



U.S. Department of Veterans Affairs
Office of Asset Enterprise Management

Enhanced-Use Lease

Public Hearing

July 29, 2008

**Franklin Delano Roosevelt Campus of the
VA Hudson Valley Health Care System (Montrose, NY)**

Moderator:

John Grady



- I. Welcome and Introductions**
- II. Public Hearing Overview**
- III. CARES Summary**
- IV. Enhanced-Use Leasing Program**
- V. Montrose EUL Project**
- VI. Q & A**



Welcome and Introductions

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Q & A

John Grady

Moderator, Montrose VAMC

Jay Halpern

Office of Asset Enterprise Management
VA Central Office, Washington, DC

Marc Waddill

Jones Lang LaSalle, Real Estate Advisors to
VA



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Public Hearing Forum

- **Official beginning of the Enhanced Use Leasing process**
- **Obtain views and input from interested parties regarding the proposed EUL Project for VA consideration in developing the RFP**
- **Recognize all who have questions**
- **Provide opportunities for all concerned, five (5) minutes will be allocated to each respondent**



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Public Hearing Objectives

- **Notify key stakeholders and interested parties of VA's intent to utilize the Enhanced Use Lease (EUL) process in return for benefits to Veterans as "consideration" at the Montrose VA Medical Center**
- **Describe the nature of the proposed EUL Project**
- **Obtain public comment concerning the proposed EUL for VA use in developing the RFP**



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Background

- **CARES resulted in the decision to:**
 - Build a new outpatient and residential rehabilitation facility at Montrose
 - Modernize Castle Point including a new nursing home and psychiatry unit for those services to be transferred to Castle Point
- **CARES plan included the reuse of current and future underutilized land and facilities at Montrose and Castle Point**



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Enhanced Use Leasing (EUL)

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



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Terms of an EUL

- **EUL is approved by the Secretary of Veterans Affairs**
- **Selecting an EUL Partner is a competitive acquisition process**
- **Exceptions may be made for Housing for Homeless Veterans, a unit of government or the medical center affiliate**



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EUL Background

- **EUL is a law and program that is unique to VA**
- **EUL properties are not considered “excess”**
 - Exempt from McKinney-Vento ACT screening
- **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*



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EUL Background (Cont.)

- **Structures and property revert 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**
- **48 EUL projects awarded; over 100 initiatives being studied; 50 projects “active”**



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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 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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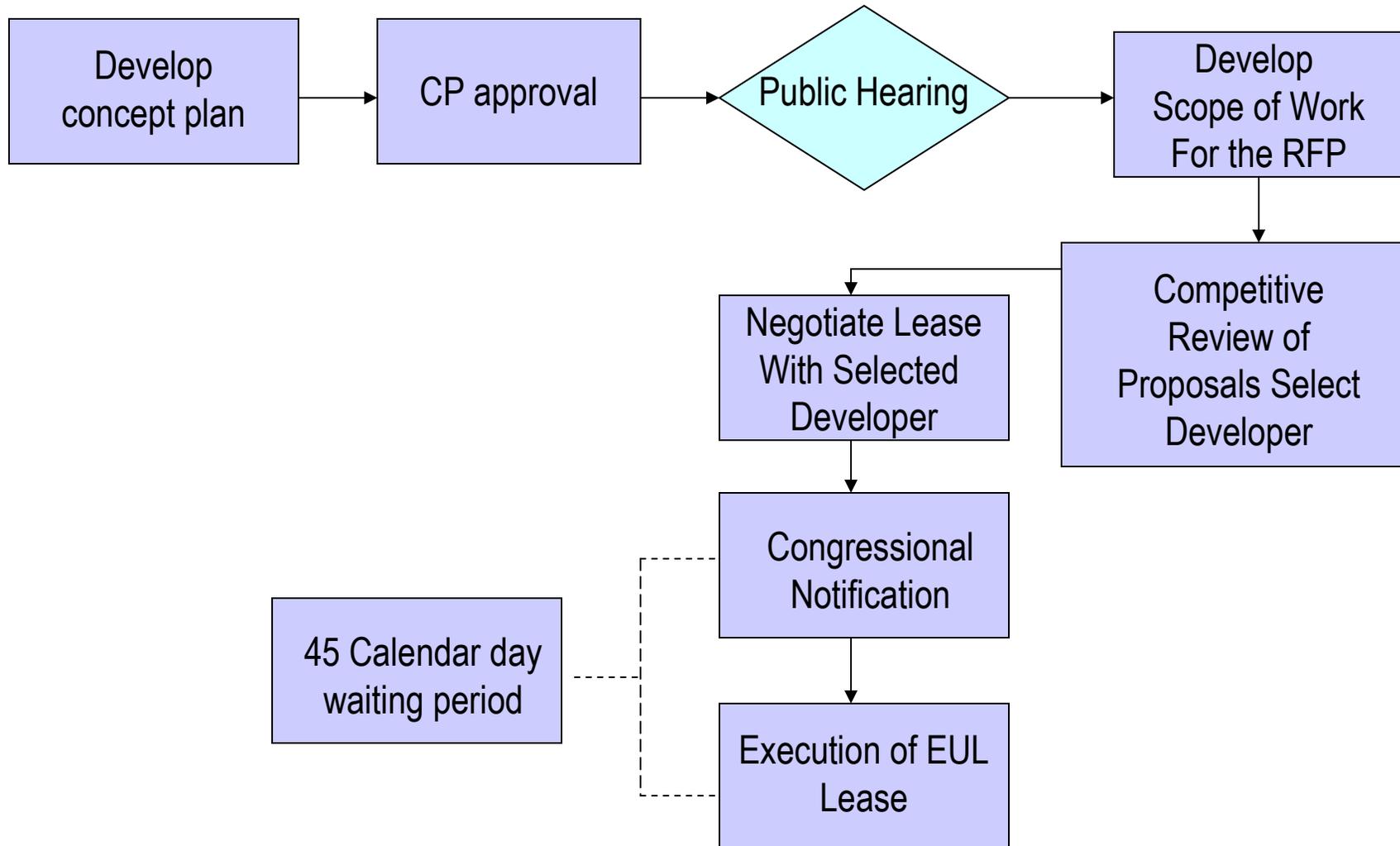
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Other EUL Development Examples

