Statement of the Honorable Mike Coffman
House Committee on Veterans Affairs – Health Subcommittee
Legislative Hearing – 8 December 2015

Thank you Chairman Benishek for holding this legislative hearing and including my legislation that would authorize the Department of Veterans Affairs to sell Pershing Hall, a five-star boutique 24 room hotel, restaurant, and club in the heart of Paris, France.

What is today known as Pershing Hall was purchased by the American Legion in 1928 to serve as a memorial for Gen. John Pershing and the soldiers who fought in World War I. The United States Government acquired the property in the 1930's, and after a long period of neglect, VA obtained jurisdiction and control over Pershing Hall in 1991. Later in 1998, VA signed a 99-year enhanced use lease to a French firm allowing it to invest millions of dollars to renovate and redevelop the property as a hotel.

Today, Pershing Hall is popular in Paris for its open-sky restaurant and a vertical garden more than 100 feet high. My colleagues on the dais have been distributed several photos of Pershing Hall as it exists today.

In short, my bill provides VA the authority to sell Pershing Hall, and it requires an independent real estate assessment of the property prior to any sale to ensure taxpayers receive fair market value. Additionally, VA would be required to ensure that any personal property belonging to American Legion, such as historical artifacts and art work, be returned when the facility is sold. The proceeds from the sale, and the corpus of VA's Pershing Hall Revolving Fund, would be deposited into VA's Major Construction account for use on construction and renovation projects in the United States.

My bill is not the first proposal to sell Pershing Hall. In 1993, Senator Jay Rockefeller, then Chairman of the Senate Veterans' Affairs Committee, introduced legislation which would have authorized the sale of the property. At that time, VA supported the provision and testified that the authority would allow the Secretary more options to consider in determining the best interests of the United States Government.

One pertinent portion of the 1993 committee report still rings true today:
"*Managing property in Europe is a very unusual activity for VA. The agency, therefore, is not set up to perform this activity in a cost-effective manner…The only incentive to lease the property would arise from the need to safeguard the building as a memorial, but this objective could be accomplished through restrictive covenants if the property were sold.*"

Aside from the infusion of capital into VA's construction account, authorizing the sale of Pershing Hall also puts two broader VA reform initiatives into focus.

First, managing property leases is not a core-competency of the Department of Veterans Affairs. The Oversight and Investigations Subcommittee held a hearing earlier this year examining VA's wasteful land-management practices after the Government Accountability Office identified significant problems with VA land-use agreements. Specifically, GAO found problems with unenforced payment or other agreement terms, expired agreements, and instances where land-use agreements did not exist. As this Committee deliberates how best to refocus VA towards its core-competencies, I believe helping VA get out of the French real-estate market is a safe bet.

Finally, VA has consistently asked Congress to grant it legislative flexibility to dispose of its excess infrastructure, most recently in its November Plan to Consolidate Community Care Programs. It seems odd that VA should consider the sale of domestic VA property while the sale of a hotel in Paris is off-limits.

Thank you again to Chairman Benishek for allowing testimony and discussion on Pershing Hall, and I urge all of my colleagues on the Committee today to join me in this effort.

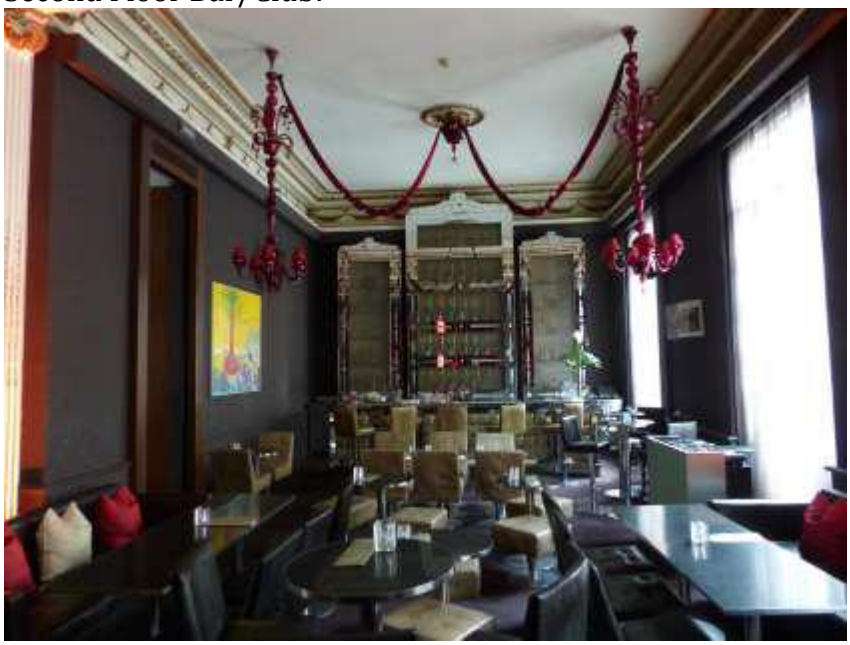
Pershing Hall Photos

Exterior:

Lobby Area:

Restaurant:

Second Floor Bar/Club:



Spa and Fitness Center:

Interior Court:

Architectural details:

Memorabilia: