

441 G St. N.W.
Washington, DC 20548

December 8, 2021

Congressional Committees

Federal Real Property: Several Factors May Limit Efforts to Reduce Space under New Sale and Transfer Process

The Federal Assets Sale and Transfer Act of 2016 (FASTA), effectively a 6-year pilot program, established a new approach for reducing the federal government’s inventory of federal civilian real property by mitigating several long-standing disposal challenges, among other things.¹ These challenges, such as the costly and lengthy disposal process are, in part, why the management of federal real property has remained on our high-risk list since 2003.²

FASTA included provisions that established both an independent board—the Public Buildings Reform Board (the Board)—and a temporary new process that included a dedicated funding mechanism to cover necessary costs associated with Board recommendations such as those relating to the disposal (e.g., sale) of unneeded federal real properties.³ Specifically, FASTA called for federal stakeholders—the Board, the Office of Management and Budget (OMB), the General Services Administration (GSA), and other federal agencies—to collectively identify and recommend real property reduction and other cost-saving opportunities over the course of three rounds (2019, 2021, and 2024).⁴ Any sales proceeds generated from the rounds are to be deposited into the Asset Proceeds and Space Management Fund (Asset Proceeds Fund) and used to fund costs associated with implementing OMB-approved Board recommendations in

¹Pub. L. No. 114-287, § 2, 130 Stat. 1463, 1463-64. FASTA defines the term “federal civilian real property” to mean federal real property assets, including public buildings as defined in Section 3301(a)(5) of Title 40, US Code, occupied and improved grounds, leased space, or other physical structures under the custody and control of any federal agency. FASTA focuses on decreasing the federal government’s inventory of civilian real properties and excludes many types of federally owned assets. Types of properties excluded from disposal include those: located on military installations; used in connection with federal programs for agricultural, recreational, or conservation purposes; and located outside the U.S. or maintained by the Department of State or the United States Agency for International Development. FASTA § 3(5)(B), 130 Stat. at 1467. Under FASTA, the Public Buildings Reform Board is to cease operations and terminate 6 years after the date on which the Board members were appointed. FASTA § 10, 130 Stat. 1468.

²GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington D.C.: Mar. 2, 2021).

³For the 2021 and 2024 Rounds, FASTA provides that properties “can be transferred, exchanged, consolidated, co-located, reconfigured, or redeveloped, so as to reduce the civilian real property inventory, reduce the operating costs of the government, and create the highest value and return for the taxpayer.” FASTA § 11(a)(2)(B), 130 Stat. at 1468.

⁴FASTA refers to the three rounds as the High Value Assets Round (2019), Round 1 (2021), and Round 2 (2024). FASTA § 12(b), 130 Stat. at 1469; FASTA § 12(g)(2)(A), 130 Stat. at 1471; FASTA § 12(g)(2)(B), 130 Stat. at 1471.

subsequent rounds.⁵ Amounts in the Asset Proceeds Fund are subject to congressional appropriation.

FASTA included provisions for us to review the Board's identification and selection process and agencies' efforts to implement the Board's recommendations. In January 2021, we completed our review on the identification and selection process for the Board's 2019 round recommendations. We found that FASTA's effect on long-standing disposal challenges remained uncertain, and stakeholders expressed concern regarding the availability of funding to cover costs for future FASTA rounds.⁶ In this review, we examined:

- the status of properties approved for disposal in the 2019 round, and
- factors, if any, that limit the future identification of space reduction under FASTA.

To meet these objectives, we reviewed FASTA, analyzed documents, and interviewed officials from GSA, and Board and OMB staff. We spoke with GSA officials to assess the progress made in selling the properties recommended for disposal in the 2019 round, including reviewing project plans and projected timelines. We spoke with Board staff to identify factors that limited the identification of properties as potential candidates for the next FASTA round in December 2021.

