PUBLIC BUILDINGS REFORM BOARD

PBRB Testimony for House Transportation and Infrastructure Committee Subcommittee on Economic Development, Public Buildings, and Emergency Management, December 11, 2025, presented by Mike Capuano, Board Member.

Good morning, I am Mike Capuano, Board member of the Public Buildings Reform Board (PBRB) and former Member of this Committee. I want to begin by thanking Chairman Perry and Ranking Member Stanton for inviting the Public Buildings Reform Board to speak. Congress created PBRB as the sole engine for the execution of the Federal Asset Sale and Transfer Act (FASTA) and we are pleased to be invited to this hearing to discuss our work. I will first provide you with a brief overview of PBRB and then describe what we are finding during our review of the federal real property portfolio.

Overview

FASTA was enacted on December 16, 2016, as a bipartisan and bicameral effort, and created the Public Buildings Reform Board. Current Board members are D. Talmage Hocker (Acting Chair), Nick Rahall (former Chairman of this Committee), David Winstead, Dan Matthews (former Staff for this Committee), Jeffrey Gural, and me.

The purpose of the Board is to identify federal properties that should be disposed of. We look for properties that are either underutilized or in need of so much repair work that it would be financially wiser to relocate or consolidate. We try to focus on properties that offer the largest taxpayer savings. We work with the local stakeholders before we make our recommendations.

The Board is not empowered to force a disposition – all we can do is make recommendations to OMB and GSA. If they agree with our recommendations, GSA has the sole authority as to how and when to dispose of the property.

The law, as amended, dictates four rounds of recommendations. To date, PBRB has submitted three rounds that should total $846 million in revenues from sales and $5.675

billion in cost savings over 30 years. The latest of these recommendations, issued in May 2025, identified 11 federal properties encompassing nearly 7.1 million gross square feet of office space in seven U.S. cities and the National Capital Region.

The Board is currently assessing properties for its next round, which is due no later than December 31, 2026, when the Board is scheduled to sunset. That assessment includes recent site visits to Boston, Jacksonville, Denver, Savannah, Charleston, and Columbia, South Carolina and in-person meetings with stakeholders in each area. Plans are in the works to visit other U.S. markets including Bozeman and Minneapolis. To date, the local governments have been supportive of our approach.

During our analysis, we have uncovered several issues that I would like to briefly highlight for you today.

Disposing of Property Requires Some Upfront Expenditures

While every recommendation the Board makes saves taxpayers millions upon millions of dollars, it does cost money to achieve those savings. New locations must first be located, that new location usually requires some amount of fit-out for its intended use, moving workers into the new location requires some expenditures, often the old property requires some degree of remediation before it can be offered for sale, and finally it costs some money to hire brokers to dispose of the property.

Congress did create the Asset Proceeds Fund (APF) under FASTA and directed the revenues generated from the sale of PBRB-recommended properties into the fund for the purpose of supporting all the costs listed in the previous paragraph. For many reasons the funds in the APF have not been made available for the intended purpose and remain unused at this time. The amended FASTA stipulates that proceeds from the sale of properties be reverted to the land-owning agency. In both cases, appropriations must take place to make funds available for subsequent consolidations or even maintenance. The Board has noted that establishing a mechanism to provide agencies ready access to funds generated from property sales would provide an incentive and the resources to sell excess properties, improve maintenance in remaining properties and consolidate the workforce. A timely resource solution is urgently needed, as I will explain shortly.

The Board would be happy to work with Congress to address this conundrum.

The Deferred Maintenance Liability Is Extraordinary

The Board is conducting an analysis of the total deferred maintenance liability for the federal portfolio owned by GSA. Many properties are owned by other agencies, but data from those other agencies is unavailable. The analysis will provide Congress with an independent, data-driven estimate of the deferred maintenance and repair liabilities across the GSA-owned portfolio.

