

**Report to Congress
on
Historic Army Quarters**

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**REPORT TO CONGRESS
HISTORIC ARMY QUARTERS**

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Executive Summary

1. Purpose of the Report:

a. To respond to direction from the Senate Committee on Appropriations report to accompany the FY 1997 Military Construction Appropriation Bill (Report 104-287). That report directed the military services to "review current inventories of historic quarters and provide a report to the appropriate committees on specific plans to remove all but the most significant historic homes. The report should provide what statutory impediments are being encountered in implementing such plans."

b. To respond to the additional requirement imposed by the Conference Report to accompany the Fiscal Year (FY) 1997 Military Construction Appropriation Bill (Report 104-721) to consult with "the Advisory Council on Historic Preservation and other relevant organizations with preservation expertise" in developing the report.

c. To provide the statutory and regulatory requirements for managing historic quarters and other properties.

d. To provide cost data to support the need for better management and cost control of historic quarters.

e. To identify impediments which adversely impact the efficient operation and management of these historic quarters.

f. To present the Army strategy for reducing costs associated with management of historic quarters.

2. Current Army Inventory of Historic Quarters

a. The Army has 81 entries on the National Register of Historic Places. This includes individual listings for archaeological sites and buildings, and listings of historic districts. Within historic districts there are many individual archaeological sites and historic buildings, including quarters.

b. There are approximately 2,400 additional historic buildings that are eligible for the National Register, but are not formally listed. This brings the total for listed and eligible quarters to approximately 2,600. In accordance with the National Historic Preservation Act of 1966, as amended, eligible properties must be managed and treated in the same manner as listed properties.

3. Statutory Requirements

a. There are several statutory requirements affecting the management of historic quarters. These requirements, deriving primarily from the National Historic Preservation Act (NHPA) and the National Environmental Policy Act (NEPA), are addressed in Section I, Legal Requirements for Historic Quarters Management.

b. Federal agencies are required to conduct their operations and missions in accordance with the requirements of NHPA and its implementing regulation. The compliance requirements stemming from the NHPA are triggered when Army properties are determined to be historically significant. "Historic properties" are either listed on the National Register of Historic Places or determined to be eligible for listing. The Army must ensure that it takes into account the effects of its activities on historic properties and that it provides the Advisory Council on Historic Preservation a reasonable opportunity to comment. In addition, the Army must, consistent with an established program for historic preservation, ensure that it plans for and manages historic properties in accordance with standards and guidelines promulgated by the Secretary of the Interior.

4. Removal of Historic Properties From the National Register of Historic Places

Congress requested that the Army identify plans to remove all but the "most significant" quarters from the National Register. Federal historic preservation laws and regulations do not establish a threshold of "most significant." Accordingly, there is no standard against which the Army could make such a determination, nor could such a determination serve as the basis for compliance with the National Historic Preservation Act.

5. Consultation

The Conference Report to accompany the FY 1997 Military Construction Appropriation Bill (Report 104-721) required the Department of Defense (DoD) to consult with the Advisory Council on Historic Preservation (Council) and other interested parties during preparation of this report. The DoD solicited the advice of the Council and others in a series of meetings to discuss the reporting requirements. Additionally, the Army provided the document to the Council, the National Park Service and the National Council of State Historic Preservation Officers for comment.

6. Conclusion

a. The Army is able to manage its inventory of historic quarters under the provisions of the National Historic Preservation Act. However, the annual operations and maintenance cost to house a family in a historic dwelling unit is 2 to 2.5 times the cost in a non-historic unit, primarily due to the larger size of historic quarters. There are several actions and initiatives that could greatly improve the management of the Army's historic properties and help reduce costs.

b. The actions within Army authority that are currently being pursued are as follows:

1. Preparing a counterpart regulation to 36 CFR 800 for compliance with Section 106 of the NHPA.

2. Improving the maintenance, repair and construction programs by ensuring that projects are cost effective and support the Army's housing mission and its historic preservation responsibilities.

3. Reviewing the inventory to identify properties that are excess to Army needs and determining the appropriate action, either layaway for later use or removal from the inventory through privatization, excess/sale, or demolition.

4. Reviewing the internal tracking of historic quarters and other properties, using a real property data base, to ensure that such tracking is consistent with the National Historic Preservation Act definition of historic properties.

c. Other issues outside the authority of the Army merit the attention of Congress because of their potential to reduce obstacles to the effective and efficient management of historic quarters. These issues include the following:

1. Modifying the current financial limitations and other restrictions on quarters maintenance, repair and improvement programs.

2. Amending 36 CFR 60 to provide federal agencies the authority to make final determinations of National Register eligibility and to delist properties from the National Register. That authority currently only resides with the Keeper of the National Register at the National Park Service, Department of the Interior.

I. Legal Requirements for Historic Quarters Management

A. National Historic Preservation Act of 1966 (NHPA), 16 U.S.C. §§470-470w-6 (1994). The primary statutory mandate governing Federal agency management of historic quarters is the NHPA, and, in particular, Sections 106, 110 and 111. Taken together, these mandates direct all Federal agencies, consistent with accomplishment of mission requirements, to become stewards of historic properties under their jurisdiction. This objective is accomplished by requiring Federal agencies to: develop preservation programs; implement these programs through local historic preservation planning; incorporate preservation issues into all levels of agency decision-making; and identify, evaluate, nominate, and, if appropriate, maintain and reuse historic properties.

The NHPA initially authorized the Secretary of the Interior, (Secretary) to expand and maintain a National Register of Historic Places (National Register) to serve as an inventory of districts, sites, buildings, structures, and objects determined to be historically significant on a local, state or national level. See 16 U.S.C. §470a(a)(1994). Properties are determined historically significant and eligible for listing on the National Register by application of listing criteria published by the Secretary. 36 C.F.R. §§60, 63 (1996). Additional information on the National Register appears in Section II.

