

DHHS POLICIES AND PROCEDURES

Section VI:	Property and Construction
Title:	Acquisition of Leased Space
Current Effective Date:	8/1/02
Revision History:	8/1/02
Original Effective Date:	2/1/96

Purpose

The purpose of this policy is to clarify how property is leased for the North Carolina Department of Health and Human Services (NC DHHS).

Policy

Leasing space requires long range planning due to the length of a leasing commitment for a given location. That makes it imperative that all departmental divisions, facilities and schools determine their space needs well in advance of needing the space and communicate those needs to the Division of Property and Construction. The Division of Property and Construction should be informed at least 180 days prior to needing the space for large leases (exceeding \$25,000 per year) and 90 days in advance for all other leases. Every leasing entity must designate a leasing contact person for communications with the lessor, the Division of Property and Construction and the State Property Office. In all potential leasing situations the leasing entity should first try to determine the square footage needed and consult the Division of Property and Construction to discuss what the annual cost is likely to be.

Implementation

Where the annual lease is for less than \$5,000 and for three (3) years or less in duration - If the annual rent is to be less than \$5,000 with a duration of three (3) years or less, the leasing entity can directly contact real estate offices to see what is available or request assistance from the Division of Property and Construction. The intended lessor will complete a Form PO-28. The lessee will submit the Form PO-28 completed by the lessor along with an organizational chart, a DOI checklist, a Form PO-1 and a floor plan to the Division of Property and Construction. The division will prepare a lease with four (4) originals which will be sent to the lessor for signature. Once the lessor signs the originals and returns them to the division the director will sign the leases and distribute copies to the lessor, the State Property Office, the lessee and retain a copy for the file.

Where the annual lease is for more than \$5,000 but less than \$25,000 and for three (3) years or less in duration - If the annual rent is to be more than \$5,000 but less than \$25,000 with a duration of three (3) years or less, the leasing entity can directly contact real estate offices to see what is available or request assistance from the Division of Property and Construction. The intended lessor will complete a Form PO-28. The lessee will submit the Form PO-28 completed by the lessor along with an organizational chart, a DOI checklist,

a Form PO-1 and a floor plan to the Division of Property and Construction just as in the case of the smaller leases. However, for leases of this size the Division of Property and Construction is required to forward the information to the State Property Office for approval, drafting of the lease, signature and transmittal of copies.

Where the annual lease is for more than \$25,000 for any duration - A different scenario occurs for leases in this category. The leasing entity completes a PO-27 which indicates the space needed and submits that along with an organizational chart to the Division of Property and Construction for review. The division sends the PO-27 and the organizational chart to the State Property Office. The State Property Office completes a space analysis and prepares an advertising package.

The leasing entity contact receives the advertising notice and puts it into the newspaper. The advertisement runs for five (5) consecutive days, Monday through Friday, and there is a two (2) week deadline for submission of proposals from lessors. Upon receipt of interest by a lessor the entity contact mails the PO-27 to all interested callers. All proposals from prospective lessors are sent to the State Property Office. The State Property Office will arrange site visits to all possible sites for the leasing entity and the division. The leasing entity, the Division of Property and Construction and the State Property Office will confer on the choices and a site is selected. Once a site is selected a Form PO-1 is completed by the leasing entity and is signed by the Director of the Division of Property and Construction and forwarded to the State Property Office.

The State Property Office prepares a package to be presented to the Council of State for their consideration. If the Council of State approves the lease, the Attorney General's Office prepares two (2) originals leases for signature which are forwarded to the Division of Property and Construction. The division sends the leases to the lessor for signature. Once the leases are signed and reviewed by the Division of Property and Construction, they are forwarded to the Attorney General's Office for the signature of the governor. The State Property Office and the lessor retain signed original copies while the division and leasing entity retain copies.

Reference

DHHS Directive Number II-17 and G. S. 143B-10: 122C-403 (1) through (8); G. S. 160A-148

For additional relevant information and forms:

State Property Office: <http://www.ncspo.org/>

For questions or clarification on any of the information contained in this policy, please contact [Property and Construction](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#)