

**STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON HEALTH
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

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Good afternoon Chairman Benishek, Ranking Member Brownley, and Members of the Committee. Thank you for inviting us here today to present our views on several bills that would affect VA benefits programs and services. Joining me today is Vince Kane, Special Assistant to the Secretary. On December 3, H.R. 4129, the "Jumpstart VA Construction Act" was added to the hearing agenda. VA will provide views on that bill to the Committee at a later time.

H.R. 3484 – The Los Angeles Homeless Veterans Leasing Act of 2015.

H.R. 3484 would authorize the Secretary of Veterans Affairs to enter into Enhanced-Use Leases and other agreements for housing and services at VA's West Los Angeles Campus in Los Angeles, California. The leases would principally benefit Veterans and their families, including severely disabled, aging, women, and homeless Veterans.

VA strongly supports this legislation. It would enable VA to enter into agreements with housing providers, local governments, community partners, and non-profits to provide additional housing and services for homeless and disadvantaged Veterans. Such leases would be squarely Veteran focused, as the benefits resulting from them would be designed to principally benefit Veterans and their families. The legislation would also enable VA to work with state entities such as the University of California, Los Angeles, to obtain improved services for Veterans, over and above the range of benefits generated from the current VA-UCLA medical affiliation arrangement. This effort is in line with VA's goal to foster and improve its medical affiliations nationwide, to help ensure that sufficient quality and quantity of doctors, nurses, and research are available, to help ensure that Veterans will receive improved care and services well into the 21st Century and beyond.

The legislation is important to VA's goal of revitalizing the campus into a rich and vibrant community, which Veterans will be proud to call home. It would dovetail with existing law contained in Section 224, Division I, of Public Law 110-161, the Consolidated Appropriations Act of 2008, to prohibit VA from selling or disposing of any land interests in the West Los Angeles Campus to third parties. Additionally, the legislation contains

several significant protections, to ensure fulfillment of the bill's objectives. The protections include the following:

- All leases must be consistent with the new Master Plan under development, with community input, that will detail how the campus will be used to benefit all Veterans;
- Office of Inspector General (OIG) audit reports on lease and land-use management of the West Los Angeles Campus will be required to be issued two years following enactment of this legislation, five years following enactment, and then as necessary;
- VA will be prohibited from entering into new leases during any periods where it is found by the OIG that VA is out of compliance with Federal policy or law pertaining to leases and land-use on the campus, until the Department certifies it has implemented all recommendations of the OIG; and
- VA will be required to notify the Senate and House Veterans' Affairs Committees and the congressional delegation for the area encompassing the campus 45 days before entering into or renewing any lease, and submit an annual report evaluating all leases and land-sharing agreements on the campus.

These restrictions will help to ensure the campus is Veteran focused going forward, in a manner consistent with the underlying 1888 deed of the property to the United States.

Along with supporting this legislation, VA is working intensely to positively revitalize the West Los Angeles Campus, to make it more Veteran focused. Such efforts include pursuing a new master plan for the campus; providing additional funding to VA's homeless-related programs; and working with several entities in the Greater Los Angeles area, to help end Veteran homelessness in Greater Los Angeles. Such entities include the California congressional delegation; the former plaintiffs in the West Los Angeles litigation (*Valentini v. McDonald*) that was settled in January 2015; Veterans Service Organizations; Veterans; State and local authorities; non-profit entities; VA contractors; the local community; and charitable organizations. Through such efforts and hopeful enactment of this proposed legislation, VA is confident that all homeless Veterans of Greater Los Angeles will be able to obtain housing and wrap-around supportive services, so that they can have restored dignity and improve their lives and well-being.

The ongoing Master Planning process takes into account VA's clear priority to prospectively operate the campus as a vibrant, welcoming, and sustainable community where all Veterans – including homeless, severely disabled, women, and elderly Veterans will feel comfortable accessing care, living, and interacting with one another, their families, VA personnel, and visitors.