- **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**



Basic Flowchart





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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
 - Multiple concurrences within VA
 - Time-consuming and complex legal review
 - Congressional involvement
 - Environmental Issues/Historic implications, etc.



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Benefits to Veterans

- **Revenues from leasing Montrose VAMC property 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**
- **Reuse such as affordable housing for veterans, senior veterans, homeless and other categories provides benefits in a housing market with a shortage of affordable housing**



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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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Montrose EUL Project

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CARES Decision & Footprint

- **VA CARES decision initiated the Reuse / Redevelopment Plans, by selecting Business Plan Option 4 (BPO 4) for implementation in November 2007**
- **BPO 4 footprint consists of 12 acres which will include a new residential treatment and an ambulatory care facility. Remaining functions will be relocated to Castle Point campus**



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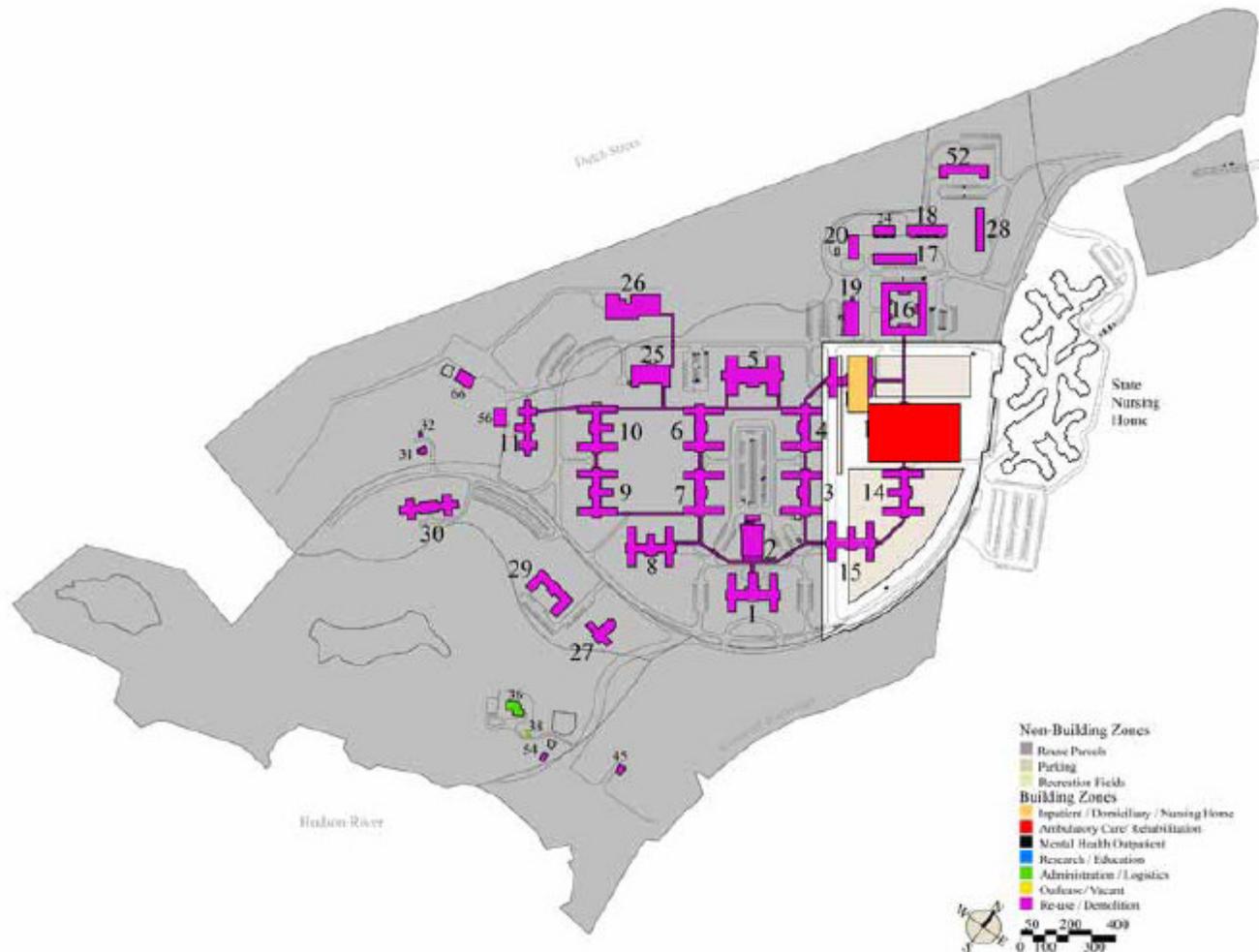
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CARES Decision & Footprint (Cont.)