1. Section 110 of the NHPA, enacted in 1980 and amended in 1992, creates a broad mandate for Federal agencies to establish historic preservation programs to ensure that preservation considerations were integrated into maintenance and management of historic properties under Federal ownership or control. 16 U.S.C. §470h-2 (1994). Section 110, as amended, requires agencies to identify and evaluate properties for historic significance, to determine eligibility for listing and ultimately to nominate such properties to the National Register. A listed or eligible property must be managed and maintained in a way that considers the "preservation of [its] historic, archeological, architectural and cultural values..." 16 U.S.C. §470h-2(a)(2)(1994).

Prior to demolishing or substantially altering an historic building, a Federal agency must, after consultation with the Advisory Council on Historic Preservation, take appropriate steps to record the property and to deposit the record in the Library of Congress or other designated agency. 16 U.S.C. §470h-2(b) (1994). Standards for documentation are established by the Secretary of Interior through the Historic American Buildings Survey and Historic American Engineering Record.

2. Section 106 of the NHPA is the primary statutory vehicle for incorporating consideration of preservation issues in all levels of Federal agency decision-making. 16 U.S.C. §470f. The NHPA established the Advisory Council on Historic Preservation (the Council) as an independent Federal agency responsible for implementation and oversight of Federal preservation requirements. 16 U.S.C. §470i(1994). Any time a Federal agency proposes an activity that may affect a property listed or eligible for listing on the National Register, the agency must consider the impacts of the activity on the historic character of the property, and provide the Council a reasonable opportunity to comment on the proposal through a regulatory "consultation" process implementing Section 106. See 36 C.F.R. §800 (1996). Appendix A contains a discussion of the procedures for Section 106 compliance. The case-law considering Section 106 universally interprets the provision as strictly procedural, requiring Federal agencies to consider and consult, not to engage in any specific substantive preservation activities.

3. Section 111. In addition, the NHPA addresses Federal agency disposal of historic properties. Federal agencies must, to the extent practicable, establish and implement alternative uses for historic properties no longer needed by the agency. See 16 U.S.C. §470h-3 (1994).

B. National Environmental Policy Act (NEPA), 42 U.S.C. §4321 (1994).

The procedural requirements of the National Environmental Policy Act (NEPA) are often applicable to maintenance and management of historic properties at both a programmatic and site-specific level. NEPA directs Federal agencies to prepare an Environmental Impact Statement (EIS) for any "major Federal action" that may have a significant impact on the quality of the human environment. The Council on Environmental Quality (CEQ), the Executive body responsible for promulgating NEPA's implementing regulations, recognizes that not all proposed actions trigger the EIS requirement. The CEQ regulations allow Federal agencies to either categorically exclude certain actions from environmental review, or otherwise permit the preparation of Environmental Assessments (EA) to determine whether a detailed environmental impact statement is required. See 40 C.F.R. §1500 (1996). Activities impacting historic properties are generally not categorically excluded from review. Federal agencies, thus, most often prepare an EIS or EA to support such activities.

C. Residential Lead-Based Paint Hazard Reduction Act.

1. All historic Army family housing must be managed in such a way as to prevent exposure of young children to lead in paint, dust, and soil. The Residential Lead-Based Paint (LBP) Hazard Reduction Act of 1992 was enacted as Title X of the Housing and Community Development Act of 1992 (Public Law 102-550). Title X is applicable to Federally owned housing, which includes family housing owned by the Department of Defense. The Act defines target housing as housing which was constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than 6 years of age resides or is expected to reside in such housing for the elderly or persons with disabilities) or any 0-bedroom dwelling.

2. Section 408 of Title X states that management of Federal properties will be subject to and comply with all Federal, state, interstate, and local requirements respecting lead-based paint, lead-based paint activities, and lead-based paint hazards in the same manner, and to the same extent as any non-governmental entity is subject to such requirements.

3. The Army has adopted as a standard of care the procedures found in the U.S. Department of Housing and Urban Development Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing (July 1995). The Army lead hazard management program stresses performance of risk assessments to identify those conditions which cause exposure to lead and to manage those hazards through interim controls or abatement.

4. The cost to perform maintenance and repair work in historic structures is significantly increased by worker lead over-exposure protection requirements of 29 CFR 1926.62, Lead Exposure in Construction; Interim Final Rule (May 4, 1993).

5. Federal policy governing elimination of lead-based paint hazards in federally-owned properties prior to sale for residential habitation is found in 24 CFR Part 35, Subpart E. This policy will be superseded upon implementation of Section 1013, Disposition of Federally Owned Housing, of Title X.

II. National Register of Historic Places

A. Description

The National Historic Preservation Act of 1966, as amended, defines "historic properties" as properties listed in, or eligible for listing in the National Register of Historic Places. The implementing regulation for evaluation and determination of eligibility for listing on the National Register is 36 CFR 60 "National Register of Historic Places." 36 CFR 60 establishes criteria for eligibility that are universally applied to properties of local, state, and national significance. Section 110(f) of NHPA does, however, recognize properties of national significance that are formally designated by the Secretary of Interior as National Historic Landmarks (NHLs). NHPA requires Federal agencies to assume responsibility for the preservation of all historic properties and to consider the effects of their actions on such properties.

