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REPORT TO THE CONGRESS

Need For Improved Controls
To Ensure The Identification
And Reporting Of Excess Land
By The Veterans Administration

B-133044

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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NOV. 12, 1970



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

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To the President of the Senate and the
Speaker of the House of Representatives

This is our report on the need for improved controls to ensure the identification and reporting of excess land by the Veterans Administration.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, the Administrator of Veterans Affairs, and the Administrator of General Services.

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

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ABBREVIATIONS

BOB Bureau of the Budget
GAO General Accounting Office
GSA General Services Administration
HEW Department of Health, Education, and Welfare
VA Veterans Administration

D I G E S T

WHY THE REVIEW WAS MADE

In 1965 the General Accounting Office (GAO) reported that 11 Veterans Administration (VA) field stations had not been making adequate determinations of their land requirements and had been reluctant or unwilling to declare land as excess to their current or future needs. (See p. 4.) Before the report was issued, VA established controls designed to correct the situation. As a result, GAO made no recommendations at that time.

This review was made to evaluate the corrective actions taken by VA. GAO did not, however, make an overall evaluation of VA's land management activities

FINDINGS AND CONCLUSIONS

During fiscal year 1969, VA had landholdings of approximately 20,900 acres at 177 locations compared to VA landholdings of about 26,000 acres in fiscal year 1965 at 186 locations.

VA's established landholding policies are adequate but it still owns a considerable amount of land in excess of its landholding standards. GAO selected 14 VA stations for review because they were located on large parcels of land. At eight of these stations, GAO identified about 832 acres (estimated value of \$26 million) which were excess to current and established future needs based on VA's landholding standards. (See p. 8.) No excess land was found at the other six stations.

VA's policies require each field station to make an annual survey of its real property and to report the results to the VA Central Office. The stations visited, however, either had not identified any land as excess or had not justified the retention of land in excess of VA's landholding standards. Also, the reports did not show the use being made of the excess land. (See p. 18.)

Officials at the stations had various reasons for holding the land. For example, some station officials said that

- the VA Central Office might have plans for use of the land,
- they were unaware of the VA Central Office's plans for use of the land, and
- they anticipated transferring the land to a non-Federal entity.

The Central Office generally has not questioned the stations' retention of land in excess of VA's landholding standards or visited the stations to evaluate their annual real property survey reports. GAO found only two instances in which the Central Office had questioned the reasonableness of the annual reports for those stations where GAO had found excess land. In addition, there was only one instance in which the Central Office had told a station that it was developing plans which might affect the station's land requirements. (See p. 18)

In commenting on GAO's prior report, VA said that preliminary studies to develop a master plan for economical and effective use of the land at the Los Angeles VA Center were being coordinated with the General Services Administration and the Bureau of the Budget. VA said also that disposal action should not be contemplated until these plans had been finalized. Five years later, the same land--now valued at \$23 million--is still being held for master plan preparation. (See p. 25.)

RECOMMENDATIONS OR SUGGESTIONS

The Administrator of Veterans Affairs should require:

- Field stations to make realistic surveys of real property needs and to report all unused land to the Central Office. Any land retained in excess of VA standards should be adequately justified.
- The Central Office to develop guidelines and procedures for use in reviewing and evaluating the annual reports. If necessary, field inspections should be made to determine if unused land is being retained.
- The Central Office to complete promptly the master plans for land needs at VA stations.
- The Central Office to declare to GSA as excess to VA's needs all unused land which is not needed for current or future expansion and to give specific consideration to the land identified in this report. (See p. 21)

AGENCY ACTIONS AND UNRESOLVED ISSUES

On March 27, 1970, the General Services Administration established uniform standards and procedures for identifying excess real property. The Deputy Administrator of Veterans Affairs said that VA's landholdings would be measured against these uniform standards. (See p. 23.) Also, VA said that

- the annual survey reports sent to the Central Office by the field stations would be supplemented with annotated land plot plans showing land use,
- justifications submitted by field stations for retaining land in excess of VA landholding standards would be reviewed by Central Office officials, and
- landholdings at field stations would be reviewed during visits of Central Office officials. (See p. 22.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

GAO is reporting this matter to inform the Congress of the need for VA to improve management controls over its landholdings.

CHAPTER 1

INTRODUCTION

The General Accounting Office has made a review of landholdings at selected Veterans Administration (VA) field stations consisting of centers and hospitals. Our review was directed toward determining whether certain landholdings were necessary for the effective operation of VA stations, rather than toward an evaluation of VA's overall land management activities. The scope of our review is described in chapter 5.

In a prior report to the Congress,¹ we reported that 11 VA field stations had about 1,212 acres of land, with an estimated value of \$44.1 million, that were excess to their current and expected future needs. We reported that (1) surveys or adequate determinations of land requirements had not been made by field stations and (2) VA field station officials had been reluctant or unwilling to declare land excess to their current or future needs.

Prior to the issuance of our report, VA established additional controls requiring all field stations to (1) survey landholdings annually, (2) certify, as of September 1 of each year, to the Assistant Administrator for Construction, through the Chief Medical Director, that such surveys had been made, and (3) make recommendations for disposal of any excess land identified by such surveys. The VA Central Office also planned to review and evaluate the results of the field stations' annual surveys and to act upon their recommendations. In recognition of the actions proposed or taken by VA at that time, we did not make any recommendations in our report to the Congress.

