CCDOA
GENERAL AVIATION
HANGAR LEASES

James C. Chrisley
Director of Aviation
Clark County
Department of Aviation

CLARK COUNTY DEPARTMENT OF AVIATION

HARRY REID INTERNATIONAL LAS VEGAS

VGT NORTH LAS VEGAS AIRPORT

HND HENDERSON EXECUTIVE AIRPORT

Overton Perkins Field
Jean Sport Aviation Center

GA SERVING GOVERNMENT, BUSINESS, COMMUNITY

- **Four General Aviation Airports:**
  - North Las Vegas Airport - 2nd busiest airport in Nevada by aircraft movements
  - Henderson Executive Airport
  - Overton – Perkins Field
  - Jean Sport Aviation Center

1,028 Tenants

- **8 Government Operators**
- **40 Business Operators**
- **366 Private Hangar Tenants**
- **614 Shade & Tie-Down Tenants**

WHAT ARE AIRCRAFT HANGARS?

FAA Requirement: Primary purpose is aircraft storage.

366
PRIVATE GA HANGARS

1,096-5,600
SQ FT RANGE ACROSS HANGARS

$0.90
PER SQ FT PER YEAR

T-Hangars ~175 hangars

Houses smaller individual aircraft; some are towable.

Box Hangars ~191 hangars

Larger; houses multiple aircraft or larger jet aircraft.

HOW ARE HANGAR LEASES STRUCTURED?

1

DOA OWNS THE LAND

The airport retains ownership of the underlying property.

2

TENANT DEVELOPS THE HANGAR

The tenant receives the right to use the land under a hangar lease.

3

LEASE REACHES END OF TERM

Lease terms should be long enough to reasonably amortize the tenant's investment — but not longer than necessary.

HISTORY OF HANGAR LEASES

1990s

DOA offered attractive, low rental rates and long lease terms to encourage tenant investment in hangar construction.

Decades of Growth

Long lease terms (30+ years) let tenants amortize their construction costs while the airport built out its general aviation base.

Today

Many of those original leases are now reaching the end of their terms — the investment they were designed to reward has already been recovered.

FAA REQUIREMENTS ON AIRPORT LEASES

WHAT ARE FAA GRANT ASSURANCES?

- Airports receive federal grants of funding and property.
- To be eligible, the DOA must comply with 40 continuing obligations called Grant Assurances.
- Failure to comply will negatively affect federal grants.

GRANT ASSURANCE 5 | PRESERVE AIRPORT CONTROL

- **DOA MUST RETAIN CONTROL:** DOA must preserve its rights and powers to direct and control airport development.
- **BALANCE TENANT INVESTMENT & DOA CONTROL:** Leases granted to tenants cannot undermine DOA's ability to operate the airport and comply with FAA obligations.

TAKEAWAY

The length of the lease should provide a reasonable period for tenants to recover their investment, without extending beyond what is reasonably necessary.

FAA REQUIREMENTS ON AIRPORT LEASES

Lease Term Must Be Based On Investment

WHAT DOES FAA CONSIDER WHEN EVALUATING A LEASE?

Does the lease term exceed the time necessary to amortize the tenant's investment?

FAA AIRPORT COMPLIANCE MANUAL — ORDER 5190.6C

30-35 YEARS

Sufficient amortization

FAA guidance states that most tenant leases of approximately 30–35 years are sufficient to retire the tenant's initial financing and provide a reasonable return on major facility development.

50+ YEARS

Unauthorized disposal of airport property

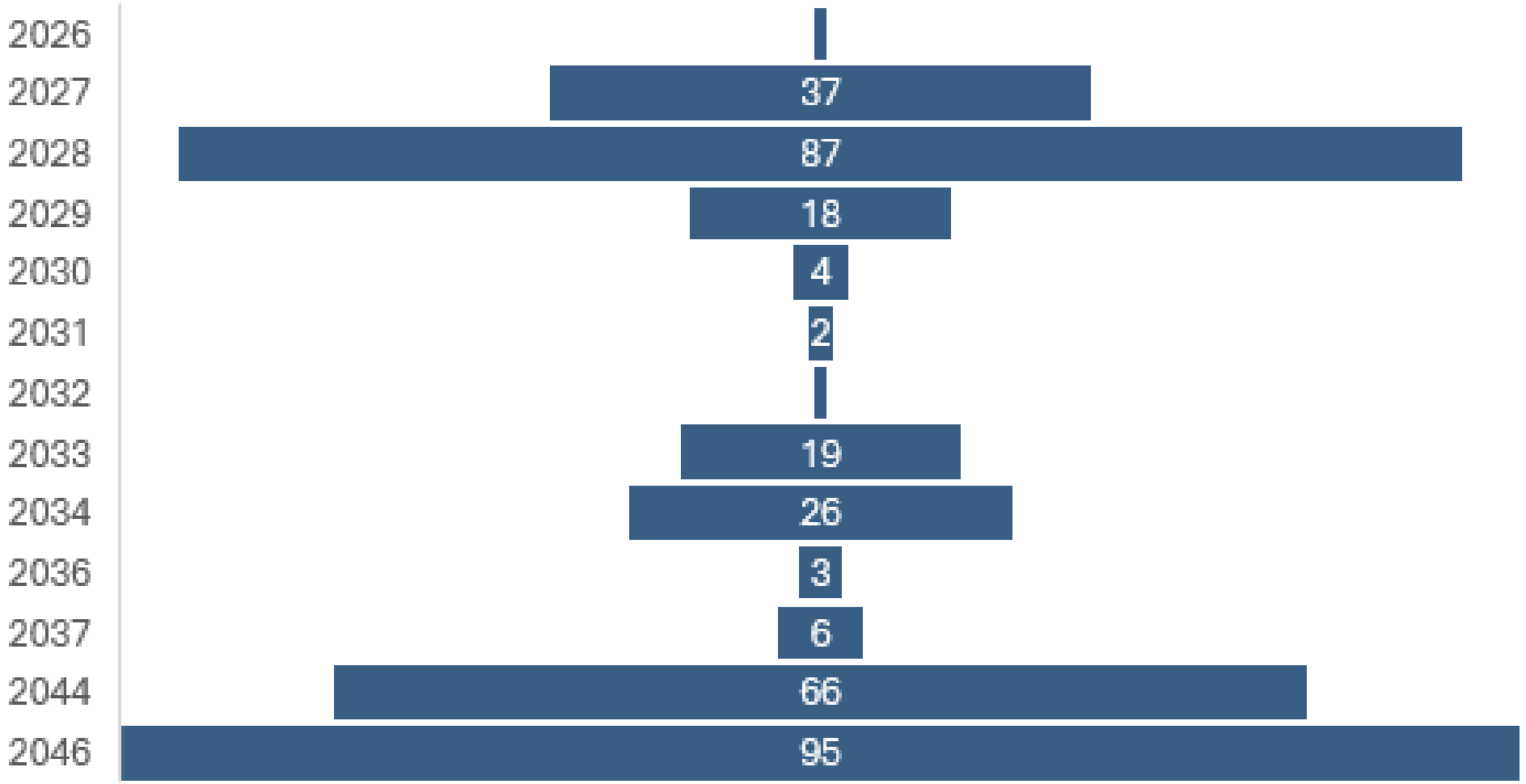
FAA guidance states that leases exceeding 50 years may be considered a disposal because the term may exceed the useful life of the structures.