We conducted this performance audit from February 2021 to December 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In what is effectively a 6-year pilot program, FASTA tests several concepts that we and other stakeholders previously identified and that could help address the long-standing challenges associated with disposal of unneeded facilities. These challenges can include a lack of upfront funding to prepare properties for disposal, lengthy statutory and regulatory requirements, data limitations, and unique characteristics that often make properties difficult to sell or transfer.⁷

To mitigate the challenge of lengthy requirements, FASTA was designed, in part to facilitate and expedite the disposal process.⁸ For example, we previously reported that the traditional disposal process is relatively decentralized and a streamlined process could help reduce disposal time

⁵The Asset Proceeds Fund is an account in the Treasury of the United States under the custody and control of GSA. FASTA § 16(b)(1), 130 Stat. at 1475, as amended by Pub. L. No. 115-141, div. E, tit. V, § 527(2), 132 Stat. 348, 573 (2018).

⁶GAO, *Federal Real Property: Additional Documentation of Decision Making Could Improve Transparency of New Disposal Process*, [GAO-21-233](#) (Washington D.C.: Jan. 29, 2021).

⁷[GAO-21-233](#)

⁸See FASTA § 2(8), 130 Stat. at 1464; S. Rep. No. 114-291 at 6 (2016); H.R. Rep. No. 114-578 at 4 (2016).

and costs.⁹ FASTA established a centralized process with targeted timeframes and defined leadership roles and responsibilities for stakeholders, including the creation of the Board to help identify opportunities for the federal government to reduce its inventory of civilian real property and its associated costs. The Board is required to submit a list of property recommendations to OMB over the course of three “rounds” (cycles of identifying candidate properties) in 2019, 2021, and 2024. OMB is responsible for reviewing and approving or disapproving the Board’s recommendations. GSA is responsible for executing activities necessary to carry out the OMB-approved Board recommendations, as are the federal agencies associated with the real property subject to the approved recommendations. FASTA also includes deadlines for when the Board is required to submit its list of candidates to OMB for review as well as sales proceeds targets and provisions outlining other requirements for each round (see table 1).

Table 1: Identification and Implementation Requirements, by Round, under the Federal Assets Sale and Transfer Act of 2016 (FASTA)

Requirement	2019 Round	2021 Round	2024 Round
Submission deadline^a	November 2019	December 2021	December 2024
Types of projects^b	Sales	Multiple, including disposals such as sales	Multiple, including disposals such as sales
Number of projects	Not fewer than 5	Not specified	Not specified
Targeted sales proceeds^c	\$500 to \$750 million	Up to \$2.5 billion	Up to \$4.75 billion

Source: GAO analysis of FASTA (Pub. L. No. 114-287, 130 Stat. 1463 (2016)). | GAO-22-105345

^aDeadline for the Public Buildings Reform Board (the Board) to submit candidate properties to Office of Management and Budget (OMB) for approval. The Board must submit properties as follows: 2019 round, not later than 180 days after Board members are appointed (appointments occurred in May 2019); 2021 round, not later than 2 years after transmittal of 2019 round; 2024 round, not earlier than 3 years after transmittal of 2021 round.

^bFor the 2021 and 2024 rounds, multiple projects types are permitted, including consolidations, exchanges, co-locations, reconfigurations, lease reductions, sales, lease to private-sector or local entities, and redevelopment.

^cFASTA specifies a total fair market value of transactions for the 2019 round and a total value of transactions for the 2021 and 2024 rounds. For the purposes of this report, we discuss these figures as targeted sales proceeds.

FASTA also aimed to help address the funding challenges associated with the traditional disposal process. We previously found that agencies often lack adequate funding to cover the costs of activities required for property disposal such as historic preservation assessments, environmental assessments, and remediation activities.¹⁰ We have also found that agencies, which are typically responsible for upfront disposal-related costs, traditionally allocate funds to cover such costs from their funding for salaries and expenses or operations and maintenance. As a result, disposal-related funding needs often compete with other ongoing funding requirements.