The following table shows the reduction, if any, in landholdings as of June 30, 1970, at the 11 VA field stations identified in our prior report.

¹"Retention of Land Excess to Needs at Hospitals and Domiciliaries, Veterans Administration" (B-133044, August 18, 1965).

| <u>Station</u> | Total acreage on <u>6-30-64</u> | Total acreage on <u>6-30-70</u> | Reduction in land- <u>holdings</u> |
|-------------------------------------|--|--|--|
| Los Angeles, California (note a) | 590 | 589 | 1 |
| Bay Pines, Florida | 799 | 439 | 360 |
| Cheyenne, Wyoming | 109 | 79 | 30 |
| Dallas, Texas (note a) | 114 | 85 | 29 |
| Hot Springs, South Dakota | 100 | 85 | 15 |
| Marion, Illinois | 204 | 130 | 74 |
| Mountain Home, Tennessee | 250 | 247 | 3 |
| Salt Lake City, Utah | 139 | 121 | 18 |
| Tucson, Arizona (note a) | 117 | 117 | - |
| Wadsworth, Kansas | 493 | 482 | 11 |
| Walla Walla, Washington | <u>172</u> | <u>171</u> | <u>1</u> |
| Total | <u>3,087</u> | <u>2,545</u> | <u>542</u> |

^aThese stations are discussed on pages 10, 16 and 17 of this report.

During fiscal year 1969, VA's 166 hospitals, 16 domiciliaries, and six restoration centers had landholdings consisting of about 20,900 acres at 177 different locations.

The policy of the Federal Government regarding the management of real property is expressed in the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483). The act provides for maximum utilization of excess property within the Government and requires each executive agency to survey continuously its property needs and to promptly report unneeded property to the General Services Administration (GSA) for transfer or disposal as provided by law and GSA regulations. Executive Order 11508, dated February 10, 1970, reemphasized the policy of the Government in stating that Federal agencies were to promptly release property when (1) changing program requirements of the agency obviated the need for such property and (2) real property holdings were no longer essential to the accomplishment of the agency's activities.

If property is declared excess by one agency and is not claimed by another Federal agency, it becomes surplus to the needs of the entire Federal Government. GSA may then convey the property to State, county, and local agencies to be used for health, historical, educational, or recreational activities or for an airport, a park, or wildlife conservation. GSA sells property that is not needed for any of the above purposes by auction, by sealed bids, through a broker, or on the basis of negotiations. (See app. I for a flow chart explanation of GSA's real property disposal procedures.) Land may also be conveyed directly by an agency to a State or local entity through legislative action.

Bureau of the Budget¹ (BOB) Circular No. A-2, dated April 5, 1967, provides guidelines to be followed by Federal agencies in identifying excess real property. The circular directs the heads of executive departments and agencies to develop criteria to achieve effective and economical use of their real property in meeting the needs of their programs and provides that real property be identified as excess when it is not being used for program purposes and when there are no current plans for its future use.

VA's real property disposal policy provides that land areas at VA field stations be limited to the actual requirements for proper operation of the stations. The VA policy provides also that land not be retained in anticipation of expansion unless a recognized expansion program exists and is scheduled for inclusion in an early budget submission. VA has issued instructions requiring each field station to survey annually its land needs, to certify in a report to the VA Central Office that such surveys have been made, and to make recommendations pertaining to any excess property.

VA has established basic landholding standards for the guidance of VA officials in evaluating the land needs of existing stations, as follows:

¹ Office of Management and Budget as of July 1, 1970.

| <u>Type of installation</u> | <u>Acreage</u> |
|---|----------------|
| General or tuberculosis hospitals (including hospitals and regional office centers) | |
| Up to 1,000 beds | 50 |
| Neuropsychiatric hospitals | |
| Up to 2,000 beds (without farming) | 100 |
| Up to 2,000 beds (with farming) | 200 |
| Domiciliaries | |
| Up to 2,000 beds | 85 |

VA's policies also provide that appropriate adjustments in the acreage standards be made on the basis of individual circumstances for stations with larger bed capacities or for stations where facilities are widely dispersed or other special characteristics exist. In addition, VA's policy states that conformance with the acreage standards does not in itself warrant retention of land not essential for operation.

The principal officials of VA responsible for the activities discussed in this report are listed in appendix III.

CHAPTER 2

NEED TO IMPROVE MANAGEMENT CONTROLS OVER

THE IDENTIFICATION AND DECLARATION OF

EXCESS LANDHOLDINGS AT

VETERANS ADMINISTRATION STATIONS

Our review of VA landholdings and land requirements at 14 VA stations showed that the management controls over the identification and declaration of excess landholdings needed to be improved. At eight of the 14 stations visited, we identified about 832 acres of land, with an estimated value in 1969 of about \$26 million, which were excess to current and established future needs of the respective stations based on VA's landholding standards and the wide dispersal of buildings. Our review at the remaining six stations showed that these stations had identified and declared excess any unneeded and usable land.

We believe that the retention of excess land is attributable to (1) station officials' reluctance to report unused land as excess to station needs, anticipation of future transfer to a non-VA activity, or fear of undesirable development on the land if declared excess, and (2) a lack of coordination between the VA Central Office and the stations and between the VA Central Office and GSA, which is responsible for the disposal of excess real property. The VA Central Office did not question the stations' annual real property survey reports when the land being retained by field stations significantly exceeded VA's landholding standards.

