SUBCHAPTER V—ENHANCED-USE LEASES OF REAL PROPERTY

§ 8161. Definitions

For the purposes of this subchapter:

(1) The term “enhanced-use lease” means a written lease entered into by the Secretary under this subchapter.

(2) The term “congressional veterans’ affairs committees” means the Committees on Veterans’ Affairs of the Senate and the House of Representatives.


TRAINING AND OUTREACH REGARDING AUTHORITY

Pub. L. 106–117, title II, § 208(f), Nov. 30, 1999, 113 Stat. 1568, provided that: “The Secretary [of Veterans Affairs] shall take appropriate actions to provide training and outreach to personnel at Department [of Veterans Affairs] medical centers regarding the enhanced-use lease authority under subchapter V of chapter 81 of title 38, United States Code. The training and outreach shall address methods of approaching potential lessees in the medical or commercial sectors regarding the possibility of entering into leases under that authority and other appropriate matters.”

INDEPENDENT ANALYSIS OF OPPORTUNITIES FOR USE OF AUTHORITY

Pub. L. 106–117, title II, § 208(g), Nov. 30, 1999, 113 Stat. 1568, provided that:

“(1) The Secretary [of Veterans Affairs] shall take appropriate actions to secure from an appropriate entity (or entities) independent of the Department [of Veterans Affairs] an analysis (or analyses) of opportunities for the use of the enhanced-use lease authority under subchapter V of chapter 81 of title 38, United States Code.

“(2) An analysis under paragraph (1) shall include—

“(A) a survey of facilities of the Department for purposes of identifying Department property that presents an opportunity for lease under the enhanced-use lease authority;

“(B) an assessment of the feasibility of entering into enhanced-use leases under that authority in the case of any property identified under subparagraph (A) as presenting an opportunity for such lease; and

“(C) an assessment of the resources required at the Department facilities concerned, and at the Department Central Office, in order to facilitate the entering into of enhanced-use leases in the case of property so identified.

“(3) If as a result of a survey under paragraph (2)(A) an entity carries out an analysis under this subsection determines that a particular Department property presents no opportunities for lease under the enhanced-use lease authority, the analysis shall include the entity’s explanation of that determination.

“(4) If as a result of such a survey an entity carrying out an analysis under this subsection determines that certain Department property presents an opportunity for lease under the enhanced-use lease authority, the analysis shall include a single integrated business plan, developed by the entity, that addresses the strategy and resources necessary to implement the plan for all property determined to present an opportunity for such lease.”

ENHANCED USE LEASES


§ 8162. Enhanced-use leases

(a)(1) The Secretary may in accordance with this subchapter enter into leases with respect to real property that is under the jurisdiction or control of the Secretary. Any such lease under this subchapter may be referred to as an “enhanced-use lease”. The Secretary may dispose of any such property that is leased to another party under this subchapter in accordance with section 8164 of this title. The Secretary may exercise the authority provided by this subchapter notwithstanding section 8122 of this title, subchapter II of chapter 5 of title 40, sections 541–555 and 1302 of title 40, or any other provision of law (other than Federal laws relating to environmental and historic preservation) inconsistent with this section. The applicability of this subchapter to section 421(b) of the Veterans’ Benefits and Services Act of 1988 (Public Law 100–322; 102 Stat. 553) is covered by subsection (c).

(2) The Secretary may enter into an enhanced-use lease only if—

(A) the Secretary determines that—

(i) at least part of the use of the property under the lease will be to provide appropriate space for an activity contributing to the mission of the Department;

(ii) the lease will not be inconsistent with and will not adversely affect the mission of the Department; and

(iii) the lease will enhance the use of the property;

or

(B) the Secretary determines that the implementation of a business plan proposed by the Under Secretary for Health for applying the consideration under such a lease to the provision of medical care and services would result in a demonstrable improvement of services to eligible veterans in the geographic service-delivery area within which the property is located.

