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Montrose EUL – Industry Forum Enhanced Use Leasing *Program Overview*

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Enhanced Use Leasing

Overview

- A process that allows the Department of Veterans Affairs (VA) to partner with the public or private sector to maximize returns to veterans from underutilized capital assets

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Approval of an EUL

- Enhanced Use Lease (EUL) is approved by the Secretary of Veterans Affairs
- Selecting an EUL Partner is a competitive acquisition process

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Background

- EUL is a law and program that is unique to VA
- EUL properties are not considered “excess”
- Refers to legislative authority under Enhanced-Use Leases of Real Property, Title 38 U.S.C., Sections 8161 – 8169
- Allows VA to ground LEASE its underutilized land and buildings to private or other public entities for up to 75 years
 - IT IS NOT A SALE OF LAND
- Structures and property revert back to VA at end of lease
- Lessee will be required to finance, develop, operate, and maintain the property in accordance with VA requirements incorporated in the lease and local requirements

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EUL Goals

- EUL Program Goals look to ensure that reuse plans:
 - Provide direct benefits to veterans and enhance VA's mission;
 - Are to the extent possible compatible with the fabric of existing neighborhoods;
 - Maintain the historical, aesthetic and cultural values of the site wherever feasible;
and
 - Preserve existing buildings and other site features, wherever feasible

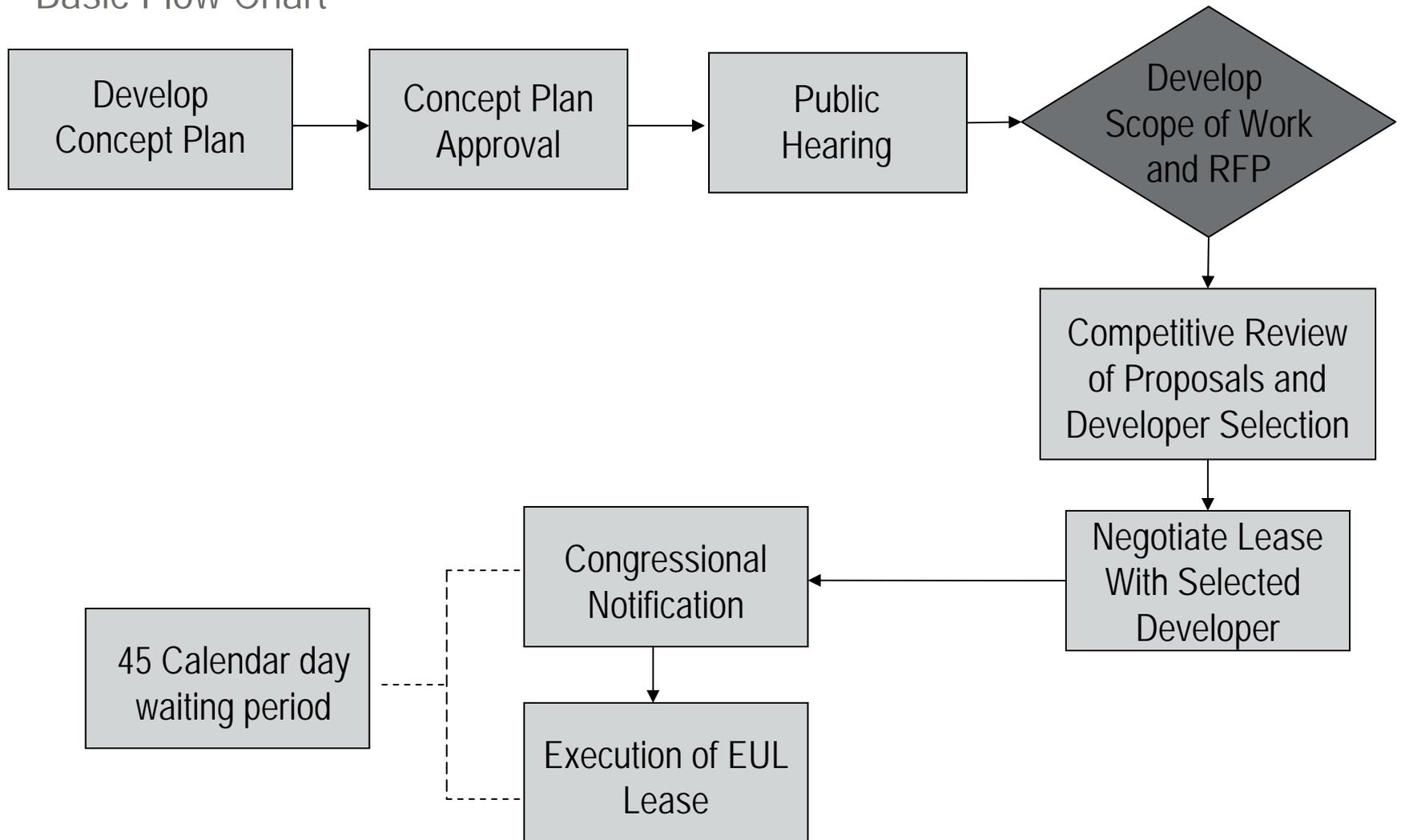
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EUL Development Examples

- Senior housing for veterans
- Transitional and permanent housing for homeless veterans
- Affordable housing for veterans
- Assisted Living for Veterans
- Medical, Research Facilities, Parking Garages
- Child Care Centers/Adult Day Health Care
- VA Office Co-locations

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Basic Flow Chart



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Development Plan Negotiations

- Best Case Scenario: 15 to 18 months
- Key factors for VA's approval of development plan:
 - Financing arrangements
 - May have multiple partners in development
 - Benefits to veterans
 - Determining best reuse mix
 - Environmental Issues / Historic implications, etc.

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Benefits to Veterans

- Reuse—such as affordable housing for veterans, senior veterans, homeless and other categories— to provide benefits in a housing market with a shortage of affordable housing
- Revenues from leasing Montrose Campus may be used to enhance VA services to veterans
- Removal of vacant buildings and land frees up VA resources that may be used for improving health care services for veterans

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Benefits to Local Community

- Revitalizes and redevelops underutilized property and vacant buildings
- Provides needed goods and services to community
- Generates healthy economic activity in neighborhood
- Encourages new job development

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EUL Key Points

- VA can ground-LEASE up to 75 years
- VA receives “fair consideration” as determined by the Secretary (not purely an economic decision):
 - Cash
 - Services
 - Space
 - Other “in-kind” consideration and benefits to veterans
- EUL development should be compatible with the fabric of the existing neighborhoods, and provide direct benefits to veterans and enhance VA’s mission
 - *IT IS NOT A SALE OF LAND*

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Milestones

Industry Forum	TODAY - October 14, 2008
RFP Solicitation	4Q 2008
Developer Selection	1Q 2009
Lease Negotiations	2Q 2009
EUL Execution	2Q 2009

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Project Goals

- Provide affordable housing to veterans and senior veterans
 - In any housing opportunity, veterans should have preferred placement opportunities
- Use consideration received to enhance the services provided to veterans at the Montrose Campus
- Enhance amenities available to veterans and the surrounding community

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EUL Track Record

- 48 EUL projects awarded
- Over 100 EUL initiatives being studied
- 50 EUL projects currently “active”



Thank you