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STATEMENT OF

MR. PHILIP W. GRONE
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

READINESS SUBCOMMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

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Chairman Hefley, Mr. Ortiz, and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you to discuss the Department of Defense's program to manage historic properties.

The Portfolio

The Department currently manages nearly 507,000 buildings and structures with a plant replacement value of over \$650 billion, and more than 46,000 square miles of real estate. As part of that inventory, DoD has management responsibility for 75 National Historic Landmarks as well as nearly 600 historic entries listed on the National Register of Historic Places which encompass more than 19,000 individual historic properties (including buildings, structures, objects, and sites) located on over 200 military installations

Within the inventory, the Department currently manages 344,950 buildings. The National Historic Preservation Act requires us to evaluate properties when they reach 50 years to determine if they are eligible for the National Register of Historic Places. Currently, about 32 percent of DoD's buildings are older than 50 years. Based upon current inventory forecasts, that percentage will increase rapidly over the next 20 years. Ten years from now, over 55 percent of our inventory will be older than 50 years and we will need to evaluate each building to determine eligibility for the National Register and, therefore, subject to the requirements of the National Historic Preservation Act. In 20 years, it may grow to over 65 percent. Our efforts are focused on the development of a comprehensive program that enables us to manage these resources efficiently and effectively.

Executive Order 13327, *Federal Real Property Asset Management*, requires all Federal agencies to identify and categorize all real property. In addition, Executive Order 13287, *Preserve America*, requires all Federal agencies to improve their accountability of their historic

properties. Working in concert, these Executive Orders present a unique opportunity to integrate how we, the Federal Government, treat/manage historic properties into the real property management process – as assets meeting the day-to-day needs of agencies.

On February 16, 2006, the Chairman of the Advisory Council on Historic Preservation (ACHP) submitted a report to the President on the state of the Federal Government’s historic properties and their contribution to local economic development. This is the first triennial report to the President required by Executive Order 13287. The ACHP reported that Federal agencies, including the Department of Defense, have made considerable strides in meeting their Federal stewardship responsibilities in recent years. The report clearly states that the Council does not conclude that additional funding or property disposal would alleviate all of an agency’s management challenges related to historic property stewardship. Instead, the report suggests that concurrent with efforts to improve the asset and Federal property management systems, the Federal Government needs to develop an ethic that considers the preservation and use of agency historic properties from the broader public benefit perspective. By integrating the visibility of historic properties into the total real property inventory, each agency is better able to assess the contribution of the historic properties to mission needs, as well as assess the condition of those properties.

In response to the Federal Real Property Asset Management Executive Order, the Federal Real Property Council (FRPC) established 23 mandatory data elements for the Real Property Inventory. One data element is “Historical Status.” The real property inventory and historic preservation experts worked together to develop the definition of this data element. By applying this standard data set, the Department will meet the needs of both Executive Orders. DoD will

be fully compliant with the FRPC requirements for Historical Status at the end of Fiscal Year 2006.

Other mandatory data elements that will help Federal agencies assess historic properties, include utilization (only required for offices, hospitals, warehouses, laboratories and housing), condition index, mission dependency, and replacement value. Building on the FRPC's guidance, the Department's goal is to maintain complete, current information on which of our properties are known to be historic, why they are historic, where they are located, and how they are used. This information will enable us to make informed, timely, and effective management decisions. DoD management of this large inventory requires a balance between efficient, mission-supporting use and long-term stewardship of historic properties for the public benefit.

Asset Management

For the past several years, the Department of Defense has been vigorous in its pro-active efforts in managing its facilities and infrastructure. DoD's infrastructure investment strategy rigorously utilizes key metrics to provide the quality facilities that directly support mission and readiness. To that end, DoD developed advanced business processes that align more closely to warfighter mission area requirements. The rigor provided by these practices in planning, managing, and maintaining DoD installations improves overall efficiency while improving investment decision-making. Along with continued improvement in business practices and a focus on environmental sustainability, the Department is improving the quality of military installations.

Cultural Resources Policy

Working within a broad strategic framework, the Department has a vision for the future of our historic properties:

- DoD cultural resources are assets, representing the full scope of U.S. military history, that connect military personnel and civilians with their proud history and traditions.
- The Department will continue to promote and interpret the resources under its care, both to inspire our personnel and to encourage and maintain the American public's support for its military.
- DoD's historic properties are mission supporting assets with potential for continued use and adaptive reuse. The Department will continue to maintain historic properties as appropriate for their mission use.

