



Department of Veterans Affairs

Enhanced Use Leasing (EUL)

September 7, 2007



Enhance Use Leasing (EUL)

q Welcome and Introductions

q Background

q Enhanced-Use Leasing (EUL)

- § Process

- § Terms

- § Projects

- § Opportunities

q Q & A



Enhanced Use Leasing

A process that allows the VA to partner with the public or private sector to maximize returns from underutilized capital assets.





Enhanced Use Leasing Background

q Authority

§ Title 38 United States Code 8161 - 8169

q Current Status

§ 1991

§ 16 year History

§ 50 Projects Awarded (including terminated projects)

§ 40 + currently “in development”

§ Over 80 initiatives being studied

§ CARES (Livermore, Lexington, Montrose/Castle Point, Canandaigua, St. Albans)

§ Site review initiative (29 sites – VHA + NCA)



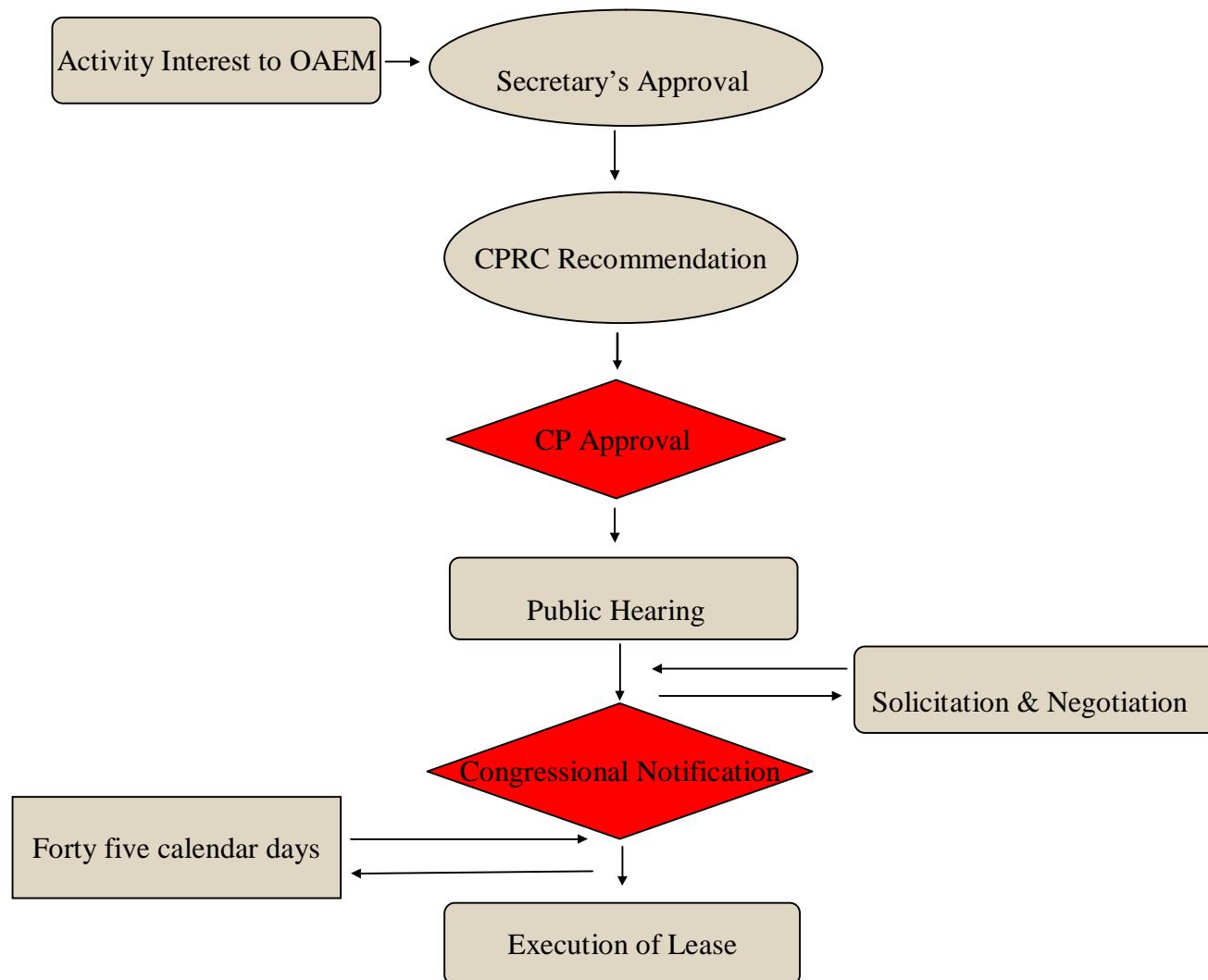
Enhanced Use Leasing Process

q Three major steps:

1. Concept Plan—a formal application, approved by Secretary quarterly.
2. Public Hearing—present overview of VA's intentions to community & interested parties.
3. Notice of Intent to Enter into an EUL—formal notification to Congress, signed by (00)
 - s 45 day notification



EUL Process Flow Chart





Enhanced-Use Lease Process (Cont'd.)

q Items to be Addressed:

- ü **Solicitation (Direct Source or Competitive)**
 - s **Direct Source**
 - s **Established Homeless Provider – per EUL Statute**
 - s **State and Local Governments with confirmation of no other interest**
 - s **Affiliates with confirmation of no other interest**
- ü **Appraisal/Market Analysis**
- ü **Environmental Analysis (EA or EIS)**
- ü **Historic Preservation Compliance (Sections 110 & 106)**
- ü **Lender Requirements**
- ü **Developer Financial Status (bonding, easements, etc.)**
- ü **Reviews (GC, VHA, VA)**
- ü **Capital Investment Approval**
- ü **Notifications (OMB, Congress)**
- ü **Waiting Periods (45 days after NOI)**
- ü **Approvals/Lease Execution**





Enhanced Use Leasing Terms

- q Out-lease of VA underutilized capital asset for up to 75 years.
- q The lease will enhance the use of the property
- q VA receives “fair consideration”:
 - ü Cash
 - ü Services
 - ü Space
 - ü Other “in-kind” consideration





Enhanced-Use Leasing Terms (cont'd)

- q Proposed activity contemplated by EUL lessee has to “not adversely affect” VA’s mission
- q EUL is approved by the Secretary of Veterans Affairs
- q Possible disposal to lessee – Secretary’s decision





EUL = Win to Win situation





Enhanced Use Leases Awarded

Project Site	Project Type	Date Awarded
Washington, DC	Child Development Center	20-Apr-93
Houston, TX	VBA Regional Office Collocation	23-Aug-93
West Palm Beach, FL	Public Safety Center	14-Nov-94
Big Spring, TX	Parking	8-Mar-96
Indianapolis, IN	Consolidation	23-Sep-96
St. Cloud, MN	Golf Course	28-Jul-97
Atlanta, GA	VBA Regional Office Collocation	18-Dec-97
Portland, OR	Single Room Occupancy (SRO)	14-Jul-98
North Little Rock, AR	Golf Course	1-Oct-98
Mt. Home, TN	Medical School	17-Dec-98
Sioux Falls, SD	Parking	1-Apr-99
Danville, IL	Senior Housing	27-Apr-99
Mt. Home, TN	Energy	2-Dec-99
Dallas, TX	Child Development Center	20-Dec-99
Roseburg, OR	Single Room Occupancy (SRO)	1-Aug-00



Enhanced Use Leases Awarded (cont'd)

Project Site	Project Type	Date Awarded
Salt Lake City, UT	VBA Regional Office Collocation	9-May-01
Durham, NC	Mixed Use / Research	3-Jan-02
North Chicago, IL	Chicago Medical School	10-Apr-02
Chicago (Westside), IL	Parking	22-Apr-02
Chicago (Westside), IL	VBA Regional Office Collocation	22-Apr-02
North Chicago, IL	Energy Center	21-May-02
Chicago (Westside), IL	Energy Center	12-Aug-02
Tuscaloosa, AL	Hospice	19-Sep-02
Barbers Point, HI	Single Room Occupancy	17-Mar-03
Milwaukee, IL	VBA Regional Office Collocation	17-Jul-03
Hines, IL	Bldg 14 - Single Room Occupancy	22-Aug-03
Somerville, NJ	Mixed Use Development	5-Sep-03
North Chicago, IL	Energy Center – Phase II	27-Oct-03
Mound City, IL	Visitor Center	6-Nov-03
Butler, PA	Mental Health Facility	18-Dec-03
Portland, OR	Crisis Triage Center	13-Feb-04



