market for the Navy Yard will not be industry.

### III. THE HIGHEST AND BEST USE - RESIDENTIAL/COMMERCIAL

With a less than optimistic outlook for industrial re-use of the Charlestown site, the next minimum-public-investment alternative is a mixed residential and commercial development. The BRA is hoping that a public investment of \$17.5 million will encourage the additional investment of \$82 million in private capital.

In proposing residential and commercial uses, the BRA is working to cash in on the property's three remaining assets: (1) its location near downtown Boston; (2) its size; and (3) its location in a historic area containing historic landmarks and providing views of historic landmarks. Other large parcels exist near downtown Boston<sup>108</sup> which provide more aesthetic surroundings and a more pleasant journey to downtown. Yet it appears that the historical amenities of the Charlestown site may outweigh the negative influences of the Tobin Bridge and the objectionable journey to downtown, as evidenced by the interest expressed in the site by the international real estate firm. The BRA may have finally found the highest and best use for which there is a current market.

IV. THE WINNER IS...  
ON WHICH USE WILL THE APPRAISAL BE BASED?

How will the fair market value for a 175-year old Naval Shipyard be determined? As discussed, there is no regional demand for a shipyard nor is there industrial demand for the Charlestown Shipyard. Market demand for residential and commercial real estate at that location might exist. As the prospective re-uses for the site move further away from the use for which the site was originally developed, the public sector investment in conversion increases, consequently increasing the municipality's need for prompt private sector cooperation and investment to offset their costs. It also increases, the need for the fair market value to be based on the intended re-use.

The BRA, in an effort to ensure that fair market value is based on their re-use proposals, has informed GSA of the recent changes in zoning on the site and kept them up to date on redevelopment intentions. Despite these efforts, if the past is any indication, the negotiated sale price will fail to reflect market demand for the facilities. In the past, federal overpricing of urban bases has been the result of the failure of GSA's appraisal to accurately determine the fair market value. In its drive to obtain reasonable returns for the Federal government, the realities of the market are ignored.

To date, there is no concrete proof that overpricing

will be the case with Charlestown, but, based on past operations, the fair market-value determined for Charlestown will reflect what is Federally determined to be the highest and best use for the property and private sector cooperation with their determination will be assumed.

Be that as it may, this chapter illustrates that the market operates according to its own plans, not according to how the public would like it to operate. If the current conversion system is to be successful from the municipal viewpoint as well as the Federal, it must be modified. Chapter VI dicusses alternative courses of action.

## CHAPTER VI

### ALTERNATIVES TO THE EXISTING SITUATION

All of the alternatives set forth in this chapter are based on the assumption that municipal acquisition is desirable in certain cases of conversion, specifically Charlestown. This assumption is based on a number of considerations.

In the case of the Boston Naval Shipyard, both the Charlestown property and the South Boston Annex, the City needs to acquire the property to insure that development be coordinated and integrated into Boston's overall planning and development program and to insure optimal re-use of the property. As two of the largest land tracts to become available in Boston in many years, optimal re-use will be one which redevelops the properties comprehensively, working toward an integration of uses as opposed to breaking the property into small parcels. The size and complexity of the properties demand that the developer possess a high degree of organizational capability. Among those expressing an interest in the properties, Boston is the only one possessing the organizational capacity necessary to secure full re-use of the former shipyard. Private sector interests in the property have been for warehousing, dead storage or single building re-use.

Because of Boston's unique position as developer of the shipyard it should have the opportunity for a successful conversion, that is, Boston should not be left to assume the entire burden of risk in the event of a lack of market demand.

To achieve this requires one of two things: (i) private sector support or (ii) modification of the present governmental disposal-conversion system. Given the New England economy, the former can not be assumed. Therefore, actions toward realizing the latter must be initiated.

A number of alternatives exist for improving the municipality's position in the system, ranging from municipal action to Federal legislation, from streamlining the process to increasing the fragmentation. Some of the changes are to be incorporated within the near future while others will never become a reality. Some can be worked in to the existing framework while others require a complete overhaul of the system. All are discussed below.

