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GAO

Report to Congressional Requesters

October 1990

HOMELESSNESS

Action Needed to Make Federal Surplus Property Program More Effective

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GAO
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Resources, Community, and
Economic Development Division

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October 9, 1990

The Honorable John Glenn
Chairman, Committee on
Governmental Affairs
United States Senate

The Honorable Cardiss Collins
Chairwoman, Government Activities
and Transportation Subcommittee,
Committee on Government Operations
House of Representatives

This report responds to your requests of March 23, 1989, to review how surplus federal property is made available for use by the homeless under title V of the McKinney Act. Specifically, the report addresses (1) barriers to making the program work and (2) actions taken or being taken to improve the process.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Secretaries of Health and Human Services, Housing and Urban Development, and Defense; the Administrator of the General Services Administration; the Executive Director of the Interagency Council on the Homeless; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Our work was conducted under the direction of John M. Ols, Jr., Director, Housing and Community Development Issues, (202) 275-5525. Other major contributors are listed in appendix IV.

J. Dexter Peach
Assistant Comptroller General

Executive Summary

Purpose

The Congress, in title V of the Stewart B. McKinney Homeless Assistance Act, enacted on July 22, 1987, attempted to provide shelter and services to the homeless by allowing federal property to be leased for uses such as emergency shelters and food kitchens. By September 1988 only a few properties had been made available to the homeless, and advocates for the homeless sued the responsible federal agencies because of their slowness in implementing title V. The U.S. District Court, District of Columbia, issued several court orders to force federal agencies to begin the process of making federal properties available to the homeless.

Because of their concern about the federal agency response to making federal properties available, the Chairman of the Senate Committee on Governmental Affairs and the Chairwoman of the Government Activities and Transportation Subcommittee, House Committee on Government Operations, asked GAO to evaluate (1) barriers to making title V work and (2) actions taken or being taken to improve the process. In addition, GAO reviewed federal leases with assistance providers to determine whether the leases expose the government to liability and costs.

Background

To bring about compliance with the McKinney Act, the District Court set forth specific steps to be followed by all federal landholding agencies. All federal landholding agencies must provide the Department of Housing and Urban Development (HUD) with inventories of their surplus properties on a quarterly basis. HUD then determines whether any of those properties are suitable for use by the homeless. HUD publishes the results in the Federal Register and notifies the agencies which properties were found suitable. Individuals or organizations providing assistance to the homeless must express interest to the Department of Health and Human Services (HHS) on properties listed in the Federal Register within 30 days of the notice, and the agencies must report to HUD whether or not they will make the property available for application by providers within that same 30 days. At the same time, some properties may still require screening for use by other federal agencies. Regardless, assistance providers must complete their application within 90 days of the Federal Register notice for some properties, and HHS must decide on completed applications within 15 days of receipt.

According to HUD officials, from January to June 1990 HUD reviewed 7,666 buildings and parcels of land and found about half suitable for homeless use. However, because of either their poor condition or remote location, many of these properties may not be usable. By June 15, 1990, 28 properties (valued by the General Services Administration (GSA) at

about $49 million) had been leased or had permits issued for their use, and another 10 had leases pending for use as transitional housing projects, emergency shelters, multi-service centers, and facilities to feed the homeless. In the future, more federal properties will be made available, including at least 10,000 Department of Defense (DOD) military base closure properties.

Results in Brief

Although progress has been made in making federal property available for use by the homeless, problems remain that hinder the effective implementation of title V. Specifically, properties are identified in the Federal Register as suitable for homeless use before screening for federal need is completed. As a result, assistance providers are misled and may be applying for properties that are not available. In addition, assistance providers are not satisfied with the current method of publicizing federal properties because many providers do not have easy access to the Federal Register. In response, GSA and HUD have developed additional methods of publicizing federal properties, such as sending notices directly to known interested assistance providers.

Because the McKinney Act authorizes only the leasing of federal properties and not transfers of property title or donations, surplus federal property may be of limited use to assistance providers. Some assistance providers told GAO that they cannot afford to renovate these properties or obtain loans to cover renovation costs because leased property cannot be used as loan collateral. These providers stated that allowing federal agencies to donate the properties in some cases, instead of leasing them, would enable assistance providers to get loans.

Federal leases used for facilities for the homeless may expose the government to liability. Also, local jurisdictions may seek compensation for the additional costs incurred (such as emergency services for shelter residents) associated with nongovernment use. Changes in the leases could minimize these potential problems.

Principal Findings

Property Identification Process Can Be Misleading

The procedure for identifying federal properties as suitable for use by the homeless was established by title V and subsequently interpreted by the U.S. District Court. As a result, HUD lists properties as suitable in the

Federal Register before the individual agencies declare them to be available for nonfederal use. Thus, assistance providers may be applying for federal property that is not available for public use. Agency officials agree that federal need should be determined before providers are notified that federal properties are suitable.

Assistance Providers Dissatisfied With Publicity for Properties

Another barrier to making federal properties available has been inadequate program publicity. About 80 percent of the assistance providers we surveyed suggested that other methods of publicizing federal surplus properties are needed. For example, some assistance providers told GAO that locating federal property listed as suitable in the Federal Register was difficult because the notices often contained inaccurate and incomplete addresses. In addition, some providers said that they cannot afford to subscribe to the Federal Register or that they are often unaware of when to check for property listings. HUD officials are taking steps to improve the property information printed in the notices, such as including complete addresses. In addition to Federal Register notices, GSA and HUD are providing additional publicity for federal properties, such as sending property notices directly to state and local authorities for further distribution to assistance providers.

Providers Believe Leasing Properties Limits Program's Potential

Assistance providers told GAO that the title V program limits their ability to arrange financing to renovate existing buildings or build new ones because they are able only to lease federal property. If the property requires substantial investment, the provider has two problems: difficulty in obtaining a loan on leased property and the likely loss of the investment when the lease expires and possession of the property reverts to the federal government.

To overcome this problem, some providers advocate a gift or donation of the property by the federal government, as is done in some HHS health programs. However, donation of federal property needs to be balanced against the monetary worth of the property to the federal government. Also, donating property requires legislative change.

Leases May Expose the Government to Liability and Costs

GAO reviewed some of the leases now in use for McKinney Act property and found that they expose the federal government to potential liability from, among other things, persons harmed by physical defects of the properties. In addition, local jurisdictions may seek compensation for the additional costs incurred (such as for emergency services) associated

with changing the federal property to nongovernment use because the leases do not state that any charges or fees required by state and local governments are the sole responsibility of the tenant. The leases could be amended to ensure that the federal government's interests are as fully protected as possible.

Recommendation to the Congress and Matter for Congressional Consideration

GAO recommends that the Congress amend title V, section 501, of the McKinney Act to require that properties suitable for use by the homeless are publicized in the Federal Register only after they are determined to be available. Because of the difficulties assistance providers say they have in financing the renovation or construction of facilities, the Congress also may wish to consider amending the McKinney Act to allow transferring ownership of some surplus federal properties to assistance providers for use by the homeless. However, the decision to donate federal property needs to be balanced against the monetary worth of the property to the federal government.

Recommendation to the Secretaries of Defense and HHS and the Administrator of GSA

GAO recommends that the Secretaries of Defense and HHS and the Administrator of GSA review and amend as necessary their leasing or permitting instruments for properties to be leased under title V of the McKinney Act to ensure that the federal government is protected, as much as possible, from liability and costs associated with nongovernment use. GAO is making additional recommendations in this report to improve the implementation of title V.

Agency Comments

GAO discussed the information in this report with officials from HUD, GSA, HHS, DOD, and the Interagency Council on the Homeless. These officials generally agreed with the principal findings and conclusions. Their comments have been incorporated throughout the report where appropriate. However, as requested, GAO did not obtain official agency comments on this report.

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Figures

Abbreviations

COE	U.S. Army Corps of Engineers
DOD	Department of Defense
DOT	Department of Transportation
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FmHA	Farmers Home Administration
GAO	General Accounting Office
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
RTC	Resolution Trust Corporation
VA	Department of Veterans Affairs

Introduction

The Stewart B. McKinney Homeless Assistance Act (P.L. 100-77, July 1987), as amended, was enacted to respond to a crisis facing a growing number of individuals and families in the United States—the lack of shelter and other supportive services. A major purpose of the McKinney Act is to use public resources and programs to meet the needs of the nation's homeless. Title V of the act addresses this purpose by allowing organizations providing assistance to the homeless an opportunity to lease surplus federal property for services such as emergency shelters and facilities for feeding the homeless.

Background

The process of identifying and leasing federal properties to those who provide services to the homeless is set out in title V, section 501, of the McKinney Act. This process was further defined by the U.S. District Court, District of Columbia, in a series of court orders.

The properties available under title V are referred to generally as "surplus federal properties," a phrase that covers four specific categories of federal properties: (1) excess, (2) surplus, (3) underutilized, and (4) unutilized. Generally, the excess and surplus properties are under the General Services Administration's (GSA) jurisdiction and the under- and unutilized properties are under the jurisdiction of the landholding agencies (see app. I). Excess and surplus are defined by statute as follows:

- Excess property is property that a federal agency no longer needs to carry out its responsibilities. Control of the property remains with the landholding agency while GSA determines if any other federal agency will use the property—this is called federal screening. Excess property can be declared surplus.
- Surplus property is property that no federal agency claims under the federal screening process. GSA's responsibility is to dispose of it (1) by direct sale, lease, or donation or (2) through assignment to another agency for leasing or donation.