Since March of this year, almost 1,400 Los Angeles area Veterans have been placed into permanent housing through the implementation of housing first principles. Housing first is the proven method where homeless Veterans are placed into housing with the needed supportive services to keep them in housing and more effectively help them reintegrate into their community. On average, almost 275 Veterans per month are being placed into housing, largely through VA outreach, coordination efforts, and funding commitments. VA has also increased resources to expand capacity to care for homeless and at-risk of homelessness Veterans. Specifically, in 2015 an additional \$30 million was provided for Supportive Services for Veteran Families homeless prevention, and rapid rehousing programs. Approximately 800 HUD-VASH vouchers were awarded for Greater Los Angeles. This increased the total vouchers in Greater Los Angeles to nearly 6,000. An additional 325 new beds have also been added at the West Los Angeles Campus for bridge or emergency housing for Veterans in need.

Despite these enhancements, there is more to do to care for our Veterans. The legislation will address gaps in services and facilitate the revitalization of the 388 acre campus to better serve Veterans. It will also ensure we care for disadvantaged Veteran populations to ensure they have needed healthcare and housing.

VA estimates that HR 3484 will be cost-neutral because it provides for outlease of certain properties on the VA West Los Angeles Campus, without additional cost to VA. The bill does not create an obligation by VA to fund the housing or services contemplated by Section 2. There is also no obligation for VA to use future appropriations to fund capital or other costs related to the outleases authorized by this section.

H.R. 3262 – To Provide for the Conveyance of Land of the Illiana Health Care System of the Department of Veteran Affairs in Danville, Illinois.

VA supports H.R. 3262, which would require VA to convey 0.6 acres of real property and improvements, known as Building Number 48, at the VA Illiana Health Care System, to the Danville Area Community College of Danville, Illinois.

Although Building Number 48 has been vacant for a number of years, VA incurs maintenance costs, and is expending sums to heat the building, provide fire monitoring/protection and structural maintenance, and assure a safe surrounding area for a building. Further, VA does not have any future plans for this building. Failure to convey this property will require VA to expend upwards of \$98,000 in continued maintenance costs over a ten (10) year period. In return for the conveyance of Building Number 48, Danville Area Community College will convey 1.06 acres of land to the United States. This acquisition of property will allow VA to straighten the property line of the campus, subsequently shortening the amount of fencing that would be required to create a secure campus.

VA's FY 2016 Construction Legislative Proposal.

This bill will authorize eight major construction projects and eighteen major lease projects for the Veterans Health Administration. In addition, authorization of VA's construction bill would expand opportunities for VA to work with other Federal agencies and expand the capabilities of the Department's Enhanced Use Leasing (EUL) program to allow VA to further repurpose vacant and underutilized properties reducing the financial burden to maintain these properties. These programs are critical to increasing Veterans' access to safe, secure, and state-of-the art care nationwide, when and where it is needed.

The Department's main priority is to provide high-quality care to Veterans in facilities that are procured legally, constructed soundly, and comply with Federal requirements for accessibility, safety, and security. If VA's budget request is authorized, points of service for VA health care would be created or expanded, through both construction and leasing activities. The eight major construction projects would allow VA to address seismic building deficiencies in Long Beach, San Francisco, and West Los Angeles, California, and American Lake, Washington. The projects would also allow VA to construct and/or renovate clinical and community living center facilities to expand and upgrade VA's owned-property portfolio. The eighteen major leases proposed would serve Veterans in twelve states and would provide over 1.5 million square feet of leased space, establishing new presences or replacing and upgrading existing leases.

In addition to its construction and leasing activities, VA's authorization bill includes a request to expand the definition of "Medical Facilities" in VA's authorizing statutes to allow VA to more easily plan, design, construct, or lease medical facilities jointly with other Federal agencies. VA and the Department of Defense (DoD) have a unique relationship with regard to Veterans health care. VA is currently constrained in its ability to partner with DoD or any other agency and cannot easily act on partnership opportunities without expanding the definition of "Medical Facilities."

The EUL Program is another means to provide services as well as properly utilize VA's owned property portfolio. If authorized, the proposed bill would expand VA's current EUL authority, which is now restricted to housing purposes, to allow a full range of uses. This would give VA more opportunities to engage the private sector and local governments to truly enhance the Department's use of currently underutilized property.

VA has also put in place sound construction management processes to ensure success in the major construction program for projects currently underway and future projects that VA will continue to manage, including medical projects under \$100 million in cost. These process improvements allow VA to ensure proper execution of our major construction projects and continue to provide access to care for Veterans and their families around the country.