Eliminate military deactivations by showing that the Federal budget is not affected. The total cost of a base closing remains unknown. Where the Department of Defense can cite its operational savings from a realignment, the ensuing costs to other agencies such as Economic Development, Interior, Commerce, Health, Education and Welfare can not be determined. The congressional delegation challenged DoD actions from this angle in the recent Fort Devens realignment. Senator Kennedy stressed that DoD decides on closings only from its own perspective and does not take into account any resulting Federal costs such as welfare and unemployment compensation.<sup>109</sup> In a letter to the Director of Management and Budget, Bay State officials wrote, "We question whether

there is any mechanism within the government to measure the total economic impact of a particular action."<sup>110</sup> In a superficial attempt to compare other agency costs to DoD savings, the officials cited costs to other agencies of more than \$25 million resulting from the 1974 closing of the Boston Naval Shipyard. While the Navy projected a savings from the realignment of fifty-four bases to be \$3.5 billion over a ten-year period, new expenditures were prompted for Federal and State Labor Departments, and the US Departments of HUD and EDA.

The possibility of eliminating deactivations is remote. Because of the time period over which conversion occurs and the number of areas impacted, the total economic impact of a deactivation will never be known. Furthermore, public sentiment toward the Defense budget would never permit the increases in Defense appropriations which would be necessary to pursue this course of action. For these reasons, the following alternative is more likely to occur.

Balance DoD's savings with counter-spending by other agencies. As noted above, when DoD stops contributing to the flow of federal funds into an area, other federal agencies are called upon to compensate for the loss. Over the years, the amount of compensation has been increasing. First, OEA, then EAC, was created to deal exclusively with the economic adjustment to military realignments. In addition to this, OEA will soon have a small kitty for providing monetary assistance.

A true phasing out of military operations is being increasingly achieved as funds are appropriated to cover all aspects of adjustment. Funds for re-training, planning, modernization and business loans already exist; funds for maintenance will probably be next.

A balance is already being approached. The federal agencies are continually being called upon to respond to demands for adjustment assistance. In contrast to the prior alternative, public sentiment toward increased social welfare appropriations lends support to this course of action.<sup>111</sup>

Strive to compensate for deactivation by awarding increased defense contracts in the impacted area. Such actions would serve to complement the preceding alternative, not replace it. This should only be viewed as a means of assisting with the phase-out, not of replacing the base. Defense contracts are subject to the same fluctuations in national policy as military installations.

Noted in an earlier study of community adjustment to realignment, "the industries which utilized these facilities...(were) highly dependent upon Defense activity."<sup>112</sup>

Further support of this alternative was provided in a recent editorial on the Fort Devens realignment. "There is an equal obligation (for DoD) to accept responsibility for the negative aspects of military policy or the efficiencies they nominally represent will only be achieved at the cost of human suffering."<sup>113</sup> As an immediate course of action this is

unlikely, given the outlook for the US Defense industry during the next decade.

Bring GSA's process of negotiated sales into line with the real estate market so that their appraisals reflect future rather than past uses. Under the present system, the information on which the appraised value is based is only available to GSA officials and those House and Senate committees which review it for reasonableness. If a public applicant desires information with which to evaluate the reasonableness of GSA's asking price, it must duplicate the federal effort and have a counter-appraisal prepared.

The present system is most successful when private interests locate on the property immediately after municipal acquisition. If, as in the cases of New York and Watertown, redevelopment and occupation occur at the private sector's leisure over an extended time span, the municipality is burdened with not only the amortized acquisition cost but the costs of protection and maintenance as well. The cost of holding the property until the highest and best use, as determined by GSA, exists to locate on the property is not reflected.

Appraisal of fair market value is based on rehabilitating the existing structures. This is appropriate for facilities such as Air Force Bases which are relatively new and have been maintained, unlike the South Boston Annex. The cost of modernizing outdated, poorly maintained buildings should enter into the GSA appraisal system. Modernization

through demolition should also be considered as a method of "rehabilitating" the entire site.