We believe that the VA landholding policies are adequate but that there is a need to improve management controls to ensure adherence by VA stations to the landholding policies and standards. We believe that improved management controls will result in more timely identification of land that is excess to VA's needs so that the land can be declared excess and be made available either for use by other Federal, State, or local entities or for sale by GSA.

VA's management control over the identification and declaration of excess landholdings is discussed in subsequent sections of this report.

EXCESS LAND NOT REPORTED BY VA STATIONS

The acreage and estimated value of the land which we identified as excess to VA's needs at eight of the 14 stations visited is shown in the tabulation below.

| <u>Station</u> | <u>Total acreage</u> | <u>Excess acreage</u> | Estimated value of excess acreage (note a) |
|-------------------------|--------------------------|---------------------------|--|
| Los Angeles, California | 589 | 134 | \$23,145,000 ^b |
| Sepulveda, California | 160 | 43 | 1,250,000 |
| Albuquerque, New Mexico | 186 | 134 | 667,500 |
| Dallas, Texas | 85 | 28 | 456,300 |
| Lebanon, Pennsylvania | 343 | 238 | 141,000 ^c |
| Temple, Texas | 184 | 29 | 140,000 |
| Perry Point, Maryland | 522 | 180 | 135,000 |
| Tucson, Arizona | <u>117</u> | <u>46</u> | <u>118,750</u> |
| Total | <u>2,186</u> | <u>832</u> | <u>\$26,053,550</u> |

^aFor the most part, the estimated value of the excess acreage was obtained from appraisals furnished by GSA regional office personnel in 1969. The appraisals were based on the fair market value of the land for its highest and best use under existing zoning restrictions.

^bThis estimate is based on GSA's appraisal of the value for the highest and best use of only 70 acres of the land. We did not obtain a GSA appraisal for the remaining 64 acres which we had identified as excess to VA's needs. (See p. 10.)

^cThis estimate is based on GSA's appraisal of the value for the highest and best use of only 188 acres of land. (See p. 13.)

The excess landholdings at each of the stations are discussed in subsequent sections of this report.

VA Center, Los Angeles, California

The VA Center, Los Angeles, California, has about 134 acres of land, located generally around the perimeter of the center, that are excess to its current and established future needs based on VA's landholding standards and considering the cemetery needs and the wide dispersal of the center buildings on the grounds. VA has retained this land pending the establishment of a master plan for future construction of hospital facilities at the center. At our request, GSA in May 1969 appraised the value of 70 of the 134 acres at about \$23 million on the basis of its highest and best use. We did not request GSA to appraise the remaining 64 acres because we had been informed that the land was to be reported to GSA as excess. VA Central Office records showed, however, that VA had reported only 50 of the 64 acres to GSA as excess to its needs. In December 1969 VA withdrew from GSA its declaration of the 50 acres as excess.

The center, located on a 589-acre tract of land, consists of (1) a general medical and surgical hospital with an authorized bed capacity of 1,369, including a 222-bed nursing-home care unit, (2) a neuropsychiatric hospital with an authorized bed capacity of 1,400, without farming activities, (3) a domiciliary and restoration center capable of housing 2,335 veterans, (4) a regional office, and (5) a cemetery. On the basis of VA's established landholding standards and in consideration of the cemetery needs and the wide dispersal of the buildings, we believe that the center's land needs amount to about 446 acres exclusive of 9 acres in the process of being reported to GSA.

In a report to the Congress in August 1965 (see p. 4.) we stated that about 142 acres of land at the center were excess to the requirements for operation of the center. In commenting on that report, VA advised us that preliminary studies to develop a master plan for economical and effective use of land at the center were being coordinated with GSA and BOB. By April 1970, VA was in the process of transferring 9 acres to GSA; however, a master plan for future

construction of hospital facilities at the center and for retaining the 134 acres identified as excess during our current review had not been developed.

The VA center director agreed that the 134 acres that we had identified as excess to the center's needs were not being fully utilized. He advised us, however, that, in accordance with the VA Central Office instructions of July 1965, he had made no attempt to identify land that was excess to the center's needs, pending the establishment of a master plan. He further advised us that he was not aware of any plans that the VA Central Office may have had for future expansion or construction of hospital facilities at the center.

VA Hospital, Sepulveda, California

The Sepulveda VA Hospital, designated as a general medical and surgical hospital, with an authorized bed capacity of 987, including a 40-bed nursing-home care unit, is located on 160 acres of land. The hospital has about 43 acres of land that are excess to its current and established future needs based on VA's landholding standards and considering the wide dispersal of hospital buildings. In April 1969 GSA estimated that only 39 of the 43 acres were usable because of road rights-of-way. GSA estimated that the 39 acres of usable excess land and improvements had a value of about \$1,250,000.

Hospital officials informed us that the land that we had identified as excess was required for the recreation and exercise of patients and for possible future expansion of hospital facilities. The hospital director informed us that, if a university were constructed in the area of the VA hospital, the VA would have land available for the construction of research, education, and additional patient care facilities. He informed us also that land was difficult to purchase and that, once the land were no longer in the possession of VA, it would be extremely difficult to reacquire and thus should be retained for possible future expansion. He stated, however, that he was not aware of any VA Central Office plans for utilizing the vacant land.