(3) The provisions of sections 3141–3144, 3146, and 3147 of title 40 shall not, by reason of this section, become inapplicable to property that is leased to another party under an enhanced-use lease.

(4) A property that is leased to another party under an enhanced-use lease may not be considered to be unutilized or underutilized for purposes of section 501 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411).

(b)(1)(A) If the Secretary has determined that a property should be leased to another party under an enhanced-use lease, the Secretary shall select the party with whom the lease will be entered into using selection procedures determined by the Secretary that ensure the integrity of the selection process.

(B) In the case of a property that the Secretary determines is appropriate for use as a facility to furnish services to homeless veterans under chapter 20 of this title, the Secretary may enter into an enhanced-use lease with a provider of homeless services without regard to the selection procedures required under subparagraph (A).

(2) The term of an enhanced-use lease may not exceed 75 years.

(3)(A) Each enhanced-use lease shall be for fair consideration, as determined by the Secretary.
Consideration under such a lease may be provided in whole or in part through consideration in-kind.

(B) Consideration in-kind may include provisions of goods or services of benefit to the Department, including construction, repair, remodeling, or other physical improvements of Department facilities, maintenance of Department facilities, or the provision of office, storage, or other usable space.

(4) The terms of an enhanced-use lease may provide for the Secretary to—

(A) obtain facilities, space, or services on the leased property; and

(B) use minor construction funds for capital contribution payments.

(c)(1) Subject to paragraph (2), the entering into an enhanced-use lease covering any land or improvement described in section 421(b)(2) of the Veterans' Benefits and Services Act of 1988 (Public Law 100–322; 102 Stat. 553) or section 224(a) of the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008 shall be considered to be prohibited by such sections unless specifically authorized by law.

(2) The entering into an enhanced-use lease by the Secretary covering any land or improvement described in such section 421(b)(2) shall not be considered to be prohibited under that section if under the lease—

(A) the designated property is to be used only for child-care services; and

(B) those services are to be provided only for the benefit of—

(i) employees of the Department;

(ii) individuals employed on the premises of such property; and

(iii) employees of a health-personnel educational institution that is affiliated with a Department facility;

(C) on one-half of the employees benefited by the child-care services provided are required to be employees of the Department; and

(D) on one-half of the children to whom child-care services are provided are required to be children of employees of the Department.

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(1) local commerce and other aspects of the local community;
(2) programs administered by the Department; and
(3) services to veterans in the community.

(b) Before conducting such a hearing, the Secretary shall provide reasonable notice to the congressional veterans' affairs committees and to the public of the proposed lease and of the hearing. The notice shall include the following:
(1) The time and place of the hearing.
(2) Identification of the property proposed to be leased.
(3) A description of the proposed uses of the property under the lease.
(4) A description of how the uses to be made of the property under a lease of the general character then contemplated—
(A) would—
(i) contribute in a cost-effective manner to the mission of the Department;
(ii) not be inconsistent with the mission of the Department;
(iii) not adversely affect the mission of the Department; and
(iv) affect services to veterans; or
(B) would result in a demonstrable improvement of services to eligible veterans in the geographic service-delivery area within which the property is located.
(5) A description of how those uses would affect services to veterans.
(c)(1) If after a hearing under subsection (a) the Secretary intends to enter into an enhanced-use lease of the property involved, the Secretary shall provide reasonable notice to the congressional veterans' affairs committees and to the public of the proposed lease, and shall publish a notice of such intention in the Federal Register.
(2) The Secretary may not enter into an enhanced-use lease of the property involved until the end of the 45-day period beginning on the date of the submission of notice under paragraph (1).
(3) Each notice under paragraph (1) shall include the following:
(A) An identification of the property involved.
(B) An explanation of the background of, rationale for, and economic factors in support of, the proposed lease.
(C) A summary of the views expressed by interested parties at the public hearing conducted in connection with the proposed designation, together with a summary of the Secretary's evaluation of those views.
(D) A description of the provisions of the proposed lease.
(E) A description of how the proposed lease—
(i) would—
(A) contribute in a cost-effective manner to the mission of the Department;
(B) not be inconsistent with the mission of the Department;
(C) not adversely affect the mission of the Department; and
(D) affect services to veterans; or
(ii) would result in a demonstrable improvement of services to eligible veterans in the geographic service-delivery area within which the property is located.
(F) A description of how the proposed lease would affect services to veterans.
(G) A summary of a cost-benefit analysis of the proposed lease.