The terms under- and unutilized are defined as follows:

- Underutilized property is property that is not being fully used (underused) but which is retained by the landholding agency for intermittent or future use.
- Unutilized property is property that is not being used (unused) but which is retained by the agency for intermittent or future use.

Assistance Providers Sue to Force Implementation of Title V

Between the passage of the McKinney Act in July 1987 and September 1988, only a few properties had been made available to the homeless and little action had been taken by federal agencies to implement the program. As a result, organizations representing homeless persons brought suit against the agencies responsible for implementing title V and two major landholding agencies.[1] The organizations claimed that the responsible federal agencies had failed to implement title V and that organizations providing assistance to the homeless were unable to obtain federal property under the statute. The district court found that the federal agencies had failed to properly implement the act and issued a preliminary injunction on September 30, 1988, prohibiting the sale or disposal of property eligible for use under section 501 of the McKinney Act until the defendants complied with section 501's terms.[2]

On December 12, 1988, the court issued a permanent injunction requiring the landholding agencies to produce by December 23, 1988, lists of currently under- and unutilized property that they owned, controlled, or managed. The court ordered detailed steps to be taken by HUD, GSA, HHS, and the other federal landholding agencies to comply with title V before they disposed of any property. In a separate opinion, the court noted that only 12 properties had been identified by the federal government for possible use by the homeless since passage of the McKinney Act 17 months previously. On October 5, 1989, GSA issued temporary regulations that incorporate the court's orders outlining procedures to be followed for excess and surplus property under the act.

Between January 1, 1989, and May 22, 1989, neither HHS nor the landholding agencies would accept assistance providers' applications for under- and unutilized federal property. Agency officials could not agree on which agency would be responsible for accepting and reviewing applications for these properties. On May 22, 1989, the court ordered HHS to receive and process all applications for the title V program regardless of the category of the property.

[1]The defendants were GSA, and the Departments of Health and Human Services (HHS), Housing and Urban Development (HUD), Veterans Affairs (VA), and Defense (DOD).

[2]National Coalition for the Homeless v. Veteran's Administration, 695 F. Supp. 1226 (D.D.C. 1988).

Process Established by Title V and Court Orders

Title V of the McKinney Act, as interpreted by the court and in subsequent agency regulations, assigns separate administrative responsibilities to the Secretaries of HHS and HUD, the Administrator of GSA, and the heads of all federal landholding agencies. HUD must canvas all federal landholding agencies, on a quarterly basis, to obtain a list of properties identified as under- and unutilized. In general, GSA does the same for surplus and excess properties. HUD then determines whether each property is suitable for use in assisting homeless people and publishes the results in the Federal Register.[3] At the same time as the Federal Register notice is published, HUD notifies the appropriate landholding agencies, including GSA, which properties from their inventories have been listed as suitable in the Federal Register. Assistance providers have 30 days from the publication date to notify HHS of their interest in the properties. Then, they must send their completed applications to HHS (not later than 90 days from the publication date for surplus property). HHS is responsible for recording all expressions of interest in publicized properties and completing all action within 15 days of receipt of a completed application. Additional time to file an application may be granted by the landholding agency and HHS.

Excess and Surplus Property

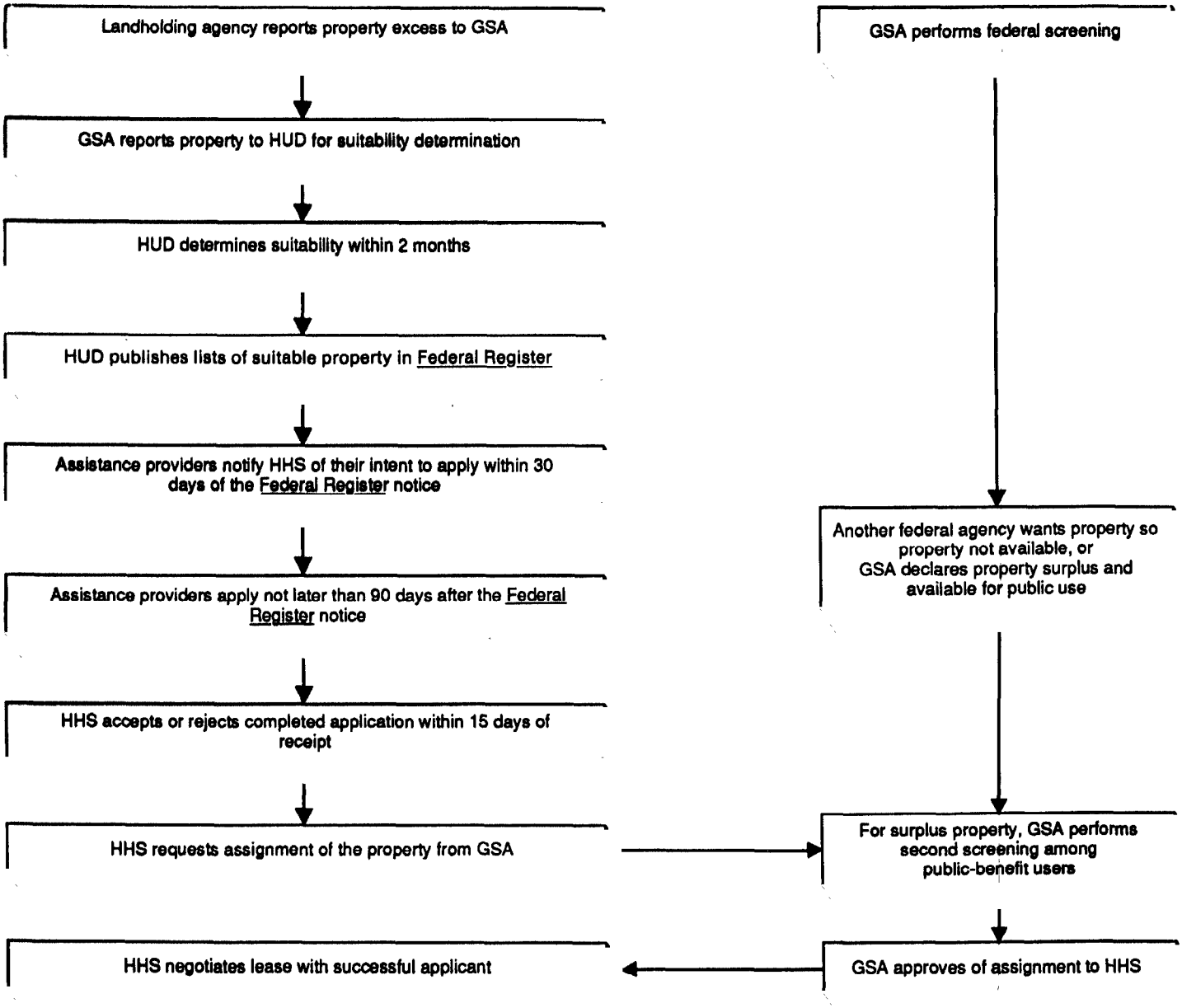
Under the Federal Property and Administrative Services Act of 1949, as amended, if a federal agency no longer needs a property, it shall declare the property excess and report it to GSA for disposal. GSA, pursuant to title V of the McKinney Act, then sends HUD information on the property so that HUD can determine its suitability for the homeless. When HUD determines a property suitable, GSA immediately sends out notices that the property may be applied for by assistance providers even though federal screening may not have been completed. GSA screens for other federal agency needs at the same time providers are applying to HHS for the property. If there is no federal need, GSA declares the property surplus. This makes the property available for sale on the open market or public benefit conveyance (which is either a lease or transfer of title at little or no cost, including leasing to assistance providers under the McKinney Act).

Under title V, HHS is responsible for processing all assistance providers' applications and for leasing surplus property to successful applicants. If

[3]HUD's criteria for suitability, developed by the Secretary of HUD in consultation with the Secretary of HHS and the Administrator of GSA, are generally exclusionary, meaning that if the property is not obviously unsafe and not in a restricted area, it is suitable. A property may be excluded because it is (1) in an isolated area without access by road, (2) contaminated, (3) within 2,000 feet of flammable or explosive materials, or (4) within an airport runway.

HHS approves an application from an assistance provider for a property, it requests an assignment of the property from GSA. If there is more than one applicant for public benefit conveyance, GSA decides the highest and best use of the property, giving priority consideration to assistance providers for the homeless. If GSA assigns the property requested, HHS negotiates a lease with the successful applicant. (See fig. 1.1.) Surplus property is more desirable than under- and unutilized property because the leases can be for 10-year terms with a renewal option of 10 years.