B. Removal of Properties from the National Register of Historic Places

1. The National Park Service has established procedures for removal of properties from the National Register of Historic Places at 36 CFR 60.15. Properties listed after 1980 must meet any one of the following criteria to qualify for delisting. Properties listed prior to 1980 can only be delisted using criteria (a). The criteria for delisting are as follow:

a. The property no longer meets the criteria for listing because the qualities which caused it to be listed have been lost or destroyed.

b. Additional information shows that the property does not meet the National Register criteria for eligibility.

c. There was an error in the professional judgment of the evaluator as to whether the property meets the criteria for evaluation.

d. A prejudicial procedural error occurred in the nomination or listing process. Any property in this category shall be automatically considered as eligible for the Register. Following correction of the error, the property shall be reconsidered for listing. If a property is delisted according to this criteria, the property remains eligible for the Register and is thus subject to the NHPA.

2. Under 36 CFR 60, the Keeper of the National Register provides the final decision on properties suitable for delisting. Federal agencies may only petition the Keeper for delisting and do not have the authority to simply remove properties from the Register.

III. Army Inventory

A. A listing of active Army properties on the National Register of Historic Places appears in the table below. This information was obtained from the Office of the National Register of Historic Places, National Park Service, Department of Interior. Appendix B contains a detailed list of properties.

Type of listing	Number
National Historic Landmarks ¹	11
Historic Districts ² - Archaeological	9
Historic Districts - Architectural	13
Individual Properties	48
TOTAL NATIONAL REGISTER ENTRIES	81

B. Considerably more properties are eligible for listing on the National Register. Current Army estimates indicate that there are roughly 2400 historic buildings eligible for the Register. This number will grow as properties reach 50 years of age, the general cut-off date for evaluating properties for eligibility, and as inventories confirming eligibility are completed. In the next 20 to 30 years, the Army estimates that approximately 100,000 Cold War properties will soon reach 50 years of age, triggering a consideration of eligibility, and that as many as 25,000 of these properties may be eligible for the Register.

C. The internal Army tracking of historic quarters and other properties is executed through a real property database. Information collected through this system has not been consistent with the NHPA definition of an historic property³. Guidance is currently being issued to address this.

¹ A National Historic Landmark is a district, site, building, structure or object, in public or private ownership, judged by the Secretary of Interior to possess national significance in American history, archeology, architecture, engineering and culture, and so designated by him. (36 CFR 65.3)

² A district is a geographically definable area, urban or rural, possessing a significant concentration, linkage, or continuity of sites, buildings, structures, or objects united by past events or aesthetically by plan or physical development. A district may also comprise individual elements separated geographically but linked by association or history. (36 CFR 60.3)

³ Historic properties are defined by the National Historic Preservation act as "any prehistoric or historic district, site, building, structure or object included in, or eligible for inclusion in, the National Register. This term includes, for the purpose of these regulations, artifacts, records, and remains that are related to and located within such properties. The term 'eligible for inclusion in the National Register' includes both properties formally determined as such by the Secretary of the Interior and all other properties that meet National Register listing criteria. (36 CFR 800.2)

IV. Cost Data

A. Defense Science Board Task Force

1. The Report of the Defense Science Board Task Force on Quality of Life, commonly referred to as the Marsh Panel Report, addressed historic quarters as an issue that was adversely impacting quality of life because historic quarters "disproportionately drain overburdened housing accounts and add considerably to management's administrative load." The report stated that the Army had 786 historic quarters with an average maintenance and repair cost of \$57,700 per dwelling unit. Although the cost of historic quarters are greater than non-historic quarters, as shown later in this section, they are not as extreme as those listed in the Marsh Panel Report.

2. The numbers in the Marsh Panel Report for the Army were taken from the Army's FY 1996 budget submission. However, using these numbers severely overstated the actual average cost of the Army's total inventory of historic quarters. The budget submission only listed those historic quarters whose anticipated maintenance, repair and improvement costs in FY 1996 would exceed Congressionally directed thresholds of \$25,000 per unit for General and Flag Officer Quarters (GFOQ) or \$15,000 per unit for non-GFOQ. The 786 units in the budget submission only represented a fraction of the approximately 2,600 historic units in the Army inventory. By using all historic units, the average cost per unit would be considerably less. In addition, the Army's FY96 family housing maintenance and repair account received a significant one time increase based on Secretary Perry's Quality of Life Initiative. In anticipation of this increased funding, many more projects were included in the budget submission than would have been in a "normal" year. Listing them in the budget was one method to notify Congress of our intent to exceed their maintenance and repair thresholds. However, because other family housing priorities were funded, only a portion of the projects submitted were completed in FY 1996.

B. Costs for Army Family Housing

1. Factors affecting cost analysis.

a. Prior to FY 1996 the Army did not require its installations to collect detailed costs on family housing dwelling units based on a historical versus non-historical classification. Beginning in FY 1996 new cost accounting codes were developed in order to provide a more detailed breakout of maintenance and repair, and utility costs for historic family housing. Because FY 1996 was the first year this information was required and this was a major change to the way of doing

business, not all installations reported data that was complete and accurate. However, sufficient data was reported, covering 50% of our historic inventory, that making valid comparisons is possible. The FY 1996 cost data is also significant because the maintenance and repair funding was at such a high level that all annual requirements could be funded with additional monies available to reduce backlogged maintenance and repair.

b. Additional cost study. A detailed cost study was conducted on historic versus non-historic family housing at Fort Leavenworth, Kansas, covering the three year period FY 1992 through FY 1994. The results of this study are also included in this report. Fort Leavenworth initiated their study in order to validate the higher cost of historic quarters over the non-historic.