Enhanced Use Leases Awarded (cont'd)

Project Site	Project Type	Date Awarded
Charleston/MUSC, SC	Affiliate Partnering	18-May-04
Hines, IL	Bldg 53 - Assisted Living	30-Jul-04
Minneapolis, MN	Credit Union	17-Aug-04
Batavia, NY	Assisted Living	24-Aug-04
Bedford, MA	Single Room Occupancy	10-Sep-04
Dayton, OH	Child Care Development Center	30-Dec-04
Dayton, OH	Housing Initiative	30-Dec-04
Chicago (Lakeside), IL	Realignment	18-Jan-05
St. Cloud, MN	Homeless Housing	24-May-05
Leavenworth, KS	Residential Health Care	5-Aug-05
Minneapolis, MN	Single Room Occupancy	1-Sept-05
Salt Lake City, IL	Mixed-Use	20-Sep-06
Ft Howard, MD	Mixed Use	28-Sep-06
Butler, PA	Transitional Housing	17-Apr-07
Dayton, OH	Homeless Housing	19-Apr-07



Enhanced-Use Leasing Opportunities

- Ø **Consolidation/Realignment**
- Ø **Medical, Research Facilities, Parking Garages**
- Ø **Energy Facilities/Co-generation**
- Ø **Skilled Nursing Homes/Assisted Living**
- Ø **Transitional & Low-Income housing**
- Ø **Child Care Centers/Adult Day Health Care**
- Ø **Golf Course, Other land uses**
- Ø **VA Office Co-locations**



CARES Projects

- q The Capital Asset Realignment for Enhanced Services (CARES) identifies sites in which there is a need to improve processes, modernize and/or reduce the operating costs. Once a site is identified as a CARES re-use, a real estate study is performed to identify the best use and economic feasibility which may lead to an EUL.
- q Current projects under consideration:
 - § Augusta
 - § Canandaigua
 - § Lexington (Leestown)
 - § Livermore
 - § Montrose/ Castle Point
 - § Perry Point
 - § St. Albans
 - § Vancouver
 - § White City



Single Room Occupancy

Vancouver, OR



- q Challenge:** Provide a safe environment for otherwise homeless veterans, or veterans in transition from more structured VA programs.
- q Solution:** VA leased 2 acres to local housing agency, which financed, designed, built, and operates a 124-bed SRO facility. VA obtains priority placement for up to 62 units. VA provides no funding and makes no guarantees.
- q Term:** Awarded in 1998, 35 years



Single Room Occupancy

Roseburg, OR



q Challenge: Provide a safe environment for otherwise homeless veterans, or veterans in transition from more structured VA programs.

q Solution: VA leased 2 acres to local housing agency, which financed, designed, built, and operates a 63-bed SRO that provides transitional and permanent housing in a quality, affordable, and service-enriched supportive facility. VA obtains priority placement for up to 62 units. VA provides no funding and makes no guarantees.

q Term: Awarded in 2000, 75 years



Enhanced-Use Leasing Evolution

Chicago West Side Regional Office/Parking



- q **Challenge:** VBA needed to avoid high-cost leased office space, while improving service delivery and accessibility to veterans and VAMC West Side needed relief on lack of parking. Both desired to reduce energy costs.
- q **Solution:** VA leased 6 acres of land. VA selected developer to design, build and manage a 95K SF office building and 1,565 car parking garage. VA selected energy provider to design, build and operate a \$12.5M energy center. Both financed by municipal bonds.
- q **Term:** Awarded 2002, 35 years
- q Average annual VA cost is expected to be 25% less than comparable market rates.



