

Highlights of [GAO-11-370T](#), a testimony before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The federal real property portfolio, comprising over 900,000 buildings and structures and worth hundreds of billions of dollars, presents management challenges. In January 2003, GAO designated the management of federal real property as a high-risk area in part due to the presence of unneeded property. The Office of Management and Budget (OMB) is responsible for reviewing agencies' progress on federal real property management. The General Services Administration (GSA), often referred to as the federal government's landlord, controls more square feet of buildings than any other civilian federal agency. GSA funds real property acquisition, operation, maintenance, and disposal through the rent it collects from tenant agencies that is deposited into the Federal Buildings Fund (FBF). This testimony discusses (1) the scope and costs of the excess real property held by GSA and other federal agencies; and (2) the challenges GSA and other federal agencies face in disposing of excess and underutilized real property. GAO analyzed GSA data from a centralized real property database, reviewed GSA real property plans and previous GAO reports, and interviewed GSA and OMB officials.

View [GAO-11-370T](#) or key components. For more information, contact David Wise at (202) 512-2834 or wised@gao.gov.

February 10, 2011

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.