

# Dover AFB, DE

## HOUSING PRIVATIZATION--Fact Sheet

### GOAL

To provide military families access to safe, quality, affordable, well-maintained housing in a military community where they will choose to live.

### VISION

The Government conveys existing occupied rental housing areas, and other collateral facilities, utility systems and land. The developer demolishes and constructs new facilities and utilities on Government owned land. The result is 980 attractive privatized housing units at Dover AFB.

### THE DEAL

The success of the project is based on a long-term commitment between the Government and the private developer.

#### Dover AFB brings:

- 1,010 existing housing units plus 212 new housing units at Eagle Heights
- Title transfer of 298 revenue-producing housing units at Eagle Meadows and 76 acres of land 3.5 miles from the Base
- Long-term land-lease (50 years)
- If required, authority for a Direct Government Loan.

#### The private developer brings:

- A complete and feasible business and financing package
- Well-developed community plans and quality designs
- Demolition of 1,010 units and construction of 768 replacement units
- Quality property management of 980 end state units for 50 years
- Contribution to project equal to value of Eagle Meadows.

### PROJECT OVERVIEW

This project involves a real estate transaction to privatize all of the military family housing areas at Dover AFB. These are Eagle Heights and Eagle Meadows. The Government will convey approximately 76 acres of land, 298 existing housing units and other improvements (except water wells and rights) at Eagle Meadows; and lease approximately 238 acres of land for 50 years and convey 1,222 existing housing units and other improvements at Eagle Heights to a private developer. The developer will contribute the value of Eagle Meadows to the development of Eagle Heights. The developer will also own and operate the rental housing development for military families for 50 years, as well as finance, plan, design, and construct improvements in the development at Eagle Heights. The Government is willing to provide financing assistance, if needed, in the form of a Government direct loan.

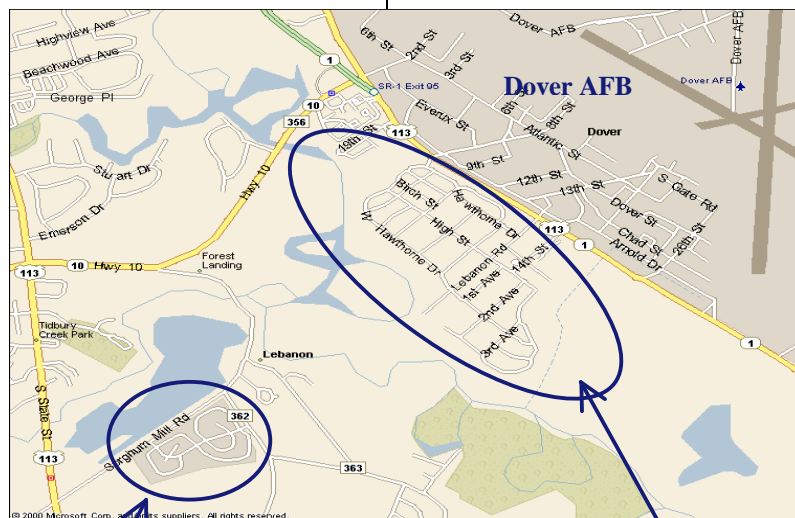
Table 1 lists the existing inventory included in this project and Table 2 provides the end state at end of construction. Table 3 provides Housing Inventory after the completion of Construction & Demolition at Dover AFB.

**TABLE 1 - EXISTING MFH INVENTORY**

Eagle Heights	1,222
Eagle Meadows	298
Total	1,520

**TABLE 2 – END STATE**

Eagle Heights	980
Eagle Meadows	0
Total	980



Eagle Meadows

Eagle Heights

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**REAL ESTATE MARKET OVERVIEW**



Dover AFB is located just south of the city of Dover, in central Delaware. The Dover AFB Housing Market Area includes most of the state of Delaware (Kent County and the majority of Sussex and New Castle counties) and portions of four counties in Maryland (Cecil, Kent, Queen Anne’s, and Caroline counties).

The most recent determination of family housing needs at the base indicates a need of 980 units with a surplus of 540 units, of which the 298-units at Eagle Meadows are being sold. The remaining surplus is being demolished with an end-state of 980 units in Eagle Heights, as reflected in Table 3 below. There is a minimum requirement of 3-bedroom units for any newly constructed housing.

