



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000



NOV 12 2010

Mr. Michael McGee
Acting Executive Director
Horsham Township Local Redevelopment Authority
1025 Horsham Road
Horsham, PA 19044-1326

Dear Mr. McGee:

This letter is to inform you of the Department of Housing and Urban Development's preliminary determination that your August 10, 2010, *Naval Air Station/Joint Reserve Base – Willow Grove Redevelopment Plan and Homeless Assistance Submission* for the surplus property at Shenandoah Woods and Jackson Road housing areas in Bucks County, Pennsylvania, (the Plan) which was received in HUD on February 2, 2010, by the Horsham Township (Township) in its capacity as the Local Redevelopment Authority (LRA), fails to meet the requirements of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 as amended (the Act), and its implementing regulations found at 24 CFR Part 586. Pursuant to Section 586.35(d) of the regulations, you have 90 days from receipt of this letter within which to submit to HUD and the Department of Defense a revised application that addresses the determination contained in this letter.

HUD has determined that your plan does not appropriately balance the needs of the communities in the vicinity of the installation for economic redevelopment and other development with the needs of the homeless in such communities. The plan is to obtain the entire property via no-cost homeless assistance conveyance and then resell it. The Shenandoah Woods portion would be developed as market rate housing, with the net proceeds, up to \$6 million (from property having an estimated worth of up to \$18 million), capitalizing a homeless trust fund that would make monies available for homeless assistance projects in Montgomery and Bucks Counties. The first two projects to be funded by the trust fund are giving \$350,000 to the Aldie Foundation (Aldie) to accommodate its Notice of Interest (NOI) off-site and providing an unspecified amount to the Bucks County Housing Group (BCHG) to convert six single family units on base for office and supportive service space.

The Act requires HUD to first look at the NOIs when determining appropriate balance. Aldie asked for only 20 townhouses. The Reinvestment Fund/BCHG (TRF/BCHG) asked for the entire property. The Plan would accommodate both because Aldie will receive funds from the trust fund TRF/BCHG proposes to create. The Department has previously determined plans were balanced when all homeless NOIs were accommodated. However, those plans are distinguishable from this one. On large bases, the homeless conveyances were only a small portion of the property. Only the plans for much smaller reserve sites proposed a no-cost homeless assistance conveyance of

100 percent of the base. It is HUD's view that in order to take 100 percent of a base for homeless assistance, whether by occupying the property for homeless assistance activity or by selling the property to capitalize a fund for homeless assistance activity, the balance analysis remains the same. If HUD would not find a plan balanced when the homeless activity occupies the entire base, HUD would not find the plan balanced if it proposes to use the entire base to capitalize off-site homeless activity. Although devoting the entire property to homeless assistance, as requested by TRF/BCHG, would certainly have a substantial positive impact on the homeless needs in Bucks and Montgomery Counties, HUD does not support development of large concentrations of low income families, but rather prefers mixed-income communities. Following precedent for housing support sites set in HUD's determination on the Palos Verdes closure, the Department has concluded that no more than 30 percent of the total number of housing units on this base should be devoted to homeless assistance, either through occupation of the premises or through use of sale proceeds.

Finally, we caution you *again* that the Navy will *not* complete a no-cost homeless assistance conveyance for resale of property. Page 3 of the TRF/BCHG NOI notes that the LRA's counsel rejected the NOI as "inconsistent with the Navy's interpretation of the Act." You should go back to Aldie and TRF/BCHG and give them the opportunity to revise their NOIs in a manner that would resolve both HUD's and the Navy's concerns.

Please note the following HUD concerns if you decide to offer base property to Aldie or BCHG. Aldie must agree to serve homeless persons meeting the McKinney-Vento Act definition of homelessness. The description in their NOI, "lacking housing that supports recovery" is a different test. Any legally binding agreement with Aldie must limit project residents to McKinney-Vento defined homeless. As to BCHG, four of the 19 bullet points in the description on pages 6 & 7 of the activities to take place at its office, i.e., the HUD Housing Counseling Program, Bucks County First-Time Homebuyer Program, Pennsylvania Housing Finance Agency Homeowners Mortgage Assistance Program, and property management and rental management for low-income tenants, appear also not to serve McKinney-Vento homeless. BCHG would either need to limit its use to homeless programs to qualify for a homeless assistance conveyance or pay the Navy a share of the fair market value of the property representing the amount of non-homeless use.

To address the deficiencies in your application, please submit, within 90 days from receipt of this letter, three complete sets of a revised application containing:

1. A new plan in which no more than 30 percent of the property is to be conveyed for homeless assistance purposes.
2. New legally binding agreement(s) with the homeless provider(s) selected to carry out the homeless assistance element of the new plan. If the agreement is with Aldie Foundation, the agreement must be very clear that the project will only serve persons meeting the McKinney-Vento Act definition of homeless.
3. A new balance determination including statistics that show the relative need for the non-homeless activities vs. the homeless activities.

Please submit the requested documentation to Ms. Linda Charest, BRAC Coordinator, at U.S. Department of Housing and Urban Development, 451 7th Street SW., Room 7266, Washington, DC 20410, as well as to Mr. Richard Tenga, Project Manager, Office of Economic Adjustment, 400 Army-Navy Drive, Suite 200, Arlington, Virginia 22202. If you have any questions about this letter, you may contact Ms. Charest at (202) 402-2595. HUD looks forward to working with you to resolve these matters.

Sincerely,

A handwritten signature in black ink that reads "Mark Johnston". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Mark Johnston
Deputy Assistant Secretary
for Special Needs

cc:

Ms. Kimberly Kesler, Navy BRAC PMO
Mr. Patrick O'Brien, Dir, OEA