Early planning is key to successful management. It is important that the Military Services ensure that installation commanders and their staff have the appropriate information about historic properties early in the planning process to make informed decisions and consult with all interested stakeholders. Each installation with historic properties must have an Integrated Cultural Resource Management Plan (ICRMP). At the end of Fiscal Year 2005, out of 353 installations required to have ICRMPs, 239 (or 68 percent) had complete plans. These plans not only identify the inventory of assets (historic buildings and structures, traditional cultural places, archeological sites) but also include the actions needed to manage and maintain those assets.

Efficiencies

The build up to support mission needs for World War II and the substantial increase in construction after the war present great challenges for historic preservation today. How should we treat large numbers of assets built across the country to the exact same standards? How do we ensure we are capturing the historic significance of that time in the history of the United States?

Working with the Advisory Council on Historic Preservation, the National Conference of State Historic Preservation Officers, and the National Trust for Historic Preservation, the Department developed a programmatic approach to deal with the 82,000 military family housing units from the Capehart-Wherry era from 1949 to 1962 (Army, 20,000 units; Navy, 24,000 units; and Air Force, 38,000 units). This programmatic approach, called a Program Comment, enabled the Military Departments to address the requirements to comply with the National Historic Preservation Act for all of these housing units through one process. This was the first Program Comment ever issued by the Advisory Council on Historic Preservation. We estimate that the Military Departments avoided almost \$82 million in compliance costs:

Building on this success, the Department is pursuing similar efforts for:

- 4,524 Cold War Era (1946-1974) Unaccompanied Personnel Housing (UPH) buildings (barracks)
- 29,162 World War II (WWII) and Cold War Era (1939-1974) ammunition storage facilities

The Department is pursuing other management efficiencies, including the Army Alternative Procedures approved by the Advisory Council on Historic Preservation and individual installation programmatic agreements with State Historic Preservation Officers (SHPOs).

Costs to Renovate and Maintain Historic Properties

Many organizations, including the Department of Defense, have studied the cost of maintaining Historic Properties. These studies continue to reinforce the conclusion that on a per square foot basis, the costs of maintaining Historic Properties are frequently comparable to the costs of maintaining non-Historic Properties.

In 1997, all three Military Departments submitted reports to Congress on the costs to maintain historic family housing. All three reports came to the same conclusions: where costs to maintain historic family housing are higher, the difference is often due to the size of the units and the lack of investment in maintenance. These reports also concluded that a significant cost driver is the presence of hazardous materials, such as asbestos and lead-based paint. However, it is important to note that the presence of these hazardous materials is not exclusive to historic buildings and, therefore, is not because the building is historic. In addition, remediation of these hazardous materials is a one-time cost. It is also important to note that, in general, historic family housing units are larger because they were constructed in a different era without size restrictions and were designed to accommodate larger families and live-in domestic help.

In 1999, the General Service Administration (GSA) examined economic data on buildings in its inventory. GSA found that operating costs for the historic buildings in the study averaged 10 percent less per rentable square foot than non-historic properties, with utility costs 27 percent less. A building's operating cost increases with more recent construction dates, with the highest costs coming from buildings constructed in the 1970s. GSA found that non-historic buildings of less than 25,000 rentable square feet had the highest operating costs. When comparing operating costs (consisting of cleaning, maintenance, and utility expenses), GSA found that overall operating costs per rentable square foot for historic buildings were 10 percent less than for non-historic buildings. Cleaning costs were 9 percent less, maintenance costs were 10 percent less, and utility costs were 27 percent less.

In addition, the GSA study showed that most historic buildings have lower utility costs than buildings built in the 1970s. Most historic buildings in the GSA study sample have thick, solid walls, resulting in greater thermal mass. Normally, a large thermal mass improves

insulation, thus requiring less energy for heating and cooling. Lighting is another area where GSA's older buildings save money and energy. Those designed before the widespread use of electric lights feature transoms, high ceilings, and large windows for natural lighting. GSA learned that retaining these features, rather than covering or blocking them, can reduce the energy used for lighting.

In a 2001 Report to Congress, *The Cost of Maintaining Historic Family Housing*, the Department came to the same conclusions as the 1997 reports from the Military Departments. The two primary causes for the higher costs of maintaining historic family housing are the size of the units and the presence of hazardous materials. The conclusions in the report state:

- Historic family housing constructed before 1950 represents a better value to the military than family housing constructed afterwards due to overall workmanship and quality of construction materials.
- Past maintenance practices carried out on historic family housing have often contributed to deterioration of building systems and diminished the ability of quarters to meet mission needs.
- The cost of maintaining historic family housing is effectively equal per square foot to the cost of maintaining non-historic family housing.
- The costs of improving historic family housing units to meet current livability and operational standards averages 3 percent to 16 percent less than comparable new construction.