2. Cost Comparison Considerations.

a. Size. The size of the dwelling unit is directly proportional to the maintenance and repair cost necessary to sustain the condition of the unit and prevent deterioration. The larger the dwelling unit (more roof area, square feet of walls and floors) the more maintenance and utilities funding required. The average size of a historic unit is 3,376 gross square feet. The average size for a non-historic unit is 1,490 gross square feet, which is less than half the size of the average historic quarters.

b. Age. Less than 10% of Army family housing is over 50 years old. This includes all historic units, about 2% of the inventory. Over half of the Army inventory is between 30 to 50 years old. Older dwelling units, although built to last (brick walls, tile or slate roofs) also incur additional repair costs due to lead-based paint and asbestos hazards. They were not built or designed to accommodate central air-conditioning. They are in the age range where their building components are failing and need replacement (roof systems, water and sanitary lines and electrical wiring). However, the non-historic dwelling units, age 30 to 50 years, are also failing because they were not built to last and their cheaper building components wear out at a faster rate. This will also likely hold true for new units constructed under current standards.

c. Building Materials. Many building materials used on historic structures are of higher quality than contemporary materials and cost more per unit of measure. Therefore, the first-time cost of repair or replacement is much higher than on a non-historic building. However, the overall life of the historic material may be many times more than the life of contemporary

building materials. For example, life expectancies of roofing materials are:

ROOFING	LIFE EXPECTANCY
Asphalt Shingles	15-20 Years
Tile	30-50 Years
Slate	50-100 Years

Therefore, over the life of the building component, the more expensive first-time repair cost may be more cost effective.

3. Cost per Dwelling Unit. The following maintenance and repair cost data are based on the Army-wide FY 1996 year-end cost data and the 3 year Fort Leavenworth study:

DATA SOURCE	Historic Quarters	Non-Historic
FY 1996 COST	\$7,556	\$3,903
FT LEAVENWORTH	\$7,177	\$2,595

Based on the above data, the average yearly cost to maintain and repair historic dwelling units is 2 to 2.5 times the cost for non-historic units. These costs do not include infrastructure repair costs (roads, utility lines, etc.).

4. Cost per Gross Square Foot. The following maintenance and repair cost data are based on the FY 1996 Army-wide cost data with the gross square feet from the Army's real property data base. The Fort Leavenworth costs were adjusted from net square feet to gross square feet.

DATA SOURCE	Historic Quarters	Non-Historic
FY 1996 COST	\$2.60	\$2.60
FT LEAVENWORTH	\$1.76	\$1.37

The different ratios between the costs per unit and per square foot from the two data sources can be accounted for by the fact that the average size for a historic dwelling unit at Fort Leavenworth is slightly larger than the Army average.

5. Utility Costs. Utility costs for family housing include electricity, gas, water and sewer. No Army-wide comparison is possible with available data because costs are not consistently captured by dwelling unit. However, historic quarters do cost more based principally on size.

6. Conclusions from the Cost Data.

a. The operation and maintenance cost to house a family in a historic unit is on average over twice the cost of a non-historic unit. Most of this additional cost can be attributed to the larger size of the historic unit. The requirement to abate lead-based paint adds significantly to the cost of any repair work. The use of historically appropriate materials increases the cost. However, this can be offset by the longer life of the materials used.

b. Impact of Historic Quarters Costs on Family Housing Budget. The number of historic units in the Army (listed or eligible) is approximately 2,600. This represents about 2% of the overall Army family housing inventory. The FY 1996 operation and maintenance costs (including utilities) for these historic units was approximately \$10 million per year over the cost to operate and maintain an equal number of non-historic units. These costs can be reduced by implementation of the Army's strategy for managing and operating its historic inventory.

C. Costs attributable to compliance. There are certain costs associated with using and maintaining historic buildings that are required by law or compliance agreement. While often figured as a variable historic preservation cost, these costs are required by law.

1. Hazardous materials. Repairing or replacing building components containing hazardous materials such as lead based paint and asbestos can increase the repair costs significantly. These costs are unavoidable since they are required by Title X of the Residential Lead Based Paint Hazard Reduction Act.

2. NHPA Section 106 identification, evaluation and treatment. To fulfill Section 106 requirements of the National Historic Preservation Act requires identification, evaluation and treatment of historic properties. The contract costs to perform this work are significant.

3. NHPA Agreement Documents. When an agency and the SHPO agree on how to take into account the effects of an agency's actions on an historic property, the parties enter into an agreement document (i.e. either a Programmatic Agreement or a Memorandum of Agreement) per 36 CFR 800.4. These agreements are legal compliance documents that often cover expensive mitigation issues such as maintenance, rehabilitation, demolition and documentation of properties.

D. Costs associated with demolition

1. Reuse Analysis. Section 111 of the NHPA directs agencies to consider reuse options for properties. Adaptive

reuse plans identify potential uses of buildings and the costs associated with implementation. This cost must be incorporated into demolition plans.

2. Mitigation. A valid cost that must be considered when calculating the cost of demolition is preparation of mitigation documentation. Section 110 (b) provides that Federal agencies shall "initiate measures to assure that where, as a result of Federal action or assistance carried out by such agency, a historic property is to be substantially altered or demolished, timely steps are taken to make or have made appropriate records [suitable for] the Library of Congress or other appropriate repository." Such documentation is usually prepared to standards established by the National Park Service through the Historic American Buildings Survey or Historic American Engineering Record. These standards require some combination of written history and description; architectural drawings; and black and white photography. Costs for preparation of this documentation vary widely depending upon the type of building, level of documentation and the geographic area, but typically cost from \$5,000 to \$20,000 per building.

3. Hazardous materials. The disposal cost for hazardous materials is higher than that of other building materials. Historic buildings frequently contain lead-based paint and asbestos, considerations that must be addressed in demolition as well as in continued use of buildings.