Our examination of available VA Central Office records and our discussions with VA Central Office officials revealed that there was no master plan for the utilization of the vacant land at the Sepulveda VA Hospital. In addition, VA's policy on landholdings provides that land not be retained in anticipation of expansion through construction of new facilities, unless a recognized program exists and is scheduled for inclusion in an early budget submission.

VA Hospital, Albuquerque, New Mexico

The Albuquerque VA Hospital has about 134 acres of land that are excess to its current and established future needs based on VA's landholding standards. An Albuquerque VA Hospital official informed us in August 1969 that local realtors had estimated that the value of the excess land was about \$667,500. Hospital officials agreed with us that this land was excess to the hospital's needs.

The Albuquerque VA Hospital, designated as a general medical and surgical hospital, with an authorized bed capacity of 540, is located on about 186 acres of land.

Certain actions taken with regard to portions of the excess land support the hospital officials' view that the land is not needed. In July 1955, VA declared to GSA 92 acres as excess. VA withdrew its declaration when it learned that the Air Force planned to use the land as an explosive safety area for parked armed aircraft because such use was considered by VA to be detrimental to the operation of the hospital. In August 1968, VA also declared to GSA 86 acres as excess for disposal for a community development project but, in July 1969, withdrew the declaration because the land was no longer being considered for a community development project and because it was necessary to retain the land until further studies were made of the hospital's needs.

VA Hospital, Lebanon, Pennsylvania

The Lebanon VA Hospital has about 238 acres of land that are excess to its current and established future needs based on VA's landholding standard of 100 acres for a

neuropsychiatric hospital (without farming). Although the Lebanon VA Hospital is designated as a general medical and surgical hospital and is located on 343 acres of land, we, in determining the excess acreage, believed it appropriate to base its needs on the standard for a neuropsychiatric hospital because of its 1,130 authorized beds, 761 were used for the care of neuropsychiatric patients.

Of the 238 acres that we identified as excess to the hospital's needs, 50 acres are planned to be used for the construction of a new State highway. GSA estimated in June 1969 that the remaining 188 acres had a value of about \$141,000 based on the highest and best use of the land; that is, for residential purposes.

Of the 188 acres, 168 constitute an 18-hole golf course and 20 acres consist of areas adjacent to the golf course. The records on patient utilization of the golf course showed that the patient use had decreased from a daily average of 22 patient starts in 1963 to eight in 1968. We noted, on the basis of a study of a 4-week period in 1968, that 14 patients accounted for about 53 percent of the patient use of the course. We also determined that, of the use made of the golf course in 1968, only about 28 percent was by VA patients. In addition, we noted that in August 1967 the VA Internal Audit Service stated in its report on the VA Lebanon Hospital that the current utilization of the 18-hole golf course by patients did not justify its full retention.

In view of the low use of the golf course by patients, we believe that the land should be declared to GSA as excess for disposal. This action would be consistent with the VA Chief Medical Director's Letter No. 69-25, dated August 6, 1969, which stated that, where there was insufficient patient demand to warrant continuation of a golf course and where there was no local group interested in a lease arrangement, such land, as may be deemed excess to hospital needs, should be declared excess.

The hospital officials informed us that, if the land were declared as excess and sold, activities might be developed on the land that would be incompatible with the treatment of psychiatric patients. We believe, however, that the VA, as provided for in its regulations, can

preclude the development of such activities by imposing appropriate restrictions on the use of the land.

Subsequently, the hospital director stated in his annual real property survey report, dated September 24, 1969, that 198 acres of land were excess to the hospital's needs and that the remaining acreage would provide enough space for outdoor therapeutic treatment of the hospital patients. The 198 acres reported as excess include the 50 acres that are planned to be used for the construction of a new State highway.

VA Center, Temple, Texas

The Temple VA Center, designated as a general medical and surgical hospital, with an authorized bed capacity of 794, is located on 184 acres of land. The center has about 29 acres of land and nine buildings that are excess to the current and established future needs of the center based on the VA landholding standards and considering the wide dispersal of other center buildings on the grounds. A GSA appraisal in April 1969 indicated that the excess land and buildings had a value of about \$140,000.

The assistant center director informed us that the land and buildings that we had identified as excess were being retained in anticipation of transferring them to the city of Temple for the establishment of an allied health science facility for teaching medical support skills, such as laboratory and X-ray technology. The center director stated that he would not declare the land and buildings as excess to the center's needs until the possibility of transferring them for the establishment of the teaching facility had been fully explored.

In regard to the excess land at the Temple VA Center, we contacted regional officials of GSA and of the Department of Health, Education, and Welfare (HEW), who stated that they were not aware of the excess land or of the plans for establishing the teaching facility. Our review of VA Central Office records showed that VA Central Office officials had been advised by center officials that the land was being retained pending a final decision regarding the proposed teaching facility.

VA Hospital, Perry Point, Maryland

The Perry Point VA Hospital, designated as a neuropsychiatric hospital, with an authorized bed capacity of 1,187, is located on 522 acres of land and has about 180 acres of land that are excess to its needs based on VA's landholding standards and considering the wide dispersal of hospital buildings and related facilities on the grounds. GSA estimated in March 1969 that the excess land had a value of about \$135,000 based on its use for light industrial purposes, such as research and development.