Finally, the appraisal system is not sophisticated enough to deal with the fact that, in the real estate market, the demand for land is cyclical. Many privately owned parcels, such as the B.F. Goodrich tract in Watertown, are awaiting an appropriate match between the parcel and a use.<sup>114</sup> In government studies of conversion, this period of market inactivity is interpreted as municipal ineptness. Actually, the municipality is offered one opportunity to acquire the property intact. If that opportunity does not coincide with a period of market activity, the municipality does not have the option of waiting until it does.

Improving the negotiated sales system would mean making background information for appraisals available to public agencies and reflecting true demand for the land, the holding costs of waiting for private sector cooperation and the costs of modernization.

These changes are not likely to occur. Those congressmen who originally advocated "reasonable returns" for federal investments are still in power. Also, GSA sees its ability to monitor future uses threatened by proposed liberalizations of the present system. What is more likely to occur is the following.

Increase the options for reducing acquisition costs and lowering the municipality's holding costs. Representative

O'Neill's proposed legislation is an example of how both of these objectives can be achieved. The public benefit discount for purposes of economic development would provide another option for reducing the cost of acquisition. The bill, as it presently exists, authorizes the Secretary of Commerce, who has heretofore had no role in the land transfer process, to review and recommend conveyances under this discount. By bringing another agency into the review process, it becomes further fragmented. Such fragmentation allows the municipality to federally land bank the property indefinitely as more decisions involve more and more reviews and approvals.

The probability of this alternative occurring has been demonstrated as very high. O'Neill's bill and others like it are being introduced in Congress continuously. Increased fragmentation is the modus operandi of the Federal government.

Abolish negotiated sales and transfer land to any public body for any public purpose to avoid influencing local public policy. The existing public benefit discount programs encourage defining public needs to match the discounts available. The desirability of a particular public use in a particular location is overlooked. The trade-off between lowered acquisition costs and increased tax yields to cover acquisition and maintenance lack objectivity.

Where GSA may view O'Neill's bill as potentially cramping their style, this alternative would challenge their existence. Thus, rather than eliminating the federal monitoring of fu-

ture use, as would be achieved by the implementation of this alternative, the opportunities for influencing local public policy will probably be increased by such actions as O'Neill's bill.

The preceding suggestions for improving the disposal-conversion system all require actions at the Federal level. In addition to these, there are actions which municipalities can undertake to improve their position in the system.

Recognize that military property is subject to changes in use just as private property is. On most occasions, the Charlestown Navy Yard was labeled "US Military Reservation" by the City. Thus, leaving it out of City planning efforts was justified. The Yard could have been administratively included in the Urban Renewal Plan for Charlestown, making it eligible today for the City's urban renewal lag money. Pre-planning would enable increased objectivity on the part of the municipality in evaluating the various methods of acquisition and would "fortify" it against the federal desire to monitor re-use of the site.

The exception to the City's chronic omission of the Navy Yard and one which illustrates the benefits to be realized from pre-planning, is the National Historical Park. Conceived at a time when the Yard was not under the threat of closure, the plans for and creation of the National Historical Park have lent direction to the City's re-use planning, serving as

a building block for redevelopment of the Yard. Furthermore, it has provided an immediate use for twenty-seven of the 130 acres which were surplus.

Though the time has passed for Boston, other municipalities could readily incorporate these activities into their present operations.

Follow Boston's example of working within the present system. Boston's effort in the conversion of Charlestown represent the epitomé of accomodating the existing system to help meet a municipality's needs. Having both an experienced staff and the examples of earlier base conversions, Boston was able to identify the critical aspects of the process. Hence, a thorough inventory of the base facilities and their conditions was conducted prior to serious consideration of acquisition. This improved the City's bargaining position and increased the alternatives for acquisition by identifying buildings of historic value. Next, the City prepared financial feasibility studies to determine the amortized acquisition costs and the cash flow necessary to protect and maintain the property. Now Boston is working toward minimizing the public investment in redevelopment through federal grants, public benefit discounts and a simultaneous transfer of the acquired property to a private developer.

