

LOS ANGELES HOMELESS VETERANS LEASING ACT OF
 2016

MAY 17, 2016.—Committed to the Committee of the Whole House on the State of
 the Union and ordered to be printed

Mr. MILLER of Florida, from the Committee on Veterans' Affairs,
 submitted the following

R E P O R T

[To accompany H.R. 3484]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3484) to authorize the Secretary of Veterans Affairs to enter into certain leases at the Department of Veterans Affairs West Los Angeles Campus in Los Angeles, California, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT IN THE NATURE OF A SUBSTITUTE

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Los Angeles Homeless Veterans Leasing Act of 2016”.

SEC. 2. AUTHORITY TO ENTER INTO CERTAIN LEASES AT THE DEPARTMENT OF VETERANS AFFAIRS WEST LOS ANGELES CAMPUS.

(a) **IN GENERAL.**—The Secretary of Veterans Affairs may carry out leases described in subsection (b) at the Department of Veterans Affairs West Los Angeles Campus in Los Angeles, California (hereinafter in this section referred to as the “Campus”).

(b) **LEASES DESCRIBED.**—Leases described in this subsection are the following:

(1) Any enhanced-use lease of real property under subchapter V of chapter 81 of title 38, United States Code, for purposes of providing supportive housing, as that term is defined in section 8161(3) of such title, that principally benefit veterans and their families.

(2) Any lease of real property for a term not to exceed 50 years to a third party to provide services that principally benefit veterans and their families and that are limited to one or more of the following purposes:

(A) The promotion of health and wellness, including nutrition and spiritual wellness.

(B) Education.

(C) Vocational training, skills building, or other training related to employment.

(D) Peer activities, socialization, or physical recreation.

(E) Assistance with legal issues and Federal benefits.

(F) Volunteerism.

(G) Family support services, including child care.

(H) Transportation.

(I) Services in support of one or more of the purposes specified in subparagraphs (A) through (H).

(3) A lease of real property for a term not to exceed 10 years to The Regents of the University of California, a corporation organized under the laws of the State of California, on behalf of its University of California, Los Angeles (UCLA) campus (hereinafter in this section referred to as “The Regents”), if—

(A) the lease is consistent with the master plan described in subsection (g);

(B) the provision of services to veterans is the predominant focus of the activities of The Regents at the Campus during the term of the lease;

(C) The Regents expressly agrees to provide, during the term of the lease and to an extent and in a manner that the Secretary considers appropriate, additional services and support (for which The Regents is either not compensated by the Secretary or is compensated through an existing medical affiliation agreement) that—

(i) principally benefit veterans and their families, including veterans that are severely disabled, women, aging, or homeless; and

(ii) may consist of activities relating to the medical, clinical, therapeutic, dietary, rehabilitative, legal, mental, spiritual, physical, recreational, research, and counseling needs of veterans and their families or any of the purposes specified in any of subparagraphs (A) through (I) of paragraph (1); and

(D) The Regents maintains records documenting the value of the additional services and support that The Regents provides pursuant to subparagraph (C) for the duration of the lease and makes such records available to the Secretary.

(c) **LIMITATION ON LAND-SHARING AGREEMENTS.**—The Secretary may not carry out any land-sharing agreement pursuant to section 8153 of title 38, United States Code, at the Campus unless such agreement—

(1) provides additional health-care resources to the Campus; and

(2) benefits veterans and their families other than from the generation of revenue for the Department of Veterans Affairs.

(d) **REVENUES FROM LEASES AT THE CAMPUS.**—Any funds received by the Secretary under a lease described in subsection (b) shall be credited to the applicable

Department medical facilities account and shall be available, without fiscal year limitation and without further appropriation, exclusively for the renovation and maintenance of the land and facilities at the Campus.

(e) EASEMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law (other than Federal laws relating to environmental and historic preservation), pursuant to section 8124 of title 38, United States Code, the Secretary may grant easements or rights-of-way on, above, or under lands at the Campus to—

(A) any local or regional public transportation authority to access, construct, use, operate, maintain, repair, or reconstruct public mass transit facilities, including, fixed guideway facilities and transportation centers; and

(B) the State of California, County of Los Angeles, City of Los Angeles, or any agency or political subdivision thereof, or any public utility company (including any company providing electricity, gas, water, sewage, or telecommunication services to the public) for the purpose of providing such public utilities.

(2) IMPROVEMENTS.—Any improvements proposed pursuant to an easement or right-of-way authorized under paragraph (1) shall be subject to such terms and conditions as the Secretary considers appropriate.

(3) TERMINATION.—Any easement or right-of-way authorized under paragraph (1) shall be terminated upon the abandonment or nonuse of the easement or right-of-way and all right, title, and interest in the land covered by the easement or right-of-way shall revert to the United States.

(f) PROHIBITION ON SALE OF PROPERTY.—Notwithstanding section 8164 of title 38, United States Code, the Secretary may not sell or otherwise convey to a third party fee simple title to any real property or improvements to real property made at the Campus.

(g) CONSISTENCY WITH MASTER PLAN.—The Secretary shall ensure that each lease carried out under this section is consistent with the draft master plan approved by the Secretary on January 28, 2016, or successor master plans.

