FEDERAL REAL PROPERTY:
The Government Faces Challenges to Disposing of Unneeded Buildings

What GAO Found

The federal government holds many excess and underutilized properties that cost billions of dollars annually to operate. Excess properties are buildings that agencies have identified as having no further program use, and underutilized properties serve a program purpose that could be satisfied with only a portion of the property. In fiscal year 2009, 24 federal agencies including the Department of Defense reported 45,190 underutilized buildings that cost $1.66 billion annually to operate. GSA specifically holds 282 excess or otherwise underutilized buildings that cost $93 million annually to operate. Underutilized buildings represent the first places to look for possible consolidations that could, in turn, allow GSA to dispose of additional properties. Excess and underutilized properties erode the viability of FBF by forcing GSA to pay for buildings for which it gets no return. The viability of FBF is essential to ensuring that GSA is able to respond to changing government real estate needs over the coming years and make sound investment decisions. A June 2010 Presidential Memorandum continued government efforts to dispose of unneeded properties by establishing a new governmentwide target of $3 billion savings through disposals and other methods by the end of fiscal year 2012.

The problem of excess and underutilized property is exacerbated by a number of factors that impede the government’s ability to efficiently dispose of unneeded property. First, numerous stakeholders, including local governments, private real estate interests, and advocacy groups, have an interest in how the federal government carries out its real property acquisition, management, and disposal practices. These competing interests, that often view government buildings as the physical face of the federal government in local communities, can build barriers to property disposal. In 2007, GAO recommended that OMB develop an action plan to address the effects of stakeholder interests but it has yet to be implemented. Second, the complex legal environment has a significant impact on real property decisionmaking and may not lead to economically rational outcomes. GSA’s ability to effectively dispose of its unneeded property can also be hampered by its lengthy disposal process, which is legislatively mandated and includes requirements, such as determining whether the property can be used by other federal agencies, for homeless assistance, and for the public benefit. For example, GSA continues to hold numerous buildings that have been listed as excess for years. The lengthy disposal process may inhibit GSA’s ability to achieve cost savings under the Presidential Memorandum by the 2012 deadline.