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(Original Signature of Member)

119TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend title 38, United States Code, to establish an independent authority of the Secretary of Veterans Affairs to enter into leases for major medical facilities, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. SMITH of Missouri introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend title 38, United States Code, to establish an independent authority of the Secretary of Veterans Affairs to enter into leases for major medical facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Leasing and Infra-  
5 structure Act of 2025”.

1 **SEC. 2. INDEPENDENT AUTHORITY OF THE SECRETARY OF**  
2 **VETERANS AFFAIRS TO ENTER INTO LEASES**  
3 **FOR MAJOR MEDICAL FACILITIES; ESTAB-**  
4 **LISHMENT OF VETERANS LEASING FUND.**

5 (a) INDEPENDENT AUTHORITY.—Section 8103 of  
6 title 38, United States Code, is amended by adding at the  
7 end the following new subsections:

8 “(i) INDEPENDENT LEASING AUTHORITY.—(1) Not-  
9 withstanding section 3307 of title 40, the Secretary may  
10 enter into a lease for any major medical facility (as defined  
11 in section 8104 of this title) without delegation from the  
12 Administrator of General Services, if the prospectus for  
13 such a lease has been—

14 “(A) approved by the Committees on Veterans’  
15 Affairs of the House of Representatives and the Sen-  
16 ate; and

17 “(B) transmitted concurrently to—

18 “(i) the Committee on Transportation and  
19 Infrastructure of the House of Representatives;  
20 and

21 “(ii) the Committee on Environment and  
22 Public Works of the Senate.

23 “(2)(A) The firm term of a lease under this sub-  
24 section may not exceed 20 years. No lease under this sub-  
25 section may be extended beyond the firm term unless—

1           “(i) such extension is authorized in the pro-  
2           spectus; or

3           “(ii) Congress approves such extension.

4           “(B) For purposes of this paragraph, the term ‘firm  
5           term’ means the initial, non-cancellable lease period ap-  
6           proved in the prospectus.

7           “(3) A lease under this subsection—

8           “(A) may be executed only to the extent and in  
9           the amount provided in advance in the Veterans  
10          Leasing Fund established by subsection (j); and

11          “(B) shall be scored and funded in accordance  
12          with Office of Management and Budget Circular A-  
13          11.

14          “(4)(A) In exercising the authority under this sub-  
15          section, the Secretary shall, for each purpose-built medical  
16          facility constructed pursuant to a lease awarded under this  
17          subsection in each locality, submit to Congress accurate,  
18          market-based cost estimates. Such estimates shall—

19               “(i) account for construction costs, material  
20               costs, and land acquisition costs; and

21               “(ii) be informed by qualified sources, including  
22               licensed appraisers, valuation experts, professional  
23               estimating firms, or commercial real estate firms.

1           “(B) The Secretary may also request technical assist-  
2        ance from the Administrator of General Services with re-  
3        spect to market surveys, cost estimation, or lease scoring.

4           “(C) If, at any point in the procurement process (in-  
5        cluding during cost estimation, the expression of interest  
6        phase, or upon receipt of pricing from offerors) projected  
7        costs exceed approved estimates by more than ten percent,  
8        or exceed any congressional budget authority, the Sec-  
9        retary shall, not later than 30 days after the date on which  
10       the Secretary is notified of such projected costs, submit  
11       to the Committees on Veterans’ Affairs of the House of  
12       Representatives and the Senate, the Committee on Trans-  
13       portation and Infrastructure of the House of Representa-  
14       tives, and the Committee on Environment and Public  
15       Works a notification that such projected costs exceed ap-  
16       proved estimates or congressional budget authority, as the  
17       case may be.

18           “(j) VETERANS LEASING FUND.—(1) There is estab-  
19       lished in the Treasury a revolving fund to be known as  
20       the ‘Veterans Leasing Fund’ (in this subsection referred  
21       to as the ‘Fund’).

22           “(2) There shall be deposited in the Fund—

23                   “(A) amounts appropriated for the purpose of  
24        carrying out the independent leasing authority under  
25        subsection (i); and

1           “(B) amounts transferred, on a reimbursable or  
2           nonreimbursable basis, from the ‘Medical Facilities’  
3           account of the Department (or any successor ac-  
4           count) for the payment of annual rent, taxes, or op-  
5           erating costs for leases executed under subsection  
6           (i).