(h) COMPLIANCE WITH CERTAIN LAWS.—

(1) LAWS RELATING TO LEASES AND LAND USE.—If the Inspector General of the Department of Veterans Affairs determines, as part of an audit report or evaluation conducted by the Inspector General, that the Department is not in compliance with all Federal laws relating to leases and land use at the Campus, or that significant mismanagement has occurred with respect to leases or land use at the Campus, the Secretary may not enter into any lease or land-sharing agreement at the Campus, or renew any such lease or land-sharing agreement that is not in compliance with such laws, until the Secretary certifies to the Committee on Veterans' Affairs of the Senate, the Committee on Veterans' Affairs of the House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located that all recommendations included in the audit report or evaluation have been implemented.

(2) COMPLIANCE OF PARTICULAR LEASES.—Except as otherwise expressly provided by this section, no lease may be entered into or renewed under this section unless the lease complies with chapter 33 of title 41, United States Code, and all Federal laws relating to environmental and historic preservation.

(i) COMMUNITY VETERANS ENGAGEMENT BOARD.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall establish a Community Veterans Engagement Board (in this subsection referred to as the "Board") for the Campus to coordinate locally with the Department of Veterans Affairs to—

(A) identify the goals of the community; and

(B) provide advice and recommendations to the Secretary to improve services and outcomes for veterans, members of the Armed Forces, and the families of such veterans and members.

(2) MEMBERS.—The Board shall be comprised of a number of members that the Secretary determines appropriate, of which not less than 50 percent shall be veterans. The nonveteran members shall be family members of veterans, veteran advocates, service providers, or stakeholders.

(3) COMMUNITY INPUT.— In carrying out subparagraphs (A) and (B) of paragraph (1), the Board shall—

(A) provide the community opportunities to collaborate and communicate with the Board, including by conducting public forums on the Campus; and

(B) focus on local issues regarding the Department that are identified by the community, including with respect to health care, benefits, and memorial services at the Campus.

(j) NOTIFICATION AND REPORTS.—

(1) CONGRESSIONAL NOTIFICATION.—With respect to each lease or land-sharing agreement intended to be entered into or renewed at the Campus, the Secretary shall notify the Committee on Veterans' Affairs of the Senate, the Committee on Veterans' Affairs of the House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located of the intent of the Secretary to enter into or renew the lease or land-sharing agreement not later than 45 days before entering into or renewing the lease or land-sharing agreement.

(2) ANNUAL REPORT.—Not later than one year after the date of the enactment of this Act, and not less frequently than annually thereafter, the Secretary shall submit to the Committee on Veterans' Affairs of the Senate, the Committee on Veterans' Affairs of the House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located an annual report evaluating all leases and land-sharing agreements carried out at the Campus, including—

(A) an evaluation of the management of the revenue generated by the leases; and

(B) the records described in subsection (b)(3)(D).

(3) INSPECTOR GENERAL REPORT.—

(A) IN GENERAL.—Not later than each of two years and five years after the date of the enactment of this Act, and as determined necessary by the Inspector General of the Department of Veterans Affairs thereafter, the Inspector General shall submit to the Committee on Veterans' Affairs of the Senate, the Committee on Veterans' Affairs of the House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the Campus is located a report on all leases carried out at the Campus and the management by the Department of the use of land at the Campus, including an assessment of the efforts of the Department to implement the master plan described in subsection (g) with respect to the Campus.

(B) CONSIDERATION OF ANNUAL REPORT.—In preparing each report required by subparagraph (A), the Inspector General shall take into account the most recent report submitted to Congress by the Secretary under paragraph (2).

(k) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as a limitation on the authority of the Secretary to enter into other agreements regarding the Campus that are authorized by law and not inconsistent with this section.

(l) PRINCIPALLY BENEFIT VETERANS AND THEIR FAMILIES DEFINED.—In this section the term “principally benefit veterans and their families”, with respect to services provided by a person or entity under a lease of property or land-sharing agreement—

(1) means services—

(A) provided exclusively to veterans and their families; or

(B) that are designed for the particular needs of veterans and their families, as opposed to the general public, and any benefit of those services to the general public is ancillary to the intended benefit to veterans and their families; and

(2) excludes services in which the only benefit to veterans and their families is the generation of revenue for the Department of Veterans Affairs.

(m) CONFORMING AMENDMENTS.—

(1) PROHIBITION ON DISPOSAL OF PROPERTY.—Section 224(a) of the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008 (Public Law 110–161; 121 Stat. 2272) is amended by striking “The Secretary of Veterans Affairs” and inserting “Except as authorized under the Los Angeles Homeless Veterans Leasing Act of 2016, the Secretary of Veterans Affairs”.

(2) ENHANCED-USE LEASES.—Section 8162(c) of title 38, United States Code, is amended by inserting “, other than an enhanced-use lease under the Los Angeles Homeless Veterans Leasing Act of 2016,” before “shall be considered”.

PURPOSE AND SUMMARY

H.R. 3484, the “Los Angeles Homeless Veterans Leasing Act of 2016,” was introduced by Representative Ted Lieu of California on September 10, 2015. H.R. 3484, as amended, was ordered to be favorably reported to the full House on February 25, 2016, by voice vote.

