

90-day application period (or within the longer application period if HHS has granted an extension); or

(iii) HHS rejects all applications for a specific property at any time during the 25 day HHS review period.

(6) The LRA shall have 1 year from the date of notification under paragraph (b)(5) of this section to submit a written expression of interest to incorporate the remainder of the property into a redevelopment plan.

(7) During the allotted 1-year period for the LRA to submit a written expression of interest for the property, surplus properties not already approved for homeless reuse shall not be available for homeless assistance. The surplus properties will also not be advertised by HUD as suitable during these 1-year periods. The surplus property may be available for interim leases consistent with paragraph (g) of this section.

(8) If the LRA does not express in writing its interest in a specific property during the allotted 1-year period or it notifies the Military Department it is not interested in the property, the disposal agency shall again notify HUD of the date of availability of the property for homeless assistance. HUD may then list the property in the **Federal Register** as suitable and available after the base closes following the procedures of the McKinney Act.

(c) *Reserved.* Additional regulations will be promulgated in a publication of the Departments of Defense and Housing and Urban Development to address state and local screening and approval of redevelopment plans for installations covered by the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. L. 103-421).

(d) *Local Redevelopment Authority and the Redevelopment Plan.* (1) The LRA should have broad-based membership, including, but not limited to, representatives from those jurisdictions with zoning authority over the property. Generally, there will be one recognized LRA per installation.

(2) The LRA should focus primarily on developing a comprehensive redevelopment plan based upon local needs. The plan should recommend land uses based upon an exploration of feasible reuse alternatives. If applicable, the plan should consider notices of interest received under the provisions of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. L. 103-421). This section shall not be construed to require a plan that is enforceable under state and local land use laws, nor is it intended to create any exemption from such laws.

(3) The Military Department will develop a disposal plan and complete the appropriate environmental documentation no later than 12 months from receipt of the redevelopment plan. The local redevelopment plan will generally be used as the basis for the proposed action in conducting environmental analyses required by under the National Environmental Policy Act of 1969 (NEPA), (42 U.S.C. 4332 *et seq.*). The disposal plan will specifically address the methods for disposal of property at the installation, including conveyances for homeless assistance, public benefit transfers, public sales, Economic Development Conveyances and other disposal methods.

(i) In the event there is no LRA recognized by DoD and/or if a redevelopment plan is not received from the LRA within 15 months from the determination of surplus under paragraph (a)(13) of this section, (unless an extension of time has been granted by the Assistant Secretary of Defense for Economic Security), the applicable Military Department shall proceed with the disposal of property under applicable property disposal and environmental laws and regulations.

(e) Economic development conveyances. (1) Section 2903 of Public Law 103-160 gives the Secretary of Defense the authority to transfer property to local redevelopment authorities for consideration in cash or in kind, with or without initial payment, or with only partial payment at time of transfer, at or below the estimated present fair market value of the property. This authority creates an additional tool for local communities to help spur economic opportunity through a new real property conveyance method specifically designed for economic development, referred to as the "Economic Development Conveyance" (EDC).

(2) The EDC can only be used when other surplus federal property disposal authorities for the intended land use cannot be used to accomplish the necessary economic redevelopment.

(3) An LRA is the only entity able to receive property under an EDC.

(4) A properly completed application will be the basis for a decision on whether an LRA will be eligible for an EDC. An application should be submitted by the LRA after a Redevelopment Plan is adopted by the LRA. The Secretary of the Military Departments shall establish a reasonable time period for submission of the EDC application after consultation with the LRA. The Military Departments will review the applications and make a

decision whether to make an EDC based on the criteria specified in paragraph (e)(7) of this section. The terms and conditions of the EDC will be negotiated between the Military Departments and the LRA. Bases in rural areas shall be conveyed with no consideration if they meet the standards in paragraph (f)(5) of this section.

(5) The application should explain why an EDC is necessary for economic redevelopment and job creation. In addition to the elements in paragraph (e)(5) of this section, after Military Department review of the application, additional information may be requested to allow for a better evaluation of the application. The application should also contain the following elements:

(i) A copy of the adopted redevelopment plan.

(ii) A project narrative including the following:

(A) A general description of property requested.

(B) A description of the intended uses.

(C) A description of the economic impact of closure or realignment on the local communities.

(D) A description of the financial condition of the community and the prospects for redevelopment of the property.

(E) A statement of how the EDC is consistent with the overall Redevelopment Plan.

(iii) A description of how the EDC will contribute to short- and long-term job creation and economic redevelopment of the base and community, including projected number, and type of new jobs it will assist in creating.

(iv) A business/operational plan for the EDC parcel, including such elements as:

(A) A development timetable, phasing schedule and cash flow analysis.

(B) A market and financial feasibility analysis describing the economic viability of the project, including an estimate of net proceeds over a fifteen-year period, the proposed consideration or payment to the Department of Defense, and the estimated present fair market value of the property.

(C) A cost estimate and justification for infrastructure and other investments needed for the development of the EDC parcel.

(D) Local investment and proposed financing strategies for the development.

(v) A statement describing why other authorities—such as public or negotiated sale and public benefit transfers for education, parks, public health, aviation, historic monuments,