E. Other considerations. Plans for demolition will likely be met with significant opposition by the public, Advisory Council on Historic Preservation, State Historic Preservation Officers, and other preservation organizations. These groups and interested individuals could mount significant political opposition to the removal of property from the National Register or demolition of Army historic properties through legal challenges and media campaigns.

V. Impediments to Effective and Efficient Management of Historic Quarters

A. Congressional Directive

The Congressional request to identify the "most significant" quarters is not provided by the National Historic Preservation Act. All properties, whether significant at the local, state or national level, are considered equally under 36 CFR 60.4. The Army does not have the authority to categorically remove properties from the National Register; properties can be removed only if they meet certain criteria (see Section II, B) as approved by the Keeper of the National Register. If properties are removed from the Register, but remain eligible for listing, they must still comply with the National Historic Preservation Act.

B. Legal Limitations

The Army manages its historic quarters and other historic properties in compliance with federal laws and regulations. This legal framework directly effects the funding, staff and time requirements to complete a project.

1. 36 CFR 60, National Register of Historic Places. The Army must currently appeal to the Keeper of the National Register to remove properties from the National Register. Federal agencies lack the independent authority to remove properties once they are listed. Additionally, Federal agencies also lack the final decision-making authority to determine what properties are eligible for the National Register.

2. Title 10, Section 2826, Limitations on space by pay grade. This section limits the size of a dwelling unit which can be constructed using normal Military Construction Appropriation (MCA) procedures depending on bedroom requirement and pay grade. A Full Colonel (O-6) is authorized 1,700 net square feet; for Brigadier Generals and above (O-7 and up) the limit is 2,100 net square feet (10% more for certain command positions). The average historic quarters occupied by senior officers is considerably larger than the currently authorized space limitation. This increased square footage provides the additional space commanders consider necessary to carry out their official entertainment responsibilities. This limitation on size fosters a reluctance on the part of senior officers to replace historic units with smaller, albeit newer dwelling unit. Although there is a temporary waiver (PL 104-106, Sections 2813 thru 2815) to the authorized space limitations, this authority will expire before it has any significant impact on replacing the Army's historic inventory.

3. Public Law 104-196. The annual appropriations bill limits family housing operations and maintenance funds to one year (funds expire on 30 September each year). This produces an inherent inefficiency in the contracting for maintenance and repair projects.

4. Congressional Report Language. The House Committee on Appropriations Report 104-591, 23 May, 1996, continued the requirement that major maintenance and repair expenditures exceeding \$15,000 per dwelling unit per year for non-general and flag officer quarters (non-GFOQ) be included in the budget justification material. The total amount of all obligations for maintenance and repair for general and flag officer quarters (GFOQ) is limited to \$25,000 per year. These reporting thresholds have been in effect since 1984 without any increase for inflation. These limits also do not take into account the effect of high cost areas, such as Hawaii, which decrease the effective buying power. These limiting thresholds and associated administrative requirements can lead to the delay of necessary work which hastens deterioration and increases repair costs. These dollar thresholds have a greater impact on historic quarters because their repair costs are higher and can more easily exceed the current limitations.

VI. Plans for Removal

A. Introduction. The Congressional language and the Marsh Panel Report directed the services to prepare plans to remove "all but the most significant homes" from the National Register. Removal from the National Register will not result in significant cost savings to the Army if the quarters remain in the inventory. However, removal of unneeded dwelling units from the Army real property inventory will, in the long term, reduce costs. The costs of demolition (including abatement of hazardous materials) and historic documentation may take 3 to 5 years to be offset by the savings in not having to pay operations and maintenance costs. In addition the Army will have to pay the quarters allowance to the displaced servicemember when a dwelling unit is demolished without replacement.

B. Specific Removal Actions. Prior to completion of any of the following actions, National Historic Preservation Act compliance is required.

1. Privatization. The Army is currently exploring the issue of privatizing housing and other installation functions through long term leases. Compliance with NHPA will be achieved through a Programmatic Agreement similar to the one prepared for Base Realignment and Closure actions. Leases will likely contain provisions for lease holder management in accordance with appropriate preservation standards.

2. Excess/sale. There are some installations where the inventory exceeds the housing or mission requirement. In these places, historic properties may be disposed of through excess or sale.

3. Demolition. The Army has authority under the National Historic Preservation Act to demolish historic properties. When properties are at the end of their useful life and excessing actions have not been successful or when repair/renovation exceeds 70% of replacement, demolition may be the appropriate alternative. There are several actions which must be completed prior to implementing this option, including an analysis of reuse alternatives, consultation, preparation of mitigation documentation and preparation of NEPA documentation. (See Section IV for additional information.)

VII. Army Historic Quarters Cost Reduction Strategy

A. Introduction

In order to broadly reduce costs for managing historic properties, the Army has developed a proposed cost reduction strategy. This proposed strategy consists of three different plans: a regulatory affairs plan, a maintenance and repair cost control plan and an inventory reduction plan. Each plan will address a facet of historic property management with the goal of minimizing long-term Army costs.

B. Regulatory Affairs Plan

1. The regulatory affairs plan is designed to provide a predictable environment in which to manage historic properties. It will substantially reduce or eliminate, as appropriate, external oversight and substitute more effective internal oversight to ensure appropriate property management at all levels. The principal focus of this plan is development of a counterpart regulation to 36 CFR 800, "Protection of Historic Properties," regulations implementing Section 106 of the NHPA. 36 CFR 800 provides for Federal agencies to prepare such counterpart regulations to tailor the review process to agency missions and existing decision-making processes. A counterpart regulation will also internalize historic preservation actions and decisions, and will likely reduce overall costs.