The Board's analysis has identified approximately **$50 billion in deferred maintenance and repair** liabilities across GSA's owned portfolio. This number is approximately twice as high as the highest number GSA has communicated publicly in its various testimonies before Congress. Using GSA's own rate of escalation (27%), in 10 years, the total deferred maintenance for GSA's portfolio will be approximately $546 billion, if there are no significant changes in Congressional funding or reductions to the portfolio. In contrast, GSA currently receives approximately $600 million annually to address these mushrooming needs. To put this into perspective, the estimated functional replacement value (FRV) of the portfolio – the cost to simply replace the properties, and not the market value – is $160 billion. The currently budgeted $600 million in annual capital funding would meet a 2% of FRV target (which is industry standard) if the portfolio's FRV were $31B – a stark contrast to its current $160B FRV. This indicates that GSA's portfolio would have to shrink by around 80% to be maintained with a $600 million budget.

The Board believes that GSA cannot adequately divest from and consolidate the federal presence with the speed required by the large pool of properties requiring vast amounts of maintenance. The effort to divest will take years and require funds that can be derived from the disposition of valued properties. However, those decisions must be made rapidly and in sequence, and appropriations of sale proceeds should be committed to the subsequent downsizing.

The Board believes that its work represents only initial analysis in that we seek properties that provide value upon their sale. There are a large number of buildings that present no value or such low value that the cost to move employees and shut the facility exceeds the possible savings. But these unmarketable and often underused and under maintained properties are a drain on the federal budget and taxpayers. One solution would be to extend the life of the Board and grant it amplified authorities and budget to achieve the number of reductions urgently required across the portfolio.

GSA Cannot Sufficiently Shrink Its Portfolio to Fit Within Its Appropriations

Congress has sent a consistent and clear message to GSA through the appropriations process: downsize the portfolio wherever you can. In FY2024, GSA received $600 million[1]

[1] GSA CBJ 2025

for repairs and alterations of its entire portfolio. The Board can identify two properties that would consume this entire amount on their own. The is no realistic expectation that the federal government will ever be able to fund an amount sufficient to meet its needs.

It is also unrealistic to expect GSA to shrink its portfolio so that $600 million is sufficient to bring federal property up to modern day expectations. Testimony to this Committee in May suggested that land ports of entry, courthouses, and law enforcement facilities should continue to be owned by GSA and funded from its appropriations. As of right now, federal real property data show that land ports of entry and border inspection facilities, courthouses, and facility security structures have a maintenance requirement of $6.8 billion. That means that even if GSA sold every single office building in its inventory, it still would require $6.8 billion to fix the remaining critical assets.

Leasing Could be a Part of Any Solution

Moving federal agencies into leases solves several issues simultaneously. The biggest advantage to the taxpayer is that the lease costs are known and predictable for the duration of the lease, and federal agencies do not have to contend with exponentially degrading properties. Leases can be expanded or shrunk according to needs more quickly than buying or selling property. Lease rates are down in many areas of the country, meaning that agencies may be able to find leases which would cost less than what taxpayers pay in rent charged by GSA. Further, long-term federal leases are desirable to commercial building owners and agencies should be able to negotiate concessions that would enable moves and improvements to spaces, resulting in lowered or vanishing costs for the consolidations.

However, one should note that the same market that creates cheaper rents also drives down the value of real estate. So, in some markets, any sale of Federal property may bring much less than what otherwise may be expected.

GSA Faces Conflicting Pressures on Downsizing

As stated, GSA is under pressure to downsize from most observers and the Board believes that GSA shares those sentiments. However, this fact is often lost – federal agencies that occupy GSA-owned buildings pay market-rate rents to GSA and those payments are used to fund a large portion of GSA's operating budget. If agencies leave those GSA-owned buildings, the rental payments end and GSA loses significant revenue. The result is that GSA faces a real financial dilemma whenever federal agencies consolidate or vacate GSA-owned real estate.

On occasion, taxpayers are forced to pay twice when a tenant agency voluntarily vacates a GSA-owned property. An example would be an agency that decides to move out of a poorly maintained GSA-owner property to lease a more appropriate space. In that case, taxpayers foot the bill for the cost of moving the agency and leasing the new space; plus the GSA is left with vacant space no other agency will lease but still requires some degree of maintenance and the costs associated with same, and the deferred maintenance costs continue to increase. Of course, this not-uncommon example also harms the host community that now suffers all the harms associated with vacant and unwanted space.

The Board would be happy to work with Congress to address these conflicting pressures.

