



*Preserving America's Heritage*

## **Testimony for the Record**

**Submitted by John L. Nau, III  
Chairman, Advisory Council on Historic Preservation  
To the Honorable Rob Simmons, Chairman  
Subcommittee on Health  
Committee on Veterans Affairs**

### **Hearing on Draft Bill, Department of Veterans Affairs Real Property Facilities Management Improvement Act of 2004**

Thank you Chairman Simmons and members of the committee for inviting me to testify before you today regarding the Department of Veterans Affairs' Capital Assets Realignment for Enhanced Services (CARES) program.

My name is John L. Nau, III. I was appointed by President Bush in 2001 as chairman of the Advisory Council on Historic Preservation. The ACHP is an independent Federal agency, created by the National Historic Preservation Act of 1966, to advise the President and Congress on historic preservation matters.

We also administer the portion of the National Historic Preservation Act that deals with review of Federal agency programs and projects that have the potential to affect historic properties. In this latter capacity, the ACHP has long been aware of the rich inventory of historic assets managed by the VA. Likewise, we are familiar with the challenges VA confronts with the use of these properties to provide first-rate health care to our Nation's veterans.

Recently, the White House has launched a major historic preservation initiative, entitled *Preserve America*. The initiative is designed to promote the appreciation and use of our Nation's heritage assets in a manner that ensures both their long-term preservation and their continued contribution to the economic vitality of the country.

*Preserve America* has several components that advance these goals, including a community recognition program for *Preserve America* Communities, a Presidential awards program that recognizes outstanding historic preservation achievement, and partnership efforts with the Gilder

Lehrman Institute of American History and the History Channel to promote public understanding of and appreciation for our heritage.

Of particular relevance to the VA's management of historic properties is Executive Order 13287, *Preserve America*, which was signed by the President on March 3, 2003. The ACHP has been tasked with implementing key provisions of the order that pertain to improving Federal stewardship of historic properties.

The overall thrust of the Executive order is to encourage Federal agencies to manage their historic properties in a way that advances the economic health of the community in which they are located and that also promotes their preservation over the years. Central to this goal is the development of partnerships with State and local governments and the private sector. It is from this perspective of national historic preservation policy that the ACHP presents its views on the legislation being considered by the committee.

We would also note that the ACHP played a significant role in the implementation of the Department of Defense's Base Realignment and Closure (BRAC) program when it was initiated 10 years ago. The military services frequently identified historic properties in complying with the requirements of the National Environmental Policy Act and National Historic Preservation Act.

In an effort to streamline the review required under the National Historic Preservation Act, we developed a modified review system that expedited decisionmaking while providing effective consideration of preservation issues and options. Transfer agreements included provisions for standard mitigation, including preservation covenants, and creative mitigation strategies that were tailored to the unique historic or architecture character of the installation.

We also worked closely with the military services and local redevelopment authorities created under the BRAC legislation once property was conveyed to them. By having early and continuous stakeholder involvement, the ACHP and other preservation organizations were able to identify the benefits of historic preservation in the marketing of installations. Historic preservation thus became a tool rather than an impediment—with the local redevelopment authorities advancing the use of historic tax credits, easements, and other Federal grants and loans targeted for preservation and rehabilitation.

The ACHP has monitored the evolution of the VA's CARES program since the draft National CARES Plan was presented to the CARES Commission on August 4, 2003. The ACHP's interest was based on the potential impact on VA resulting from the divestiture of a considerable amount of Federal real property, a majority of which may be historic. In addition, we were concerned about the impact of the CARES program on local communities. The Honorable Robert Young, mayor of Augusta, Georgia, is a member of the ACHP and has expressed concerns about the impact of consolidating facilities on the local government as well as veterans and service providers.

It is our understanding that the primary focus of the CARES program is to adapt the VA's current infrastructure to its future needs. The specific components of this plan that are of interest to the ACHP include the elimination of hospitals in areas where there has been a decline in the

client base and the construction of new facilities and the consolidation of existing programs needed to improve the delivery of services in areas with an expanding veterans population. All of these activities have the potential to greatly impact historic properties, which were constructed to serve the needs of the veteran population of earlier times.

We support the VA's initiative in creating the CARE's program; it is consistent with the goals and objectives of the President's Management Agenda, OMB mandated strategic planning, and other government-wide initiatives geared toward improving Federal program delivery, capital asset management and real property accounting and stewardship.