The development of a counterpart regulation is a logical outcome of the long-standing cooperative relationship between the Army and the Advisory Council on Historic Preservation. The Army has not only developed a solid historic preservation program with a full complement of professionals, but has also entered into a second Interagency Agreement with the Council to continue program improvements and to address issues such as historic housing. The U.S. Army Environmental Center (USAEC) has numerous projects underway to develop Army standards for all aspects of cultural resources management and has archeologists, historians, and historic preservation planners available to assist installations in implementing the Army's program. The counterpart regulations are currently being drafted by the USAEC and the Council and are due in draft by October 1997.

2. A second facet to the regulatory affairs plan is obtaining Congressional authority to make final determinations of National Register eligibility and the authority to delist properties from the National Register, authorities currently held by the Keeper of the National Register. There is a strong potential for rapid growth in the historic inventory during the next 20 to 30 years as approximately 100,000 Cold War properties

reach 50 years of age, triggering a consideration of eligibility. The current estimate is that approximately 25,000 of those buildings will be determined eligible. This authority would allow the Army to manage growth of the inventory, especially properties from the Cold War era, and focus shrinking financial resources on those properties that exhibit strong national importance.

C. Maintenance and Repair Plan.

1. One factor which adds to the higher repair costs for historic structures is the use of more expensive materials, techniques, and designs than required to support preservation needs. Installation level designers are often unaware that costs can be reduced through replacement-in-kind and the use of substitute materials. Therefore, additional, more focused procedures are being developed for a higher level review of these historic quarters projects to see that they are being designed and executed in the most cost effective manner. This review will take into account the life cycle of materials in order to accurately evaluate the value of the investment.

2. This plan includes the ongoing development of two economic analyses for historic properties. The result of these projects will be tools to assist decision-makers in effective management.

a. Layaway Economic Analysis (LEA) Tool for Historic Structures provides a layaway economic analysis and comparison of whole building replacement, repair for current use, and mothballing for later use. The software will complement the current LEA for non-historic structures prepared to support Base Realignment and Closure.

b. Historic Windows Maintenance. This project is focused specifically on the costs associated with repair and replacement of windows. Windows are a significant element for an historic building's integrity, but are often a point of concern for installations due to energy efficiency and maintenance costs.

D. Inventory Reduction Plan

1. The final plan of the Army strategy is for reduction of the overall inventory of historic properties. It will identify and preserve significant Army properties while removing from the inventory through conveyance or demolition, those properties that are no longer needed, not economically viable or lack historic significance. Properties will be removed using one of the methods described in Section VI, Plans for Removal.

2. Compliance requirements. The Inventory Reduction Plan will require compliance with the National Environmental Policy Act and Section 106 of the National Historic Preservation Act. It is anticipated that State Historic Preservation Offices and private interest groups such as the National Trust for Historic Preservation may vigorously object to the reduction of the inventory of historic quarters. Past actions by such interest groups support this premise.

VIII. Conclusion

A. The Army manages its historic quarters and other properties in compliance with the National Historic Preservation Act and other applicable laws and regulations. Limited removal from the Register is provided by 36 CFR 60.15. This is not an effective inventory reduction tool.

B. While removal of properties from the Register will not result in significant cost savings to the Army, there are several actions that will. The Army will undertake the following actions under its authority to improve management of historic quarters.

1. Continue partnering with the Advisory Council on Historic Preservation through an Interagency Agreement.

2. Prepare counterpart regulations to fulfill compliance with Section 106 of the National Historic Preservation Act as provided by 36 CFR 800 Protection of Historic Properties.

3. Improve maintenance and repair actions by ensuring that Army personnel who are responsible for the operation and maintenance of historic quarters are aware of the procedural requirements of NHPA and that recommendations by the State Historic Preservation Office and Advisory Council on Historic Preservation are considered in the context of the Army mission.

4. Review the inventory to identify excess properties for elimination through lease, sale, other conveyance or demolition. Removing all identified properties from the inventory at one time does not take into account Army housing needs or the previous investments. The Army has made considerable recent investments in many of these quarters and they can be operated and maintained within reasonable costs for many years. Other quarters require extensive, costly repairs to remain habitable. Therefore, quarters identified for removal will be operated until the costs for needed repairs or renovations become uneconomical, at which time the quarters will be removed from the inventory.

C. The following issues from statutory impediments should be examined by the Secretary of Defense and the Congress.

1. Modifying the current financial and statutory limitations on quarters maintenance, repair and improvement.

2. Providing a means for Army to have final decision-making authority to delist properties from the National Register of Historic Places and to determine what properties are eligible for listing.

APPENDIX A
PROCEDURES FOR COMPLIANCE WITH
36 CFR 800, PROTECTION OF HISTORIC PROPERTIES

The following is intended to be a step-by-step review of the Council's regulations, "Protection of Historic Properties" (36 CFR Part 800).

1. The Army must first determine if the proposed action is an undertaking. As defined by the NHPA, an undertaking is a project, activity, or program funded in whole or in part under the direct or indirect jurisdiction of a Federal agency, including--

- a. Those carried out by or on behalf of an agency;
- b. Those carried out with Federal financial assistance;
- c. Those requiring a Federal permit, license, or approval; and,
- d. Those subject to State or local regulation administered pursuant to a delegation or approval by a Federal agency.

2. Examples of undertakings include, but are not limited to:

- a. construction
- b. land alterations
- c. building demolition
- d. building renovation
- e. building or landscape maintenance and management
- f. building abandonment or termination of maintenance
- g. changing the use of a facility in a way that could alter its character
- h. transfer of property out of Federal ownership
- i. transfer of property between Federal agencies where such
- j. transfer changes its use
- k. training that involves use of land, airspace over land areas, or buildings

3. If the action is an undertaking, the Army must then define the "area of potential effect." The regulations define the APE as the geographic area or areas within which an undertaking may cause changes in the character or use of historic properties, if any such properties exist. It is not necessary to know if there are any historic properties in order to define the APE, nor is it based on ownership. All alternative locations under consideration for the project or undertaking must also be considered and the APE may not be the same area of effect as defined under NEPA.