The Board Has Uncovered a Market for Federal Buildings

As noted earlier, the Board has been busy meeting with municipalities, historic preservation groups, and real estate brokers, and has uncovered significant interest in federal properties. At a recent meeting with local stakeholders in Savannah, Georgia, the local preservation organization and the city expressed interest in acquiring one of these historic properties. The Board has also been working with brokers to understand how GSA could divest large tracts of land for data centers. One property the Board has identified in Northern Virginia is potentially valued at about $800 million, according to brokers.

Although the Public Buildings Reform Board does not have a planning role, we agree with the efforts by the District of Columbia and the National Capital Planning Commission to create a master plan for Southwest DC, which has the largest concentration of underutilized Federal buildings and will benefit all stakeholders It is also the location of two of our Round 2 recommendations (the Dept of Energy Forrestal Building and the former GSA National Capital Regional Office Building). We are reviewing some of the remaining buildings in the southwest for potential inclusion in Round 3. However, the value will be greatly dependent on the plans for this area as well as the absorption period for existing vacant property.

The Board notes that GSA does not routinely engage with local communities, historic preservation groups, and local brokers to explore market possibilities when considering which properties it may want to divest. Instead, it creates internal priorities and then, as funding becomes available from appropriations, it works to effect consolidations.

In contrast, the PBRB happily engages any stakeholder we can identify and the local real estate community who is most familiar with the local market.

Given the level of engagement and interest demonstrated by municipalities and historic preservation groups, the Board is preparing a set of more urgent property recommendations where potential buyers have already been identified in order to seize the market opportunities we have uncovered.

The Lights Are On, But Nobody Is Home

Despite the return-to-office mandates, it is apparent to the Board as it travels around the country, analyzing properties and talking to communities that many federal properties are not occupied near capacity. The 2024 Water Resources Development Act (WRDA) stipulated that properties that did not meet a space use rate of 60% on average over a year, would be required to be divested from the portfolio.

The Board notes that agencies appear to be having trouble collecting real data on daily use despite readily available technology that would support collection and produce the valid and consistent information required to effectively manage properties. We understand that OMB is pushing agencies hard to gather and provide the required occupancy information. The PBRB has not be allowed access to this data, even though we readily acknowledge it may not be perfectly accurate at this time. Nonetheless, we anxiously await access to whatever data any agency has in order to better assess various properties we have identified for possible disposition across the country.

The Board's own work in determining the costs of maintaining properties "as is" versus downsizing and moving is hampered by a lack of use data, and the data are not expected to become validated until too late in the Board's analysis cycle. Extending the life of the Board would allow for continued analysis and incorporation of better daily use data, making our recommendations more accurate.

The Board will continue to talk to communities and gather information about what markets and properties present opportunities in preparation for its next report. We appreciate the support of this committee.

Thank you for the opportunity to testify before you today, and I look forward to your questions.

Summary

- The PBRB was created by Congress to encourage federal agencies to consolidate and dispose of unnecessary properties in order to increase efficiency and save taxpayers billions of dollars.
- It costs a little money to save lots of money when it comes to disposing of property.

- The Board has conducted an analysis that estimates a $50 billion cost to address the backlog of repair problems in federal properties. In 10 years, that backlog will grow to $546 billion if nothing is changed.
- Even if GSA sold every property it owns, current funding levels could not meet its repairs and maintenance requirements.
- Leasing can and should be a part of the solution. However, more affordable rents also mean lower sales proceeds.
- The Board has found some properties with no value, so that leasing presents the taxpayer with a bill for the lease, plus the cost for day-to-day operations in a partially vacant building, and the extraordinary unfunded capital requirements for deferred maintenance.
- GSA faces conflicting financial pressures when considering disposition and consolidations.
- The PBRB and others have concluded that many federal properties are seriously underutilized. However, official data on utilization rates is not currently made unavailable for the Board to analyze.
- Taxpayers would be better served if the Board and GSA were granted faster access to proceeds generated from prior sales in order to fund the next round of sales. Such changes would require legal and policy changes to ensure market-timed dispositions were feasible.
- There are numbers of buildings that present no value or such low value that the cost to move employees and shut the facility exceeds the value. But these unmarketable and often underused and under maintained properties are a drain on the federal budget and taxpayers.
- The PBRB will submit our next report no later than Dec 31, 2026. The Board may submit partial reports before that date. If the Board is extended by Congress, the PBRB will continue its mission and save taxpayers billions more.