

**Remarks by the Honorable Jeff Denham, Chairman
Subcommittee on Economic Development, Public Buildings
and Emergency Management**

As made before

**The Committee on Oversight and Government Reform:
Hearing on
“Disposal of Federal Real Property: Legislative Proposals”**

Wednesday, June 27, 2011

- First let me thank the Chairman of this Committee, Mr. Issa, for holding this hearing today and inviting me to participate as a witness.
- I commend the gentleman, this committee, and my fellow colleagues on this panel for working toward real property reform.
- In May, I introduced H.R. 1734, the Civilian Property Realignment Act to establish a civilian BRAC-like commission to help shed waste in the management of federal buildings and properties.
- I have been pleased to work closely with the administration in this effort as they similarly released a proposal, along with a list of 14,000 properties already in the disposal process.

- By OMB's estimates, our proposals could save the taxpayer more than \$15 billion.
- I believe our efforts may truly produce a bipartisan solution to significantly alter the manner in which federal property is managed.
- As a member of the Committee on Transportation and Infrastructure, I am fortunate enough to chair the Subcommittee on Economic Development, Public Buildings, and Emergency Management.
- This subcommittee has jurisdiction over federal buildings and improved grounds, generally, and we have made significant progress in bringing this issue to the public by holding several public hearings and a subcommittee markup on my legislation.
- I first proposed a civilian BRAC commission at our subcommittee's first hearing in February and the president proposed a commission in his 2012 budget.

- It was clear then as it is now that just having a fire sale of surplus property in a bad real estate market is not going to generate significant savings for the taxpayer.
- Instead redeveloping, consolidating or selling certain high-value assets can unleash huge cost savings for taxpayers.
- For example, it makes little sense for a few hundred federal workers to be sitting on an under-utilized asset that could generate hundreds of millions of dollars if redeveloped or sold.
- As I have often stated and continue to maintain, to achieve significant savings, any solution must incorporate these key principles:
 - It must, consolidate the footprint of federal real estate;
 - House more federal employees in less overall space;
 - It must, reduce our reliance on leased space for long-term requirements;
 - Sell or redevelop high value assets that are underutilized or too valuable for housing federal employees; and
 - Dispose of surplus property more quickly.

- Disposal is part of the process and streamlining that process is important.
- CBO mentioned in its letter to this committee about previous failures in the disposal process.
- We have seen high value properties like Governor's Island in New York, and the Presidio in San Francisco fall by the wayside when significant taxpayer savings could have been realized.
- The commission will be tasked with creating value out of excess and surplus properties so the taxpayer isn't continually short changed.
- However, to truly reform our asset portfolio in a way that generates significant and lasting savings to the public, we must ensure that the government also takes steps to realign and consolidate its footprint.
- And, we must ensure agencies aren't sitting on valuable assets that would give the taxpayer a greater return if sold or redeveloped.

- We have an opportunity to achieve comprehensive reform and I look forward to working with my colleagues to that end.
- I doubt most government agencies would recognize a good real estate opportunity if it stared them in the face.
- It is important that we get this right.
- After receiving input from experts and key stakeholders one thing became abundantly clear.
- The commission will need to leverage the expertise and market knowledge of the private sector on behalf of the taxpayer if we are to achieve real savings.
- I believe this is an important point, and I look forward to hearing the testimony of the second panel to see if they agree that Congress must leverage private sector expertise.
- We also must ensure this process incorporates the right incentives and tools to maximize the return to taxpayers and require that agencies not conduct business as usual.

- That is why a process that includes an independent commission, similar to BRAC, is needed.
- Real savings will require a commission to look across government and identify ways to unlock the value in our properties – without turf battles and red tape stalling the process.
- I believe the potential to save billions of dollars is real; and our challenge is to create system where it will happen.
- Again, I thank the Chairman for holding this hearing today and inviting me to testify.
- I look forward to the testimony of my colleagues on their efforts to overhaul real property management, and I hope that our two committees can work together toward a solution that delivers real savings to the American taxpayer.