7           “(3) Amounts in the Fund are hereby made available  
8           as contract authority to enter into obligations to carry out  
9           subsection (i), including obligations in advance of receipts.

10          “(4) The Secretary may obligate amounts in the  
11          Fund for rental payments, tenant improvements, real-es-  
12          tate taxes, operating expenses, and pre-award due dili-  
13          gence costs, including design, environmental, and profes-  
14          sional service fees associated with leases entered into pur-  
15          suant to subsection (i).

16          “(5) The Secretary shall include, in the annual budg-  
17          et justification materials submitted to Congress in support  
18          of the Department—

19                 “(A) the projected unobligated balance of the  
20          Fund;

21                 “(B) new obligations; and

22                 “(C) collections for the year covered by such  
23          budget justification materials and the four fiscal  
24          years succeeding such year.

1       “(k) ONE-YEAR TARGET FOR LEASE AWARDS; AN-  
2 NUAL REPORT.—(1) The Secretary shall, to the maximum  
3 extent practicable, award a lease for a major medical facil-  
4 ity not later than not later than the end of the one year  
5 period beginning on the date on which the Secretary issues  
6 a solicitation for the lease agreement.

7       “(2) The Secretary shall revise internal guidance,  
8 milestone reviews, and approval workflows to—

9               “(A) support the requirement under paragraph  
10 (1); and

11              “(B) eliminate duplicative or sequential reviews  
12 that delay procurement.

13       “(3) A contracting officer may not issue a solicitation  
14 described in paragraph (1) unless, before the date of  
15 issuance, the officer has placed in the official contract file  
16 a written certification that—

17              “(A) sufficient funds are obligated to cover all  
18 due diligence and pre-award professional services  
19 reasonably anticipated for the project, including en-  
20 vironmental, geotechnical, title, survey, appraisal,  
21 brokerage, and architectural-engineering services;  
22 and

23              “(B) each such service is available for task-  
24 order issuance within 30 days under an existing in-

1 definite-delivery, indefinite-quantity contract or  
2 other competitively-awarded vehicle.

3 “(4) Obligations under paragraph (3) may be made  
4 from the Veterans Leasing Fund established in subsection  
5 (j) or from other appropriations for medical facilities that  
6 are available for the applicable fiscal year.

7 “(5)(A) As part of the public notice during the ex-  
8 pression of interest phase of the acquisition process, the  
9 Secretary shall require each prospective developer to pro-  
10 vide price estimates, including the cost of land, to enable  
11 the Department to evaluate whether projected costs are  
12 at or below the unserviced shell rent authorized in the ap-  
13 proved prospectus.

14 “(B)(i) If such estimates exceed such amount author-  
15 ized, the Secretary shall, not later than 14 days after the  
16 date on which the Secretary completes such evaluation,  
17 submit to Congress a notification that such estimates ex-  
18 ceed such authorized amount.

19 “(ii) Not later than 45 days after the date on which  
20 the Secretary submits the notification under clause (i), the  
21 Department shall finalize a plan to address the discrep-  
22 ancy between such estimates and such authorized amount,  
23 which may include—

24 “(I) reducing the scope of the project;

25 “(II) requesting additional budget authority; or

1           “(III) postponing, or canceling the project, as  
2           appropriate.

3           “(C) To the maximum extent practicable, the Sec-  
4           retary shall, not later than 60 days after the date on which  
5           the Secretary submits the notification under subparagraph  
6           (B), notify prospective offerors of the potential effect to  
7           procurement timelines, including the estimated release  
8           date of the request for lease proposals.

9           “(6) The Secretary shall include, in any request for  
10          a lease proposal made pursuant to the leasing authority  
11          under subsection (i)—

12           “(A) a summary of the procurement milestones  
13           applicable to such request; and

14           “(B) a statement that a reimbursement under  
15           paragraph (7) would become effective on the date  
16           that is one year after the date on which the Sec-  
17           retary issued such request.

18          “(7)(A) If the Secretary does not award a lease pur-  
19          suant to a request for a lease proposal before the date  
20          that is one year after the date on which the Secretary  
21          issued such request, the Secretary shall be required to re-  
22          imburse each prospective lessor in the competitive range  
23          for costs directly associated with the delay in awarding  
24          the lease.