H.R. 3484, as amended, would authorize the Department of Veterans Affairs (VA) to carry out certain leases on the VA Greater Los Angeles Healthcare System West LA Medical Center (VAMC) campus in Los Angeles, California. It would also prohibit VA from entering into any land-sharing agreements unless the agreements provide additional healthcare resources and benefit veterans and their families in ways other than generating additional revenue.

BACKGROUND AND NEED FOR LEGISLATION

Section 2—Authority to Enter into Certain Leases at the Department of Veterans Affairs West Los Angeles Campus

In 1888, the United States was deeded approximately 387 acres of land in Los Angeles, California, to serve as the Pacific Branch of the National Home for Disabled Volunteer Soldiers.¹ The property was maintained in accordance with this purpose until the 1970s. However, after the VA Greater Los Angeles Healthcare System, West LA Medical Center campus (the West LA campus) was located on the property, it transitioned from a home for disabled veterans to one of the VA health care system’s busiest and largest medical and research campuses. According to VA, this left, “land, housing, and amenities unused and in disrepair,” throughout the campus.

The Homeless Veterans Comprehensive Service Programs Act of 1992 (Public Law 102–590, 106 Stat. 5136) authorized VA to lease property on the West LA campus. Subsequent to this authority, VA provided leased space on the West LA campus to a number of entities, including the University of California, Los Angeles (UCLA); the Brentwood School; Sodexo Marriot Laundry Services; Twentieth Century Fox Television; the Veterans Park Conservancy; the Westside Breakers Soccer Club; Westside Services, LLC; and TCM, LLC. These entities provided services primarily to the general public or others and any use or benefit of the leased space by veterans or their families was ancillary.

In 2011, the American Civil Liberties Union (ACLU) of Southern California filed a class action lawsuit² on behalf of homeless veterans with severe disabilities. The lawsuit alleged that VA was misusing the West LA campus and discriminating against homeless veterans “because they cannot access the medical, mental health and other services to which they are entitled,” in part due to VA’s use of the Department’s leasing authority on the West LA campus.³ According to the complaint filed by the ACLU, “[a]s a result of these land deals, veterans have limited access to, or are altogether prohibited from accessing, approximately 110 acres of the 387 acre West LA campus (nearly 30 percent of the grounds).”⁴ In August 2013, the United States District Court for the Central District of California ruled in the plaintiff’s favor by finding that VA had violated federal law when it leased portions of the West LA campus to businesses and organizations for purposes unrelated to providing care or services to veterans.

¹VA Greater Los Angeles Campus Draft Master Plan, January 28, 2016, <http://www.losangeles.va.gov/masterplan/>.

²Valentini v. McDonald, 2013 U.S. Dist. LEXIS 189202 (C.D. Cal. Aug. 29, 2013).

³Valentini v. Shinseki, <https://www.aclusocal.org/valentini/>.

⁴<https://www.aclusocal.org/cases/valentini-v-shinseki/first-amended-complaint/>.

In January 2015, VA and attorneys for the plaintiffs announced that they had reached an agreement. Under the terms of the agreement, the plaintiffs agreed to pursue dismissal of the lawsuit and VA agreed to develop a written plan to end veteran homelessness in West LA, accelerate the development of a long-term master plan for the West LA campus that would prioritize bridge and permanent supportive housing, and delineate an exit strategy for third-party land use agreements that do not comply with applicable laws.

In accordance with this agreement, VA published a notice of a preliminary draft master plan for the West LA campus in the Federal Register on October 22, 2015. During the 45-day comment period that followed, VA received 1,002 comments in the following categories: arts, recreation, and entertainment; campus circulation; clinical; connectivity; housing and campus restoration; land use agreements; parking; transparency and accountability; and veteran access. In January 2016, VA released the draft master plan to revitalize the West LA campus. According to VA, the purpose of the draft master plan is to “transform the [Greater Los Angeles] campus into a vibrant community where all Veterans can receive healthcare, benefits, employment, and other supportive services . . . to which they are entitled.”⁵ The draft master plan calls for the following to be added to the West LA campus: 1,200 permanent supportive housing units over a ten-year period; a town center and amphitheater; a resource center for veterans and veteran families; a metro line station; and additional parking. The draft master plan also calls for the rehabilitation of historic structures through community philanthropy, enhanced campus navigation, and continued collaboration with academic affiliates, community partners, and government stakeholders.

The Committee believes that, if fully implemented, the draft master plan would revitalize and preserve the West LA campus, correct the years of neglect, misuse, and mismanagement that have plagued this historic site, and refocus VA’s efforts in West LA on veterans in need of services—particularly those who are homeless or at risk of homelessness. To assist VA in carrying out the tenets of the draft master plan, Section 2 of the bill would authorize VA to carry out the certain leases on the West LA campus. Such leases would be: an enhanced use lease for the purpose of providing supportive housing; any lease lasting less than fifty years to a third party to provide services that benefit veterans and their families by promoting health and wellness, education, activities on the West LA campus that are principally focused on providing services and training related to employment, peer activities, assistance with legal services and Federal benefits, volunteerism, family support services, or transportation; or a lease lasting less than ten years to UCLA if the lease is consistent with the West LA master plan and UCLA’s commitment to veteran support. Each of the above leases would be required to be consistent with the draft master plan and funds generated from them would be credited to the West LA VAMC to be used exclusively for the renovation and maintenance of the West LA campus. The Committee recognizes that “transportation” includes the authority to enter into parking lease agree-