4. There are several key players in the Section 106 review process. It is important to the success of the process that appropriate parties are consulted. The regulations specify when Federal agencies must seek the views of, or consult with, the various players. They are:

- a. the Army: responsible for compliance with Section 106 and 36 CFR Part 800;
- b. the Council: independent Federal agency that oversees review of Federal undertakings under Section 106 pursuant to 36 CFR Part 800;
- c. the SHPO: coordinates the national historic preservation program at the State level and is responsible for consulting with d. Federal agencies in the Section 106 review process;
- d. interested persons, to include:
 - local governments when the project affects historic properties under their jurisdiction;
 - applicants for Federal assistance, permits, licenses (proponents such as Government-owned, contractor-operated); and,
 - Indian tribes, Native Hawaiian organizations, and other Native Americans.
- e. the public.

5. The Five Step Process

Once the area of potential effect is defined, the Army must begin the identification and evaluation process.

a. **Identification and evaluation** is done in consultation with the SHPO and other interested parties (as appropriate). It typically involves some level of professionally supervised background research and field survey, but there is no standard requirement for survey. The level and kind of work to be done depends on the probable nature of the historic properties and the kinds of expected effects on them. 36 CFR Part 800 requires a "reasonable and good faith effort."

Evaluation involves comparing the property with the National Register criteria. If the Army and the SHPO agree that a property meets the criteria, it is considered eligible for the National Register for purposes of Section 106. If the Army and the SHPO do not agree about eligibility, or if the Council or the Keeper of the National Register request, the Army must seek a formal determination of eligibility from the Keeper. If the Army and the SHPO agree that a property does not meet the criteria, the property is not considered eligible, and the Army does not need to consider the effects on it further under Section 106, except if the Council or the Keeper so request.

Determining the eligibility of properties less than 50 years old poses special challenges, since so little time has passed that objective judgments about significance are difficult. National Register Bulletin #22, "Guidelines for Evaluating and Nominating Properties that have Achieved Significance Within the Last Fifty Years" provides guidance in addition to the Army's interim policy.

b. **Assessing effects** is also done in consultation with the SHPO and interested parties and involves applying the Criteria of Effect and Adverse Effect found in 36 CFR Section 800.9:

Criteria of Effect

Altering the characteristics of a property that may qualify it for the National Register

Altering features of a property's location, setting, or use that contribute to its significance

Criteria of Adverse Effect

Physical destruction, damage, or alteration

Isolation from or alteration of the setting

Introduction of visual, audible, or atmosphere elements that are out of character

Neglect

Transfer, lease, or sale of property

If the Army and the SHPO agree that the undertaking will have *no effect* of any kind on historic properties, the Army formally notifies the SHPO and other interested parties of this finding and can then proceed without further review under Section 106, unless someone objects to the Council, which investigates and may advise the Army to do something else.

If the Army and the SHPO agree that the undertaking will have *no adverse effect*, then the Army files documentation supporting this finding with the Council, which has 30 days to review it. If the Council does not object, the Army can proceed with no further review, subject to any conditions to which the Army may have agreed.

If the Army determines that there will be an *adverse effect*, or if the Council objects to the Army's *no adverse effect* finding, then the Army notifies the Council and consults with the

SHPO and interested parties to resolve the adverse effect. The Council may, at its discretion, participate in the consultation.

c. **Consultation** to resolve adverse effects involves the consideration of alternatives, in consultation with the SHPO, other parties, and sometimes the Council. It can take whatever form the consulting parties agree to and has no time limits.

Resolution of adverse effects may include eliminating the adverse effect, reducing the severity, mitigating the adverse effect, or accepting it in the public interest. It is perfectly appropriate at this point in the Section 106 process to consider cost factors and mission requirements when trying to decide how to carry out the undertaking with the least possible harm to historic properties.

In most cases, consultation results in consensus which is embodied in a Memorandum of Agreement (MOA), executed by all the consulting parties, that specifies what the Army (or others such as a proponent) will do to avoid, reduce, or mitigate the effect. An MOA must be signed by the Army, the SHPO, the Council, and any other party that is assigned responsibility in the MOA.

d. An MOA is evidence of **Council comment** on the effects of the Army's undertaking on historic properties. It is a legally binding document that commits the Army to a course of action.

If the Army does not reach agreement with the other parties, the Army (or the SHPO or Council) can terminate consultation. The Council will then provide advisory comments to the Army. The comments are rendered by the Council members—the 20 Presidential appointees, agency heads, etc.—to the Secretary of the Army, who must give the comments personal attention. The effect of Council comment is the same as that of an MOA—it evidences that the Army has fulfilled the requirements of Section 106. The difference is that these comments are not legally binding; the Army is only required to consider the comments in making its decision about the undertaking.

e. Once Council comment has been received, the Army can, subject to the terms of any agreement that has been reached, **proceed**.

6. An alternative to the standard Section 106 review process can be accomplished through a Programmatic Agreement (PA). 36 CFR Section 800.13 outlines when a PA can be used and, in very general terms, how one is negotiated and finalized. The review process for PAs is intentionally vague to allow maximum flexibility for this alternative Section 106 tool. A PA can be negotiated for an individual project or for an entire program. A

project specific PA is appropriate when the undertaking is complex with many actions that will happen over a period of time, or, when the Army needed to approve an undertaking before the Section 106 process could be completed. Such a PA might outline the consultation process rather than specific mitigation measures or alternatives. An example of a PA for an entire program is the World War II temporary structures PA.

