

Department of Planning and Budget 2021 Fiscal Impact Statement

1. **Bill Number:** HB2009

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Mugler

3. **Committee:** General Laws

4. **Title:** Deed from the Commonwealth to the United States; Chamberlin Hotel at Fort Monroe.

5. **Summary:** Provides that the property upon which a hotel known as the Chamberlin Hotel at Fort Monroe, Virginia is located and that is leased to an operator for use as a senior living facility with an assisted living component shall revert to the Commonwealth subject to such lease or with such lease being assigned or otherwise conveyed to the Commonwealth by the United States. That § 1 of Chapter 809 of the Acts of Assembly of 1998, as amended by Chapter 713 of the 15 Acts of Assembly of 2004, is repealed.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Preliminary. See Item 8.

8. **Fiscal Implications:** This bill refers to the reversionary language in the original 1821 deed from the Commonwealth to the U.S. The previous Acts of the Assembly suspended the reversion until December 2087. This bill rescinds those prior Acts, eliminating any delay in the reversion to the Commonwealth once the environmental investigations required by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) are completed and the Department of Environment Quality signs off on the transfer.

To date, the Commonwealth has accepted 414+ acres of reversionary and non-reversionary parcels from the Army. This bill would allow the Commonwealth to receive the last parcel of reversionary property from the Army. The 4.97-acre land parcel, which includes the former Chamberlin Hotel, will require remedial investigation before the transfer can take place which may take from 12 to 24 months. The cost of the remedial investigations will be paid by the Army under CERCLA.

The former Chamberlin Hotel is leased to a tenant under the terms of a triple-net 50-year lease. The tenant currently pays ground rent of approximately \$75,000 per year to the Army, and is responsible for all capital and operating costs for the building and grounds and for all costs of the hotel. The Fort Monroe Authority (FMA) does not have a copy of the Army's lease with the tenant, but believes that the ownership of the building was transferred to the tenant with the Army retaining ownership of the land, i.e. a ground lease. FMA anticipates that the deed will identify the existing ground lease so that the tenant will remain responsible

for the operating costs after the transfer. According to FMA, the lease provides some revenue and avoids any maintenance, tax, insurance, PILOT fees, or other costs associated with the property.

It is anticipated that the Department of Environmental Quality can absorb the impact of this bill with existing resources.

It is anticipated that this bill will not result in a fiscal impact to the Department of General Services.

9. Specific Agency or Political Subdivisions Affected: Fort Monroe Authority; Department of Environmental Quality; Department of General Services; Office of the Attorney General.

10. Technical Amendment Necessary: No.

11. Other Comments: None.