**TABLE 3 – END STATE HOUSING INVENTORY BY RANK AND UNIT SIZE**

	BDR	Existing Inventory	Replace	Adequate	End State Total
<b>JNCO</b>	2	233	0	48	48
	3	596	463	52	515
<b>SNCO</b>	4	122	106	92	198
	3	166	65	4	69
<b>CGO</b>	4	7	52	0	52
	3	62	20	16	36
<b>FGO</b>	4	7	21	0	21
	3	12	15	0	15
<b>SOQ</b>	4	7	16	0	16
	4	10	10	0	10
<b>Total</b>		<b>1222</b>	<b>768</b>	<b>212</b>	<b>980</b>
<b>Schedule</b>			<b>Years 1-5</b>		

**REAL ESTATE TRANSACTIONS**

Real estate transactions for government-owned land, facilities, and improvements include the sale of 76-acres of land, conveyance of 298 housing units and associated improvements (except the water wells and rights), a 50-year ground lease of approximately 238 acres and a deeded conveyance of 1,222 existing housing units and certain infrastructure. In addition, an

Operating Agreement will govern operations on the site. The real estate agreements will allow the private developer to acquire appropriate financing and collect revenues from the housing to help finance the project.

Community support facilities within the housing area, such as playgrounds, will be conveyed to the private developer.

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The Government will convey utility laterals, wastewater, electric, natural gas and water systems for all housing areas. The SO will repair or replace the utility mains. Infrastructure, such as roads, parking areas, sidewalks, street lighting, irrigation systems, and drainage systems located within the leased parcels of land will also be conveyed to the private developer. Telephone and CATV are available from local commercial providers.

**BUSINESS ARRANGEMENTS, FINANCIAL PLAN AND STRUCTURE REQUIREMENTS**

- Housing Privatization Legislative Authorities:
  - Section 2873 – Direct Loan
  - Section 2878 - Conveyance or Lease of Existing Property and Facilities
  - Section 2880 - Unit Size and Type
  - Section 2881 - Ancillary Support Facilities
  - Section 2882c - Lease Payments by Allotments
- Binding Instruments:
  - Real Property
    - Lease of Property and Operating Agreement
    - Quitclaim Deed
    - Use Agreement (for Eagle Meadows)
  - Financial
    - Forward Commitment
    - Intercreditor Agreement
    - Lockbox Agreement
    - Note for Government Direct Loan
    - Mortgage for Government Direct Loan
- Taxes, if imposed, are the responsibility of the Offeror
- No cross collateralization with other investments
- Long-term developer commitment to the project
- Establishment of Lockbox account for all project revenue
- Establishment of the following escrow and reserve accounts:
  - Lockbox Revenue Account
  - Tenant Security Deposit Account
  - Impositions Reserve Account
  - Replacement Reserve Account
  - Construction Escrow Account
  - Operating Reserve Account
  - Utilities Reserve Account
  - Reinvestment Account
- The debt coverage ratio must not fall below 1.20 for the private permanent loan and 1.05 for the combined debt service coverage.

**RENT STRUCTURE**

- Military receive their basic allowance for housing (BAH)
- Referred military families will be offered units designated for their rank at a cost equal to BAH (with dependents) during the initial development phase, and BAH minus 110% of expected electric and gas charges following the initial development phase.
- Military tenants pay rent to the private developer.
- Tenants pay electric, gas, telephone and cable TV charges to respective providers.
- Rent also includes common area electric, refuse collection, water, and sewage.
- All tenants other than referred military families will pay market rent and sign up to 12-month leases.

**DESIGN AND CONSTRUCTION REQUIREMENTS**

- **Community Planning:**
  - Meet applicable local, state and federal codes, standards, regulations and industry practices
  - Coordinate zoning with local authorities and acquire applicable permits.
  - Develop a comprehensive community plan that responds to military family needs.
  - Phase new construction to minimize relocation of tenants.
  - Incorporate green space, landscaping, underground utilities and recreation areas (playgrounds, bike path, sports courts, etc.) to enhance the overall neighborhood environment and improve quality of life.
  - Provide efficient and separate vehicular and pedestrian traffic patterns and minimize number of housing units on collector streets.
  - Coordinate utility construction and services with local providers. Provide meters as required to allow proper billing of responsible party(ies).
  - Reconfigure existing vehicular and pedestrian traffic patterns as needed for new construction.
  - Cut curbs to provide handicapped accessibility.
  - Provide tot lots, playgrounds, recreational facilities and other quality of life amenities.
- **Unit Design and Construction:**
  - Floor plans which incorporate adequately sized rooms, orderly arrangement of functions, circulation and open spaces. Designs with inviting entrance, indoor/outdoor integration and pleasing appearance. Kitchens with a modern well organized work area and quality fixtures and finishes. Bathrooms that follow modern planning techniques and utilize quality fixtures. Interior storage, which is conveniently located, adequately sized cabinets, and coat, linen, storage and clothes closets.