⁹We identified certain key elements of the Department of Defense’s Base Realignment and Base Closure process that may be applicable to the disposal and realignment of civilian federal real property. See GAO, *Federal Real Property: Proposed Civilian Board Could Address Disposal of Unneeded Facilities*, [GAO-11-704T](#) (Washington, D.C.: June 9, 2011).

¹⁰[GAO-11-704T](#), GAO, *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*, [GAO-12-645](#) (Washington, D.C.: June 20, 2012) and GAO, *Federal Real Property: Improving Data Transparency and Expanding the National Strategy Could Help Address Long-standing Challenges*, [GAO-16-275](#) (Washington, D.C.: Mar. 31, 2016).

To help mitigate these funding challenges, FASTA established the Asset Proceeds Fund, administered by GSA, to provide funding for costs associated with implementing OMB-approved Board recommendations, including funding activities needed to prepare properties for disposal. A combined total of \$46 million was appropriated to the Asset Proceeds Fund for fiscal years 2018, 2019, and 2021 to be used pursuant to Board recommendations, such as those relating to the disposal of properties in the 2019 round.¹¹ In general, sales proceeds from the 2019 round, as well as subsequent rounds, are to be deposited into the Asset Proceeds Fund and used to carry out future actions pursuant to OMB-approved Board recommendations, including disposal-related actions.¹² Proceeds in the Asset Proceeds Fund are subject to congressional appropriation. For example, if GSA sold \$500 million in properties from the 2019 round, the proceeds would be deposited in the Asset Proceeds Fund and, if provided for in appropriations acts, \$500 million could be available to offset upfront costs of future disposals, including the costs to implement the next round of recommendations.

The 2019 FASTA round required the Board to identify at least five “high-value properties”—with a combined estimated total fair-market value between \$500 and \$750 million—for potential sales.¹³ In October 2019, the Board recommended 14 properties to OMB for approval. In November 2019, OMB rejected the Board’s recommendations, stating the recommendations lacked the information OMB needed to adequately assess each property. OMB also issued “recommendation guidelines” to help the Board identify candidate properties that were more likely to gain OMB approval.¹⁴ In particular, these guidelines indicated OMB would not approve Board recommendations without financial execution plans demonstrating how individual projects could be implemented using the funds currently available within the Asset Proceeds Fund. In December 2019, the Board resubmitted 12 recommendations to OMB along with the required financial execution plans for each property.¹⁵ In January 2020, OMB approved the Board’s final list of 12 properties for disposal, but in April 2021 withdrew approval of one of the properties, reducing the 2019 round to 11 approved properties.¹⁶

FASTA contains several deadlines for the implementation of the Board’s 2019 OMB-approved recommendations including: (1) 60 days for agencies to submit Reports of Excess providing

¹¹The Asset Proceeds Fund received \$5 million for fiscal year 2018 to remain available until expended, \$25 million for fiscal year 2019 to remain available until expended, and \$16 million for fiscal year 2021, to remain available until expended. Pub. L. No. 115-141, 132 Stat. 348, 572 (2018), Pub. L. No. 116-6, 133 Stat. 13, 171 (2019), Pub. L. No. 116-260, div. E, title V, 134 Stat. 1182, 1413 (2020).

¹²Whereas funds appropriated to the Asset Proceeds Fund can be used without further Congressional action, the use of proceeds in the Asset Proceeds Fund must be provided for by Congress in appropriations acts before it can be used to implement OMB-approved Board recommendations.

¹³This round is referred to as the “High-Value” round under FASTA. For the purposes of our report, we referred to the high-value round as the 2019 round because the Board submitted its recommendations for this round to OMB for approval in December 2019. In general, “fair market value” is the price a buyer and seller would agree on when a property sells on the open market.

¹⁴OMB, *Official Response to Public Buildings Reform Board (the Board) Recommendations* (November 27, 2019).

¹⁵The Board removed two properties from its initial submission due to learning, through follow-up conversations with agency officials, of anticipated delays regarding the construction of the replacement facilities.

¹⁶OMB withdrew its approval of the Federal Archives and Records Center in Seattle, WA, for disposal after concluding that the process that led to the decision to approve the sale was contrary to the administration’s January 26, 2021, Memorandum on Tribal Consultation.

information about the excess real property to GSA¹⁷ and (2) a 1-year implementation deadline for GSA to sell properties once officials accept the agency's Report of Excess.¹⁸ FASTA does not specify when GSA must accept such reports. According to GSA officials, a majority of agencies met the first of these deadlines as the Reports of Excess for all but one property recommended during the 2019 round were received by March 2020.¹⁹ For the second deadline, GSA officials reported formally accepting the first Report of Excess for the 2019 round properties in May 2021 and, as of October 2021, had accepted the Report of Excess for 8 of the 11 properties approved by OMB for disposal. GSA officials told us they plan to accept the remaining reports by the end of calendar year 2021, depending on the completion of required due diligence activities.

GSA is in the Process of Selling the Properties Approved for Disposal in 2019 Round

GSA is currently in the process of selling the properties approved for disposal by OMB in the 2019 round. As of December 2021, GSA has listed eight properties for sale on its auction website. Online bids for five properties have ended, including four properties that GSA awarded to the winning bidders and one property for which the sales process is completed.²⁰ Specifically, the sale of the Idaho Falls Park & Ride Lot was completed on October 14, 2021, whereas the Edison Job Corps Center Vacant Land Parcel, Nike Site, WestEd Office Building, and the Sacramento Job Corps Center Vacant Land Parcel sales have been awarded, but completion is pending receipt of final payment and deed execution and delivery. One property, the Idaho Falls Building, ended with a high bid at auction of \$1,200,000; however, this bid did not meet or exceed GSA's previously estimated value of the property, and officials did not accept it. GSA officials told us that they are in the process of re-branding the sale of this property and plan to re-launch a targeted marketing campaign by the end of 2021. As of December 1, 2021, bidding remained open for two properties, and GSA has plans to list the final four properties by the end of 2022.²¹ For more information on property and sales status see enclosure I.

According to GSA officials, some of the properties identified during the 2019 round have required more due diligence activities than initially anticipated to prepare for sale.²² For

¹⁷In addition, to assist with disposal of such excess real property, GSA requires certain due diligence information to be submitted with every Report of Excess. This information includes, among other things, information on environmental compliance and historic preservation aspects of the excess real property.

¹⁸FASTA allows for an extension of the implementation deadline up to 2 years after the Report of Excess is accepted by GSA if OMB determines it is in the financial interest of the government.

¹⁹According to GSA officials, the Department of Veterans Affairs submitted the Report of Excess for the VA Denver Medical Center in Denver, CO, in July 2020 due to an outstanding environmental assessment.

²⁰GSA's Auction website allows individuals to bid electronically on surplus federal personal property and real property. Bidders participate in open competition against other bidders until only the highest bid survives without challenge. The highest bid offered is awarded the sale if that bid is accepted by GSA. The bidder must send the remaining payment by a certain date in order to complete the sale.

²¹As previously noted, the Board recommended and OMB approved 11 total properties. These recommendations included the Information Operations and Research Center and the Shelley-New Sweden Park and Ride Lot in Idaho Falls as part of a single recommendation. However, GSA is selling these properties as separate entities for a total of 12 properties available for sale.

²²We plan to further evaluate the process used to prepare and sell the 2019 round properties as a part of future work.

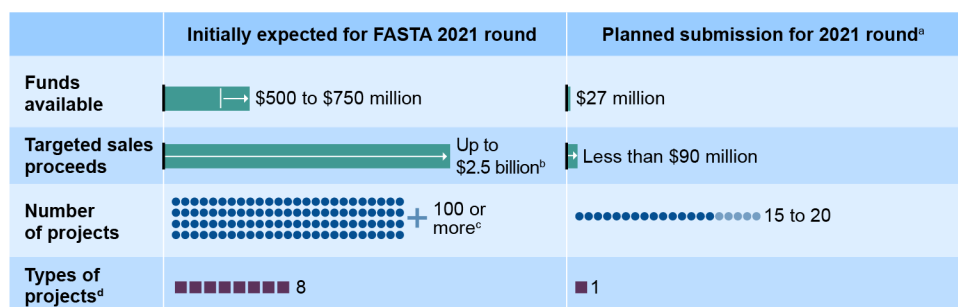
example, GSA officials told us that one property had an outstanding mandatory environmental assessment that took months to complete and another property had access issues, which required extensive coordination with local officials to resolve prior to placing the property on GSA's auction website. GSA officials told us that one property, in particular, is taking longer to list for sale due to ongoing activities to relocate existing tenants to a new location.

A significant amount of funding available for activities related to the FASTA process has been or is expected to be used to prepare the properties recommended during the 2019 round for disposal. Specifically, GSA officials plan to spend around \$19 million out of the \$46 million currently available in the Asset Proceeds Fund, made available through prior annual appropriations acts, to prepare and sell the properties from the 2019 round. For example, GSA plans to spend around \$5 million in disposal costs for one property to close out an existing contract for building services. Thus—absent sales proceeds from the 2019 round—there will be about \$27 million left over in the Asset Proceeds Fund to prepare and implement the Board's OMB-approved recommendations for the 2021 round. This amount may not be sufficient to prepare properties, which under FASTA, could total up to \$2.5 billion in potential sales proceeds. If, however, the 2019 round properties are sold, additional funding could become available, pending appropriations, to implement future rounds.

Available Funding and 2021 Deadline Will Likely Limit the Board's Future Space Reduction Recommendations

In September 2021, Board staff told us that, the number, value, and complexity of projects recommended for the 2021 round would be more limited than what was initially expected. Specifically, staff stated that the Board would likely recommend no more than 20 properties for the next round—one-fifth of the target number of 100 or more properties OMB suggested in February 2021²³—and that the total value of these properties will likely be less than \$90 million—significantly less than the \$2.5 billion ceiling provided under FASTA for the 2021 round. In addition, Board staff told us that, while they preliminarily identified several relatively complex consolidation projects, the Board plans to recommend non-complex disposal (sales) projects involving mostly vacant properties rather than other types of projects permitted in the 2021 round that might require moving employees and finding new tenant space (see figure 1).

Figure 1: Characteristics of Planned Submissions for the 2021 Round of the Federal Assets Sale and Transfer Act of 2016 (FASTA), as of October 2021, as Compared to What Was Initially Expected for the FASTA 2021 Round



Source: GAO analysis of FASTA, Office of Management and Budget (OMB) guidance, and interviews with Public Building Reform Board staff. | GAO-22-105345

²³86 Fed. Reg. 8926, 8927 (Feb. 10, 2021).

^aBased on statements from Board staff; final submissions subject to change.

^bPub. L. No. 114-287, § 12(g)(2)(A), 130 Stat. 1463, 1471 (2016).

^cBased on comments from OMB in the Federal Register. 86 Fed. Reg. 8926, 8927 (Feb. 10, 2021).

^dFASTA permits the following eight project types for the 2021 round: sales, consolidations, exchanges, co-locations, reconfigurations, lease reductions, lease to private-sector or local entities, and redevelopment. The Board is planning to submit recommendations for one of these project types: sales.

Board staff told us several factors are limiting the number and types of recommendations for the 2021 round, including available funding, the upcoming submission deadline, and uncertainty caused by the COVID-19 pandemic. As a result, staff stated that they are limiting potential recommendation candidates to those which can be: (1) prepared for disposal (sale) with the funds currently available within the Asset Proceeds Fund and (2) evaluated and adequately vetted within FASTA's required deadline of December 2021. In particular, Board staff believe that based on the OMB guidelines issued during the 2019 round and in 2021,²⁴ OMB will not approve Board recommendations without support that projects can be completed with available funding in the Asset Proceeds Fund and within required FASTA timeframes. Board staff also noted that agencies' evolving space needs, due to the COVID-19 pandemic, have limited the Board's ability to put forth recommendations this round. Specifically, according to Board staff, agencies stopped putting forth possible underutilized space due to uncertainties surrounding the impact of the COVID-19 pandemic on an agency's mission and future space needs, as well as, the continuation of telework and workplace flexibilities.

In addition to limiting the number of properties and related sales proceeds of the 2021 round, these factors are also endangering the ability of stakeholders to successfully demonstrate the pilot-like concepts outlined in FASTA, such as an independent board and a dedicated funding mechanism. While Board staff told us that the Board is planning to submit a larger, more complex list of projects for the final, 2024 round, that submission may be significantly limited by factors previously mentioned above and associated decisions made during the 2021 round. As with previous rounds, the scale of the 2024 round is contingent upon the availability of sales proceeds in the Asset Proceeds Fund, if provided for in an appropriations act. The outcome of the 2021 round will likely return less than \$90 million in proceeds and presumably result in much less funding than expected in FASTA to prepare properties worth up to \$4.75 billion for the 2024 round.

Moreover, while GSA officials and Board staff stated that sales from the 2019 round are likely to result in additional potential funding within the next few months, that has yet to be seen, and it is also unclear when those funds will be deposited into the Asset Proceeds Fund and made available through appropriations acts. As a result, it is probable that the FASTA process will not meet expectations or provide insight into how the federal government can address long-standing challenges related to reducing the federal real property portfolio. As the COVID-19 pandemic continues, competition for limited federal resources remains high, and agencies' space requirements evolve, the concepts outlined in FASTA potentially become both more critical for helping to manage the federal real property portfolio and more challenging to implement due to the complexities of selling properties in an uncertain real estate environment.

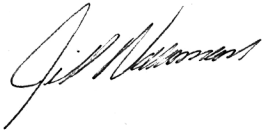
²⁴OMB, *Official Response to PBRB Recommendations*, November 27, 2019 and OMB, *Notice, Publication of Standards, Criteria and Recommendations*, 86 Fed. Reg. 8926, 8927 (Feb. 10, 2021).

Agency Comments

We provided a copy of this draft report to the Board, GSA, and OMB for review and comment. The Board provided comments, which are reprinted in enclosure II. In written comments the Board generally agreed with the characterization of FASTA and the factors limiting future space reduction recommendations and identified some additional implementation issues. We plan to review a number of issues the Board identified in its letter regarding the implementation of FASTA as a part of work planned for 2022 including GSA's process for selling the 2019 round properties. We incorporated technical comments from the Board, as appropriate. OMB provided technical comments, which we incorporated, as appropriate. GSA had no comments on the draft report.

We are sending copies of this report to the appropriate congressional committees, the Public Buildings Reform Board, the Director of the Office of Management and Budget, the Administrator of the General Services Administration, and other interested parties. The report is also available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or naamanej@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure III.