1           “(B) Any reimbursement under subparagraph (A)  
2 shall be calculated based on one percent annually (paid  
3 in equal monthly installments of one-twelfth of one per-  
4 cent) of the average land acquisition cost, as proposed by  
5 all offerors remaining in the competitive range under the  
6 request.

7           “(C) Payment of such reimbursements under this  
8 paragraph shall cease—

9                   “(i) immediately upon the award of the lease;  
10           or

11                   “(ii) the date on which the project is cancelled,  
12           if applicable.

13           “(D) The Secretary shall issue guidance establishing  
14 documentation requirements and procedures for admin-  
15 istering reimbursements under this paragraph.

16           “(8) Not later than March 1 of each year, the Sec-  
17 retary shall submit to the Committees on Veterans’ Affairs  
18 of the House of Representatives and the Senate a report  
19 that includes—

20                   “(A) a list of each major medical facility lease  
21           for which a request was issued during the preceding  
22           calendar year;

23                   “(B) a statement of whether the lease was  
24           awarded within the one year period described in  
25           paragraph (1); and

1           “(C) for any lease not awarded within such pe-  
2           riod, an explanation of the reasons the lease was not  
3           awarded during such period.

4           “(9) Not later than 90 days after the date of the en-  
5           actment of this subsection, the Secretary shall issue inter-  
6           nal guidance that establishes the policies and thresholds  
7           the Secretary determines necessary to administer the re-  
8           quirements of this subsection.

9           “(1) REVISIONS TO DESIGN GUIDES.—(1) Not later  
10          than 180 days after the date of enactment of this sub-  
11          section, and not less frequently than once every five years  
12          thereafter, the Secretary shall revise the design guides of  
13          the Department applicable to outpatient clinics and other  
14          leased medical facilities.

15          “(2) In carrying out paragraph (1), the Secretary  
16          shall consult with subject matter experts, including health  
17          care professionals and representatives of the private health  
18          care industry.

19          “(3) Any revision to design guides conducted pursu-  
20          ant to this section shall not be over-engineered or unneces-  
21          sarily prescriptive specifications unless required for clin-  
22          ical safety, functional performance, or applicable building  
23          codes.

24          “(m) MITIGATION OF RISK PREMIUMS.—(1) The  
25          Secretary may include in a lease agreement under this

1 chapter terms that mitigate risk premiums to the Depart-  
2 ment, including—

3 “(A) post-occupancy self-insurance arrange-  
4 ments by the Department;

5 “(B) reimbursement to a prospective lessor for  
6 reasonable holding costs incurred as a result of  
7 delays attributable to the Department in excess of  
8 established procurement milestones;

9 “(C) authorization to structure major medical  
10 facility leases as triple-net leases (NNN) or modi-  
11 fied-gross leases, as appropriate, to align with pre-  
12 vailing commercial market practices; and

13 “(D) definitions of the terms ‘shell work’ and  
14 ‘tenant improvements’ to ensure cost allocation is  
15 consistent with prevailing commercial market stand-  
16 ards.

17 “(2) Not later than 180 days after the date of enact-  
18 ment of this subsection, the Secretary shall issue guidance  
19 with respect to the use of such terms in lease agreements  
20 under this chapter. In such guidance, the Secretary shall  
21 ensure—

22 “(A) heating, ventilation, and air conditioning  
23 system capacity is included in the definition of ‘shell  
24 work’; and

1           “(B) heating, ventilation, and air conditioning  
2           distribution and controls required to meet tenant-  
3           specific needs are included in the definition of ‘ten-  
4           ant improvements’, unless otherwise negotiated.

5           “(3) For purposes of this subsection, the term ‘triple-  
6           net lease’ means a lease under which the lessee is respon-  
7           sible for payment of real estate taxes, insurance, utilities,  
8           janitorial services, and routine operating costs.

9           “(n) CONSOLIDATION OF DOCUMENTATION.—The  
10          Secretary shall consolidate internal documentation re-  
11          quired to support lease decisions under this chapter into  
12          a single decision memorandum, to the maximum extent  
13          practicable. Such memorandum shall include project jus-  
14          tification, site selection rationale, estimated costs, design  
15          summary, and other information necessary for internal ap-  
16          proval and submission to Congress.”.