- **Remaining property (approximately 172 acres) that will be available for EUL project is not needed for new medical / service facilities**
 - Land available immediately will be offered during Phase I
 - Land available after implementation of BPO 4 will be offered during Phase II
 - Selected developer will create one single master plan that encompasses both Phase I and II
 - Developer master plan will ensure accessibility for Town of Cortlandt residents via access road



Map of BPO 4





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Phase I Description

- **Footprint encompasses approximately 108 acres on the western portion of the campus**
 - Includes 335,000 SF of building space
 - Master plan should consider integrity of the Hudson River Waterfront
- **Phase I includes the waste water treatment plant and Hudson River access**
- **Majority of buildings may be subject to historic preservation constraints**
 - Redevelopment plan could consist of new construction and potential adaptive reuse / renovation of existing buildings



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Phase II Description

- **Footprint includes the remaining land and buildings on the campus as well as the front entrance**
 - Approximately 64 acres
- **Improvements included in Phase II are:**
 - Historic buildings, including the Main Administration Building in center of campus
 - Central boiler plant
 - Undeveloped main entrance
- **Like Phase I, a majority of buildings may be subject to historic preservation constraints**
 - Redevelopment plan should consider adaptive reuse / renovation of existing buildings



Map of Phase I and Phase II





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Preliminary Timeline of Phase I and II

- Phase I solicitation to begin in 2008
- Phase II contingent upon implementation of CARES BPO 4

#	Task Name	Duration [months]	Year													
			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1	EUL Process and Developer Selection	10	█													
2	Implement Phase I EUL	36		█	█	█	█									
3	Implement CARES Option BPO 4	108		█	█	█	█	█	█	█	█	█	█	█		
4	Implement Phase II EUL	36										█	█	█		
Total		190														



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Development Opportunities

- **Residential – Senior Housing**
 - All levels of senior housing that could feature: Active Senior Apartments, Independent Living, Assisted Living, Skilled Nursing and a Continuing Care Residential Community (CCRC)
 - Demographic data and market analysis indicate growing demand for senior housing in Westchester County
 - In addition to local demand, reuse could draw residents from veterans community



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Development Opportunity (Cont.)

- **Residential – Apartments**
 - Could include both moderate and high-end apartment products
 - Market analysis indicates an increasing demand for housing
- **Community/Neighborhood Retail**
 - Visibility and access for parcel located along Route 9A (in Phase II)
 - Ancillary use and amenity to future residential development



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Milestones

Public Hearing

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RFP Solicitation

Fall 2008

Developer Selection

Fall/Winter 2008

Lease Negotiations

Spring/Summer 2009

EUL Execution

Summer 2009



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Project Goals

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



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Public Website & Contact Information

- **Public Hearing presentation and additional information on the Montrose EUL project may be obtained by visiting the website:**

www.VAJLLEUL.com

- **Additional comments to be placed in the record through August 14, 2008 by mail should be sent to:**

Nancy Winter
Public Affairs Officer
VA Hudson Valley Health Care System
2094 Albany Post Road
Montrose, New York 10548



Thank you for your input!

**Public input will improve VA's ability to
continue to provide benefits and services
to veterans and their families**