⁵VA Greater Los Angeles Campus Draft Master Plan, January 28, 2016, <http://www.losangeles.va.gov/masterplan/>.

ments with local community organizations with the continuation of such leases depending on how the community groups manage the leases to both generate funds and provide services to veterans and their families. The Committee further recognizes that the envisioned future lease arrangement between VA and the Brentwood School meets the criteria laid out in this legislation. The Brentwood School is uniquely positioned to offer veterans and their families on the West LA campus substantial opportunities for physical recreation, health and wellness, education, and vocational training as well as direct community service and increased revenue. As such, the Committee is supportive of VA continuing the Department's long-standing community partnership with the Brentwood School under the tenets of this bill.

To facilitate transportation in, around, and through the West LA campus, section 2 of the bill would also provide VA the authority to grant easements or rights-of-way on, above, or under lands of the West LA campus to local or regional public transportation authority, the state of California, the County of Los Angeles, or any public utility company. Section 2 of the bill would further prohibit VA from carrying out any land-sharing agreements unless the agreements provide additional health-care resources and benefit the veterans and their families in ways other than generating additional revenue. Additionally, section 2 would prohibit VA from selling any property on the West LA campus.

HEARINGS

There were no full Committee hearings held on H.R. 3484, as amended. On December 8, 2015, the Subcommittee on Health conducted a legislative hearing on H.R. 3262; H.R. 3484; H.R. 4056; H.R. 4129; a draft bill to amend the Veterans' Benefits Programs Improvement Act of 1991 to authorize VA to sell Pershing Hall; and VA's legislative proposal regarding fiscal year 2016 construction projects."

The following witnesses testified:

The Honorable John Shimkus of Illinois; The Honorable Ted Lieu of California; the Honorable John L. Mica of Florida; the Honorable Jerry McNerney of California; the Honorable Mike Coffman of Colorado; Raymond C. Kelley, the Director of the National Legislative Service for the Veterans of Foreign Wars of the United States; Howard Trace, the Director of the National Library and Museum Division, for the American Legion, accompanied by Lou Celli, the Director of the National Veterans Affairs and Rehabilitation Division of the American Legion; and Stella S. Fiotes, the Director of the Office of Construction and Facilities Management for the Office of Acquisition, Logistics, and Construction for the U.S. Department of Veterans Affairs, accompanied by Vince Kane, the Special Assistant to the Secretary for the U.S. Department of Veterans Affairs.

Statements for the record were submitted by:

The Brentwood Village Business Improvement District and the Brentwood Village Chamber of Commerce.

SUBCOMMITTEE CONSIDERATION

There were no Subcommittee markups involving H.R. 3484, as amended.

COMMITTEE CONSIDERATION

On February 25, 2016, the Full Committee met in open markup session, a quorum being present, and ordered H.R. 3484, as amended, to be reported favorably to the House of Representatives by voice vote.

During consideration of H.R. 3484, the following amendment was considered and agreed to by voice vote:

An amendment in the nature of a substitute offered by Representative Jeff Miller of Florida.

COMMITTEE VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, there were no recorded votes taken on amendments or in connection with ordering H.R. 3484, as amended, reported to the House. A motion by Ranking Member Corrine Brown of Florida to report H.R. 3484, as amended, favorably to the House of Representatives was agreed to by voice vote.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are to authorize VA to carry out certain leases on the West LA campus.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 3484, as amended, does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 3484, as amended, prepared by the Director of the Congressional Budget

Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 3484, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 17, 2016.

Hon. JEFF MILLER,
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3484, the Los Angeles Homeless Veterans Leasing Act of 2016.

If you wish further details on this estimate, we would be pleased to provide them. The CBO staff contact is David Newman.

Sincerely,

KEITH HALL.

Enclosure.

H.R. 3484—Los Angeles Homeless Veterans Leasing Act of 2016

Summary: H.R. 3484 would authorize the Department of Veterans Affairs (VA) to lease property at the department's medical campus in Los Angeles to developers who would construct supportive housing and rehabilitation facilities for homeless veterans. Once occupied, the housing would receive operating subsidies from the Department of Housing and Urban Development (HUD). VA personnel would provide a variety of services on an ongoing basis to resident veterans. CBO believes that constructing housing in that manner is a governmental activity that should be recorded in the federal budget. Funding for the construction and operation of that housing would come from a combination of nonfederal contributions, mandatory federal funding, and discretionary appropriations.

CBO estimates that enacting H.R. 3484 would increase net direct spending by \$18 million over the 2017–2026 period. In addition, implementing the bill would cost \$29 million over the 2017–2021 period and \$118 million over the 2017–2026 period, subject to appropriation of the necessary amounts.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the bill would not affect revenues. CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

H.R. 3484 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 3484 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development), 600 (income security), and 700 (veterans benefits and services).