In 1955, the hospital director reported to the VA Central Office that 180 acres of land were excess to the hospital's requirements. The VA Central Office did not declare to GSA the land as excess because of the possibility that it would be needed by the town of Perryville for a sewage disposal plant; however, the plant was subsequently constructed on other land.

The hospital director told us that the hospital had no plans for the future use of this land. The hospital director subsequently stated in his annual real property survey report, dated October 28, 1969, that a tract of land consisting of about 42 acres was no longer required for hospital operations. This tract of land is a part of the 180 acres of land which we identified as excess during our review.

Because the 180 acres of land were considered to be excess to the hospital's needs in 1955 and because neither the hospital nor the VA Central Office have any plans for using the 180 acres, we believe that it should be declared to GSA as excess.

VA Hospital, Tucson, Arizona

The Tucson VA Hospital, designated as a general medical and surgical hospital, with an authorized bed capacity of 402, is located on 117 acres of land. The hospital has about 46 acres of land that are excess to its current and established future needs based on VA's landholding standards and considering the wide dispersal of buildings on the hospital grounds. According to hospital officials, the excess land has been retained because if declared excess it would be made available for the commercial purposes of nuisance-type business activities. On the basis of a Federal Housing Administration appraisal in 1964 and of its estimate of land appreciation in the area, we estimated that the land had a fair market value of about \$118,750 as of March 1969.

Subsequent to our field review, the hospital director stated in his annual real property survey report, dated September 19, 1969, that 40.4 acres of land were not required for hospital use. He stated also that the disposal

of the land should be subject to restrictions limiting its use to activities that would not be detrimental to a quiet hospital zone.

VA Hospital, Dallas, Texas

The Dallas VA Hospital, designated as a general medical and surgical hospital, with an authorized bed capacity of 775, is located on about 85 acres of land and has about 28 acres that are excess to its needs based on VA's landholding standards and established future needs. GSA estimated in April 1969 that the excess acreage had a fair market value of about \$456,300.

In our report to the Congress in August 1965 (see p. 4), we reported that the hospital had about 57 acres of land that were excess to its needs. Subsequently, about 29 acres were transferred through HEW to a local school district. The remaining 28 acres consist of 12 acres located in the front of the hospital and 16 acres located in the rear of the hospital. Hospital officials informed us that, if the 12 acres of land were declared excess, the land might be acquired and developed for purposes that would be incompatible with hospital operations. They also stated that the 16 acres of land--if retained and if the streets near the land were widened--they would become valuable to the Government, should office space be needed in the area at a future date.

The hospital officials' reasons for not reporting the property as excess, in our opinion, are in conflict with VA policies that (1) require hospitals to report land as excess whenever it is not needed for proper operation of the hospital and (2) prohibit retention of land in anticipation of unprogrammed future expansion.

The GSA appraisal of the value of the two parcels of land indicated that the land had two possible uses--residential or future expansion of parking area. The appraiser concluded that, on the basis of the past expansion of parking areas at the hospital and of the current increase in outpatient treatment, the entire 28 acres may be needed for parking area by 1990.

We are of the view that the 28 acres of land are excess to hospital needs; however, hospital and VA Central Office officials should review the appraiser's conclusions and

determine whether the land should be retained for future parking areas or reported to GSA as excess.

- - - -

Our review at the stations discussed above showed that, even though the VA stations had made annual surveys of real property and had reported the results to the VA Central Office, as required by VA's policies relating to land management, these surveys had not identified excess property or justified the retention of land in excess of VA's landholding standards. In addition, we found that the VA stations' annual real property survey reports to the VA Central Office generally had not shown the use being made of land that was in excess of VA's landholding standards.

VA officials at some of the field stations discussed previously informed us that they had not reported excess land in their annual real property survey reports because (1) they thought that the VA Central Office might have plans for use of the land, (2) they were unaware of VA Central Office's plans for use of the land, or (3) they were anticipating transfer of the land to a non-Federal entity. Our review showed that, although certain stations had not reported excess land in their annual real property survey reports, they had, on the basis of specific requests from other Federal agencies, reported excess land to the VA Central Office for declaration to GSA as excess for transfer to other Federal agencies.

We found only two instances in which the VA Central Office had questioned the reasonableness of the annual real property survey reports of those stations where we had identified excess land. In addition, we found only one instance in which the VA Central Office had advised a station that it was developing plans which might affect the station's landholding requirements.

VA Central Office officials informed us that no visits were made to VA stations to evaluate the stations' annual real property survey reports. VA Central Office officials informed us also that they had not developed specific guidelines or written procedures for reviewing landholdings at

VA stations or for reviewing the stations' annual real property survey reports.

As discussed on page 15, VA hospital officials at the VA Center, Temple, Texas, stated that they had refrained from reporting excess land in anticipation of transferring it to the city of Temple for the establishment of an allied health sciences teaching facility. Our review also showed that certain other stations which had not reported excess land to the VA Central Office, in their annual real property survey reports, had subsequently reported the excess land to the VA Central Office pursuant to specific requests of other Federal agencies. The VA Central Office, in turn, reported the land to GSA as excess. We believe that in these cases the land was excess to the station's needs and should have been reported to the VA Central Office in accordance with VA regulations, prior to the requests of the other Federal agencies.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

VA could provide for improved utilization and management of landholdings at VA stations by (1) requiring field stations to make realistic surveys of their land needs and to adequately justify the retention of land in excess of VA's landholding standards, (2) requiring an adequate VA Central Office review of the annual real property survey reports which would include, if necessary, visits to the field stations to evaluate the adequacy of their surveys, and (3) exchanging information between the field stations and the VA Central Office on conditions affecting landholding requirements. Field station officials, in determining land requirements, should not speculate on VA Central Office plans for land usage, and the VA Central Office should not accept without question the field stations' proposed retention of land which significantly exceeds the VA landholding standards.