Figure 1.1: The Process for Converting Excess Federal Property to Homeless Use

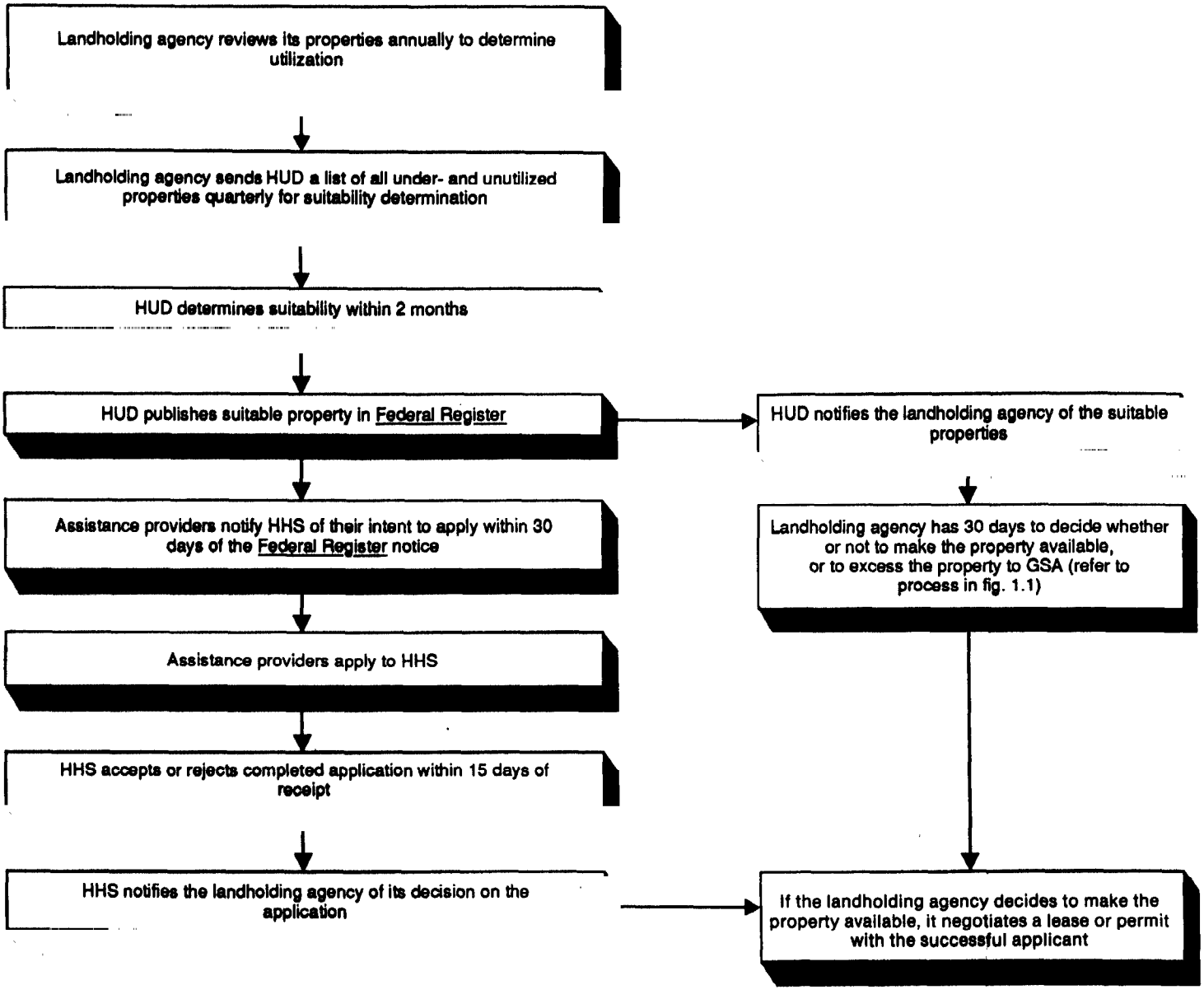


Under- And Unutilized Property

From the date that the landholding agencies are notified of HUD's suitability decisions on their under- and unutilized properties, each agency has 30 days to notify HUD whether any of the suitable properties will be made available on an interim basis for use as facilities to assist the homeless. After HUD finds the agency properties suitable, the agency must declare whether they will be made available or state its reason for not doing so. An agency's determination on whether a property will be made available is final.

From the time that the landholding agencies submit properties to HUD for the suitability review until 30 days after the suitability notice is published in the Federal Register, the agencies must withhold the property from any other use or disposition. If HHS receives an application or a notice of intent to apply during that time, the property continues to be withheld from sale or other disposition until HHS acts on the application. If HHS approves an application and the agency determines that it will make the property available, then the landholding agency negotiates a lease or permit with the successful applicant for a specified time period (see fig. 1.2.), which is likely to be much shorter than in the case of surplus property.

Figure 1.2: The Process for Converting Under- And Unutilized Federal Property to Homeless Use



Court Orders Result in Properties for Homeless Use

Since the December 1988 permanent injunction, HUD has reviewed and publicized properties and providers have applied for and are using a few of these properties. According to HUD officials, from January to June 1990 HUD reviewed 7,666 properties for potential use by the homeless and found about 52 percent suitable.[4] Twenty-eight applicants have leased and another 10 are in process of leasing 38 properties, valued by GSA at about $49 million, as transitional housing, emergency shelters, and multi-service centers. Of the 38 properties, 27 are excess or surplus and the remainder are under- and unutilized. Twenty-four of the 27 excess or surplus properties were leased or permitted as of June 15, 1990. Two providers successfully applied for surplus federal property but did not sign the lease because they were given an alternative property or money to withdraw their applications.[5]

Sixteen different groups representing the homeless have applied for underutilized properties; 12 of the 16 applied for part of a single federal office building in New York City. An entire floor of this building was divided into smaller parcels to be used by the various approved applicants, mostly for office space. Seven of the applicants either have permits or pending permits. The estimated costs of fixing up these offices, where information was available, ranged from $10,000 to $240,000. As of June 15, 1990, four applicants for underutilized properties had leases, seven had leases pending, two had been disapproved, and three had withdrawn. (See app. II.)

[4]This is not a cumulative number because HUD reviews the suitability of federal properties on a continuous basis and thus some properties may be double-counted.

[5]In Bardane, West Virginia, a local provider applied for a surplus federal property. The lease application went to HHS where it was approved. However, the City of Bardane wanted to purchase the property from GSA for an industrial park. Before HHS asked GSA to assign the property to it in order to lease to the assistance provider, GSA entered into negotiations with the provider and the city. Because the city offered the provider sufficient money to expand its existing shelter, the provider accepted the offer and withdrew its application for the property. The city then negotiated with GSA to pay for the property directly.

In the other case, the provider also was a successful applicant with HHS for a building in Providence, Rhode Island. The state wanted the property, and the provider was offered another property by the city in exchange for withdrawing its application. The assistance provider accepted the offer and the state has successfully negotiated a purchase of the building with GSA.

Many Federal Properties May Not Be Usable

According to HUD and other agency officials, as well as some providers we spoke to, some available properties listed as suitable are not usable. The reasons we were given include that (1) the cost to improve or renovate some properties exceeds the money that can be raised or (2) the property is so far away from other urban services provided to the homeless that transportation back and forth is impractical.

An agency official told us that it is impossible for HUD to determine which available properties will meet the needs of providers and, therefore, it cannot limit the list of properties found suitable for the homeless. Thus, it is likely that many properties currently listed as suitable by HUD will not be applied for because providers cannot make use of them.

However, the Department of Defense's military base closures will increase the number of properties that could be applied for by assistance providers. Base closure property will be reviewed by HUD for suitability and become eligible for application by assistance providers under title V. Specifically, by the end of fiscal year 1995, DOD will close 86 bases, partially close 5, and realign 54 others nationwide. Many of these are in or near urban areas and, possibly, near large homeless populations. Military family housing units could be particularly useful to the homeless, and thousands of these units are expected to become surplus. As of January 1990, a U.S. Navy official estimated that about 64 housing units in three states (California, Pennsylvania, and New York) will become surplus property; a U.S. Air Force official estimated that over 5,000 units in three states (California, Illinois, and Maine) will be surplus; a U.S. Army official estimated that almost 5,000 units in about 17 states will become surplus.[6] Other military buildings and open land also could be useful to assistance providers. Figures 1.3 and 1.4 show military property that has been converted for homeless use.

[6]The 17 states are California, Connecticut, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Missouri, New Jersey, New Mexico, New York, Pennsylvania, Rhode Island, Utah, Virginia, Washington, and Wisconsin.

