

GAO Highlights

Highlights of [GAO-14-586](#), a report to congressional requesters

Why GAO Did This Study

To help address challenges in federal real-property management, including the growing need to replace and modernize federal buildings, GSA has proposed expanding its use of swap-construct exchanges. GSA has proposed this approach for some potentially large projects, including replacing the FBI's headquarters.

GAO was asked to review issues related to these exchanges. This report addresses: (1) GSA's experience with completed swap-construct exchanges; (2) the status of GSA's proposed swap-construct exchanges; and (3) the potential benefits of these exchanges and factors that can influence their future use. GAO reviewed documents, including GSA's solicitations for swap-construct exchanges, appraisals of completed exchanges, and OMB and GAO guidance. GAO conducted site visits to the completed swap-construct sites and three proposed swap-construct sites, selected based on location, number of responses to GSA's solicitation, and stage in the swap-construct process, and interviewed GSA officials and nonfederal participants in the exchanges.

What GAO Recommends

GAO recommends that GSA (1) include, to the extent possible, details on what GSA is seeking in exchange for federal property in these solicitations and (2) develop criteria for determining when to solicit market interest in swap-construct exchanges. GSA agreed with GAO's recommendations.

View [GAO-14-586](#). For more information, contact Dave Wise at (202) 512-2834 or wised@gao.gov.

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FEDERAL REAL PROPERTY

GSA Should Better Target Its Use of Swap-Construct Exchanges

What GAO Found

Since 2000, the General Services Administration (GSA) has completed two "swap-construct" exchanges—transactions in which the agency exchanges title to federal property for constructed assets or construction services, such as renovation work—in response to private sector interest in specific federal properties. In both completed exchanges, GSA used the value of federal properties it determined were underutilized to acquire new parking garages. The recipients of the federal properties told us that the exchanges took longer than expected (about 3 years for one of the exchanges and 5 years for the other). In response, GSA noted its lack of experience with swap-construct exchanges at the time.

Since 2012, GSA has proposed six swap-construct exchanges. After reviewing responses to its solicitations, GSA is actively pursuing three, including a potential exchange of the existing Federal Bureau of Investigation's (FBI) headquarters for construction of a new FBI headquarters building. Respondents to the three solicitations that GSA is not actively pursuing noted concerns, including the amount of investment needed in the federal properties and the lack of detail regarding GSA's construction needs in an exchange. Swap-construct can result in an exchange of equally valued assets or services or can result in the government or a property recipient paying for a difference in value.

Proposed Swap-Construct Exchanges That GSA is No Longer Actively Pursuing



Spring Street Courthouse
(Los Angeles, CA)



Metro West (Baltimore, MD)



Dyer Courthouse (Miami, FL)

Sources: GAO and GSA. | GAO-14-586

The swap-construct approach can help GSA address the challenges of disposing of unneeded property and modernizing or replacing federal buildings, but various factors could affect future use of the approach. For example, swap-construct can require developers to spend large sums on GSA's construction needs before receiving title to the federal property used in the exchanges. GSA's solicitations have not always specified these construction needs. Consequently, developers may be unable to provide meaningful input, and GSA could miss swap-construct opportunities. Further, the viability of swap-construct exchanges may be affected by specific market factors, such as the availability of alternative properties. However, GSA lacks criteria to help determine if the agency should solicit interest in a swap-construct exchange. As a result, GSA could miss opportunities to use swap-construct or select properties and construction projects better suited to traditional disposal and funding processes. Office of Management and Budget (OMB) and GAO guidance emphasize the importance of criteria in making capital-planning decisions and providing clarity on construction needs.