There is a need for improved communication and coordination among station officials, the VA Central Office, and such other Federal agencies as GSA, on matters relating to landholdings at VA stations in excess of VA's landholding standards. Through improved communication and coordination, VA stations probably will not be as reluctant to report land to the VA Central Office that they believe to be excess to their needs. Through such improvements, land that is excess to VA's needs will be made known to GSA and other Federal agencies and they can thereby avoid purchasing land when the VA excess land meets their needs.

The Federal Government is likely to achieve the greatest benefit from its excess land if GSA, which is responsible for land acquisition and disposition, is knowledgeable of the real property resources available for use. The VA therefore should adhere consistently to the prescribed excess property disposal procedures and should make excess property known to GSA at the earliest practicable date. GSA property management officials at one regional

office location advised us that they were available for consultation on real property management matters whether or not the affected parcel or parcels of property had been reported to them as being excess.

RECOMMENDATIONS

We recommend that the Administrator of Veterans Affairs require

- field stations to make realistic annual real property surveys and to report all unused land to the Central Office,
- field stations to adequately justify the retention of land in excess of the acreage prescribed by VA's standards,
- the Central Office to develop guidelines and procedures to be used in reviewing and evaluating annual real property survey reports,
- the Central Office to adequately review and evaluate field station annual real property survey reports and, if necessary, make field inspections to determine if land is being retained unnecessarily,
- the Central Office to complete promptly the master plans for land needs at VA stations, and
- the Central Office to declare to GSA as excess to VA's needs all unused land which is not needed for future expansion and to give specific consideration to the land identified in this report.

CHAPTER 4

AGENCY COMMENTS AND OUR EVALUATION

In commenting on a draft of this report, the Deputy Administrator of Veterans Affairs advised us by letter, dated March 13, 1970 (see app. II), that VA had agreed with our conclusion that its landholding policies were adequate and had stated that VA believed that only minor modifications were needed to improve management controls. Because the Deputy Administrator did not comment on the minor modifications that VA believed were needed to improve its management controls over landholdings, we contacted VA Central Office officials to discuss the modifications contemplated.

A VA Central Office official informed us that VA would require that annual real property survey reports be supplemented with a current annotated land plot plan indicating the use being made of all land at each VA station. He informed us also that justifications submitted by VA stations for retention of acreage which was in excess of the acreage prescribed by VA's landholding standards would be reviewed by the Central Office. He informed us further that landholdings at individual field stations would be reviewed during the course of program review visits, administrative surveys, and internal audits of VA station activities.

The VA Central Office official stated that a review would be made of the most current and updated land plot plans prior to visiting a field station so that any landholdings which appeared to be excess could be reviewed during the visit. He stated also that this procedure would not require any additional resources and could be accomplished by the existing VA staff. In our opinion, reviews by VA Central Office officials of current land plot plans of individual stations, coupled with visits to the stations, should provide greater management control over landholdings at VA stations.

The Deputy Administrator stated that the effectiveness of VA's landholding policy had been demonstrated by the fact that landholdings were reduced from 46,000 acres in December 1955 to current landholdings of about 20,900

acres. We agree that VA has reduced its landholdings considerably during the last 15 years. During our review, however, we identified an additional 832 acres of land which were excess to the current and established future needs of VA. We noted that in a recent report to GSA the VA had stated that it had about 828 acres of land which were under study for possible future reporting as excess. Of the 828 acres, 286 are included in the 832 acres identified as excess during our review.

It is the policy of the Federal Government, as indicated in BOB Circular No. A-2 and in Executive Order 11508, dated February 10, 1970, that Federal agencies are to promptly release property when (1) changing program requirements of the agency obviate the agency's need for such property and (2) real property holdings are no longer essential to the accomplishment of the agency's activities.

Executive Order 11508 also requires the head of each executive agency to institute a vigorous and complete survey of all real property under his control and to make a report to the Administrator of GSA stating whether the land is not utilized, is underutilized, or is not being put to its optimum use.

The Deputy Administrator of Veterans Affairs stated that VA would institute the survey of all real property under its control as required by Executive Order 11508 and would report the results of the survey to GSA. He stated also that VA anticipated that, when GSA had established uniform standards and procedures for identification of such real property, they would clarify some of the issues on which VA differed with our opinions as to VA's need for individual landholdings. He stated further that VA would give specific consideration to the land parcels identified in our report and would carefully measure them against the GSA standards and against VA's long-range needs as these needs were known.

On March 27, 1970, GSA established standards and procedures for the identification of Federal real property that was not utilized, was underutilized, or was not being put to its optimum use. The guidelines established for the identification of excess real property by the executive

agencies are similar to the current VA guidelines. These guidelines require the executive agencies to make an annual review of their real property holdings. VA's procedures already require its stations to make an annual survey of its landholdings and to certify each year that such a survey has been made.