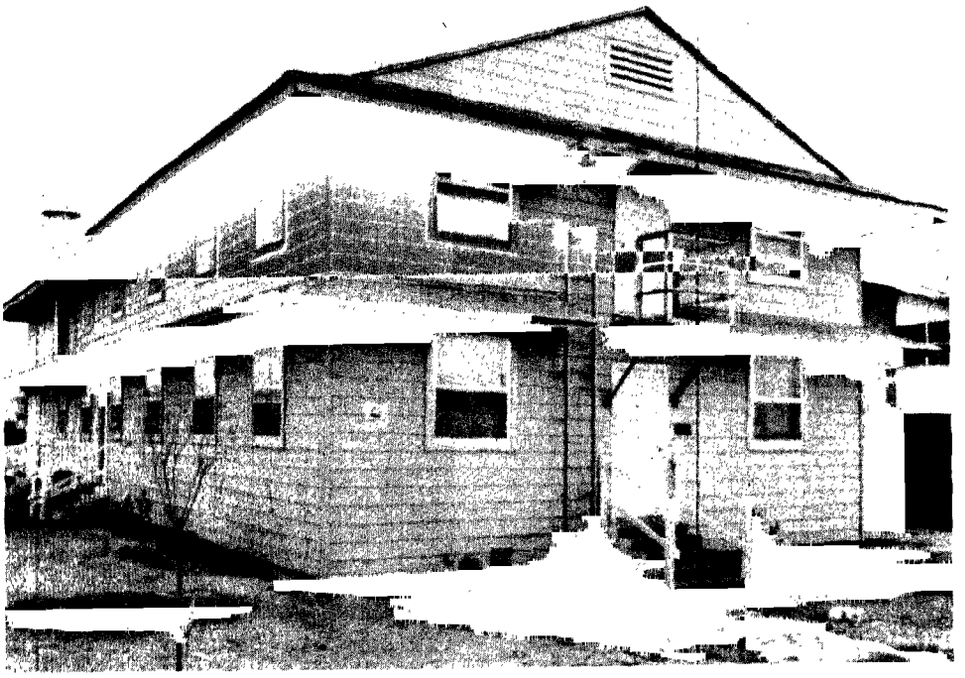
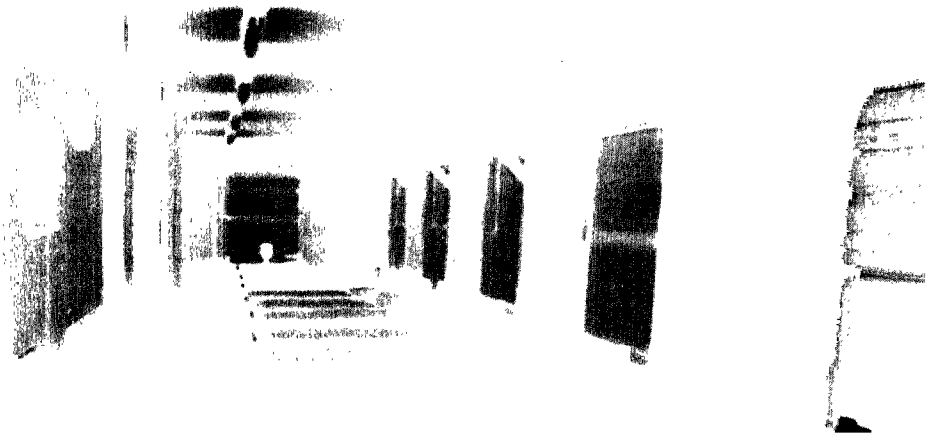


Figure 1.3: Converted Military Barracks Moved From Fort Sill to Lawton, Oklahoma

Figure 1.4: Interior View of Converted Military Barracks in Lawton, Oklahoma



Objectives, Scope, and Methodology

The Chairman of the Senate Committee on Governmental Affairs and the Chairwoman of the Government Activities and Transportation Subcommittee, House Committee on Government Operations, jointly requested on March 23, 1989, that GAO examine the implementation of the provisions of title V of the McKinney Act. The requesters noted that a lawsuit had forced HUD to take the initial step of reviewing federal properties for their suitability for homeless use. They expressed concern that few properties had actually been leased or permitted through the program since passage of the McKinney Act.

As agreed with the requesters' offices, our objectives were to evaluate (1) barriers to making title V work and (2) actions taken or being taken to improve the process. In addition, we reviewed the leases signed by federal landholding agencies as of September 30, 1989, to determine whether the leases expose the government to liability and costs.

To determine how title V, section 501, of the McKinney Act was being implemented, we reviewed applicable regulations; the proceedings of the U.S. District Court, District of Columbia, related to title V; agency files; and the act's legislative history. We interviewed representatives from several federal agencies, including HUD, HHS, GSA, DOD and its related services, and the Interagency Council on the Homeless. We also interviewed representatives of the National Governors' Association and the National Coalition for the Homeless, as well as individuals who attempted to obtain or who contacted federal agencies about federal surplus properties.

We conducted our review primarily at HUD headquarters in Washington, D.C., and at the headquarters of other federal agencies involved with implementing title V. We reviewed all applications for surplus property received by HHS as of September 30, 1989. We interviewed eight assistance providers who applied for federal properties, and we also reviewed documents from organizations that had applied for or contacted a federal agency about surplus federal property.

In order to determine the sources of information by which organizations were made aware of surplus federal properties, we conducted a telephone survey of organizations or individuals identified in HHS records as having sought information on properties involved in the title V process from March 1988 through September 1989. To conduct the survey, we drew a random sample of 222 out of 535 separate contacts made with HHS by organizations interested in obtaining specific surplus federal property.[7] Of the 222 groups or individuals we called, we were able to complete interviews for 132, yielding a response rate of about 60 percent. All sample surveys are subject to sampling error. Sampling errors define the upper and lower bounds of the estimates made from the survey. Sampling errors for the estimates in this report were calculated at the 95-percent confidence level; this means that 19 out of 20 times, the sample survey procedure used would produce an interval capturing the true value. All sampling errors for the estimates in this report were calculated at the 95-percent confidence level and were between 5.1 percent and 6.5 percent. The results of this survey are discussed in chapter 2.

[7]For purposes of the sample, a "contact" is any inquiry by an organization to HHS concerning a property. Any organization can make multiple contacts by inquiring about more than one property. For purposes of counting the number of contacts, each organization making an inquiry about a property was counted as one contact.

To determine whether leases expose the federal government to liability and costs, we reviewed some leases in effect at the time of our review.

Our review was conducted from April 1989 through July 1990 in accordance with generally accepted government auditing standards. We discussed the information in this report with HUD, GSA, HHS, and DOD officials and officials of the Interagency Council on the Homeless, and incorporated their comments as appropriate. In general, these officials agreed with our principal findings and conclusions. However, as requested, we did not obtain official agency comments on this report.

Barriers Still Exist to Making Federal Property Available for the Homeless

Although court orders succeeded in getting federal agencies to make federal properties available for use by the homeless, problems remain, such as (1) having assistance providers apply for suitable federal properties before it is known whether the properties are available for public use; (2) inadequate publicity of available properties to assistance providers; and (3) the lack of comprehensive guidance on how to obtain federal properties.

In addition, assistance providers told us that title V limits their ability to arrange financing to rehabilitate existing structures or to build new structures because they are able only to lease the federal property. They stated that transfer of the title, or donation from the federal government, would give them a better opportunity to obtain loans and grants that could be used for renovation purposes or to build new structures.

Current Procedures Have Hindered Program Success

Procedures now in use, as a result of the court order, to publicize suitable federal properties for the homeless allow assistance providers to apply for federal property that may not be available to the public because of a federal need. Further, GSA's temporary regulation regarding excess and surplus property does not state when this property will be made available to providers.

Lists of Suitable Properties Are Published Before the Properties Are Available

The procedures established pursuant to title V of the McKinney Act (and as subsequently interpreted by the U.S. District Court, District of Columbia) to identify federal properties for use in assisting the homeless do not assure assistance providers that the properties they apply for are actually available for use. Suitable property listings are published by HUD in the Federal Register before the landholding agencies, including GSA, decide whether there is a federal need for the properties or if they will be made available for use by the homeless. Therefore, assistance providers may apply for properties that are not available for public use, and HHS must review these applications even though the properties may not become available to assistance providers.

HUD, HHS, GSA, and Interagency Council on the Homeless officials agree that availability of the federal properties should be determined by landholding agencies before the property is publicized in the Federal Register as suitable for use by the homeless. However, title V would have to be amended to allow such a procedure. In addition, there is a time limit for determining availability on certain classes of federal properties but

not others. A reasonable time limit should be established for all federal property.

Property Required to Be Held From Other Uses Until Applications Are Acted Upon

Currently, assistance providers have 30 days from the time that a property is published in the Federal Register to notify HHS of their interest in the property. They must complete their application not later than 90 days from the original publication date. HHS has 15 days to accept or reject the application. This process was established in large part as a result of the December 12, 1988, permanent injunction (see ch. 1). The court also required that the property be held from other uses for at least 30 days from publication in the Federal Register or until HHS has completed action on the application. Currently, the agencies are following the 30-day hold period required by the court order.

It is important to hold from other uses those federal properties that have been applied for under title V until the application has been acted upon by HHS; otherwise, the properties could be disposed of through sale or by other means.

GSA's Regulation on Application for Excess and Surplus Property Is Unclear

GSA issued a temporary regulation on October 5, 1989, modifying its policies and procedures for making federal public buildings and other real properties available for homeless assistance under the McKinney Act.[1] The regulation states that when an agency reports excess property to GSA that has not previously been reviewed for suitability, GSA will notify HUD and request a suitability review. Following the same procedure applicable to other suitability determinations, HUD has 60 days to publish its determination in the Federal Register; the 30-day time frame for expressions of interest begins on the date that the property is listed in the Federal Register.