As stated in this 2001 Report, the costs for major improvements, such as kitchen and bath upgrades, are triggered by changes in style and user needs, not the historic aspects of the building. Other improvements, such as re-wiring, mechanical system upgrade, and roof repair,

generally are a direct result of the age of the property. Newer, non-historic housing units will be subject to the same major repair requirements as they age, and as systems reach the end of their usable life.

The 2001 GAO report, *Military Services Lack Reliable Data on Historic Properties* (GAO-01-437), also found (p. 10) that day-to-day maintenance for Historic Properties is similar to non-Historic Properties, and that maintenance funding decisions were based on building mission and condition, not on historic status.

Individual historic building systems may have a lifespan that makes a higher initial investment cost-effective over the life cycle of the system. *Historic Preservation Project Planning and Estimating* (2000), published by R.S. Means, an industry leader in construction planning and estimating, provides the following approximate useful lives for selected building systems (p. 543).

<u>Component</u>	<u>Approximate Useful Life</u>
Slate shingles	50-75 years
Composition/built-up roofing or fiberglass shingles	14-20 years
Copper gutters	40 years
Aluminum gutters/downspouts	20 years
Quarry floor tile	30 years
Vinyl sheet tile	18 years
Ceramic tile	15 years
Carpeting	8 years
Ceramic tile wall coverings	30 years
Vinyl wallpaper	7 years
Repointing masonry (cement or lime)	50-100 years

Actual cost analyses vary with individual circumstances, but sound life cycle management would seem to dictate that retention or replacement-in-kind of high-quality historic features be at least considered for long-lived property.

The Office of the Secretary of Defense is investing in developing tools to assist the Military Departments with managing and maintaining Historic Properties. Between Fiscal Years 2000 and 2006, OSD has invested \$1.6 million in these tools. In Fiscal Year 2006, projects include:

- Cultural Resource Protection and Valuation Tool Development
- Handbook for Contracting Cultural Resource Compliance Projects for DoD Installations
- Procurement Guidelines for Reusing Historic Building Materials
- Section 106 Standard Treatments as Program Alternatives

Previous projects include:

- National Register Bulletin for Historic Military Installation Districts
- Blast Testing of Historically Appropriate Blast Resistant Windows
- Sustainability Guide for Historic Properties
- Anti-Terrorism Measures for Historic Properties
- Historic Context Study and Stewardship of Historic Military Family Housing in Hawaii

The most effective means of reducing costs associated with managing Historic Properties is to adapt them through renovation to modern mission uses, where appropriate, and then maintain them. One example of renovation of a historic property that I see every day is the Pentagon.

The Pentagon is a National Historic Landmark, so designated for its association with a long line of historic events, a number of historically important uniformed and civilian leaders, its architecture and the circumstances of its construction from 1941-43. As the committee knows, the building was not renovated for the next fifty years, and is now undergoing an extensive renovation project. The vast majority of Pentagon renovation costs are going toward restoring and improving the building's capability to perform its mission deep into the twenty-first century, not towards historic preservation. The management of historic preservation considerations at the Pentagon provides a good model for how we would like it to work everywhere.

Buildings are not considered historic just because they are old. They are considered historic if they meet the National Register of Historic Places criteria of historical significance found at 36 CFR Part 60. The eligibility evaluation should also include an analysis of the "character-defining features" of the building – what physical elements of the building contribute to its historical significance.

The evaluation then considers the "historical integrity" of the property – whether enough of the character-defining features remain in good enough condition to convey the building's significance. If there are no remaining character-defining features from a building's period of significance, or if the features have been so altered that they no longer convey the building's significance, the building typically does not meet the criteria.

Identifying these character-defining features is an essential part of historic building management, since consultation and technical conservation measures should concentrate on what makes the building historic and not on other features. Agency and consulting party resources spent here on rigorous application of the criteria and analysis of contributing features pay off

later by allowing all concerned to focus their attention on only those issues that may affect historic integrity.

At the Pentagon, the Department and its consulting parties, including the Virginia State Historic Preservation Officer, identified five character-defining characteristics:

- The building's five outer facades
- The Center Courtyard and surrounding facades
- The terrace fronting the Mall Entrance
- The terrace fronting the River Entrance
- The building's distinctive five-sided shape

Once these characteristics were identified, the Department and the renovation contractors could develop plans to ensure that neither the final design nor the actual construction process would affect them, and the renovation could proceed.

Housing Revitalization

At the outset of this Administration, the President and Secretary Rumsfeld identified elimination of inadequate family housing and revitalizing housing, largely through privatization, as a central priority for the Department. The Department established an aggressive target of 2007 to meet that goal. Through the expanded use of the privatization authorities granted under the FY 1996 Military Housing Privatization Initiative, the Department has achieved the elimination of inadequate housing at U. S. based installations where those authorities apply.