In response to Executive Order 11508, the Administrator of Veterans Affairs submitted a report to the Administrator of GSA on VA's review of all real property under its control. The Administrator listed the acres of land under his control that (1) were not being utilized and had been reported as excess to GSA or the Bureau of Land Management, Department of the Interior, (2) were underutilized, and (3) were possibly excess and under study for future reporting. The following chart shows by category the number of acres and the number of stations involved as reported by the VA to GSA.

| <u>Category</u> | <u>Number of stations</u> | <u>Total acreage</u> |
|--|---------------------------|----------------------|
| Property not being utilized and reported to GSA or Bureau of Land Management | 29 | 1,570.1 |
| Property underutilized: | | |
| Being held for possible cemetery use | 5 | 837.4 |
| Being held for master plan preparation | 8 | 472.6 |
| Possible excess under study | <u>18</u> | <u>828.3</u> |
| Total | <u>60</u> | <u>3,708.4</u> |

The above VA real property report showed that certain land at four stations, which we had identified as having land excess to VA's needs, was under the category of property underutilized but was being held for master plan preparation. The land at the Los Angeles VA Center, one of the four stations, represents the greatest dollar value of land identified during our review as excess to VA's needs; this land was also discussed in our prior report to the Congress (B-133044, August 18, 1965). In commenting on our prior report, VA stated that preliminary studies to develop a

master plan for economical and effective use of the land were being coordinated with GSA and BOB. VA stated also that disposal action should not be contemplated until these plans had been finalized. VA, after 5 years, is still reporting this high-valued land as being held for master plan preparation.

VA has reported some land as possible excess but under study for future reporting at three of the stations where we identified excess land.

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We believe that master plans should be formulated at an early date to determine future land requirements so that any unneeded land can be declared excess. We believe that VA's current policies regarding landholdings at individual stations are adequate and if properly implemented will fully comply with the recently established GSA standards and procedures. We believe that the standards and procedures established by GSA will not substantially affect the VA's landholdings.

The Deputy Administrator further stated that several times the Congress had indicated an interest in giving VA responsibility for some part of the National Cemetery program. He added that, in light of the congressional interest, VA's long-range study of the potential best use of its real property would include a determination of its suitability for the burial of veterans.

In its report to GSA, VA identified 837 acres at five VA stations as being held for possible cemetery use, pending the outcome of proposed legislation regarding the National Cemetery system. None of this land is located at the VA stations included in our review. The land identified as excess at the stations included in our review is located close to the respective VA stations and, in our opinion, is not appropriate for use as cemeteries.

CHAPTER 5

SCOPE OF REVIEW

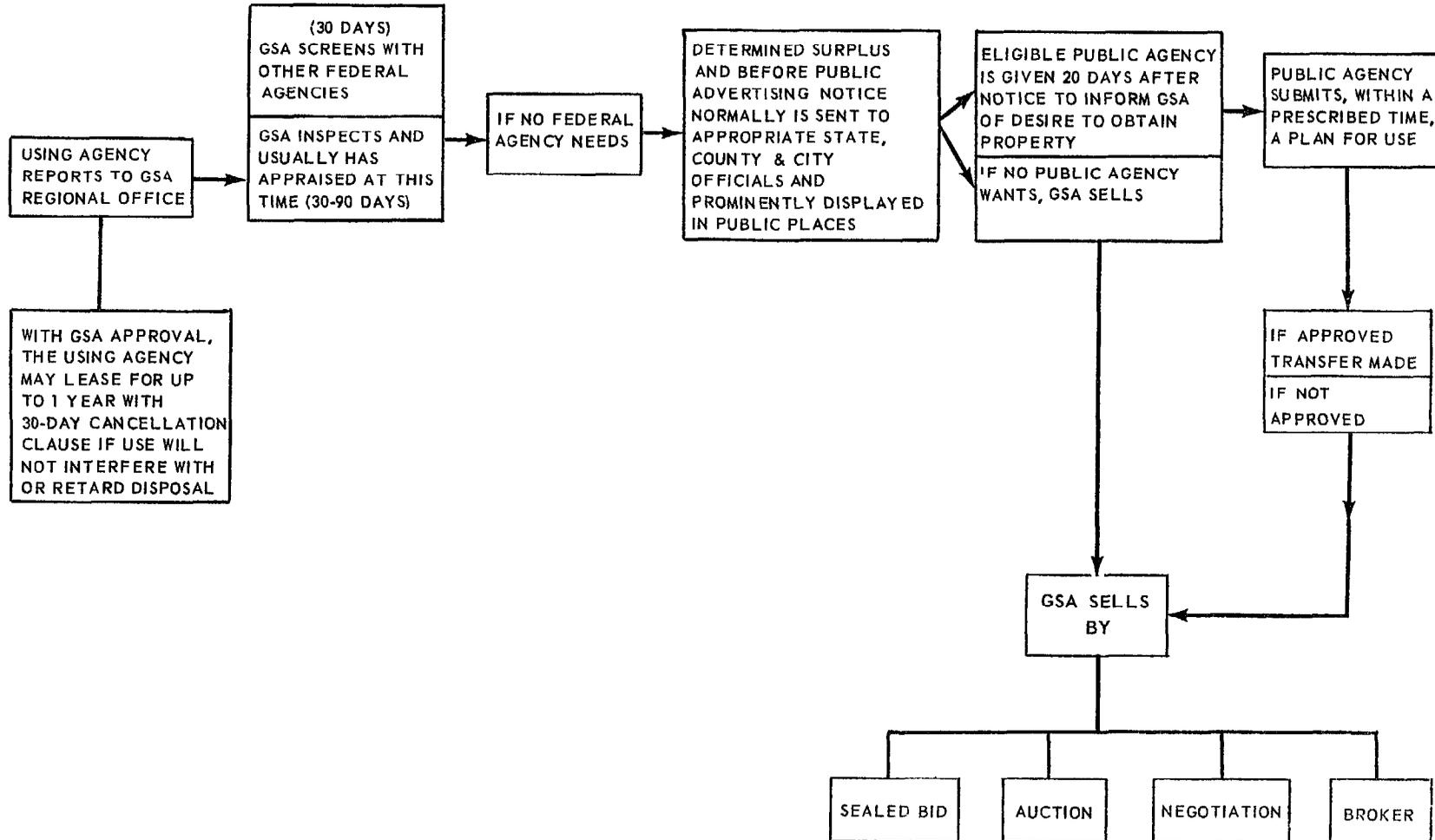
We reviewed correspondence, VA and Federal regulations, and landholdings at selected VA stations. We analyzed management's actions relating to landholdings at the selected VA stations. We discussed the use of VA land and related matters with officials of VA hospitals, the VA Central Office, GSA, and HEW. We obtained, in most instances, GSA appraisals of the fair market value for the highest and best use of the excess land identified at the VA stations included in our review.