The temporary regulation also applies to under- and unutilized properties that had been reviewed by HUD for suitability and have subsequently been declared excess by the landholding agency. The temporary regulation specifies that when GSA becomes aware that a landholding agency will "excess" property, GSA will notify assistance providers that have been identified by GSA, HHS, and HUD; state and local governmental units; persons who previously expressed interest in the property; and

[1]GSA's temporary regulation will be in effect until October 7, 1991. It applies to federal agencies that report excess property to GSA pursuant to the Federal Property and Administrative Services Act of 1949.

other organizations, as appropriate. With the exception of assistance providers, this follows GSA's standard notification process for surplus properties. According to the temporary regulation, the 30-day period for assistance providers to express interest in excess properties begins when GSA sends out the notices. GSA does not plan to publish the list of newly excessed property in the Federal Register. We identified several weaknesses in this procedure.

First, GSA's mailing list may be incomplete or may contain errors that prevent interested assistance providers from receiving the notice. Assistance providers who may have thought it was not worth their time to pursue a property when it was classified as under- and unutilized, might wish to apply for it when it changes to excess because of more favorable lease terms. In addition, new provider groups may have been formed since the property was originally published in the Federal Register as suitable under- and unutilized property.

Second, mailed notices may not be received timely, unduly restricting the application period for the property. Using a mailing date unnecessarily opens the door to controversy and possible court challenges—for example, the question of when the 30-day holding period actually began. Technically, the previous publication of HUD's suitability determination in the Federal Register (when the under- and unutilized property was reviewed) meets the court-ordered requirement for public notice. That publication requirement is linked to the mandatory 30-day holding period during which suitable property is withheld from public sale or other disposition so that assistance providers can apply to lease it. GSA interpreted the injunction to require another 30-day application window when the property becomes excess. However, having a 30-day holding period becomes a futile exercise if persons who are interested and might apply do not know the property is "on the market." For this reason, republishing the information about suitable excess property in the Federal Register, along with mailing notices to potentially interested persons, would be more in keeping with the spirit of the court's notification order.

GSA officials said that using their mailing list in lieu of publishing suitable excess properties in the Federal Register eliminates a second publication of the properties. However, republishing the list of properties would clearly establish the beginning of the 30-day period. Further, in our view, publishing a list of these properties might allow assistance providers not previously knowledgeable or interested to apply for excess and surplus properties.

Screening Federal Property

Federal and public-use screenings are part of the ordinary property disposition process under the Federal Property and Administrative Services Act of 1949 and its implementing regulations. When property is classified as excess, it is usually made available to any other federal entity having a need for the property. However, GSA can waive the screening process under extenuating circumstances. If the screening requirement is not waived,[2] GSA would balance any competing uses. This means that a federal use may outweigh a homeless use for any excess property. Because the GSA screening process occurs concurrently with the application process, an organization for the homeless could apply to lease a property only to discover well into the process that it is not available after all.[3] In our view, the whole property program would work more smoothly if assistance providers were invited to apply for property only after it has been determined that no federal use exists.

In order to make such a suggestion work, a reasonable time period would have to be established during which any immediate federal need for the property would be identified; if no need exists, the property would be held for 30 days for assistance providers to initiate applications. This action would require a change in GSA's current federal screening regulations, which do not limit the amount of time GSA may take to determine whether the property ought to be transferred.

The temporary regulation also envisions a second level of screening during that same 30-day holding period. This comes about because the regulation states that property transferred to HHS for lease to assistance providers will be declared surplus.[4] At the stage of property disposition where excess federal property becomes surplus, GSA regulations call for a second level of screening. In this second stage, states, local governments, and public bodies are invited to apply to receive surplus property for various public uses. These uses can include community centers, drug treatment facilities, day care centers, or prisons, among others.

[2]GSA employs screening because title V states that it is to be administered "in accordance with applicable Federal law." Although the court held that GSA would be authorized to waive either or both levels of screening, it also held that a waiver is not mandatory.

[3]National Law Center on Homelessness and Poverty v. Dep't. of Veterans Affairs, 736 F. Supp. 1148 (D.D.C. 1990). The plaintiff had received HHS approval of its application to use a federal property for the homeless, but GSA transferred the property to the U.S. Navy. The court ruled that as a result of the screening process, GSA could transfer the property to the U.S. Navy.

[4]GSA officials told us that they are statutorily required to declare excess property to be surplus under the Federal Property Act before HHS can lease property for the homeless. Under GSA's normal procedures, surplus property is subject to a second level of screening for public-benefit uses.

As with federal screening, GSA can waive the second-level screening, but is not required to do so. To help evaluate competing beneficial uses for surplus property, GSA has issued guidelines for public-use screening that suggest an assistance provider should have preference over other types of public-use applicants, but the guidelines are not definite on that point, and in any event, they are not binding.

Assistance Providers Dissatisfied With Federal Property Publicity

Another barrier to making federal properties available under title V has been inadequate program publicity. We conducted a telephone survey of organizations and people that had expressed interest in federal properties to determine, among other things, how they found out about federal surplus property.[5] (Seventy-two of 132 contacts, or 54.5 percent, were local nonprofit organizations. Twenty-six, or 20 percent, of our contacts were state or local governments.) We found that 31 (or about one-fourth of our contacts) first learned about federal surplus properties from the Federal Register. Another 32 (or about 24 percent) stated that they first found out about properties from federal agencies such as GSA or the Interagency Council on the Homeless. Twenty-six (or about 20 percent) of those contacted first obtained their information from the National Coalition for the Homeless. One city official (not a survey respondent) told us that he learned about the property the city applied for from the local newspaper.

About 80 percent of the respondents to our telephone survey, as well as other providers we interviewed, suggested that other methods of publicizing federal surplus properties are needed. One suggested that lists of properties be prepared by state and sent to the state coordinators of programs for the homeless, who could then send them to providers. Another suggestion was that lists be publicized in local newspapers.

According to officials of the Interagency Council on the Homeless, HUD, HHS, and GSA, providers also told them that the Federal Register notices are not readily available. Unless they are on a mailing list or are sent information by someone who is, providers often do not find out about the properties listed in the Federal Register. Some assistance providers told us that although the Federal Register is available in public libraries (when a subscription is too costly for them), they have no idea when to check it for lists of properties. Further, some providers we spoke to did

[5]All survey results are based on 132 completed surveys. Our survey results generalize only to those organizations or persons who contacted HHS about information on federal property.

not know that HUD published a list of properties in the Federal Register every week.

Those same agency officials told us that the Federal Register alone is not adequate notice for many providers. To improve this situation, separate publicity efforts have been developed by HUD, GSA, and the Interagency Council on the Homeless. HUD is providing additional publicity about surplus federal properties using HUD field offices. GSA sends individual publicity notices for each suitable excess and surplus property to a wide range of interested persons, state and local officials, newspapers, and local post offices.

The Interagency Council on the Homeless has taken steps to increase publicity of the title V program. The Council's 1989 annual report states that to improve the record of making federal real property available, the Council is pursuing the goal of more widely disseminating information about suitable and available properties. It has already published and distributed program information on federal property.

In addition to the problem of inadequate program publicity, many of the Federal Register notices contained erroneous or incomplete addresses. When HUD began publicizing properties in the Federal Register, many of the notices (1) contained incomplete location information, (2) listed the properties as belonging to the wrong federal agency, and/or (3) incorrectly described the property as vacant land or buildings. These inaccuracies caused confusion and delays among assistance providers in locating these properties.

Several assistance providers we spoke with told us that time delays in finding the property listed in the Federal Register were a problem because the 30-day notification requirement begins with the listing in the Federal Register. The longer it takes to find a specific property, the less time is left to determine if the property will meet the provider's needs. In order to apply for a property, some nonprofit organizations must get approval from a board of directors, and a city government may need approval from a city council. Obtaining such approval can take time. Thus, it was difficult for providers to meet the 30-day deadline for notifying HHS of their intent to apply for a property because of the time it took them to locate the properties listed in the notices.

According to one HUD official, insufficient information in the notices was a result of incomplete information submitted by the landholding agencies. HUD now requires agencies to submit complete and correct

paperwork on properties. For example, beginning with the last quarter in calendar year 1989, HUD required each agency sending information to identify (1) the property's zip code, (2) a complete address, and/or (3) adequate directions to the property site if no address exists.

Comprehensive Guidance Would Help Implement Title V

Three years after title V was enacted into law, there is no comprehensive federal guidance on how to obtain federal properties. As a result, assistance providers cannot go to one source to learn how this program works. Although HUD has issued guidance on how to obtain federal properties for the homeless, HUD's notice does not cover the application process for federal properties, and HHS has not issued a separate regulation covering that process. In addition, GSA's temporary regulation on how it will handle excess and surplus property under title V provides a 30-day application period for properties that have been listed as suitable. The notification process does not give all prospective applicants the same opportunity to apply and may not provide adequate notice.

The Interagency Council on the Homeless stated in its 1989 annual report to the Congress and the President that to improve the implementation of title V, the Council's goal is to have GSA, HHS, and HUD publish a joint regulation describing the current process that is required by law and to solicit comments on streamlining alternatives. In a July 13, 1990, meeting, the Council's Executive Director told us that a draft regulation is currently being reviewed by HUD, GSA, and HHS officials and efforts are being made to finalize it as soon as possible. However, no time table had been established for when this will be completed, according to the Executive Director.

