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Highlights

Highlights of [GAO-09-776T](#), a testimony before the Senate Committee on Veterans' Affairs

Why GAO Did This Study

The Department of Veterans Affairs (VA) is one of the largest federal land-holding agencies and operates one of the largest health care-related real estate portfolios in the nation. However, many of VA's facilities were built more than 50 years ago and are underutilized or unused. Congress has provided VA with certain authorities, such as enhanced-use lease (EUL) authority, enabling the agency to lease or dispose of these properties. This statement focuses on (1) VA's authority to enter into EULs, (2) how VA has used its EUL authority, and (3) the relationship between VA's authorities and the amount of real property that is retained or sold. This statement is based on GAO's February 2009 report on federal agencies' authorities and actions regarding EULs and sale of unneeded real property ([GAO-09-283R](#)). To prepare that report, GAO analyzed the authorities and actions of the 10 largest federal land-holding agencies, including VA, to enter into EULs and sell unneeded real property. GAO reviewed VA's legal authorities related to EULs, the sale of real property, and retention of proceeds from EULs and sales; collected data on VA's use of EULs; and visited a property that VA is leasing under an EUL.

View [GAO-09-776T](#)

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VA REAL PROPERTY

VA Emphasizes Enhanced-Use Leases to Manage Its Real Property Portfolio

What GAO Found

VA has statutory authority to enter into enhanced-use leases (EUL), which are typically long-term agreements with public and private entities for the use of federal property in exchange for cash, in-kind consideration, or both. The agency may enter into EULs for underutilized or unused real property for up to 75 years and use the proceeds for a variety of purposes, including developing additional EULs, providing medical care, and constructing and improving VA medical facilities. In-kind consideration may include goods and services that benefit VA, such as provision of office, storage, or other usable space; or construction, repair, remodeling, maintenance, or other physical improvements to VA facilities.

VA has used its EUL authority to reduce the amount of its underutilized and unused property, and to receive financial and nonfinancial benefits. VA reported that it disposed of 50 buildings and land in fiscal year 2008 using its EUL authority. According to VA, the agency has 52 active EULs, which include housing, health care facilities, mixed-use, and other projects.

In addition to its EUL authority, VA may sell unneeded real property and retain the proceeds under its Capital Asset Fund (CAF) authority. However, VA sold no properties using this authority. According to VA officials, the agency places greater emphasis on entering into EULs, compared to real property sales, in part because VA can enter into EULs with fewer restrictions than under its CAF authority. For example, VA may enter into EULs without having to screen the property for homeless use, while property must be screened for homeless use if VA is selling property under its CAF authority. In addition, while VA has the authority to retain and spend proceeds from EULs without the need for further congressional action, proceeds retained under CAF authority are subject to further congressional action.

VA EUL: Energy Center at North Chicago Medical Center



Source: GAO.