As the GSA does in its disposal process, work to make the property look attractive to prospective tenants. Although private sector participation ultimately depends on their

seeing an opportunity in terms of their market, municipalities can increase the appeal of the site in a couple of ways.

(1) refine development specifications and controls if development is to be piecemeal so that an interested developer can readily determine the compatibility of neighboring uses and the amount of local support which a proposal might receive; (2) resolve external issues which affect the development of the property such as access; and (3) work for inter-departmental and inter-agency cooperation to demonstrate to a prospective developer that bureaucratic delays will be minimal. The latter is such an important action that any municipality involved in base conversion should already be fully aware of its role and striving to achieve the cooperation necessary to implement their conversion strategy. When the market says "Go!" it is best to be ready to go.

## CHAPTER VII

### CONCLUSION

Since 1949 federal excess property which is determined to be surplus has been disposed of according to the Federal Surplus Property and Administrative Services Act of 1949. One of the largest generators of surplus property is the Defense Department whose operational realignments sometimes result in the deactivation of a military base of hundreds of acres. Over the years, experience in deactivating, surplus-ing, disposing and converting to civilian re-use has been acquired at the federal, state and community levels.

Some communities have accomplished smooth, rapid, low-cost conversions by possessing the organizational capacity and technical skills necessary to respond swiftly to private sector demands. Other communities have been less successful, over-committing themselves financially and requiring so much time to make their decisions that the private sector presumably lost interest in dealing with them. In contrasting successful and unsuccessful community conversion efforts, earlier studies concluded that the key to conversion was dedication and determination at the grass roots level. Such a conclusion can not be made without qualifications. As this study shows, there are times when the realities of the real estate market can outweigh the importance of grass roots dedication and determination.

There are examples of communities which, due to their

lack of expertise in approaching conversion, were unsuccessful in attaining their original goals. New York and Watertown are two such communities. In their desire to gain control of the property, they rushed into acquisition without giving serious consideration to alternative methods of development and alternative mechanisms for acquisition and without becoming thoroughly informed about what it actually was that they were so anxious to acquire. Blinded by the expanding national economy and visions of a financial bonanza, these two communities purchased former military bases which, through a combination of their lack of organizational capabilities and the economic climate, they have been unable to effectively manage.

In reviewing New York and Watertown to determine the importance of inter-agency cooperation and agency expertise, four problems in the agencies' handling of the situation are readily apparent. The means of correcting them are: (1) Become familiar with the property and its facilities, including age condition and re-use potential, prior to serious consideration of property acquisition; (2) Arrange for adequate protection and maintenance of the property; (3) Examine alternative methods of gaining control of the property; and (4) Determine how public benefits will be maximized while public investment is minimized.

When the Boston Naval Shipyard was deactivated and declared surplus, the City of Boston was concerned that, if

it became involved in conversion, the earlier mistakes of other public agencies be avoided to provide the City with the greatest possibility of carrying out a successful conversion. Thus, when Boston became involved, it had the organizational capacity necessary to make and implement re-use decisions.

What is revealed in an examination of the Charlestown situation is that the conversion process is not capable of functioning without private sector cooperation. During the 1960's, a period which witnessed the largest number of realignments and conversions ever, the expanding national economy masked the deficiency. It was in the best interest of the private sector to voluntarily cooperate in conversion. As the national economy slumped, the realities of the private sector's role could not be overlooked. Where inter-agency dedication and determination was the key to conversion in the expanding economy, the current realities of the real estate market outweigh the importance of agency cooperation in conversion.

In an effort to defend the self-sufficiency of the existing disposal-conversion process, public officials blamed each other for causing its breakdown. In some instances, this was wholly or partially true. For example, Watertown. But there are other cases, such as Boston, which exhibit organizational and technical skill, where none of the public agencies is to blame.