Leasing Limits the Program's Potential

Some assistance providers told us that the title V surplus property program limits their ability to arrange financing to rehabilitate existing structures or to build new structures because they are able only to lease federal property. If the property requires substantial investment, the provider has two problems: difficulty in obtaining a loan and the likely loss of the investment when the lease expires and the property reverts to the federal government. Since assistance providers may lack financial resources to fix up or build entirely with their own money, they may need to turn to lending institutions for the required capital. Assistance providers told us that loan requests are likely to be denied unless the provider has adequate collateral not connected to the leased property.

Two providers told us that the currently allowable HHS 10-year lease term with a 10-year option makes it difficult to obtain financing. For example, one provider plans to renovate a federal building on the National Register of Historic Places. Renovations will cost over $3.2 million. An outright gift of the property would allow the provider to obtain funding quickly for this project through loans. However, under the current leasing arrangement, the provider was unable to get a loan.

The short lease-terms available for under- and unutilized properties require that the property be immediately useful to providers or they will not apply. Agency officials and some providers told us that many of these properties may be leased only for very short terms (about 1 to 5 years) because the landholding agency may need to use these properties. As of June 15, 1990, five underutilized properties, including one floor of a New York office building, had been applied for by assistance providers.

An outright gift of the property is advocated by some assistance providers as a mechanism to obtain the necessary rehabilitation financing. According to providers, agency officials, and organizations assisting the homeless that we spoke to, transfer of title from the federal government would give providers a better opportunity to obtain loans and grants that could then be used to rehabilitate existing buildings or to build new structures. Donating property for homeless use would require legislative change to implement. The question of donating federal property, however, needs to be weighed against the monetary value of the property to the federal government. HUD, GSA, and HHS officials told us that they generally agree that providers would have an easier time getting loans if providers held title to the property.

HHS issued a revision to its existing regulations for disposal of federal property under the Federal Property and Administrative Services Act of 1949 on August 8, 1990.[6] The regulatory revision would allow transfer of property title to assistance providers for such homeless facilities as transitional housing and food kitchens, in addition to the public health uses already specified. However, on the basis of our analysis of the applicable laws, existing statutes do not allow deeding federal property to assistance providers for the homeless unless such use was previously authorized under the Federal Property Act. (See app. III.)

[6]The Federal Property and Administrative Services Act of 1949 allows GSA to assign federal property to HHS, which in turn can transfer title of surplus federal property to state and local governments or nonprofit medical organizations for public health use.

Conclusions

Although progress has been made in making federal properties available to the homeless, problems remain that need correction. Until these problems are corrected, the true potential of this program to assist the homeless will remain unknown.

Specifically, the current procedure of identifying suitable federal properties for assisting the homeless does not permit assistance providers to be certain that the properties they apply for are actually available for use. Since the lists of suitable properties are publicized before it is determined if other federal agencies need the property or whether it will be made available for public use, time and money may be wasted by assistance providers who apply for unavailable properties and HHS which processes such applications.

We believe that the procedures established in GSA's temporary regulation are not as clear as they could be about notifying interested persons, establishing the date on which a court-ordered 30-day holding period begins, or ensuring that excess property is not needed by another federal agency before assistance providers apply for a lease. In addition, if the property applied for under title V is made available for application, no assurance exists that the property will actually be available because screening will not have been completed at the time of application.

Publication of all suitable properties in the Federal Register is important for establishing the 30-day notification period. However, providers and agency officials agree that other publicity methods are needed to ensure that the broadest number of assistance providers are made aware of these properties. Agency efforts, such as using GSA's existing excess and surplus property notification process, should help expand publicity of properties beyond the Federal Register.

The Interagency Council on the Homeless concluded in its 1989 annual report that overall federal guidance is needed to improve implementation of title V, but this regulatory guidance had not been issued as of July 31, 1990.

In addition, assistance providers have told us that they face difficulties in obtaining financing to fix up or build on federal surplus properties. They said that their financing problems can be eased to some extent by giving them title to federal properties, similar to HHS' mental health program, which could enable them to get loans more readily to improve the properties or to build new structures. The question of donating federal

property, however, needs to be balanced against the monetary worth of the property to the federal government.

HHS' regulations allow property title transfer for all homeless facilities. We believe that these regulations exceed HHS' authority under title V of the McKinney Act. In our opinion, title V must be amended before the federal government can transfer ownership of property to assistance providers under title V.

Recommendation to the Congress

We recommend that the Congress amend section 501 of title V of the McKinney Act to require that properties suitable for the homeless are not publicized until properties are actually available or declared surplus to the federal government.

Matters for Consideration by the Congress

The Congress may wish to amend title V to codify the court's requirement that landholding agencies hold property available until HHS has acted on assistance providers' applications. In addition, the Congress may wish to consider amending title V of the McKinney Act to allow transferring ownership of some federal surplus properties to assistance providers for use as facilities for the homeless. This could give assistance providers a better opportunity to obtain financing for constructing or renovating these properties. However, the question of donating federal property needs to be balanced against the monetary worth of the property to the federal government.

Recommendations to the Administrator of GSA

We recommend that GSA finalize and issue its regulation on excess real property to include title V requirements. This regulation should include a requirement that federal screening of excess property be completed in a reasonable period of time. We also recommend that GSA ensure that excess and surplus property is publicized in the Federal Register after federal screening is completed, whether or not the property has been previously published in the Federal Register as suitable under- and unutilized property. This action will ensure a well publicized date for the beginning of the 30-day notification period.

Recommendation to the Secretaries of HUD and HHS and the Administrator of GSA

We recommend that the Secretaries of HUD and HHS and the Administrator of GSA finalize and issue their joint, comprehensive title V program regulation. This will provide the necessary guidance to applicants for federal property.

Leases May Expose the Government to Liability and Costs

The McKinney Act allows providers of assistance to the homeless to lease federal property. These leases set forth the government's rights and responsibilities as a landlord to the assistance providers who are its tenants. The leases now in use expose the government to potential liability from, among other things, litigation by persons harmed by physical defects of the properties. In addition, local jurisdictions may seek compensation for costs they could incur (such as for emergency services) associated with changing the property from federal agency use to a facility for the homeless. Because the leases do not state that any charges or fees required by state and local governments are the sole responsibility of the tenant, the federal government, as landlord, could incur additional expenses.

Federal Government Could Be Exposed to Liability for Leased Property

The federal government and nonprofit assistance provider organizations, as of June 15, 1990, had agreed to and signed 18 leases and 10 permits for federal property to be used as facilities to assist the homeless. Other applications were in various stages of review prior to leasing or permitting. (See app. II.) We reviewed nine of the signed leases and found that they do not adequately protect the government's interests from liability arising from such occurrences as accidental injury and related problems.

Under the Federal Tort Claims Act, as amended, the government assumes legal responsibility for injuries or damages caused as a result of its negligence or misconduct on the same basis as a private party. In private lease transactions in most states, a landlord has a duty to point out any dangerous conditions and hidden defects that exist on the property when the lease is signed.[1] Even if the tenant is not paying rent, the landlord must disclose any dangerous conditions and hidden defects that are known or that could be discovered in the exercise of reasonable diligence. Failure to disclose can result in the landlord being legally responsible for losses or injuries that occur because of the defect.

Also, in most states the law places an extra duty of burden on landlords renting to tenants who intend to open the premises to the general public. This is known as the public purpose doctrine. Under this doctrine, a landlord will be liable for injuries to public users of the property caused by hidden defects if a tenant allows public entry onto the property

[1]Typically included are such conditions as weak floorboards, loose stair railings, faulty wiring, and the like.

before any such defects are found and repaired. The landlord can discharge his or her responsibility to the public by warning the tenant of any defects and ensuring their complete repair before the public is allowed on the property. Alternatively, the landlord can make the repair or warn the public personally. Taken together, these rules on hidden defects protect the tenant, its employees, and especially public users—the residents of shelters, the patrons of soup kitchens and food banks, community volunteers, etc.—from injuries caused by dangerous conditions in existence at the time the lease is signed.

Although the legal rationale for holding the landlord liable is the landlord's superior knowledge of the leased property's physical characteristics and state of repair, a McKinney Act property owner may not have the information on which to base appropriate disclosures. This occurs because HUD's suitability review of property under the McKinney Act is perfunctory and does not involve physical inspection of the property.

The government's liability should be minimized by the "hold harmless" clause in the government lease. Under this clause the tenant agrees to obtain commercial liability insurance and to indemnify the United States against any and all liability directly or indirectly arising out of the property's condition or state of repair.[2] DOD's hold harmless clause is a little stronger than that of other federal agencies we reviewed because it also includes a statement that the government makes no warranty as to the condition of the property.

Despite the indemnification agreement and insurance, we foresee several potential problems. The most obvious would occur if the tenant did not procure insurance or allowed its policy to lapse. Second, some commercial insurance policies may not cover liability caused by undisclosed hidden defects because, under the rules described above, that is the landlord's legal responsibility, not the insured tenant's.[3] Third, even if

[2]The hold harmless clause in the government's lease states that the tenant will

> indemnify and save and keep harmless, the United States of America, ... against any and all loss, cost, damage, claim, expense or liability whatsoever due to personal injury or death or damage to property of others directly or indirectly arising out of the condition, state of repair, or the use or operation of the property....

