

Q1: Why is the McIntyre Building now available to the City?

A1: The GSA's invitation to the City to submit an application to acquire the property through the Historic Surplus Property Program is the culmination of the City's efforts which began in 2004.

Last fall the GSA determined that its tenants' space needs could be better fulfilled by renting space in the Portsmouth area, and that its long term future will not be served by remaining in place at the 107,000 s.f. McIntyre building. Subsequently, the GSA began the disposition process to transfer ownership of the property. This process, determined by federal regulations, involves offering the property to public entities before offering it for sale on the private market. The City responded with a letter of interest in January, and the GSA invited the City to submit an application through the Historic Property Surplus Program to obtain the property. The guidelines to this program allows the City to acquire the site at no cost, provided that the historic character of the property be preserved, and directs that any income-producing activity on the site be allowed to return a "reasonable profit," but that all excess proceeds be returned to the City for historic preservation, open space, and recreational uses.

Q2: I heard the City was supposed to be given the property for \$1 years ago. What has taken so long?

A2: The City and its Congressional delegation have made diligent and intensive efforts to obtain the property over the past 13+ years – during that time, the federal land acquisition process, and changes in building design requirements, tenant needs/project scope, and funding availability all impacted the schedule.

In 2003, the GSA proposed a major renovation of the building, and the Historic District Commission held a work session to review the plans. At that time, the HDC noted its strong preference for the GSA to relocate to Pease in order to facilitate demolition of the building and transfer of the property to the City. Passed by Congress in 2004, Public Law 108-199 Section 408 reallocated funding from the renovation towards relocation to Pease, and addressed conveyance of the downtown property to the City.

Ensuing years saw various changes impact the project's schedule. Some key dates include:

- November, 2006 – GSA acquires 11.57 acres at 234 Corporate Drive.
- January, 2009 – City receives status report that indicates a reduction in the scope and funding of the construction at Pease.
- August, 2010 – GSA indicates the project is delayed due to redesign and need for additional federal authorizations.
- September, 2012 – GSA explains additional delay due to new federal regulations pertaining to construction of federal buildings (post-9/11/11).
- April, 2013 – Funding for relocation is removed from federal budget.

By summer 2016 the GSA made a determination that their space needs had changed dramatically since they first considered construction of a new building. In fall of 2016, the GSA began to search for leasable space for its remaining tenants, and began its disposal process for the McIntyre property.

Q3: Why is the building "historic?" Is it only because it is over 50 years old?

A3: Built in 1967, the building "turned 50" this year. However, being 50 alone does not determine whether the building should be considered as part of the National Register of Historic Places. As part of the mitigation for the Memorial Bridge replacement project, the State commissioned a survey of

Portsmouth's downtown historic properties, and the study resulted in a nomination of over 1,200 properties to the National Register. The McIntyre was one of those 1,200, and based upon its architectural contribution to the district.

Q4: Can the City buy the building and then demolish it?

A4: No.

The property is being transferred out of federal ownership by General Services Administration under the Historic Monument/Historic Surplus Property Program specifically because the building is now listed in the National Register of Historic Places so the idea that the building being transferred would be demolished is completely contrary to the transfer mechanism.

Even if this particular mechanism was not used, any transfer of the property out of federal ownership (including to private entities) is subject to review under Section 106 of the National Historic Preservation Act, which "requires federal agencies to take into account the effects of their undertakings on historic properties." Moving a property out of federal ownership is an undertaking by General Services Administration. The GSA has indicated that any transfer of the property will take place with a preservation covenant attached to the deed.

If the property is transferred through the Historic Surplus Property Program, the work on the historic property must meet the Secretary of the Interior's "Standards for Rehabilitation." These ten standards (established in 1977) written by the National Park Service and have a long history of use and interpretation. Since the word "Rehabilitation" is defined as "the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values," wholesale demolition of the buildings on the property to be rehabilitated is not one of the Standards.

Q5: Can a developer buy the building and then demolish it?

A5: No. See above for a discussion of Section 106 review.

Q6: Why can't the City sell the property to a developer? If the City leases the land to a developer, will it remain tax-exempt? Don't we want to collect tax revenue from it?

A6: Federal regulation prevents re-sale to a private entity. Should the City forgo the opportunity to own the property, the GSA may sell it to a private entity.

If the City enters into a ground lease with a private partner, the lease must, by law (RSA 72:23 I (b)), require payment of property taxes on the leasehold interest.

In addition, the Historic Surplus Property program requires that any income a developer receives from revenue-producing activities on the site be limited to operating expenses, maintenance reserves, and a "reasonable profit," with any excess income transferred to the City for historic preservation, open space, and/or recreational purposes.

Q7: Will the Post Office stay in its current location?

A7: Hopefully!

The Post Office has recently indicated to the City that they would prefer to remain in place. The City has a preference for them to remain as tenants as well (especially the “retail” portion of their operation), and will work to determine how this could be accomplished through a public-private partnership.

Q8: What is the process moving forward?

A8: The City Council must decide to submit an application to the Historic Monument program. The National Park Service (NPS) reviews the application and, ultimately, makes a formal recommendation to the GSA. The application has 3 fundamental elements: a preservation plan, a use plan, and a financial plan. Council may also choose to enter into a Development Agreement with a selected private partner at the time of application to the program, to outline the terms of the partnership.

The GSA then makes a final decision as to whether to proceed with the transfer, and prepares the deed. Once the transfer is made, the NPS is responsible for monitoring the property to ensure its use is in accordance with the program regulations.

Q9: What is the main reason the City would want to own the property vs. having the GSA sell to a private developer?

A9: Because the assessed valuation of the property is estimated at near \$10 million. The City would not only be able to acquire at no cost the equity in the property, but also control and manage how the property is used, preserved, and maintained. Additionally, the City would also benefit from any lease payments and/or excess income that may be used to support historic preservation, recreation, or open space projects throughout the City.