	By fiscal year, in millions of dollars—											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017– 2021	2017– 2026
INCREASES OR DECREASES (–) IN DIRECT SPENDING												
Equity Contributions and Grants												
Receipts												
Estimated Budget Authority	0	–14	–38	–73	–38	–38	–31	–32	–32	–34	–163	–330
Estimated Outlays	0	–11	–32	–64	–47	–38	–33	–32	–32	–34	–154	–323
Spending												
Estimated Budget Authority	0	14	38	73	38	38	31	32	32	34	163	330
Estimated Outlays	0	5	20	46	54	42	37	32	32	33	125	301
Total	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Budget Authority	0	–6	–12	–18	7	4	4	*	*	–1	–29	–22
Estimated Outlays												
Loans, Bonds, and Advances												
Estimated Budget Authority	0	2	5	10	5	5	4	4	4	5	22	44
Estimated Outlays	0	1	3	6	7	6	5	4	4	4	17	40
Total Changes												
Estimated Budget Authority	0	2	5	10	5	5	4	4	4	5	22	44
Estimated Outlays	0	–5	–9	–12	14	10	9	4	4	3	–12	18
INCREASES IN SPENDING SUBJECT TO APPROPRIATION												
Construction Grants												
Estimated Authorization Level	0	3	8	15	8	8	6	6	6	6	7	34
Estimated Outlays	0	1	4	10	11	9	8	6	6	6	6	26
Operating Subsidies												
Estimated Authorization Level	0	0	0	*	3	7	8	11	13	15	3	57
Estimated Outlays	0	0	0	*	3	7	8	11	13	15	3	57
Total Increases												
Estimated Authorization Level	0	3	8	15	11	15	14	17	19	22	37	124
Estimated Outlays	0	1	4	10	14	16	16	17	19	21	29	118

Note: * = between \$0 and \$500,000.

Basis of estimate: For this estimate, CBO assumes that H.R. 3484 will be enacted at the start of fiscal year 2017, that the estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for affected programs.

H.R. 3484 would authorize VA to lease underused federal property (via an arrangement called an enhanced-use lease or EUL) at the department's Greater Los Angeles medical campus to private entities. The nonfederal lessees would design, construct, and operate supportive housing for homeless veterans. Although VA has used its general authority for such leases at about 25 other locations, the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008 (Public Law 100-161) prohibits such leases at the Los Angeles facility.

CBO believes that the cost of designing and operating those facilities should be recorded in the federal budget for the following reasons:

- The facilities would be built on VA property;
- The department would approve construction plans and operating budgets for the facilities;
- VA is prohibited from selling or otherwise divesting the property;
- The housing would be reserved primarily for veterans;
- Ownership of the facilities would revert to the government at the end of the lease term;
- VA personnel would work in the facilities to provide rehabilitation services to resident veterans; and
- The housing would receive ongoing operating subsidies from federal housing programs.

For those reasons, this estimate shows the construction costs financed with private funds as if the government were financing them directly.

According to its master plan for the medical campus, after enactment of H.R. 3484 VA would enter into one or more leases with developers who would construct the housing facilities in phases over the next 10 years. VA's plans call for construction of 60 units initially, about 600 units by 2021, and a total of 1,200 units in phases by 2026. CBO expects that the first lease would be awarded near the end of fiscal year 2017, that construction of housing units would begin in 2018, and that units would be ready for occupancy two years after construction began.

On the basis of information from California's housing agencies, CBO estimates that construction would initially cost \$325,000 per unit and an average of \$370,000 per unit over the 10-year period after accounting for inflation. In total, the facilities would cost \$440 million to design and build, CBO estimates. However, some of those expenditures would occur after 2026. Funding for development of the projects would be derived from federal and nonfederal sources. The projects also would receive federal operating subsidies. Development and operation costs would be covered by both mandatory and discretionary funds.

Direct spending

Some of the funding for construction would come from equity contributions, grants, and private borrowing from nonfederal entities. CBO considers such funding to be third-party financing (that

is, they are funds raised by a nonfederal entity for a federal activity).¹

Equity Contributions and Grants. On the basis of information regarding the financing for similar VA housing projects, CBO estimates that about 65 percent of the development funding for the projects (\$285 million) would come from equity investments that are made in exchange for federal tax credits for low-income housing projects. Investors in projects that receive such credits recover their principal through tax reductions over a 10-year period. The aggregate amount of credits that are available each year is fixed and applications for the credits exceed the amount available. Thus, CBO does not expect any change in federal revenues if housing projects at the Los Angeles campus are partially financed through such tax credits.

California also allocates state-funded tax credits to attract equity contributions. Public housing agencies and local governments, as well as private entities, provide grants that do not require repayment for low-income housing projects. On the basis of similar contributions for other VA projects, CBO estimates that roughly 10 percent of the development costs (\$45 million) would be financed through such nonfederal sources.

In total, those sources would account for \$330 million of the estimated development costs. CBO believes that those contributions should be recorded in the budget as offsetting receipts (an offset to direct spending) when they are received on behalf of VA by the project developer and as outlays when the funds are spent on construction. Over time those amounts would have no net effect on the federal budget. However, because the funds would be received before they could be spent and because VA plans to develop housing at the Los Angeles campus over more than 10 years, the net effect of receiving those contributions would be to reduce direct spending by \$22 million over the 2017–2026 period, CBO estimates.