The same clause obligates the tenant to obtain commercial liability insurance in amounts of at least $200,000 per individual and $500,000 per incident.

[3]This is particularly true in the case of the public purpose doctrine, because the landlord has a duty to the public at large. In that case, the hold harmless clause in the lease might not insulate the government from liability if a member of the public injured by an undisclosed unrepaired defect were to sue the government directly.

the policy fully covered damages for undisclosed hidden defects, the government might still be held liable for damages that exceed both the policy limits and the tenant's ability to satisfy a judgment.

While there may be no guaranteed way of completely avoiding liability for injuries caused by the condition of the property at the time of lease, the possibility of such injuries occurring could be minimized by inserting a clause in the lease requiring the tenant to engage the services of a certified architect, engineer, or building inspector to perform a thorough building inspection at the tenant's own expense.[4] The lease could further require the inspection to be completed either within 30 days of signing the lease or before allowing the public to use the property, whichever is earlier. The tenant could be required to provide a written report of the inspector's findings to the federal landlord. Further, if defects or hazardous conditions are disclosed by the inspection, the tenant could be required by the lease to make all repairs in a safe manner and document their completion to the landlord before permitting the public to use the premises. If the alterations or repairs needed to ensure safety are too extensive or costly, the tenant could be permitted to terminate the lease. Finally, the lease could require the tenant to furnish periodic evidence of current insurance.

Leases Do Not Specify Who Pays for Certain Costs

In addition to the liability issues, none of the leases in use at the time of our review contain any statement on taxes or local service charges. Local jurisdictions may seek compensation for costs they could incur (such as for emergency services) when the property is changed from federal agency use to a facility for the homeless. Because the leases do not state that any charges or fees required by state and local governments are the sole responsibility of the tenant, the government (as property owner) would have to respond to such requests, creating expense and inconvenience to the federal landholding agency that could be avoided.

The federal government is exempt from paying property or other taxes to state and local governments. As a result, local authorities sometimes do not want to provide governmental services (fire, police, ambulance, trash, etc.) on federal property. In some instances, local governments have tried to collect revenue to offset the cost of governmental services

[4]The requirement could stipulate that the term "hidden defect" or hazardous condition need not include the mere failure of the structure to comply with local building codes unless the defect or condition is patently hazardous or poses an imminent threat to life or property.

by calling the collections "service charges" or "special assessments" and the like. Unless a service charge is for a measurable service (a number of gallons of water through the sewers, for example), and unless taxpayers in the jurisdiction are assessed on the same basis for the service, the government equates such fees with taxes and will not pay them.

As long as property is made available to McKinney Act assistance providers under lease, federal ownership and, by extension, the federal government's exempt status remains unchanged. At the same time, the McKinney Act tenants probably will require even more local government services, particularly schools and emergency assistance, than the previous federal occupants of the property. Although we would not expect such a problem to occur with respect to the leases on property disposed of under the 1988 Defense Authorization Amendments and Base Closure and Realignment Act, P.L. 100-526 (1988),[5] some jurisdictions might seek additional payments in connection with other leases or other DOD leases to assistance providers for homeless shelters.[6]

Another problem exists with respect to leases for shelters on active military bases, where the property is held as a "federal enclave." Bases located in a federal enclave are not within the jurisdiction of state or local governments. As a result, for example, fire companies and police departments do not serve the federal enclave and have no legal authority on the federal enclave's land.

The DOD standard lease stipulates that an assistance provider may not take possession of the leased premises in a federal enclave until the state agrees to accept concurrent jurisdiction on the property. Because the property was not previously served by local government authorities, accepting concurrent jurisdiction means adding local government responsibilities without adding any property taxes to support them.

There is no legal authority for a federal landlord to make a compensatory payment to a local government on behalf of a McKinney Act tenant; however, a tenant may choose to make such payments with its own funds, particularly if securing services is an otherwise insurmountable barrier to operating its facility.

[5]The taxation issue should not arise for any leases for property under the Base Closure Act because the act provides for special adjustment payments to local governments near bases that are being closed.

[6]In addition to the McKinney Act, the Secretary of Defense has authority under 10 U.S.C. 2546 to enter into leases for homeless shelters on military bases.

Conclusions

Our review of leases for property leased under title V of the McKinney Act showed that the existing leases do not adequately protect the interests of the federal government. Specifically, the leases and permits expose the government to potential liability claims. In addition, none of the leases we reviewed ensure that, when necessary, negotiating for services and paying any charges and other fees requested by state and local governments are the sole responsibility of the tenant. We believe that corrections to these leases are required to ensure that the federal government's interests are as fully protected as possible.

Recommendations to the Secretaries of HHS and Defense and the Administrator of GSA

We recommend that the Secretaries of HHS and Defense and the Administrator of GSA review and amend as necessary the leasing or permitting instruments for properties to be leased for the homeless under title V of the McKinney Act to require that the lessee hold the federal government harmless for any injury that occurs on the property, inspect the premises, and repair all hazardous conditions before allowing the public to enter. In addition, for property other than base closure property, we recommend that the lease state that the federal government assumes no service charges or fees that may be requested for the homeless facility. Further, we recommend that, in addition to lease amendments, the Secretaries of HHS and Defense and the Administrator of GSA obtain evidence of current insurance coverage by the lessee.

We also recommend that the Administrator of GSA, as federal property manager, inform the heads of other landholding agencies about the need to review their leases or permits should any title V property under their jurisdiction be applied for.

Federal Landholding Agencies and Number of Federal Properties Leased or Permitted as of June 15, 1990

Agency	Number of properties
Department of Agriculture	1
Department of the Air Force	2
Department of the Army	3
Central Intelligence Agency	0
Department of Commerce	0
U.S. Army Corps of Engineers	0
Department of Education	0
Department of Energy	0
Environmental Protection Agency	0
Federal Communications Commission	0
Federal Emergency Management Agency	0
General Services Administration	15
Department of Health and Human Services	1
Department of the Interior	2
Department of Justice	1
Department of Labor	0
National Aeronautics & Space Administration	0
National Science Foundation	0
Department of the Navy	0
U.S. Postal Service	0
Department of State	0
Department of Transportation	0
Department of the Treasury	0
U.S. Information Agency	0
Department of Veterans Affairs	3
Total	**28**

Note: While there are four other federal landholding agencies, they were not solicited by HUD for property to review for suitability.

Federal Properties Applied for And/Or Leased or Permitted for Homeless Use as of June 15, 1990

Landholding agency	Property description	Leasing status	Value	Assistance provider	Intended use
Excess federal property:					
GSA	18,000 sq. ft. bldg.; Bell Federal Service Center; Bell, CA	GSA permit effective 12/15/87	$324,000	Salvation Army	200-bed shelter
GSA	31,000 sq. ft. bldg.; Bell Federal Service Center; Bell, CA	GSA permit effective 2/13/89	$669,000	The Shelter Resource Bank	Supply distribution center
GSA	0.35 acres of land; Bell Federal Service Center; Bell, CA	GSA permit effective 6/1/88	$234,000	Food Partnership, Inc.	Office trailer parking
DOT	11.95 acres of land; Navy Annex (Barracks K); Arlington, VA[a]	Transfer to HHS denied	$6,000,000	Creative Housing Solutions, Inc.	Transitional housing units
Surplus federal property:					
GSA	3.1 acres of land; former Raritan Depot; Edison, NJ	Lease effective 4/7/89	$716,000	Middlesex Interfaith Partners with the Homeless, Inc.	Housing for 18 families
GSA	2.13 acres of land and a 2,900 sq. ft. bldg.; 1401 Sepulveda Boulevard; W. Los Angeles, CA	GSA permit issued 2/8/89	$4,500,000	Salvation Army	Temporary shelter for 14 homeless veteran families and a recreation center
GSA	7 acres of land; former Fort Devens; Sudbury, MA	2nd application under review[b]	$280,000	Sudbury Housing Authority	100 units transitional housing
HHS	0.40 acres of land and a 23,757 sq. ft. bldg; former old Post Office bldg.; Lynn, MA	Lease effective 7/7/89	$350,000	City of Lynn, MA	50-bed shelter, health clinic and food kitchen
GSA	0.63 acres of land and a 35,613 sq. ft. bldg.; Furlong Building Pontiac, MI	Lease effective 6/26/89	$500,000	Pontiac Rescue Mission	Dormitory and transitional apartments and meals for the homeless
Air Force	4.83 acres of land and 6 buildings (19,215 sq. ft.); former Ramey AFB; Aquadilla, PR	Lease effective 6/20/89	$50,000	Municipality of Aquadilla, PR	Homeless facility providing meals and medical services
Army	3.1 acres unimproved land; former US Army Reserve Center West Palm Beach, FL	Lease effective 6/19/89	$1,250,000	Uplift Assistance, Inc.	Transitional housing
GSA	0.4 acres of land and a 51,573 sq. ft. bldg.; Federal Building San Antonio, TX	Lease effective 6/19/89	$800,000	City of San Antonio, TX	Multi-service including emergency shelter, transitional housing, and dining facility
GSA	0.75 acres of land and a 7,951 sq. ft. bldg.; Federal Building Port Gibson, MS	GSA permit effective 8/89; lease effective 2/1/90	$175,000	Whitman 'Grady' Mayo Scholarship Foundation, Inc.	Temporary shelter serving homeless persons in a 12-county area
Army	4.67 acres of land; Camp Sherman Rifle Range Chillicothe, OH	Lease effective 7/24/89	$50,000	Home Between Homes, Inc.	Transitional housing for 54 homeless individuals and families
Agriculture	0.26 acres of land and a 1,600 sq. ft. house; Ranger residence Lander, WY	Lease effective 7/12/89	$35,000	Interchristian Correlation Organization, Inc.	Four families to be housed and fed
VA	4 acres of land and 6 buildings (30,000 sq. ft.); VA Medical Center; Little Rock, AR	GSA permit 10/27/89; lease effective 3/21/90	$50,000	Our House, Inc.	Shelter for 50 individuals, food program, and child care services