N. Chicago Cogeneration Energy Center

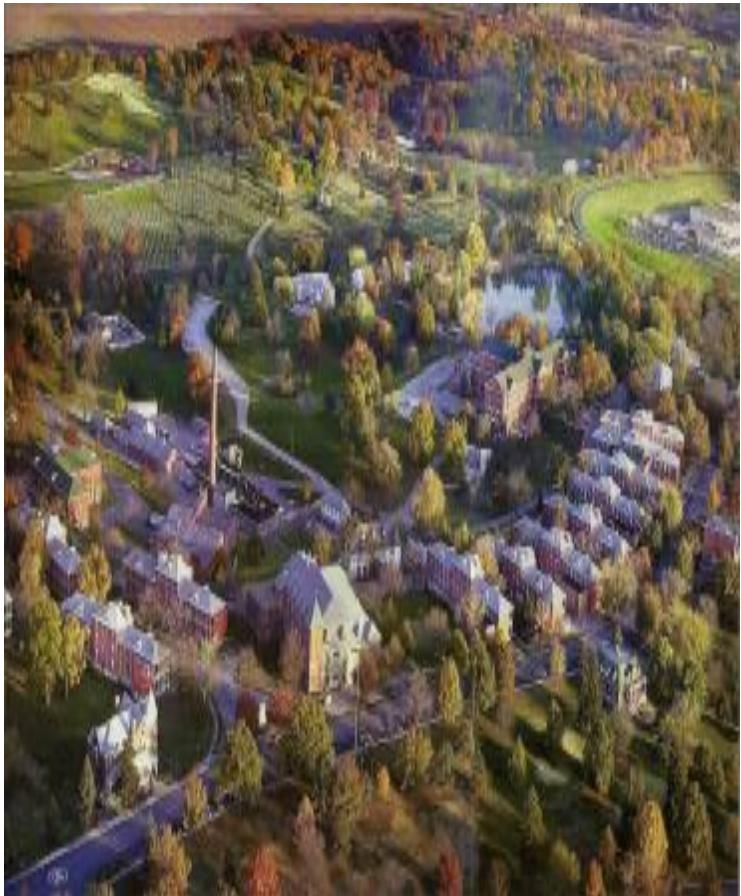


- q Challenge:** Provide independence from Navy steam purchases and reduce energy costs.
- q Solution:** VA leased 1.3 acres to an energy provider who designed, built, and operates a \$37.2M energy center, producing and selling energy to the VAMC and to Navy's new recruit barracks located on VA permitted land. Financing by long-term municipal bonds.
- q Term:** Awarded 2002, and expansion completed in 2nd quarter FY 2005, 35 years
- q Savings:** Savings in capital construction costs and reduced O & M, as well as potential revenue generation through DoD/VA cooperation.



Mixed-Use/Cemetery Expansion

LEAVENWORTH, KS



- q Challenge:** Reduce maintenance costs; Provide land for VA's cemetery expansion project; Adhere to stringent standards of local and state historic preservation groups.
- q Solution:** VA leased 4 parcels of land that includes approximately 50 acres, 38 existing buildings to a developer, who will finance, build, operate, and maintain a mixed-used development that includes transitional housing, educational facilities, senior housing, museum and small business facilities.
- q Term:** Awarded in 2005, 75 years