- Elevation designs which provide a pleasing and interesting appearance comparable to quality residential developments. Provide modulated facades and rooflines to enhance interest. Vary materials and colors to break up facades on larger structures and prevent excessive uniformity among smaller units.
- Materials, equipment, and finishes which are durable, low maintenance, and functional. Choice of finishes which are aesthetically pleasing with rich texture and detailing.
- Design, materials, equipment, and construction methods, which reduce energy, water consumption, and meet energy star criteria. Exterior fenestration materials, and passive solar energy systems employed wherever possible.
- **New Construction of 768 Units in Eagle Heights:**
  - Underground utilities, landscaping, sidewalks, mailboxes, and pavements to convey a community atmosphere
  - Modern bathrooms
  - High quality floor treatments
    - Hard finish flooring in kitchen, informal dining area, wet areas, and high traffic areas
    - Carpet in bedrooms and other living areas
  - Space and dedicated outlet for a freezer
  - Ground level entrances
  - Minimum 4/12 pitched roof with minimum 12 inch overhang and 20 year asphalt shingles
  - Gutters, downspouts, and splash blocks for all roof areas
  - Central heating/air conditioning/ventilating systems for each unit
  - Pre-wired for one telephone and cable television jack per habitable room with four-line telephone cable
  - Dead bolts on all entry doors
  - Carbon-monoxide/heat detectors and unit fire extinguisher and fire extinguisher (range queens) over the range
  - Overhead lighting in all rooms, switched at the room entry door.
  - Ceiling fans in all bedrooms, family/living rooms, and screened porches
  - Exterior security lighting at front and rear of units
  - Mailboxes in accordance with US Postal Service regulations
  - Walk-in clothes closet in master bedroom
  - Exterior trash storage areas screened and hidden from view
  - Screened-in rear patio for all units (with privacy wall between multiplex units)
  - Paved driveway
  - Refrigerator at least 20 cubic feet with ice maker
  - Built-in three washing-level dishwasher
  - At least 4-burner stove with self-cleaning oven and view window
  - Garbage disposal
  - Six panel interior doors

- Mini-blinds or window treatments
- Minimum of one car garage.

➤ **Construction Management Plan:**

- Construction Schedules
- Design Review Conferences
- Pre-Construction Conference
- Inspection, Surveillance and Acceptance.

**REAL ESTATE MANAGEMENT REQUIREMENTS**

- Professionally staffed property management office with professionally trained management and maintenance staff
- Property manager certified by a professional real estate management association.
- Operations and Maintenance Plan which includes:
  - Periodic Maintenance and Replacement
  - Change of Occupancy Maintenance
  - Landscaping/Grounds Maintenance
  - Emergency Maintenance
  - Tenant Assignment Plan
  - Rental Rate Management Plan
  - Facilities Maintenance Plan
  - Capital Repair and Replacement Plan
  - Reinvestment Plan
- Tenant leases/eviction/dispute resolution procedures IAW federal and State law
- Allow military families to provide in-home childcare and operate other in-home businesses, provided they obtain applicable permits
- Allow domesticated pets on premises.
- Provide pest control
- Install fences or provide the materials free of charge to allow tenants to install
- Provide curbside refuse collection and recycling service
- Provide all utilities and refuse collection for common areas
- Provide snow removal.

**PRIORITY PLACEMENT PLAN**

- The Government will **not** guarantee occupancy, but will provide priority referrals of potential occupants.
- Military will not be mandated to occupy housing.
- Priority placement for all units is required as follows:
  - Referral Tenants
  - Other Active Duty Military Members/Families
  - Federal Civil Service Employees
  - Retired Military Members/Families
  - Guard & Reserve Military Members/Families
  - Retired Federal Civil Service
  - DoD Contractor/Permanent Employees (US Citizen)
  - General Public

- Units will be held open for base housing referrals, unless occupancy levels fall below ninety-five percent for three consecutive months.
- Key and Essential or Designated Quarters.

#### **TARGET MILESTONES**

Industry Forum	February 2004
Issue Solicitation	March 2004
Evaluate Proposals and Select	December 2004
Close Deal	March 2005

#### **HOUSING PRIVATIZATION WEBPAGE**

Information is subject to change. Please visit the website below for the latest public information on Dover AFB's housing privatization project.

[www.eypsc.com](http://www.eypsc.com)

#### **Caution: This Information is Preliminary**

All readers please be advised that the information presented here is preliminary in nature and is subject to change by the Government. The final and definitive information for this project will be forthcoming in a Request for Proposal (RFP).