Loans, Bonds, and Advances. About 10 percent of the development funding would come from commercial loans, bonds, or advances from the project developer that would be paid back over time from cash flow for the projects that would primarily be derived from federal operating subsidies. CBO treats such third-party financing of a federal activity as mandatory borrowing authority because the project would incur the obligation to repay the borrowing before discretionary appropriations would be available for repayment.

That borrowing would account for \$44 million of the development costs and would increase direct spending by \$40 million over the 2017–2026 period, CBO estimates. The budgetary effects shown are the projected construction costs that would be financed in this way.

Spending subject to appropriation

VA and the Department of Housing and Urban Development would provide construction grants and operating subsidies for the housing projects from annual discretionary appropriations. In total, CBO estimates that implementing those provisions would cost \$29

¹For more information on the budgetary treatment of third-party financing, see Congressional Budget Office, *Third-Party Financing of Federal Projects* (June 2005), www.cbo.gov/publication/16554.

million over the 2017–2021 period and \$118 million over the 2017–2026 period, assuming appropriation of the necessary amounts.

Construction Grants. Some additional financing for designing and constructing the housing projects would be derived from appropriations for construction and community development grants. VA would provide amounts to the project developer from its appropriation for minor construction. Additionally, the project would receive funds from Community Development Block Grants and other federal grant programs for housing development. On the basis of information about VA's other EULs for supportive housing, CBO estimates that those sources would account for approximately 15 percent of the development funding for the housing projects (or \$67 million). Spending for those contribution and payments would amount to \$26 million over the 2017–2020 period and \$61 million over the 2017–2026 period.

Operating Subsidies. The supportive housing units would be reserved for veterans with little or no income, and thus the managers of that housing would be eligible for operating subsidies from federally funded sources such as HUD's rental assistance programs. VA also uses its appropriated funds to provide a variety of rehabilitative services to veterans living in supportive housing. Project managers typically get a guarantee from VA and HUD to provide the operating subsidies when the EUL is awarded. Projects begin receiving monthly subsidy payments when construction is completed, usually about two years after the lease is awarded. Those subsidies from HUD and VA would increase spending subject to appropriation by a total of \$3 million over the 2017–2021 period and \$57 million over the 2017–2026 period, CBO estimates.

HUD would subsidize the cost of operating the housing units by providing project-based housing vouchers, which are administered by the local public housing authority. Those vouchers would average about \$11,000 per unit annually. In total, housing subsidies would increase discretionary spending by \$2 million over the 2017–2020 period and by \$35 million over the 2017–2026 period.

Additionally, VA would provide case management, rehabilitation, and other supportive services to residents through the VA Supportive Housing Program. Those services cost about \$7,000 per veteran annually. CBO estimates that providing those services to resident veterans at the new housing on the Los Angeles campus would increase costs by \$1 million over the 2017–2020 period and by \$22 million over the 2017–2026 period.

Pay-as-you-go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3484 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON VETERANS' AFFAIRS ON FEBRUARY 25, 2016

	By fiscal year, in millions of dollars—													
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016–2021	2016–2026	
NET INCREASE OR DECREASE (–) IN THE [ON-BUDGET] DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	–5	–9	–12	14	10	9	4	4	3	–12	18	

Increase in long-term direct spending and deficits: CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

Intergovernmental and private-sector impact: H.R. 3484 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: David Newman; Impact on State, Local, and Tribal Governments: Jon Sperl; Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 3484, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 3484, as amended.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, H.R. 3484, as amended, is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 3484, as amended, does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

STATEMENT ON DUPLICATION OF FEDERAL PROGRAMS

Pursuant to section 3(g) of H. Res. 5, 114th Cong. (2015), the Committee finds that no provision of H.R. 3484, as amended, establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a

program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 114th Cong. (2015), the Committee estimates that H.R. 3484, as amended, contains no directed rulemaking that would require the Secretary to prescribe regulations.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 of the bill would provide the short title of H.R. 3484, as amended, as the “Los Angeles Homeless Veterans Leasing Act of 2016.”

Section 2. Authority to Enter Into Certain Leases at the Department of Veterans Affairs West Los Angeles Campus

Section 2(a) of the bill would authorize the Secretary of Veterans Affairs to carry out the leases described in section 2(b) of the bill at the VA West Los Angeles Campus in Los Angeles, California (the West LA campus).

Section 2(b) of the bill would state that the leases described in this subsection are as follows: (1) any enhanced use lease of real property under subchapter V of chapter 81 of title 38 U.S.C., for purposes of providing supportive housing as that term is defined in section 8161(3) of title 38 U.S.C., that principally benefits veterans and their families; (2) any lease of real property for a term not to exceed 50 years to a third party to provide services that principally benefit veterans and their families and that are limited to: the promotion of health and wellness including nutrition and spiritual wellness; education; vocational training, skills building, or other training related to employment; peer activities, socialization, or physical recreation; assistance with legal issues and Federal benefits; volunteerism; family support services, including child care; transportation; or services in support of one or more of the purposes specified above; (3) a lease of real property for a term not to exceed 10 years to The Regents of the University of California, a corporation organized under the laws of the State of California, on behalf of its University of California, Los Angeles (UCLA) campus, (The Regents) if the lease is: consistent with the master plan described in Section 2(g); the provision of services to veterans is the predominant focus of the activities of The Regents at the West LA campus during the terms of the lease; The Regents expressly agrees to provide—during the terms of the lease and to an extent and in a manner that the Secretary considers appropriate—additional services and supports for which The Regents is either not compensated by the Secretary or are compensated through an existing medical affiliation agreement that principally benefits veterans and their families (including veterans that are severely disabled, women, aging, or homeless) and may consist of activities relating to the medical, clinical, therapeutic, dietary, rehabilitative, legal, mental, spiritual, physical, recreational, research, and counseling needs of veterans and their families or any of the purposes specified above; and The Regents maintains records documenting

the value of additional services and support that The Regents provides pursuant to the above for the duration of the lease and make such records available to the Secretary.

