Department of the Navy
Public-Private Ventures (PPV)
Program Overview

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DoN Housing Public - Private Ventures

• Where We Were

• Navy PPV Objectives

• Navy Business Approach

• Business Model

• Economics

• Development

• Portfolio Management

Halsey Terrace
Where We Were

• Housing - Old, not adequately maintained, needed extensive renovating or replacement.

• Cost over $2B and 30 to 40 years

• Needed - Innovation or Transformation

Halsey Terrace, Pearl Harbor, HI
Navy Housing PPV Objectives

- Safe, high-quality and affordable
- Leverage Navy dollars
- Maximize Operations & Maintenance cost avoidance
- Protect value of Navy assets
- Minimize Navy’s liability
- Participate in key business decisions
- Maintain flexibility
Navy Business Approach

• Partnership

• Investments

• No guarantees

• Out lease of land to LLC and conveyance of existing property and facilities

• Revitalize existing inventory and address housing deficit

Moanalua Terrace, Pearl Harbor, HI
Typical Business Model

DoN
- Contributes Equity
- Contributes Land & Facilities via Ground Lease

Private Entity
- Establishes the Business Entity – LLC
- Secures 1st Mortgage Debt
- Contributes Equity

PROJECT HOUSING, LLC

PURPOSE
Finance, Design, Construct, Acquire, Own, Lease, Convey, Operate, Manage, Maintain, and/or Renovate Housing for Service Members

OPERATING AGREEMENT

No longer Government Housing

Private Entity (Managing Member)

Design/Build Contract

Design/Build Contractor

Property Management Agreement

Property Management Company

Asset Management Agreement

Asset Management Company

Consulting Architect Contract

Independent Architect/Engineer
Economic Anatomy of a PPV

Rent → NOI

Loan $ → Development Cost

Developer Equity → Project Development Cost

Government Contribution:
- Improvements
- Land via lease
- Cash
Development

Renovation
22% of Portfolio

Replacement/New Construction
35% of Portfolio

Minor or No Work
43% of Portfolio

Images: Luke Filed, Hale Moku and McGrew
Radford Terrace, Pearl Harbor, HI
Neighborhood Amenities
Maintaining Historic Integrity

Hospital Point

Makalapa

Hale Alii

Marine Barracks
Halsey Terrace Rooftop

Pearl City Peninsula
Portfolio Monitoring

5 Oversight Areas

- Environmental
- Property Management
- General & Administrative
- Financial
- Development
Visit the Department of Defense’s Military Housing Privatization Homepage at http://www.acq.osd.mil/housing for information on housing projects, references and reporting, and miscellaneous information.
Questions?