



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

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July 7, 2017

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SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Economic Development, Public Buildings, and Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE: Subcommittee Hearing on “Implementing the Federal Assets Sale and Transfer Act (FASTA): Maximizing Taxpayer Returns and Reducing Waste in Real Estate”

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Wednesday, July 12, 2017, at 10:00 a.m. in 2167 Rayburn House Office Building, for a hearing titled “Implementing the Federal Assets Sale and Transfer Act (FASTA): Maximizing Taxpayer Returns and Reducing Waste in Real Estate.” The purpose of the hearing is to examine the implementation of the *Federal Assets Sale and Transfer Act* (FASTA) and how it will address impediments in the normal property disposal process that impact the return to the taxpayer. Witnesses include representatives from the U.S. General Services Administration, the Department of Veterans Affairs, the City of Pittsburgh, Pennsylvania, and Citizens for Responsibility and Ethics in Washington.

BACKGROUND

Problem of Excess and Underutilized Real Property

In 2003, the Government Accountability Office (GAO) placed federal real property management on its list of “high risk” government activities, where it remains today. Among the reasons GAO lists federal real property as high risk is “excess and underutilized real property” and “unreliable property data.” While significant attention has been paid to addressing these issues, GAO noted in its most recent “High Risk series” report that, “federal agencies continue to face long-standing challenges in several areas of real property management, including...disposing of excess and underutilized property effectively.”¹

¹ *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, GAO-17-317, February 2017, p. 77.

Attempts to address this issue span across various administrations dating back decades. Most recently, in 2011, the Administration submitted proposed legislation to Congress to sell or dispose of unneeded properties through a pilot program.

Since 2011, the Committee held a number of hearings examining this issue and possible solutions. A June 2015 Committee hearing brought to light key hurdles to disposing of federal real property, including:

- Upfront costs to agencies – Preparing the properties for disposal costs money. For example, there are costs related to surveys, environmental assessments, and cleanup.
- Cumbersome disposal process – The current disposal process can be cumbersome and time-consuming, particularly for larger, more valuable assets, creating a disincentive for agencies to dispose of unneeded properties.
- Land-banking of high value assets – Either as a result of the costs, disposal process, or because an agency believes it may require space at some unspecified point in the future, agencies may hold on to higher value assets.
- Real estate activities may be required – Many valuable properties used by agencies may be underutilized; however, in order to make properties available for sale or disposition, money may be needed to relocate, consolidate, or acquire space to move the agency operations.

To help resolve these concerns, Congressman Denham introduced the bipartisan FASTA, along with then-Chairman Jason Chaffetz of the Committee on Oversight and Government Reform. Similar legislation was introduced in the Senate by Chairman Ron Johnson of the Homeland Security and Governmental Affairs Committee. On December 16, 2016, FASTA became law.²

Issues

Federal Assets Sale and Transfer Act (FASTA)

FASTA creates a six-year pilot program to sell up to \$8 billion worth of underutilized and vacant federal properties. The law establishes an independent board to recommend properties for sale and redevelopment to the President. Once approved, the executive branch is authorized to implement the recommendations and carry out the sales.

FASTA accomplishes a number of goals, including selling or redeveloping high value assets that are underutilized to obtain the highest and best value for the taxpayer; consolidating the footprint of federal buildings and facilities; and reducing the operating and maintenance costs of federal civilian real properties.

FASTA streamlines the disposal process by waiving many of the steps and reviews required under the normal disposal process and establishes a fund into which proceeds are deposited to cover costs associated with preparing properties for sale.

² Public Law No. 114-287.

Establishment of the Board

The President must make appointments to the independent Public Buildings Reform Board established by the legislation. The board consists of seven members. The chairperson is Senate-confirmed, while the remaining six are appointed on the recommendation of House and Senate leadership.

Resourcing the Board

While GSA and federal agencies are required to develop recommendations of sale and consolidation for consideration by the board, the board is not bound by those recommendations. In order for the board to effectively evaluate agency proposals and develop its own recommendations, FASTA authorizes a variety of resources for the board.

The legislation authorizes an executive director and staff detailed from other federal agencies. It also allows the board to use GSA contracts to hire outside experts to assist the board in carrying out its duties.

Rounds of Property Recommendations

FASTA directs the board to make three rounds of recommendations. The legislation requires the first round to identify and recommend the sale of at least five federal civilian properties with a combined estimated fair market value of between \$500 million and \$750 million. The second and third rounds of board recommendations may propose consolidations, exchanges, sales, or redevelopment of federal properties to allow for sales of more than \$7 billion.

Other Reforms

FASTA codifies the Federal Real Property Database and requires it to be accessible to federal agencies and the public. In addition, FASTA authorizes agencies to retain the proceeds from real property sales after the six-year pilot program expires.

WITNESS LIST

Mr. Tim Horne
Acting Administrator
U.S. General Services Administration

Mr. Brett Simms
Director
Capital Asset Management Service
U.S. Department of Veterans Affairs

Mr. Kevin B. Acklin
Chief of Staff
Office of Mayor William Peduto
City of Pittsburgh, Pennsylvania

Mr. Richard W. Painter
Vice-Chair
Citizens for Responsibility and Ethics in Washington