VA Should Improve Reporting on the Benefits Provided by Leases of Unneeded Property

Why GAO Did This Study

Federal real property is on GAO's high risk list partly because some agencies, like VA, have large amounts of underutilized or vacant space. In an effort to develop some of these unneeded properties, VA has worked with private partners to convert its unneeded space into supportive housing for veterans and other purposes using EULs.

Congress included a provision in statute for GAO to review VA's EUL program. This report examines: 1) VA's authorities for managing unneeded property and providing homeless veteran housing; 2) VA's internal control design for monitoring EULs and collecting accurate data; and 3) VA's estimates of the financial effect of EULs.

What GAO Found

The Department of Veterans Affairs (VA) can manage unneeded property under its various real property authorities, but only one of these—enhanced use leases (EUL)—is used to provide homeless veteran housing. VA's EUL program leases unneeded properties to public or private sector entities if they agree to develop the property into supportive housing for homeless veterans and their families. Because homeless veterans are a Department priority, VA prefers EULs for disposing of unneeded property.

According to GAO's assessment, VA has designed internal control activities and policies for monitoring the operations of EUL projects and collecting data on their financial effects that are consistent with relevant principles in the Standards for Internal Control in the Federal Government. For example, VA has established internal control activities for assuring the reliability and accuracy of its data, such as by requiring that multiple parties analyze data for errors and unusual trends.

In 2015, VA reported the EUL program had a $48 million financial effect on VA's budget, resulting from items such as revenue payment and cost avoidance (see fig.). VA also reported $49 million in broader societal benefits from the enhanced services it is able to provide to veterans as a result of these EULs, such as homeless veteran housing. However, this latter estimate is not fully transparent because these broader benefits, which are important to veterans and society in general, do not affect VA's budget and VA does not explain that enhanced services costs are not accounted for, such as costs incurred by other agencies to provide services. In VA's 2017 Consideration Report, VA reported its financial benefits for its EULs two different ways. First, VA separately reported the $48 million of budget effects and the $49.1 million in enhanced services in an overall summary. Second, in summaries of each EUL project, VA combined the budget effect along with the broader societal benefits from enhanced services. VA guidance does not explain how to transparently and consistently report enhanced services. The standards for internal control require agencies to ensure their data faithfully represents what they purport to represent and communicate quality information. While enhanced services are important to veterans and society in general, VA's reporting of the benefits can be misleading to congressional decision makers and the public as it does not transparently and consistently describe the financial effect of VA's EUL program.

What GAO Recommends

VA should amend its guidance to specify how to consistently report its EUL enhanced services benefits and to explain the limitations of this estimate. VA concurred.

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