Jill Naamane
Acting Director, Physical Infrastructure Issues

Enclosure(s) – 3

List of Committees

The Honorable Tom Carper
Chairman
The Honorable Shelley Moore Capito
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Gary C. Peters
Chair
The Honorable Rob Portman
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Carolyn B. Maloney
Chair
The Honorable James Comer
Ranking Member
Committee on Oversight and Reform
House of Representatives

The Honorable Peter A. DeFazio
Chairman
The Honorable Sam Graves
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

Enclosure I: Implementation Status of the Public Buildings Reform Board’s (the Board) Recommendations of Federal Real Property for Disposal (Sale) under the Federal Assets Sale and Transfer Act of 2016 (FASTA) 2019 Round, as of December 1, 2021

Table 2: Implementation Status of the Public Buildings Reform Board’s (the Board) Recommendations of Federal Real Property for Disposal (Sale) under the Federal Assets Sale and Transfer Act of 2016 (FASTA) 2019 Round, as of December 1, 2021

Landholding federal agency	Property and location	Sales Method	Implementation Status	Sales Deadline ^a
Department of Energy	Shelley-New Sweden Park and Ride Lot Idaho Falls, ID ^b	GSA Auction Website	Awarded on September 14, 2021 and completed on October 14, 2021 Closing bid: \$268,000	5/13/2022
	Information Operations and Research Center Idaho Falls, ID		Auction closed on October 1, 2021 High bid: \$1,200,000 was not awarded. Property will be re-offered.	5/13/2022
Department of Labor	Edison Job Corps Center (excess land) Edison, NJ	GSA Auction Website	Awarded on September 27, 2021 Closing bid: \$4,400,000	5/4/2022 ^c
Department of Commerce	Nike Site Gaithersburg, MD	GSA Auction Website	Awarded on November 29, 2021 Closing bid: \$12,000,500	5/4/2022
Department of Education	WestEd Office Building Los Alamitos, CA	GSA Auction Website	Awarded on October 4, 2021 Closing bid: \$26,500,000	5/4/2022 ^c
General Services Administration (GSA)	Ronald Reagan Federal Building and Courthouse Harrisburg, PA	GSA Auction Website	Listed for sale as of September 7, 2021 Minimum opening bid ^d : \$3,000,000	5/17/2022 ^c
Department of Commerce	Southwest Fisheries Science Center Pacific Grove, CA	TBD	Plan to list for sale in early 2022	6/1/2022
Department of Labor	Sacramento Job Corps Center (excess land) Sacramento, CA	GSA Auction Website	Awarded on November 9, 2021 Closing bid: \$12,300,000	7/8/2022
GSA	Auburn Complex Auburn, WA	GSA Auction Website	Listed for sale as of August 30, 2021 Minimum opening bid: \$80,000,000	7/30/2022
Department of Veterans Affairs	Denver Medical Center Denver, CO	TBD	Plan to list for sale later in 2021	Planned for no later than end of 2022
GSA	Menlo Park Complex Menlo Park, CA	TBD	Plan to list for sale later in 2021	Planned for no later than end of 2022
GSA	Chet Holifield Federal	TBD	Plan to list for sale in fall 2022	Planned for no later than end of 2022

Landholding federal agency	Property and location	Sales Method	Implementation Status	Sales Deadline ^a
	Building Laguna Niguel, CA			

Source: GAO analysis of the GSA information and an interview with GSA officials. | GAO-22-105345

^aDeadline for GSA to complete actions approved by the Office of Management and Budget (OMB) for the 2019 round, generally 1 year from when GSA accepts the agency's Report of Excess (which according to GSA officials is documentation on required due diligence activities). FASTA allows for an extension of the implementation deadline of up to 2 years after the Report of Excess is accepted by GSA if OMB determines it is in the financial interest of the Government.

^bThe Board included the Information Operations and Research Center and the Shelley-New Sweden Park and Ride Lot in Idaho Falls as part of a single recommendation, but GSA is selling them as separate entities.

^cReport of Excess was conditionally accepted by GSA pending closure of gaps in due diligence (e.g., information on environmental compliance and historic preservation aspects of the excess real property). Reports of Excess were subsequently accepted upon data gap closure.

^dAccording to GSA officials, minimum opening bid is the price that GSA uses to market a property and drive sales interest and is based on several factors including commercial market rate and prospective buyer interest.