The Department has skillfully used privatization to more quickly eliminate inadequate housing and to provide additional housing where shortfalls existed. Prudent business practice requires the private sector to be committed to each project with a significant financial investment in the project's ultimate success. By the end of FY 2006, we will have privatized 153,000

housing units. The overall goal is to privatize 89 percent of the domestic housing inventory or about 195,000 housing units by the end of FY 2010.

The Military Departments are privatizing General and Flag Officers Quarters (GFOQs) as well, with minor exceptions:

- Department of the Army – 221 GFOQs, 162 of which are either listed or eligible for the National Register of Historic Places
- Department of the Navy – 163 GFOQs, 108 of which are either listed or eligible for the National Register of Historic Places
- Department of the Air Force – 271 GFOQs, 135 of which are either listed or eligible for the National Register of Historic Places

Many of these housing units are historic. The State Historic Preservations Officers are successfully working with the Military Departments and private companies to meet the needs to provide quality housing and meet requirements of the National Historic Preservation Act.

Base Realignment and Closure 2005

The 2005 Base Realignment and Closure (BRAC) process was designed to rationalize the Department's base infrastructure within the United States in support of the Department's long-term strategic capabilities. The Secretary of Defense transmitted his recommended closures and realignments to the 2005 Defense Base Closure and Realignment Commission and to the Congress on May 13, 2005, and published them in the Federal Register on May 16, 2005, pursuant to Public Law 101-510, as amended. The BRAC Commission's resulting recommendations will affect over 800 locations through 25 major closures, 24 major realignments, and 765 lesser actions. On November 9, 2005, the Department became legally obligated to close and realign all installations so recommended in the Commission's report to the

President because the President accepted those recommendations and the congressional review period lapsed without enacting a resolution of disapproval.

The Department has begun implementing the recommendations and must complete this effort within six years of the President's approval. There are two National Historic Landmarks on the Major Closure List:

- Fort Monroe, VA
- Medical Museum Collection at Walter Reed Medical Center, DC (major realignment, the collection is not moving)

In addition there are several significant Historic Properties at the Major Closures:

- 12 Historic Districts
 - Galena Forward Operating Location, Alaska
 - Broadway Complex, San Diego, California (3)
 - Walter Reed Medical Center, DC (Major Realignment)
 - Fort Gillem, Georgia
 - Fort McPherson, Georgia
 - Selfridge Army Activity, Michigan
 - Fort Monmouth, New Jersey
 - Brooks City Base, Texas
 - Fort Monroe, Virginia (2)
- 482 Historic Buildings – Contributing Elements of Historic Districts
- 76 Historic Buildings listed/eligible individually

On February 28, 2006, the Department published the Final Rule on Revitalizing Base Closure Communities and Addressing Impacts of Realignment. This Final Rule amended the

regulations governing the disposal of property at installations being closed and realigned and how to address the impacts of realignment at receiving installations. This Final Rule contains amendments to address changes in the laws governing Base Closure and Realignment (BRAC) made since the current regulations were promulgated.

The Final Rule conforms with the base closure laws and to other applicable statutes and regulations such as those of the General Services Administration (GSA). Unlike the current regulation which it would replace, the rule does not give any particular preference to one form of disposal over another. It conforms to the base closure laws in its order of actions; i.e., screening with the DoD Components and the U.S. Coast Guard and with other Federal agencies, followed by disposal actions heavily influenced by the local redevelopment plan.

Historic preservation is specifically addressed in section 174.18, which addresses the transfer, lease, or sale of National Register-eligible historic property to a non-Federal entity. The Final Rule clarifies that the Military Departments may address potential “adverse effects” resulting from transfer out of Federal ownership or control through the imposition of legally enforceable restrictions or conditions. These restrictions or conditions typically are a real property interest in the form of a restrictive covenant or preservation easement in any deed or lease. The Final Rule encourages the Military Departments to first consider whether the historic character of the property can be protected effectively through planning and zoning actions undertaken by the State or local government. The Final Rule does not prescribe a specific approach. Rather, it identifies the potential options for meeting the requirements of the National Historic Preservation Act.

The Department will be issuing the Base Redevelopment and Realignment Manual (BRRM) shortly. As a subordinate document to the Final Rule, the Department could not issue

the BRRM in final form until after the Final Rule was published in the Federal Register. The sections in the BRRM addressing historic properties do not prescribe a specific process or a specific outcome. Rather, the BRRM provide tools for the Military Departments and the communities to move through the closure process quickly and efficiently.

CONCLUSION

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's successes and outline our plans for the future. I appreciate your continued support of our installations and environment portfolio, and I look forward to working with you as we transform our plans into actions.