Another application of a PA is to develop management and alternative review procedures for your installation that can substitute for the standard Section 106 review process. The advantage of such a PA is that maintenance standards, design guidelines, and review procedures can be tailored to your installation to improve efficiency and minimize conflicts between mission needs and historic preservation responsibilities. Standards for such things as curation, building maintenance, and Native American consultation guidelines and a model PA, currently under development, can provide the foundation for alternative procedures. Some considerations in developing a programmatic agreement:

- A PA is appropriate when the installation has many historic properties to manage.

- The PA should be appropriate to the installation resources, i.e. don't need a big section addressing archeological resources if the likelihood of finding such resources is slim.

- The PA should be realistic; don't commit to more than the installation can do, i.e. complete the survey vs. establish a program for surveying.

The effect of a PA, whether for a single undertaking or a program, is the same as an MOA. It also evidences that the Army has satisfied the requirements of Section 106 and documents Council comment for individual actions covered by the PA.

7. The Council has numerous fact sheets on all aspects of the Section 106 process. For copies of these publications, contact the Publications Office at (202) 606-8503, or, browse the Council's website at WWW.ACHP.GOV.

APPENDIX B
NATIONAL REGISTER OF HISTORIC PLACES
U.S. ARMY PROPERTIES

NOTE: This list does not include Federally owned Army National Guard properties on the National Register of Historic Places.

NATIONAL HISTORIC LANDMARKS

1. Fort Huachuca
2. National War College (Fort McNair)
3. Rock Island Arsenal
4. Fort Leavenworth
5. Watervliet Arsenal
6. United States Military Academy
7. Fort Sill
8. Carlisle Indian School
9. Fort Sam Houston
10. Fort Monroe
11. Ladd Field (Fort Wainright)

HISTORIC DISTRICTS
(Archeological)

1. Dry Creek-Warm Springs (CA)
2. Big Hill (KS)
3. Hilldale (KS)
4. LeRaysville (NY)
5. Sterlingville (NY)
6. Alpina (NY)
7. Lewisburg (NY)
8. Castner (TX)
9. Fusselman (TX)

HISTORIC DISTRICTS
(Built Environment)

1. East Commerce Street (AL)
2. Key West (FL)
3. Fort McPherson (GA)
4. Artillery District of Honolulu (HI)
5. Palm Circle (HI)
6. Golconda (IL)
7. Fort Riley (KS)
8. Fort Thomas (KY)
9. National Park Seminary (Forest Glen) (MD)
10. Main Street Bozeman (MT)
11. Omaha Quartermaster Depot (NE)
12. Fort Myer (VA)

13. Fort Benning (GA)

INDIVIDUAL PROPERTIES

1. Yuchi Town (Fort Benning)
2. Site Summit (Fort Richardson)
3. Sullivan Roadhouse (Fort Richardson)
4. Garden Canyon Petroglyphs (Fort Huachuca)
5. Garden Canyon Archeological Site (Fort Huachuca)
6. Jose Mario Gil Adobe (Fort Hunter Liggett)
7. Milpitas Ranchhouse (Fort Hunter Liggett)
8. Bitter Spring Archeological Site (Fort Irwin)
9. Indian Petroglyphs & Pictographs (Fort Carson)
10. Army Medical Museum Collection (Walter Reed Medical Center)
11. Old Fort Argyle Site (Fort Stewart)
12. Riverside (Fort Benning)
13. FORSCOM Sergeant Major's Quarters (Fort McPherson)
14. Bobcat Trail Habitation Cave (Pohakuloa Training Area)
15. Ukanipo Heiau (Fort Shafter)
16. Quarry Creek Archeological Site (Fort Leavenworth)
17. Louisville-Nashville Turnpike Segment (Fort Knox)
18. Battle of Richmond Historic Areas (Fort Knox)
19. Nallin Farm Springhouse and Bank Barn (Fort Detrick)
20. Nallin Farm House (Fort Detrick)
21. One-Million Liter Test Sphere (Fort Detrick)
22. Gunpowder Meeting House (Aberdeen Proving Ground)
23. Presbury Meeting House (Aberdeen Proving Ground)
24. Hessian Powder Magazine (Carlisle Barracks)
25. Launch Complex 33 (White Sands Missile Range)
26. Trinity Site (White Sands Missile Range)
27. LeRay Mansion (Fort Drum)
28. Wood's Grist Mill (Fort Drum)
29. Blockhouse on Signal Mountain (Fort Sill)
30. Camp Comanche Site (Fort Sill)
31. Chiefs' Knoll (Fort Sill)
32. General Officers Quarters (Fort Sill)
33. Indian Cemeteries (Fort Sill)
34. Medicine Bluffs (Fort Sill)
35. Old Tower Two (Fort Sill)
36. James Finley House (Letterkenny Depot)
37. Browning House (Milan Army Ammunition Plant)
38. Civil War Fortification (Volunteer Army Ammunition Plant)
39. Pershing House (Fort Sam Houston)
40. Post Chapel (Fort Sam Houston)
41. The Quadrangle (Fort Sam Houston)
42. Sergeant Doyle Site (Fort Bliss)
43. Quarters 1 (Fort Bliss)
44. Quarters 1 (Fort Myer)
45. Belvoir Mansion Ruins and Fairfax Grave (Fort Belvoir)
46. Fort Crafford (Fort Eustis)
47. Matthew Jones House (Fort Eustis)

48. Red Shield Inn (Fort Lewis)