AMENDMENTS

Subsec. (a). Pub. L. 108–170, § 202(a)(1), in first sentence, substituted “enter into an enhanced-use lease with respect to certain property” for “designate a property to be leased under an enhanced-use lease” and “before entering into the lease” for “before making the designation”.

Subsec. (b). Pub. L. 108–170, § 202(a)(2), substituted “to the congressional veterans’ affairs committees and to the public of the proposed lease” for “of the proposed designation” in introductory provisions.

Subsec. (c)(1). Pub. L. 108–170, § 202(a)(3)(A), substituted “enter into an enhanced-use lease of the property involved” for “designate the property involved” and “to enter into such lease” for “to so designate the property”.


Subsec. (c)(3)(D). Pub. L. 108–170, § 202(a)(3)(C)(i), struck out par. (4) which read as follows: “Not less than 30 days before entering into an enhanced-use lease, the Secretary shall submit to the congressional veterans’ affairs committees a report on the proposed lease. The report shall include—

(A) updated information with respect to the matters described in paragraph (3);
(B) a summary of a cost-benefit analysis of the proposed lease;
(C) a description of the provisions of the proposed lease; and
(D) a notice of designation with respect to the property.”


1999—Subsec. (b)(1) to (3). Pub. L. 106–117, § 208(c)(1)(A), substituted “include the following;” for “include—” in introductory provisions.

Subsec. (b)(1)(A). Pub. L. 106–117, § 208(c)(1)(B), (C), (D), (E), (F), substituted the first letter of the first word and substituted a period for the semicolon at end.


Subsec. (b)(1) to (3). Pub. L. 106–117, § 208(c)(1)(B), (C), substituted the first letter of the first word and added subpar. (B) and (D), and struck out former subpars. (A) and (B) which read as follows: “(A) would contribute in a cost-effective manner to the mission of the Department;
“(B) would not be inconsistent with the mission of the Department; and
“(C) would not adversely affect the mission of the Department; and”.
Subsec. (b)(5). Pub. L. 106-117, § 208(c)(1)(B), capitalized the first letter of the first word.
Subsec. (c)(3)(E). Pub. L. 106-117, § 208(c)(2), as amended by Pub. L. 106-419, § 40(b)(1), substituted cls. (i) and (ii) for former cls. (i) to (iii) which read as follows: “(i) would contribute in a cost-effective manner to the mission of the Department; and (ii) would not be inconsistent with the mission of the Department; and
“(iii) would not adversely affect the mission of the Department.”

**Effective Date of 2000 Amendment**
Pub. L. 106-419, title IV, § 404(b)(1), Nov. 1, 2000, 114 Stat. 1865, provided that the amendment made by section 404(b)(1) is effective Nov. 30, 1999, and as if included in Pub. L. 106-117 as originally enacted.

**§ 8164. Authority for disposition of leased property**

(a) If, during the term of an enhanced-use lease or within 30 days after the end of the term of the lease, the Secretary determines that the leased property is no longer needed by the Department, the Secretary may initiate action for the transfer to the lessee of all right, title, and interest of the United States in the property. A disposition of property may not be made under this section unless the Secretary determines that the disposition under this section rather than under section 6118 or 6122 of this title is in the best interests of the Department.

(b) A disposition under this section may be made for such consideration as the Secretary determines is in the best interest of the United States and upon such other terms and conditions as the Secretary considers appropriate.

