

# Island Palm Communities LLC

An award-winning model for public-private partnerships  
June 6, 2017

**lendlease**



# CONTENTS

MHPI Overview	01
Who We Are	02
Project Structure	03
Challenges, Keys to Success	04
Lessons Learned	05





# Section 01 MHPI Overview



## DoD housing before privatization

Before privatization, the DoD had ascertained:

- 60% of DoD-owned family housing – approximately 180,000 units – were inadequate
- \$20B and 30 years using Military Construction (MILCON)
- Housing was not a core competency of the military or DoD











## A public policy solution

MHPI provided the legislative authorities to facilitate real estate transactions between the government and private developers and property managers.

Benefits to the Army:

- Preservation of public capital
- Speed to market
- Technical expertise
- Shared risk
- Efficiency and reliability
- Long-term asset management

The 1996 National Defense Authorization Act passed by Congress gave life to the Military Housing Privatization Initiative (MHPI)



## Section 02

### Who We Are



# Lendlease is an international real estate developer, builder and owner.

In our Communities' business we work with public and private sector partners to provide affordable housing choices.

In-house expertise to design, develop, fund, build, and manage a range of residential options.

Lendlease's global strategy seeks to deliver transformational projects that meet the Lendlease vision

**TO CREATE  
THE BEST PLACES.**

## LENDLEASE: BY THE NUMBERS

Figures as of December 30 2016, US\$



INVOLVED  
WITH

**902,965,681**  
SQUARE  
FEET

**+85,000**  
RESIDENTIAL &  
MIXED-USE UNITS

**6,542**  
PROJECTS &  
PROPERTIES

**\$148.4**  
BILLION  
OF PROJECTS

**WE'RE IN HAWAII FOR THE LONG TERM**

WE LOOK FORWARD TO PARTNERING WITH PUBLIC AND PRIVATE SECTORS IN HAWAII AND SHARE OUR VISIONS OF CREATING THE BEST PLACES

Since  
**2003** OPERATING IN  
HAWAII

**25** STATES  
IN OUR RESIDENTIAL  
PORTFOLIO

**10,000+** HOMES  
IN HAWAII

**475** FULL TIME  
EMPLOYEES  
IN HAWAII



Island Palm  
Communities is a

**50-YEAR  
PARTNERSHIP**



between Lendlease and  
the U.S. Army

**ROLE**

Owner, developer, asset manager

**COMPLETION**

2054

**PARTNER**

U.S. Army

**PROJECT SIZE**

7,756 homes

**CONSTRUCTION**

4,725 new home construction

7 community centers

2,515 renovated homes

**PROJECT VALUE**

\$2.3 billion



## Largest MHPI project awarded by the Army

Operations span seven installations encompassing 1,702 acres.

Over 7,900 homes under management.

\$2.3B 12 year initial development period

\$5.35B Over remaining 37 years





## Highlights and achievements

**\$1.77B** in construction and **\$65M** in renovations contracts awarded to date. Over 90% awarded to local businesses.

Nearly **\$20M** in contracts awarded annually by property operations.

Significant job creation:

- 1,000 plus local tradesmen and tradeswomen on site at peak of construction
- PLA with local unions; no inquiries to date
- Asset and property operations offer long term employment opportunities for 400+ Hawaii residents



- North American Public-Private Partnership Deal of the Year - Project Finance Magazine, 2005
- Award-winning tree preservation program, The Outdoor Circle, 2005
- 18MW rooftop photovoltaic system
- LEED Certified Neighborhood Development
- Building Energy Management System
- Established Kunia Agricultural Park in partnership with the Hawaii Agricultural Foundation and Monsanto.
- More than \$200k donated locally through corporate 501(c)3 non-profits