There are periods of time in the cyclical real estate

market when no match exists between a particular parcel of land and a particular use. Given time, the match will occur. But, the existing disposal-conversion process does not allow for that time. It is based on the assumption that the Federal government, in the form of GSA, can determine the highest and best re-use of a base, such as a 175-year old Naval Shipyard, and when the point of marketing is reached the market will cooperate. This is in sharp contrast to the actual situation in which the market operates according to its own plans, not according to how public agencies would like for it to operate.

Certain modifications have been made in the process in attempts to compensate for its incompleteness. Public benefit discounts were established for prescribed public uses, enabling public demand to be substituted for private demand. These are only relevant in those conversions for which an eligible public use is appropriate for the property under consideration. The Department of Defense is willing to leave personal property intact to the extent necessary for a proposed re-use to ease redevelopment. Interim leases can be arranged, separating bureaucratic delays from immediate re-use. Federal grants are available to subsidize site preparation and modernization. Finally, land banks, formal and informal, are available to provide the process with the much needed time required for conversion from a federal to a civilian use.

In examining the alternatives which exist for future improvements of the process, preservation of the status quo appears to be the inevitable course of action. Increased appropriations for adjustment and conversion, increased federal fragmentation and expanded definitions of public benefit uses while the federal role of monitoring future use of the property will be retained. A complete restructuring of the process patterned after the private real estate operations is desirable, but unlikely. Such a restructuring would allow the conversion process to occur naturally over time, but this time will have to be found in the increased fragmentation of the system. A restructuring would reduce the fair market value by projected costs of holding the property over time and costs of modernization. But, these funds will have to come in the form of federal grants. A restructuring would allow appropriate uses to occur on appropriate locations. But, needs will continue to be defined around the discounts available.

The desirable restructuring of the disposal-conversion process will not occur and as the economy gradually regains its robustness, the deficiencies of the process and hence the need for the restructuring will again be masked and that sense of complacency on the part of formulators of public policy which is only possible in the situation of rapidly rising economic activity and full employment will again take hold.

## FOOTNOTES

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37. Former Governor Francis Sargent, Personal Interview
38. Boston Sunday Advertiser, April 15, 1973
39. Boston Herald Advertiser, April 23, 1973

40. term from Christine Knowles, Personal Interview
41. An industrial survey prepared jointly by the EDIC and BRA in 1970 concluded that there was an urgent need for urban industrial space. Conversion to a private shipyard and development of the remainder as an industrial park would help meet the perceived need, according to the two agencies.
42. Boston Globe, June 27, 1974
43. Charlestown Patriot, March 15, 1974
44. Boston Herald Advertiser, April 28, 1974
45. "Losing a military base isn't all that bad," Business Week (July 27, 1974), p 78
46. Boston Globe, June 27, 1974
47. Boston Real Paper, April 24, 1974
48. Charlestown Patriot, February 28, 1975
49. For example, "The John F. Kennedy Museum: Charlestown Naval Shipyard/A Proposal," (BRA, 1975).
50. Robert DeSimone, Personal Interview
51. Boston Globe, April 10, 1976
52. The series consisted of "Charlestown Naval Shipyard Re-Use Study Report I: An Analysis of the Site and Framework for the Development of the Shipyard" and "Report II: Historic Park Proposal," (BRA, 1970).
53. Boston Globe editorial, March 12, 1974
54. Boston Harbor Act Proposal, draft prepared by Alan Kaufman, February 19, 1976
55. Boston Globe editorial, April 23, 1976
56. Becky Livengood, Personal Interview
57. Christine Knowles, Personal Interview
58. Boston Redevelopment Authority, "Boston Naval Shipyard, Charlestown, Planning and Development Program," (BRA, Dec., 1975), p 61

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59. Howard Zinn, "\$113 billion for defense by schools, elderly and the poor go begging," Boston Globe, April 16, 1976
60. Boston Herald Advertiser, April 16, 1973
61. Daicoff, Vol I, p 57
62. Joseph O'Connell, Personal Interview
63. President's Economic Adjustment Committee, Economic Recovery (Washington, DC, 1975), p 5
64. Joseph O'Connell, Personal Interview
65. Joint Commission on Federal Base Conversion, "Recommendations and Summary of Activities, May, 1973 to May, 1974" (Commonwealth of Massachusetts, 1974), p 36
66. The role of the congressional delegation in the process is reminiscent of a passage in Alexis de Tocqueville's Democracy in America (1835):