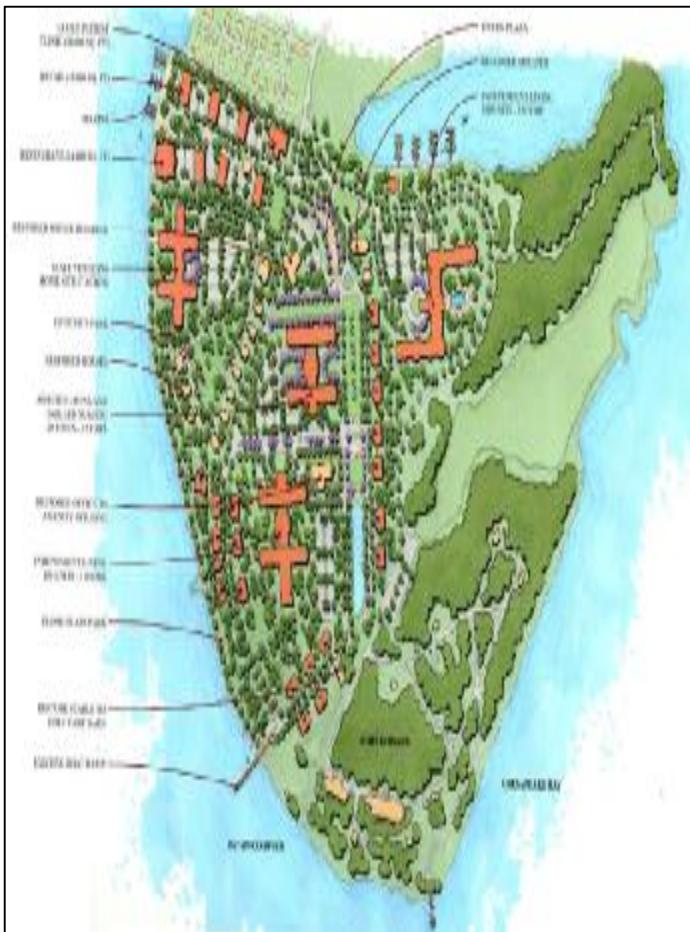


- q Challenge:** VBA needed office space in order to improve service delivery and accessibility to veterans.
- q Solution:** VA leased 5 acres of land located on the Milwaukee VA Medical Center campus to an Owner Trust. The Owner Trust utilizing loan proceeds from Redevelopment Authority of the City of Milwaukee, designed, built, and currently manages approximately 100 KSF office building and associated parking.
- q Term:** Awarded in 2003, 35 years
- q** Similar projects completed at Salt Lake City and Chicago Westside



Mixed-Use

FORT HOWARD, MD



- q **Challenge:** Reduce underutilized property with costly maintenance; Adhere to standards of local and state historic preservation groups.
 - q **Solution:** VA to lease approximately 95 acres to a developer, who will finance, build, operate, and maintain a mixed-use development that will provide a continuing care retirement community (CCRC). The CCRC will include replacement of VA's Community Based Outpatient Clinic (CBOC, senior patio homes, independent living apartments, assisted living units, neighborhood retail, recreational facilities and a private nursing home with preferences for veterans.
 - q Term: Awarded in 2006, 65 years (10 option).



Single Room Occupancy

Bedford, MA



- q Challenge:** Provide a safe environment for otherwise homeless veterans, or veterans in transition from more structured VA programs.
- q Solution:** VA leased building #5 (24,000 sq ft) to local housing agency, which financed, rehabilitated, and repaired and operates a 60-unit SRO rented on preference basis to homeless and formerly homeless male veterans. 100% priority placement for eligible veterans. VA provides no funding and makes no guarantees.
- q Term:** Awarded 2004, 55 years.



Secretary's List of EUL under consideration

Site	Project	Site	Project
Albany	Parking	Marion, IN	Senior Housing
Albuquerque	Assisted Living	Milwaukee	Mixed Use
Batavia	Transitional Housing	Montrose	Assisted Living
Battle Creek	Laundry	Murfreesboro	Golf Course
Battle Creek	DOM/Homeless Housing	Nashville	Research
Brevard	Assisted Living	Newington	Assisted Living
Butler	Homeless Residential	Palo Alto	Research
Butler Memorial Hospital	Hospital	Perry Point	Mixed Use
Chillicothe	Mixed Use	Phoenix	Child Development Center
Cleveland	Re-Use- Campus Realignment	Riverside (NCA)	Transitional Housing
Columbia	Office/Mixed Use	Sacramento	Assisted Living
Dayton	Senior Housing	Saint Louis	Parking
Dayton	Homeless Housing	San Francisco	Research
Dayton	Transitional Housing	Sepulveda	Homeless Housing
Hines	Assisted Living (Bldg. 51)	Solano County (NCA)	Water supply and property development
Houston	Clinical/ambulatory space	St. Albans	Mixed Use
Lebanon	Golf course	Syracuse	Research
Lincoln	Outpatient clinic/Mixed Use	Walla Walla	Mixed Use
Los Angeles	RO collocation	Washington, DC	Office/Mixed-Use
Marion, IL	Hotel	White City	Community College



Standing Issues

- q Scoring**
- q Government Good-Faith Credit**
- q Risk Liability**
- q Lease Backs**
- q Government Control**
- q Win-Win – regarding local community and intended uses.**



Process



Questions
Or
Discussions