Our review was conducted at the VA Central Office, Washington, D.C., and at the following 14 VA stations which were selected because they were located on large parcels of land:

- VA Centers at Los Angeles, California; Prescott, Arizona; and Temple, Texas; and
- VA Hospitals at Sepulveda and Long Beach, California; Tucson, Arizona; Kerrville, Waco, and Dallas, Texas; Albuquerque, New Mexico; Lebanon, Butler, and Pittsburgh, Pennsylvania; and Perry Point, Maryland.

APPENDIXES

PROCEDURES FOR DISPOSAL OF SURPLUS REAL PROPERTY





VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D C 20420

March 13, 1970

Mr. Max Hirschhorn
Associate Director, Civil Division
U. S. General Accounting Office (801)
Room #137, Lafayette Building
811 Vermont Avenue, N. W.
Washington, D. C. 20420

Dear Mr. Hirschhorn:

Thank you for the opportunity to review and comment on the draft of your proposed report entitled "Need to Improve Management Controls over Landholdings at Veterans Administration Hospitals."

We agree with your conclusion that established VA landholding policy is adequate, and we feel that only minor modifications are needed to improve management controls. The effectiveness of our policy is demonstrated by the fact that landholdings have been reduced from 46,000 acres in December 1955 to our current holdings of approximately 20,900 acres.

[See GAO note, p. 32.]

On February 10, 1970, the President issued Executive Order 11508, "Providing for The Identification of Unneeded Federal Real Property." VA will institute the required vigorous and complete survey of all real property under our control, and make the required report to the Administrator of General Services. We anticipate that when the GSA establishes uniform standards and procedures for identification of such real property, as required by Section 2.(1), they will clarify some of the issues on which we differ from your opinions as to our need for individual landholdings.

Mr. Max Hirschhorn
Associate Director, Civil Division
U. S. General Accounting Office (801)

We will of course, give specific consideration to the land parcels identified in your report. They will be carefully measured against the GSA standards, when established, and against our long range needs as these needs are known. As you know, the Congress has several times evidenced an interest in giving VA responsibility for some part of the "National Cemetery" program. In light of the Congressional interest, we are including suitability for veterans burial in our long range study of the potential best use of our real property.

Sincerely,



FRED B. RHODES
Deputy Administrator

GAO note: Deleted comments relate to matters discussed in the draft report but omitted from the final report.

PRINCIPAL OFFICIALS OF
THE VETERANS ADMINISTRATION
RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

| | <u>Tenure of office</u> | |
|--|-------------------------|------------|
| | <u>From</u> | <u>To</u> |
| ADMINISTRATOR OF VETERANS AFFAIRS: | | |
| D. E. Johnson | June 1969 | Present |
| W. J. Driver | Jan. 1965 | May 1969 |
| DEPUTY ADMINISTRATOR OF VETERANS AFFAIRS: | | |
| F. B. Rhodes | May 1969 | Present |
| A. W. Stratton | Nov. 1967 | May 1969 |
| Vacant | Sept. 1967 | Nov. 1967 |
| C. F. Brickfield | Feb. 1965 | Sept. 1967 |
| ASSISTANT ADMINISTRATOR FOR CON- STRUCTION: | | |
| V. P. Miller (acting) | Aug. 1968 | Present |
| W. Ashbridge | Sept. 1958 | Aug. 1968 |
| DIRECTOR, REAL ESTATE STAFF: | | |
| D. W. Dinneen | Jan. 1965 | Present |
| CHIEF MEDICAL DIRECTOR: | | |
| M. J. Musser, M.D. | Jan. 1970 | Present |
| H. M. Engle, M.D. | Jan. 1966 | Jan. 1970 |
| J. H. McNinch, M.D. | June 1963 | Jan. 1966 |
| DIRECTOR, ENGINEERING SERVICE: | | |
| H. T. Ford, Jr. | Mar. 1964 | Present |