It frequently happens that the members of the community promote the influence of the central power without intending to...such persons will admit, as a general principle, that the public authority ought not to interfere in private concerns; but by an exception to that rule, each of them craves its assistance in the particular concern on which he is engaged and seeks to draw upon the influence of the government for his own benefit, although he would restrict it on all other occasions. If a large number of men applies this particular exception to a great variety of different purposes, the sphere of central power extends itself imperceptibly in all directions, although everyone wishes it to be circumscribed.

67. Former Governor Sargent, Personal Interview
68. Ibid.
69. Joint Commission Report, p 2
70. Ibid., p 11
71. Ibid., p 16

72. Maureen Steinbruner, Personal Interview
73. Elliot Friedman, Personal Interview
74. Business Week, July 27, 1974
75. Business Week
76. Jerome Murphy, "Title V of ESEA: Impact of Discretionary Funds on State Education Bureaucracies," Harvard Education Review (August, 1973), pp 362-385
77. BRA, "Boston Naval Shipyard," December, 1975
78. Christine Knowles, Personal Interview
79. Ibid.
80. James Heelen, Personal Interview
81. James Conway, Personal Interview
82. James Heelen, Personal Interview
83. President's Committee, Economic Recovery, p 5
84. Ibid., p 1
85. "Who gets hurt when Military bases shut down," US News 76 (June 3 1974), p 69
86. Ibid.
87. Charles Floyd and Terry Robertson, "The Impact of Military Force Reductions on the Coastal Plains Region," Growth and Change, 6 (April, 1975), p 7
88. Daicoff, Vol I, p 4
89. Ibid., p 57
90. Boston Globe, March 29, 1976
91. US News, June 3, 1974, p 69
92. Christine Knowles, Personal Interview
93. Michael Westgate, Personal Interview
94. Public Hearing, March 4, 1976, on City's ship repair facilities at Boston Marine Industrial Park.

95. Commonwealth of Massachusetts, "Federal Bases in Massachusetts," (Massachusetts, 1974), p 7
96. EDIC, Boston's Industry, 1970
97. Robert Caulder, Phone Conversation and Cathy Donaher, Personal Interview
98. Boston Globe, March 29, 1976
99. Ibid.
100. Boston Globe, March 25, 1976
101. Mayor of Houston in New York Times Sunbelt series, February 8, 1976
102. New York Times, February 8, 1976
103. Ibid.
104. Boston Globe, March 16, 1976
105. Ibid.
106. Boston Globe, June 27, 1974
107. Bennett Harrison and Sandra Kanter, "The Political Economy of State Job-creation Tax Credits," (MIT, 1976), p 2
108. An example is British Properties, located across the Fort Point Channel from downtown Boston.
109. Boston Globe, February 25, 1976
110. Boston Globe, April 3, 1976
111. Boston Globe editorial, April 16, 1976
112. Daicoff, Vol I, p 46
113. Boston Globe editorial, April 3, 1976
114. New York Times, April 28, 1976: A very recent illustration of how no use is the most appropriate use is the case of David's Island located in Long Island Sound, just east of New Rochelle, New York. Consolidated Edison purchased the 80 acre tract in 1968 for just under \$3 million with intentions of building a nuclear power plant on it. They were

prohibited by environmental authorities. Today, having suffered losses already totalling more than \$5 million, they are anxious to be rid of their liability. The land was offered as a gift, without charge, to the City of New Rochelle (its previous owner), the Bureau of Outdoor Recreation, National Park Service, National Audubon Society, Westchester County Parks Department, New York State Department of Parks and Recreation and the Trust for Public Land. Each turned down the offer because of problems of access and of anticipated high maintenance costs. Thus, ConEd is stuck with its annual tax bill of \$250,000 and up keep costs of about \$100,000.

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