What is Enhanced Use Leasing?

Overview of the Army EUL Process

http://eul.army.mil
What is Enhanced Use Leasing?

- Tool in the military’s arsenal to more effectively use underused property to benefit installations.

- Leverage DoD assets that are currently available, but not excess to military’s needs.

- Receive rent in cash or in-kind services no-less-than FMV of asset.
What is Enhanced Use Leasing *not*?

- Sale of Installation land.

- Partnership with selected Developer.
  - Army contributes no equity into the project.
  - Army makes no guarantee of revenue to Developer.
    - All risk is on selected Developer.
Title 10 USC § 2667 gives Military Departments authority to:

- Enter into long-term or short-term leases
- Lease land and/or buildings
- Receive income on leased property, which can be used to fund other new construction and does not have to be invested in the leased property
Why Does Army Lease?

- Unleashes captive value from property
- Reduces Operation & Maintenance requirements
- Attracts tenants who are synergistic with the missions of installations
- Provides cash or In-kind funding source for needed and unfunded projects
- Stimulates local economy
- Improves community relations
How Does Army Lease?

- Competitive Notice of Opportunity to Lease (NOL) Process
- Developer Evaluation & Selection Process
- Negotiation Process
Benefits of EUL for Private Sector

- Market Rate Returns: Developer captures market rates of return on design, construction, maintenance, leasing and property management activities

- Long-Term Relationship: Ground lease for assets for terms in excess of 25 years

- Efficient Developer Selection Process: Approach is to minimize time and effort of bringing a development entity on board to perform work
Benefits of EUL for Local Community

- Job creation and general economic stimulus
- Potential tax revenues
- Sometimes can directly fulfill objectives of the local jurisdiction
Army EUL Roadmap

1. Identify EUL Project & Non-Excess Assets
2. Develop Concept Package/Market Analysis
3. Advertise Notice of Opportunity to Lease
4. Evaluate Proposals/Select Developer
5. Develop Lease and Management Plan
6. Negotiate & Execute Lease
Description of Solicitation Plan

1. Prepare draft NOL and issue pre-solicitation document
2. Solicit industry interest and conduct Industry Forum
3. Finalize NOL and issue to Offerors
4. Receive and evaluate proposals
5. Determine competitive range/select Successful Offeror
6. Partnering session with Government and Developer
7. Developer creates Leasing & Mgt Plan for Government review
8. Government reviews and edits Leasing & Mgt Plan
9. Developer and Government sign lease
What Does the Deal Look Like?

- Army Goals – Maximize rent for compatible use of installation real property that is not excess, but for which there is no long term planned use
- Specific property, specific use, specific term, specific rent
- A development schedule that must be met or the Army has the right to terminate
U.S. Army Corps of Engineers
Enhanced Use Lease Program

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