17          (b) CONFORMING AMENDMENT.—Section  
18          8104(a)(3)(B)(i) of title 38, United States Code, is  
19          amended by striking “through the General Services Ad-  
20          ministration under section 3307(a) of title 40”.

21          (c) AUTHORIZATION OF APPROPRIATIONS.—

22                 (1) IN GENERAL.—There are authorized to be  
23                 appropriated to the Veterans Leasing Fund estab-  
24                 lished under section 8103 of title 38, United States  
25                 Code, (as amended by this Act) such amounts as

1       may be specifically authorized for lease obligations  
2       under subsection (i) of such section (as added by  
3       this Act).

4               (2) DEPOSIT OF FUTURE APPROPRIATIONS.—  
5       Any amounts appropriated for lease obligations for  
6       a fiscal year shall be deposited in the Veterans Leas-  
7       ing Fund.

8       **SEC. 3. COST ESTIMATION REQUIREMENTS FOR MAJOR**  
9               **MEDICAL FACILITY LEASES.**

10       Section 8104(b)(2) of such title is amended—

11               (1) by striking “Whenever” and inserting “(A)  
12       Whenever”;

13               (2) by redesignating subparagraphs (A) through  
14       (E) as clauses (i) through (v), respectively;

15               (3) in subparagraph (A), as designated by para-  
16       graph (1)—

17                       (A) in clause (v), as so redesignated—

18                               (i) by redesignating clauses (i)  
19                               through (iii) as subclauses (I) through  
20                               (III), respectively; and

21                               (ii) by striking the period at the end  
22                               and inserting “; and”; and

23                       (B) by adding at the end the following new  
24       clause:

1           “(vi) A market-based cost estimate for the  
2           facility to be leased that includes an evaluation  
3           of—

4                   “(I) local land values;

5                   “(II) applicable construction costs,  
6           and

7                   “(III) other cost factors the Secretary  
8           determines relevant to build-to-suit facili-  
9           ties.”;

10           (4) by adding at the end the following new sub-  
11           paragraph:

12                   “(B)(i) The Secretary shall adopt and apply a  
13           standardized methodology for estimating the full  
14           life-cycle cost of major medical facility leases and  
15           prospectus-level leases.

16                   “(ii) Such methodology shall include, at a min-  
17           imum—

18                   “(I) base rent projections over the full  
19           lease term;

20                   “(II) tenant improvement and buildout  
21           costs based on current medical facility stand-  
22           ards;

23                   “(III) estimated operating expenses, in-  
24           cluding utilities, maintenance, and security;

1           “(IV) annual escalation factors tied to con-  
2           struction cost indices, labor rates, and market  
3           trends;

4           “(V) cost assumptions for option periods  
5           or potential renewal terms; and

6           “(VI) geographic adjustments using cur-  
7           rent regional market data to reflect location-  
8           specific construction and leasing conditions.

9           “(iii) To reflect inflation and market escalation,  
10          the Secretary shall annually adjust each cost esti-  
11          mate for a lease submitted to Congress for author-  
12          ization or prospectus approval during the period be-  
13          ginning on the date on which the Secretary submits  
14          the first cost estimate for the lease and ending on  
15          the projected award date for the lease. In adjusting  
16          a cost estimate pursuant to this subparagraph, the  
17          Secretary shall use such medical construction or real  
18          estate indices as the Secretary determines appro-  
19          priate.

20          “(iv) If the Secretary does not award a lease  
21          during the one year period beginning on the date on  
22          which the Secretary completes a cost estimate for  
23          the lease pursuant to this paragraph, the Secretary  
24          shall update and revalidate such cost estimate prior

1 to obligating any funds for the lease or submitting  
2 such cost estimate to Congress.”.

3 **SEC. 4. DEVELOPMENT OF STREAMLINED PROCUREMENT**  
4 **MODEL; REPORT .**

5 Not later than 180 days after the date of enactment  
6 of this Act, the Secretary of Veterans Affairs, in consulta-  
7 tion with the Comptroller General of the United States,  
8 the Director of the Office of Management and Budget, and  
9 private sector stakeholders, shall develop a revised process  
10 for the procurement of major medical facility leases under  
11 chapter 81 of title 38, United States Code, and submit  
12 to the Committees on Veterans’ Affairs of the House of  
13 Representatives and the Senate a report that includes a  
14 description of such revised process.