Earlier this year, VA engaged the United States Army Corp of Engineers (USACE) to evaluate the Department's major construction program. The goal of this evaluation was

to identify program deficiencies and opportunities for improvement in the management and execution of our major construction program. USACE noted numerous strengths in VA's program and highlighted the quality and commitment of the project staff.

VA agrees with this assessment and has issued policy that identifies roles and responsibilities within VA for the development of needs, requirements, and control of design and construction to assure alignment of the project delivery team.

We also anticipate a productive joint effort with a non-VA federal partner on our future major medical projects over \$100 million, as well as with USACE on VA's Denver major medical construction effort. Section 502 of the Department of Veterans Affairs Expiring Authorities Act of 2015 (Public Law 114-58), enacted on September 30, 2015, amended section 8103 of Title 38 United States Code to add the requirement that the Department of Veterans Affairs enter into an agreement with an appropriate non-Department Federal entity to provide full project management services for each medical facility project involving a total expenditure of more than \$100,000,000 ("super construction project"). VA is committed to using these partnerships to best deliver facilities for our Veteran population.

We will be glad to work with the Committee on all of the items in the bill and appreciate the committee's interest in this bill.

H.R. 4056 – To Authorize the Secretary of Veterans Affairs to Convey to the Florida Department of Veteran Affairs All Right, Title, and Interest of the United States to the Property Known as "The Community Living Center" at the Lake Baldwin Veterans Affairs Outpatient Clinic, Orlando, Florida.

H.R. 4056 would authorize the Secretary of Veterans Affairs to convey all right, title, and interest in real property known as "The Community Living Center" located at the Lake Baldwin Veterans Affairs Outpatient Clinic in Orlando, Florida to the State of Florida, Florida Department of Veteran Affairs.

VHA supports H.R. 4056. This action is in alignment with the Lake Baldwin Campus Re-Purpose plan and will permit a productive partnership between VA and the Florida Department of Veterans Affairs, which will accept the property in an "as is" condition.

Currently, VA is maintaining the Community Living Center property; however, VA has no plans for future use of this building after the full activation of the Lake Nona Campus. While maintenance, utility expenses, and due diligence costs are minimal in regard to maintaining the property, current Facilities Condition Assessment (FCA) correction costs, regarding future use of the property, exceed \$1.6 million for infrastructure system upgrades, architectural corrections, and IT room upgrades. Further, this conveyance to the State of Florida will provide a needed long-term health care option to Central Florida Veterans as well as fill a State-identified gap in long term care needs. Although the draft bill raises technical and implementation concerns, VA would be pleased to work with the Committee to address these concerns.

Draft Bill – To Amend the Veterans’ Benefits Programs Improvement Act of 1991 to authorize the Secretary of Veteran Affairs to sell Pershing Hall, and for other purposes.

In 1991, Congress enacted Section 403 of Public Law 102-86 to transfer the jurisdiction, custody, and control of Pershing Hall to VA. Due to the costs of maintaining the historic landmark and the deteriorating condition of the building, Congress authorized VA to outlease the building for up to 35 years. In 1993, Congress increased the allowable lease term to 99 years (Public Law 103-79). In 1998, VA executed a 99-year lease agreement with a private developer. The developer made significant improvements to the property, converting the building into a hotel and memorial.

This Draft Bill would amend the Veterans’ Benefits Programs Improvement Act of 1991 to authorize the Secretary of Veterans Affairs to sell Pershing Hall. VA has no objection to selling or disposing of Pershing Hall, with accommodations for our Veterans Service Organizations. VA would also like to be able to transfer the sale proceeds for the fair market value of Pershing Hall into VA’s capital accounts without further appropriation. While VA has technical and implementation concerns about the bill as drafted, VA would be pleased to work with the Committee to address these concerns.

VA cannot estimate the cost or savings of this Draft Bill because of uncertainty regarding fair market value.

Mr. Chairman, this concludes my statement. Thank you for the opportunity to appear before you today. I would be pleased to respond to questions you or the other Members of the Subcommittee may have regarding the bills on the agenda today