HANGAR LEASE VARIATIONS

Six Variations of Hangar Lease Agreements

	VGT 1	VGT 2	VGT 3	VGT 4	HND	OVT
No. of Leases	160	31	65	4	95	11
Initial Term	~ 30 years	30 years	32 years	30 years	32 years	25 years
Extension Options	**None allowed in the lease**	**One 10-year** option allowed in the lease	**Two 5-year** options allowed in the lease	**One 10-year** option allowed in the lease	**Two 5-year** options allowed in the lease	**One 3-year** option allowed in the lease
Total Length with Optional Terms Exercised	~ 30 years	40 years	42 years	40 years	42 years	28 years
Disposal of Improvements at Termination	Tenant may remove them **or leave them for County**	Tenant must remove improvements at its expense	Tenant may remove them **or leave them for County**	Tenant must remove improvements at its expense	Tenant may remove them **or leave them for County**	Tenant must remove improvements at its expense

HANGAR LEASE EXPIRATIONS BY YEAR



HANGAR LEASE EXPIRATION OPTIONS

"Reversion" means ownership of an improvement passes to the property owner.

- Hangar reversion is an issue that commonly comes up at general aviation airports across the country.

NONE of the Hangar Leases REQUIRE that ownership of hangars revert to DOA at termination.

Tenants Have TWO CHOICES at Lease Expiration:

1 REMOVE THE HANGAR

- Tenant has up to 120 days to remove hangar

2.16.2.1	Upon termination of this Agreement, Tenant, at its own cost and expense, will remove all Tenant Improvements and personal property within one hundred twenty (120) days. Should Tenant fail to complete the removal of Tenant Improvements as required by this Agreement, County may provide such removal at the expense of the Tenant and Tenant will immediately reimburse County upon receipt of invoice for said expenses.

2 LEAVE THE HANGAR

- Tenant elects to abandon the hangar at the airport
- Ownership automatically passes to the County

Upon termination of this Agreement, howsoever caused, either of the following will apply:

A. Within one hundred twenty (120) days of termination, Tenant will, remove all of the permanent facilities, equipment and/or fixtures, excluding Infrastructure made to or placed upon the Premises by Tenant. Tenant agrees that it will use due diligence in the completion the removal as may be required herein;

OR

B. Tenant may leave in place all or part of the permanent facilities, equipment, fixtures and improvements on the Premises, as if it were abandoned, whereupon title and ownership will pass from Tenant to County without any further consideration required from County.

GETTING IT RIGHT

Current Challenges

1. **Improvements at End of Lease**
   What is required after the End of Lease and compliance obligations.

2. **Transient use & subleasing**
   Unauthorized short-term storage for visiting aircraft that are not based at the airport or subleasing without DOA approval.

3. **Aircraft compliance**
   Stored aircraft are not compliant with applicable FAA Airworthiness Directives.

4. **Non-aeronautical storage**
   Hangars are used to store automobiles, campers, boats, or household goods instead of primarily supporting aircraft.

Aviation Management Consulting Group AMCG

- **Provide recommendations based on FAA Compliance and Industry Best Practices.**
  1. **End of Lease Programs:** Consistent end-of-term lease practices in compliance with FAA requirements.
  2. **Standardized Leasing Practices:** Applied consistently and without discrimination.

RECOMMENDED NEXT STEPS

DOA can offer tenants with hangar leases expiring in 2026 and 2027 an amendment to holdover through January 2029.

- Aligns those leases with the expiration of a third of other hangar leases.
- Provides additional time to consider and implement updated leasing practices.

DOA will present the formal recommendation in November for approval by the Board.

Questions?

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