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# Highlights

Highlights of [GAO-07-895T](#), a testimony before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Government Affairs

## Why GAO Did This Study

In January 2003, GAO designated federal real property as a high-risk area due to long-standing problems with excess and underutilized property, deteriorating facilities, unreliable real property data, and costly space challenges. Federal agencies were also facing many challenges protecting their facilities due to the threat of terrorism.

This testimony is based largely on GAO's April 2007 report on real property high-risk issues (GAO-07-349). The objectives of that report were to determine (1) what progress the administration and major real property-holding agencies had made in strategically managing real property and addressing long-standing problems and (2) what problems and obstacles, if any, remained to be addressed.

## What GAO Recommends

GAO recommended in April 2007 that OMB, in conjunction with the Federal Real Property Council, (1) develop a framework to better ensure the validity and usefulness of key agency data; (2) develop an action plan for addressing key problems, including reliance on leasing, security challenges, and the effect of competing stakeholder interests; and (3) create a clearer link between agencies' efforts under the real property initiative and broader capital planning requirements. OMB agreed with the report and concurred with its recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-895T](http://www.gao.gov/cgi-bin/getrpt?GAO-07-895T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark L. Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

# FEDERAL REAL PROPERTY

## An Update on High-Risk Issues

### What GAO Found

The administration and real property-holding agencies have made progress toward strategically managing federal real property and addressing long-standing problems. In response to the President's Management Agenda real property initiative and a related executive order, agencies have, among other things, established asset management plans; standardized data reporting; and adopted performance measures. Also, the administration has created a Federal Real Property Council (FRPC) and plans to work with Congress to provide agencies with tools to better manage real property.

These are positive steps, but underlying problems still exist. For example, the Departments of Energy (Energy) and Homeland Security (DHS) and the National Aeronautics and Space Administration (NASA) reported that over 10 percent of their facilities are excess or underutilized. Also, Energy, NASA, the General Services Administration (GSA), and the Departments of the Interior (Interior), State (State), and Veterans Affairs (VA) reported repair and maintenance backlogs for buildings and structures that total over \$16 billion. The Department of Defense (DOD) reported a \$57 billion restoration and modernization backlog. Also, Energy, Interior, GSA, State, and VA reported an increased reliance on leasing to meet space needs. While agencies have made progress in collecting and reporting standardized real property data, data reliability is still a challenge at DOD and other agencies, and agencies lack a standard framework for data validation. Finally, agencies reported using risk-based approaches to prioritize security needs, which GAO has suggested, but some cited obstacles such as a lack of resources for security enhancements.

In past high-risk updates, GAO called for a transformation strategy to address the long-standing problems in this area. While the administration's approach is generally consistent with what GAO envisioned, certain areas warrant further attention. Specifically, problems are exacerbated by underlying obstacles that include competing stakeholder interests, legal and budgetary limitations, and the need for improved capital planning. For example, agencies cited local interests as barriers to disposing of excess property, and agencies' limited ability to pursue ownership leads them to lease property that may be more cost-effective to own over time.

### Examples of Excess Federal Facilities



Sources: VA and USPS.

From left to right: former Main VA Hospital Building, Milwaukee, WI; former Main Post Office Chicago, IL.