(c) Not less than 45 days before a disposition of property is made under this section, the Secretary shall notify the congressional veterans’ affairs committees of the Secretary’s intent to dispose of the property and shall publish notice of the proposed disposition in the Federal Register. The notice shall describe the background of, rationale for, and economic factors in support of, the proposed disposition (including a cost-benefit analysis summary) and the method, terms, and conditions of the proposed disposition.


**AMENDMENTS**

2004—Subsec. (a)(2). Pub. L. 108-422 substituted “Department of Veterans Affairs Capital Asset Fund established under section 8118 of this title” for “nursing home revolving fund”.

2003—Subsec. (a)(1). Pub. L. 107-8 substituted “Department of Veterans Affairs Medical Care Collections Fund established under section 1729A of this title” for “Department of Veterans Affairs Medical Care Collections Fund established under section 1729A of this title”.

1999—Subsec. (a)(1). Pub. L. 106-117 added par. (1) and struck out former par. (1) which read as follows: “Of the funds received by the Department under an enhanced-use lease, an amount sufficient to pay for any expenses incurred by the Secretary in any fiscal year in connection with an enhanced-use lease shall be deducted from the proceeds of the lease for that fiscal year and may be used by the Secretary to reimburse the account from which the funds were used to pay such expenses. The Secretary may use the proceeds from any enhanced-use lease to reimburse applicable appropriations of the Department for any expenses incurred in the development of additional enhanced-use leases.”


Pub. L. 108-178, § 202(c)(3), struck out subsec. (c) which read as follows: “Subsection (a) does not affect the applicability of subchapter IV of chapter 5 of title 40 with respect to reimbursement of the Administrator of General Services for expenses arising from any disposal of property under section 6164 of this title.”


1999—Subsec. (a)(1). Pub. L. 106-117 added par. (1) and struck out former par. (1) which read as follows: “Of the funds received by the Department under an en-
hanced-use lease and remaining after any deduction from such funds under subsection (b), 75 percent shall be deposited in the nursing home revolving fund established under section 8166 of this title and 25 percent shall be credited to the Medical Care Account of the Department for the use of the Department facility at which the property is located.

**Effective Date of 2003 Amendment**


§ 8166. Construction standards

(a) Unless the Secretary provides otherwise, the construction, alteration, repair, remodeling, or improvement of the property that is the subject of the lease shall be carried out so as to comply with all standards applicable to construction of Federal buildings. Any such construction, alteration, repair, remodeling, or improvement shall not be subject to any State or local law relating to land use, building codes, permits, or inspections unless the Secretary provides otherwise.

(b) Unless the Secretary has provided that Federal construction standards are not applicable to a property, the Secretary shall conduct periodic inspections of any such construction, alteration, repair, remodeling, or improvement for the purpose of ensuring that the standards are met.


**AMENDMENTS**


§ 8167. Exemption from State and local taxes

The interest of the United States in any property subject to an enhanced-use lease and any use by the United States of such property during such lease shall not be subject, directly or indirectly, to any State or local law relative to taxation, fees, assessments, or special assessments, except sales taxes charged in connection with any construction, alteration, repair, remodeling, or improvement project carried out under the lease.


Section, added Pub. L. 102–86, title IV, § 401(a), Aug. 14, 1991, 105 Stat. 421, limited number of enhanced-use leases that could be entered into under this subchapter.

§ 8169. Expiration

The authority of the Secretary to enter into enhanced-use leases under this subchapter expires on December 31, 2011.


**AMENDMENTS**


**Ratification of Actions During Period of Expired Authority**

Any action taken by Secretary of Veterans Affairs before Feb. 13, 1996, under provision of law amended by title I of Pub. L. 104–110 that was taken during period beginning on date on which authority of Secretary under such provision of law expired and ending on Feb. 13, 1996, considered to have same force and effect as if such amendment had been in effect at time of that action, see section 103 of Pub. L. 104–110, set out as a note under section 1710 of this title.

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**AMENDMENTS**


§ 8201. Coordination with public health programs; administration

(a) The Secretary and the Secretary of Health and Human Services shall, to the maximum ex-