Section 2(c) of the bill would prohibit the Secretary of Veterans Affairs from carrying out any land-sharing agreement pursuant to section 8153 of title 38, U.S.C., at the West LA campus unless such agreement provides additional healthcare resources to the West LA campus and benefits veterans and their families other than from the generation of revenue for VA.

Section 2(d) of the bill would require that any funds received by the Secretary of Veterans Affairs under a lease described in section 2(b) be credited to the applicable VA medical facilities account and be available, without fiscal year limitation and without further appropriation, exclusively for the renovation and maintenance of the land and facilities at the West LA campus.

Section 2(e) of the bill would authorize the Secretary of Veterans Affairs, notwithstanding any other provision of law (other than Federal laws relating to environmental and historic preservation), to grant easements or rights-of-way on, above, or under West LA campus lands to any local or regional public transportation authority to access, construct, use, operate, maintain, repair, or reconstruct public mass transit facilities, including fixed guideway facilities and transportation centers and the State of California, County of Los Angeles, City of Los Angeles, or any agency or political subdivision thereof or any public utility company (including electricity, gas, water, sewage, or telecommunications services to the public) for the purpose of providing such public utilities. Section 2(e) of the bill would also require that any improvements proposed pursuant to an easement or right-of-way are subject to such terms and conditions as the Secretary considers appropriate and would require any easement or right-of-way to be terminated upon the abandonment or non-use of the easement or right-of-way and all right, title, and interest in the land covered by the easement or right-of-way shall revert to the United States.

Section 2(f) of the bill would prohibit the Secretary of Veterans Affairs from selling or otherwise conveying to a third party fee simple title to any real property or improvements to real property made at the West LA campus, notwithstanding section 8164 of title 38 U.S.C.

Section 2(g) of the bill would require that each lease carried out under this section be consistent with the draft master plan approved by the Secretary of Veterans Affairs on January 28, 2016, or its successor master plans.

Section 2(h) of the bill would, if the VA Inspector General determines as part of an audit report or evaluation that VA is not in compliance with all Federal laws relating to leases and land use at the West LA campus, prohibit the Secretary of Veterans Affairs from entering into any lease or land-sharing agreement at the West LA campus or renewing any such lease or land-sharing agreement that is not in compliance with such laws until the Secretary certifies to the Committees on Veterans' Affairs of the Senate and the House of Representatives, and each Member of the Senate and the House of Representatives who represents the area in which the West LA campus is located, that all recommendations included in the audit report or evaluation have been implemented. Section 2(h)

of the bill would also prohibit the Secretary from entering into or renewing any lease unless the lease complies with chapter 33 of title 41, U.S.C., and all Federal laws relating to environmental and historic preservation, except as otherwise expressly provided in this section.

Section 2(i) of the bill would require the Secretary of Veterans Affairs, no later than 180 days after the date of enactment of this Act, to establish a Veterans and Community Oversight and Engagement Board (the Board) to coordinate locally with VA to identify the goals of the community and veteran partnership, provide advice and recommendations to the Secretary to improve services and outcomes for veterans, members of the Armed Forces, and the families of such veterans and members, and to provide advice and recommendations on the implementation of the draft master plan and on the creation and implementation of any successor master plans. Section 2(i) of the bill would also require that the Board be comprised of a number of members that the Secretary determines appropriate, of which no less than 50 percent would be required to be veterans and of which nonveteran members would be required to be family members of veterans, veteran advocates, service providers, real estate professionals familiar with housing development projects, or other stakeholders. Section 2(i) of the bill would further require the Board to provide the community opportunities to collaborate and communicate with the Board, including by conducting public forums on the West LA campus and focusing on local VA issues that are identified by the community including with respect to health care, benefits, and memorial services at the West LA campus and implementation of the draft master plan and any subsequent plans.

Section 2(j) of the bill would require the Secretary of Veterans Affairs to notify the Committees on Veterans' Affairs of the Senate and the House of Representatives and each Member of the Senate and the House of Representatives who represent the area in which the West LA campus is located of the intent of the Secretary to enter into or renew the lease or land-sharing agreement not later than 45 days before entering into or renewing the lease or land sharing agreement. Section 2(j) of the bill would also require, not later than one year after the date of enactment of this Act, the Secretary to submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives and each Member of the Senate and the House of Representatives who represent the area in which the West LA campus is located an annual report evaluating all leases and land-sharing agreements carried out on the West LA campus including an evaluation of the management of the revenue generated by the leases and the records described in section 2(b). Section 2(j) would also require the VA Inspector General to submit, not later than two and five years after the date of enactment of this Act and as determined necessary by the VA Inspector General, to submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives and each Member of the Senate and the House of Representatives who represent the area in which the West LA campus is located a report on all leases carried out at the West LA campus and VA's management of the use of the land at the West LA campus, including an assessment of VA's efforts to implement the master plan described in section 2(g) with respect

to the West LA campus. Section 2(j) of the bill would further require that the VA Inspector General take into account the most recent report submitted to Congress by the Secretary.