(continued)

Landholding agency	Property description	Leasing status	Value	Assistance provider	Intended use
GSA	0.32 acres of land; Camp Elliot San Diego, CA	Lease effective 1/5/90	$10,000	San Diego Coalition for the Homeless	Transitional housing for 21 individuals
GSA	0.84 acres of land and a 4,766 sq. ft. bldg.; Square 571 Washington, DC	Lease effective 1/22/90	$20,000,000	National Coalition for the Homeless, Inc.	Job training and recreation for 1,500 individuals weekly
Justice	0.30 acres of land and 2 bldgs.; Border Patrol Station Carrizo Springs, TX	Lease effective 8/29/89	$27,650	Community Services Agency of Dimmitt, LaSalle, and Maverick Counties	Shelter for 20 homeless individuals and counseling program for the entire community
Interior	8 small bldgs. and 96 acres of land; Fish Hatchery #2 San Angelo, TX	Lease effective 2/19/90	$175,000	Concho Valley Center for Human Advancement	Shelter and job training for 12 handicapped adults
Army	35 acres of land; Fort George G. Meade; Maryland City, MD	Lease effective 3/21/90	$260,000	Housing America Through Training, Inc.	300 rental housing units to be constructed for 400-500 individuals
Interior	4 acres of land; Santa Ana, CA	Lease effective 11/7/89	$500,000	Orange Coast Interfaith Shelter, Inc.	64 units of 2- and 3-bedroom apartments for 256 homeless, including a daycare facility
GSA	13.55 acres of land and 6 buildings; former Valley Forge General Hospital; Phoenixville, PA	GSA permit effective 1/25/90; lease pending as of 6/15/90	$535,500	Community Mental Health Services Properties, Inc.	Residential units for five families and 20 individuals
HHS	1.69 acres of land and 1 building; Indian School of Practical Nursing; Albuquerque, NM	Lease pending as of 6/15/90	$150,000	New Day, Inc.	Shelter for 500 homeless youth per year and counseling services
Air Force	19.64 acres of land; Davis Monthan AFB; Tuscon, AZ	Lease effective 2/1/90	$1,544,000	Vietnam Veterans of America, Inc.	80 units of housing for 320 homeless veterans and families plus counseling
GSA	10 acres of land; VA Hospital Albuquerque, NM	Lease pending as of 6/15/90	$350,000	New Day, Inc.	Services for housing homeless youth
GSA	40 acres of land; Bardane, WV	Applicant withdrew application after HHS approval	$225,280	Coalition for the Homeless of Jefferson County, WV, Inc.	Emergency and transitional housing
GSA	0.18 acres of land and 1 bldg. (19,655 sq. ft.); Federal Building Providence, RI	Applicant withdrew application 10/5/89	$1,950,000	Travelers Aid Society of Rhode Island	Multi-service center
VA	2.39 acres of land and a 3500 sq. ft. 2-story farm house; VA Medical Center; Lincoln, NE	Lease effective 6/11/90	$100,000	Transitional Life Center, Inc.	Transition housing for adult female ex-offenders
VA	80,000 sq. ft. 10-story building; VA clinic; Boston, MA	GSA permit effective 12/21/89; lease to be effective 8/31/90	$16,000,000	Vietnam Veterans Workshop	Multi-service center

Landholding agency	Property description	Leasing status	Value	Assistance provider	Intended use
The following applications pertain to one floor of an underutilized GSA property at 252 7th Avenue, New York City, N.Y.:					
	7,000 sq. ft.	Permit pending as of 6/15/90	$28,000 per annum	Coalition for the Homeless, Inc.	Administrative offices
	1,000 sq. ft.	GSA permit effective 5/1/90	$4,000 per annum	Community Access, Inc.	Administrative offices
	4,000 sq. ft.	GSA permit effective 5/1/90	$16,000 per annum	Community Counseling and Mediation	Administrative offices
	1,600 sq. ft.	GSA permit effective 2/1/90	$6,400 per annum	Food & Hunger Hotline, Inc.	Administrative offices
	1,000 sq. ft.	Permit pending as of 6/15/90	$4,000 per annum	Interfaith Assembly on Homelessness & Housing	Administrative offices
	3,000 sq. ft.	Applicant withdrew request	$12,000 per annum	Legal Action Center for the Homeless, Inc.	Administrative offices
	6,200 sq. ft.	GSA permit effective 4/1/90	$24,800 per annum	The Doe Fund, Inc.	Training and education center
	5-7,000 sq. ft.	Applicant withdrew request	$20,000–28,000 per annum	Westside Cluster of Centers & Settlements, Inc.	Administrative offices
	2,500 sq. ft.	Applicant dropped request	$10,000 per annum	Center on Social Welfare Policy & Law, Inc.	Administrative offices
	2,200 sq. ft.	Application disapproved by HHS	$8,800 per annum	New York City Coalition Against Hunger, Inc.	Administrative offices
	1,500 sq. ft.	Application disapproved by HHS	$6,000 per annum	Friends and Advocates of the Mentally Ill, Inc.	Administrative offices
	1,000 sq. ft.	Permit pending as of 6/15/90	$4,000 per annum	Upper Room AIDS Ministry	Administrative offices
The following applications pertain to other underutilized property:					
GSA	1,000 sq ft. of the Federal Bldg. #1; Brooklyn, NY	Permit pending as of 6/15/90	Unavailable	Nazareth Home, Inc.	Storage of furniture for the homeless
VA	11 housing units; 3.76 acres of land; Ft. Snelling, MN	Permit pending as of 6/15/90	Unavailable	The Veterans Incentive Project	Transitional housing
Air Force	land; Norton AFB Communications Site San Bernadino, CA	Incomplete application as of 6/15/90	Unavailable	Women's Network for Cancer Prevention	200 beds and services for homeless men
COE	32 single family homes; Midway Housing Site; Kent, WA	Application approved by HHS on 6/11/90	Unavailable	Housing Authority of King County	Transitional and emergency housing

[a]Another federal agency requested the property. This property was erroneously labeled as excess by GSA; it was actually being used by the Navy.

[b]Application conditionally approved 11/3/89; however, the entire site was designated a Superfund site in February 1990 until a complete environmental assessment is completed.

Other Federal Property Programs That Can Help the Homeless

Besides the title V surplus federal property program, there are other ways to get federal property or use existing federal facilities for the homeless. These include (1) ownership of existing facilities under federal property law for public health facilities, such as drug treatment centers for the homeless; (2) ownership or leasing of homes that the Department of Veterans Affairs (VA), the Federal Housing Administration (FHA), or the Farmers Home Administration (FmHA) repossessed when the owner defaulted on the federally insured mortgage; (3) ownership of homes acquired from failed thrifts by the Resolution Trust Corporation (RTC); and (4) use of existing buildings on military installations for shelters.

Public-Benefit Programs—Section 203 (k) of the Federal Property and Administrative Services Act of 1949 authorizes the sale or lease of surplus properties for public-benefit use to state and local governments or nonprofit medical organizations.[1] Public-benefit uses include facilities such as prisons, hospitals, parks, and drug treatment centers. An assistance provider who wants to open a drug treatment center for the homeless can apply to HHS to buy or lease surplus federal property under HHS' public health benefit program.

Federally Acquired Foreclosed Homes—Four federal entities offer repossessed housing to nonprofit groups to assist the homeless. They are administered by VA, FHA, FmHA, and the RTC. The VA program allows for outright purchase of housing with defaulted VA loans. FmHA allows leasing for up to 10 years and purchase of defaulted properties for transitional housing at a 10 percent discount off fair market value. FHA allows leasing of defaulted housing at $1 a year for 3 years to assistance providers and/or sale at a 10 percent discount off fair market value. The RTC gives advance opportunity to public agencies, nonprofit organizations, and lower income families to purchase eligible single- and multifamily properties acquired from failed thrifts. These entities give priority for certain properties to assistance providers over others who might want the property.

Department of Defense Homeless Facility Assistance—In addition to the McKinney Act, DOD can make military installation property available under its own authority (10 U.S.C. section 2546) for homeless shelters.

[1]Surplus property in this case means only the category surplus.

The military may furnish and provide, without reimbursement, incidental services as required, such as utilities, bedding, security, and renovation of facilities. DOD has established or allowed to be established 15 facilities nationwide under this authority.

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