The ACHP is well aware of the need for many agencies to excess underused property that no longer supports the agency mission. The background provided on the CARES program, however, does not address how possible closings, demolitions, property transfers, infrastructure improvements, and other related activities of facilities would impact historic properties. All Federal agencies hold these properties in trust for the American people and, as the Administration has so strongly emphasized in the issuance of Executive Order 13287, appropriate stewardship of these irreplaceable resources is a government-wide priority.

VA controls the fourth-largest inventory of owned, leased, and operated Federal real property. It is estimated that more than half of the VA's facilities are more than 50 years old. Many date from the 19<sup>th</sup> century and many more were constructed in the late 1940s and early 1950s. Approximately 40 percent of the VA's medical centers are identified historic districts as defined by the National Register of Historic Places and contain more than 1,900 historic structures. In addition, a large number of properties are individually listed or eligible for listing in the National Register, including 119 national cemeteries and at least 32 archeological sites.

Given this rich array of heritage assets, there are five major issues that the ACHP would like to bring to the committee's attention regarding the CARES program. While many are related to the draft bill, some clearly have broader implications.

First, in reviewing the draft CARES plan, we noted that over the next 20 years it is anticipated that approximately \$4.7 billion in capital assets will be needed to implement this program. This estimate includes \$59 million earmarked specifically for demolition costs. We are concerned that if the VA is predisposed to demolition of facilities and funding for such is readily available, agency officials will not be receptive to proposals for historic properties that involve leasing, adaptive reuse, or partnerships with health care providers or State, local, or tribal governments.

Second, we understand that the VA intends to unilaterally coordinate the transfer of real property related to the implementation of the CARES program. We would hope that the VA would draw on the experience of other Federal agencies that have dealt with excess historic properties, such as the Department of Defense and the General Services Administration, for technical assistance in carrying out this assignment.

The transfer of real property, particularly historic properties, can prove challenging, especially when the unique aspects of the historic property are not properly considered when negotiating covenants and establishing fair market value. We would like VA to give full consideration to the

values that are inherent in the adaptive reuse of historic properties. The ACHP recognizes that historic properties are assets often blessed with inherent values that are absent on newer or less distinguished structures.

Third, the draft House bill authorizes the VA to use the proceeds from the transfer of real property for maintenance and repair and improvements to facilitate transfers, as well as related administrative expenses. It provides for remaining proceeds to be used for historic preservation associated with National Register properties or to which compliance with Sections 106 and 111 is required.

We applaud the availability of funds for maintenance and repair and are hopeful that the success of the CARES program will spearhead an aggressive maintenance and repair program within the VA that focuses on historic properties. However, we are concerned that the bill as drafted places the use of such proceeds at the end of the line and the possibility that all funds are used for other purposes, including actions that might be contrary to achieving preservation solutions, may well lead to no resources being available to carry out the intent of this provision.

We are also concerned about the role of stakeholders in making determinations regarding the feasibility of repair versus demolition. We believe that if VA would allocate resources to stabilize and repair historic properties with reuse potential, health care providers, local governments, veterans' organizations, and other entities with VA-related functions would consider lease arrangements that would be mutually beneficial.

Fourth, the draft bill is silent on the obligation of VA to comply with the government-wide process for considering the impacts of its transfer actions on historic properties as mandated by Section 106 of the National Historic Preservation Act. The ACHP believes that the proposed legislation provides an opportunity to encourage VA to engage the Section 106 process in early planning so that balanced decisions about the future of the VA's heritage assets and full exploration of opportunities to achieve desired goals are efficiently integrated into the disposal process.

Fifth, although the CARES program does not specifically address environmental and preservation concerns associated with new construction and expanded or upgraded infrastructure, VA needs to be aware that planning and site selection for new facilities may have an effect on historic properties. Not only can such project have a direct effect on historic properties when demolition is required to prepare a site, the design of new buildings may also require coordination as many of VA's existing facilities include historic districts. This may require that design guidelines take into account the architecturally defining characteristics of adjacent buildings.

In closing, we recommend that, in formalizing the VA CARES implementation process, the committee integrate historic preservation concerns and processes to maximize the contribution VA's significant historic properties can make to local communities. A properly crafted process can encourage transfer of historic properties where the new owner is committed to a long-term preservation strategy; minimize neglect while properties await disposition; promote partnerships

for creative use or cooperative management arrangements; and effectively involve the local community in reuse strategies that promote economic development.

We appreciate the opportunity to share our views with the committee and look forward to working with you in finalizing legislation that properly integrates historic preservation opportunities into the CARES program.