Section 2(k) of the bill would require that nothing in Section 2 be construed as a limitation on the authority of the Secretary of Veterans Affairs to enter into other agreements regarding the West LA campus that are authorized by law and not inconsistent with section 2.

Section 2(l) of the bill would define the term “principally benefit veterans and their families” in section 2 with respect to services provided by a person or entity under a lease of property or land-sharing agreement as services provided exclusively to veterans and their families or services that are designed for the particular needs of veterans and their families as opposed to the general public and where any benefit of those services to the general public is ancillary to the intended benefit to veterans and their families. Section 2(l) of the bill would exclude services in which the only benefit to veterans and their families is the generation of revenue for VA from the definition of “principally benefit veterans and their families” in section 2.

Section 2(m) of the bill would amend section 224(a) of the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008 (P.L. 110–161; 121 Stat. 2272) by striking “The Secretary of Veterans Affairs” and inserting “Except as authorized under the Los Angeles Homeless Veterans Leasing Act of 2016, the Secretary of Veterans Affairs”. Section 2(m) of the bill would also amend section 8162(c) of title 38, U.S.C., by inserting “, other than an enhanced-use lease under the Los Angeles Homeless Veterans Leasing Act of 2016,” before “shall be considered”.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

SECTION 224 OF THE MILITARY CONSTRUCTION AND VETERANS AFFAIRS AND RELATED AGENCIES APPROPRIATIONS ACT, 2008

SEC. 224. PROHIBITION ON DISPOSAL OF DEPARTMENT OF VETERANS AFFAIRS LANDS AND IMPROVEMENTS AT WEST LOS ANGELES MEDICAL CENTER, CALIFORNIA. (a) IN GENERAL.—*【The Secretary of Veterans Affairs】 Except as authorized under the Los Angeles Homeless Veterans Leasing Act of 2016, the Secretary of Veterans Affairs may not declare as excess to the needs of the Department of Veterans Affairs, or otherwise take any action to exchange, trade, auction, transfer, or otherwise dispose of, or reduce the acreage of, Federal land and improvements at the Department of Veterans Affairs West Los Angeles Medical Center, California, encompassing approximately 388 acres on the north and south sides of Wilshire Boulevard and west of the 405 Freeway.*

(b) SPECIAL PROVISION REGARDING LEASE WITH REPRESENTATIVE OF THE HOMELESS.—Notwithstanding any provision of this Act, section 7 of the Homeless Veterans Comprehensive Services Act of 1992 (Public Law 102-590) shall remain in effect.

(c) CONFORMING AMENDMENT.—Section 8162(c)(1) of title 38, United States Code, is amended—

(1) by inserting “or section 224(a) of the Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008” after “section 421(b)(2) of the Veterans’ Benefits and Services Act of 1988 (Public Law 100-322; 102 Stat. 553)”; and

(2) by striking “that section” and inserting “such sections”.

(d) EFFECTIVE DATE.—This section, including the amendment made by this section, shall apply with respect to fiscal year 2008 and each fiscal year thereafter.

TITLE 38, UNITED STATES CODE

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PART VI—ACQUISITION AND DISPOSITION OF PROPERTY

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CHAPTER 81—ACQUISITION AND OPERATION OF HOSPITAL AND DOMICILIARY FACILITIES; PROCUREMENT AND SUPPLY; ENHANCED-USE LEASES OF REAL PROPERTY

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SUBCHAPTER V—ENHANCED-USE LEASES OF REAL PROPERTY

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§ 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 for the provision of supportive housing and if the lease is not inconsistent with and will not adversely affect the mission of the Department.

(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) If the Secretary has determined that a property should be leased to another party through an enhanced-use lease, the Secretary shall, at the Secretary's discretion, select the party with whom the lease will be entered into using such selection procedures as the Secretary considers appropriate.

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

(3)(A) For any enhanced-use lease entered into by the Secretary, the lease consideration provided to the Secretary shall consist solely of cash at fair value as determined by the Secretary.

(B) The Secretary shall receive no other type of consideration for an enhanced-use lease besides cash.

(C) The Secretary may enter into an enhanced-use lease without receiving consideration.

(4) The terms of an enhanced-use lease may provide for the Secretary to use minor construction funds for capital contribution payments.

(5) The terms of an enhanced-use lease may not provide for any acquisition, contract, demonstration, exchange, grant, incentive, procurement, sale, other transaction authority, service agreement, use agreement, lease, or lease-back by the Secretary or Federal Government.

(6) The Secretary may not enter into an enhanced-use lease without certification in advance in writing by the Director of the Office of Management and Budget that such lease complies with the requirements of this subchapter.

(c) 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, *other than an enhanced-use lease under the Los Angeles Homeless Veterans Leasing Act of 2016*, shall be considered to be prohibited by such sections unless specifically authorized by law.

* * * * *