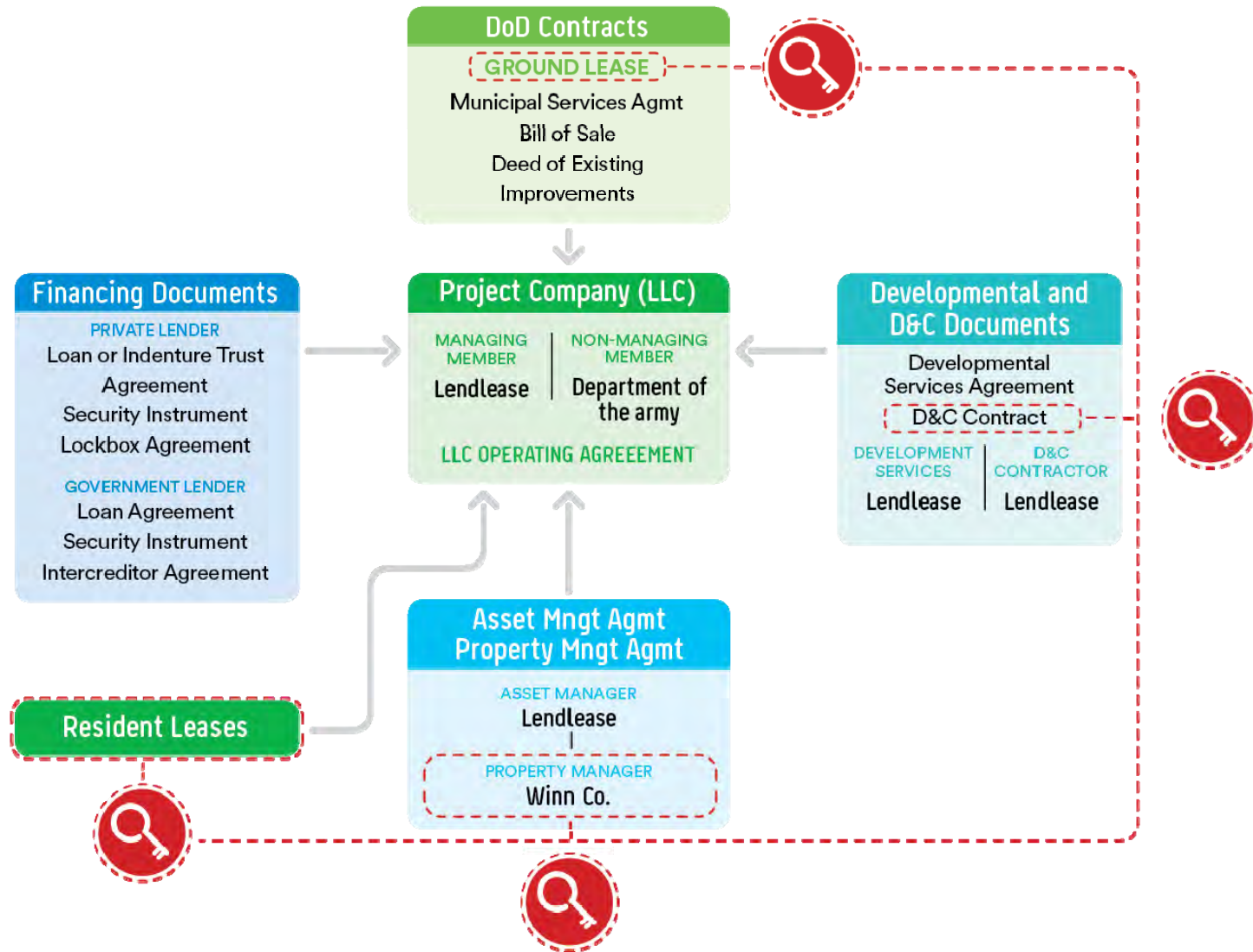




# Section 03

## Project Structure

## TYPICAL PROJECT COMPANY STRUCTURE





# Section 04

## Challenges and Keys to Success



### Partnership Challenges

- Approval process and timing
- Changes to base assumptions
- Complex legal structure

### Army Challenges

- Perception of contractor v. partner
- Private sector profit motive
- Changes in local leadership



Established early on an agreed and executed shared vision.

Developed a culture of mutual trust and transparency.

Fostered a willingness of everyone to learn.

Instituted clear processes.

Agreed on roles and responsibilities.

Adopted a partnership mentality.



# Section 05

## Lessons Learned



Identify the Revenue Stream is Key

Choose Partners Wisely

Deal Structuring is Not a Governmental Function

Manage for the Long Term

Managing Project Control

# THANK YOU