Enclosure II: Comments from the Public Buildings Reform Board



November 19, 2021

Ms. Jill Naamane
Acting Director, Physical Infrastructure
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Naamane:

Thank you for giving the Public Buildings Reform Board (the Board) an opportunity to comment on draft Audit No. GAO-22-105345, entitled, “Several Factors May Limit Efforts by New Board to Reduce Space Under New Sale and Transfer Process.” At the beginning of this report, GAO notes that, “In this review, we examined (1) the status of properties approved for disposal in the 2019 round and (2) factors, if any, that limit the future identification of space reduction under FASTA (page 2).” As GAO’s review documents, the Board agrees that implementation of the Federal Assets Sale and Transfer Act (FASTA) largely can be separated into two distinct phases: property identification and sales execution.

Status of Properties approved for disposal in the 2019 round:

Regarding the overall status of properties approved for disposal in the 2019 High Value Asset Round, the Board would like to emphasize that the sales execution phase of FASTA is being implemented by the General Services Administration (GSA) no differently than any other federal property disposal process it manages. As such, and in particular regarding timing, the Board believes faster sales execution likely would have facilitated future identification of properties. The sales of all three of the highest value HVAs, the Auburn Campus, the Menlo Park Complex and the Chet Holifield Federal Building, will not close until sometime in 2022 and 2023. You may wish to update the chart on page 11 since GSA has advised stakeholders that the Chet Holifield Federal Building will not even come to market until Fall 2022 rather than early in 2022. Assuming a sale of that property sometime in calendar year 2023, this means that the earliest that proceeds from the sale could be requested would be in the Administration’s FY 2025 budget request, right at the end of the Board’s second round and likely too late to work with agencies on any projects to utilize those funds.

Factors, if any, that limit the future identification of space reduction under FASTA:

Regarding future identification of properties and space reduction, the Board agrees that the factors GAO identified, plus the lack of ‘retention of proceeds’ authority until after the six year FASTA pilot project ends, all serve to reduce the incentive for agencies to participate in FASTA, and thus combine to limit FASTA’s effectiveness. The Board notes that none of these factors were of the Board’s own making.

The Board recommends a number of possible solutions to these issues to better enable agencies to implement FASTA as Congress intended. For example, sales execution in the manner recommended by the Board would increase proceeds and hasten the deposits of those proceeds. Treatment of historic preservation responsibilities in properties being disposed of under FASTA also should be evaluated to develop an approach that both satisfies those responsibilities and addresses FASTA’s requirements of maximizing the return to taxpayers. Finally, options to make agency retention of proceeds available for second round properties, and the ability for the Board to make second round recommendations on a rolling basis would further incentivize agency participation.

The Board also has two technical comments about the report. All references to “Board officials” should be changed to “Board staff” since the Board members themselves were not part of those discussions. And we would note with respect to the chart on page 6 that the reason only one type of project has been recommended to date is because of the need to focus on property sales that will produce funds for the Asset Proceeds Fund.

Thank you for the opportunity to comment on this report. The Board firmly believes in the merits of FASTA as a vehicle to expedite the disposal of unneeded and underutilized federal real property, help agencies rightsize their portfolios in a post-Covid era, and achieve efficiencies and returns for the taxpayer. The Board looks forward to continuing its collaboration with all stakeholders to achieve FASTA’s promise and intent.

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- Mary Phillips, Board Member
- Talmage Hocker, Board Member
- Nick Rahall, Board Member

Enclosure III: GAO Contact and Staff Acknowledgments

GAO Contact

Jill Naamane at (202) 512-2834 or naamanej@gao.gov

Staff Acknowledgments

In addition to the contact named above, Matthew Cook (Assistant Director); Colleen Taylor (Analyst-in-Charge); Jeffrey Arkin; Melissa Bodeau; Geoff Hamilton; Ivan Hernandez; Terence Lam; Thomas McCabe; Joshua Ormond; Janet Temko-Blinder; and Elizabeth Wood made key contributions to this report.

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