

**STATEMENT OF**  
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**BEFORE THE SUBCOMMITTEE ON TRANSPORTATION AND PUBLIC ASSETS**  
**OF THE**  
**U.S. HOUSE COMMITTEE ON**  
**OVERSIGHT AND GOVERNMENT REFORM**

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Good morning Chairman Mica, Ranking Member Duckworth, and members of this Subcommittee. My name is Michael Gelber, and I am the Deputy Commissioner of the U.S. General Services Administration's (GSA) Public Buildings Service (PBS). Thank you for inviting me to this hearing on vacant Federal properties.

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people. To meet this mission, GSA is working with Federal agencies to improve space utilization, reduce real estate costs, and deliver space that allows our partner Federal agencies to better achieve their missions. Additionally, we are working with the Office of Management and Budget (OMB) and the Federal Real Property Council (FRPC) to improve the Federal Government's inventory of real property, identify opportunities to better use underperforming properties, and assist agencies in the development of strategies to divest of their unneeded assets. GSA is also actively working to repurpose buildings in PBS's inventory that are underutilized or vacant.

GSA manages one of the largest and most diversified public real estate organizations in the world. Its portfolio consists of 425 million rentable square feet (RSF) in 8,525 active assets across the United States: in all 50 states, six U.S. territories, and the District of Columbia. In terms of the square footage of GSA's inventory, 54 percent is owned, and 46 percent is leased. While GSA is sometimes referred to as the "Government's Landlord," GSA is one of more than two dozen major landholding agencies in the Federal Government, and manages about 15 percent of the square footage of Federal properties.

***Performance: Disposal of Unneeded Federal Assets***

Over the last five years, from FY2011 through FY2015, GSA has disposed of 947 properties, both those managed by GSA as well as other Land Holding Agencies, generating \$289 million in proceeds. The bulk of the disposals were executed through public sales. Other property disposals involved negotiated sales, public benefit conveyances, and Federal transfers.

For GSA-managed properties, between FY2011 and FY2015, GSA has disposed of 62 properties, generating \$113 million in proceeds. This past April, GSA sold the Metro West facility in downtown

Baltimore, Maryland for more than \$7 million in a public property auction. The sale of this 1.1 million square-foot facility, which previously housed the Social Security Administration, will save the American taxpayer more than \$3.2 million per year. Disposing of this building will also serve as a catalyst for economic development on the west side of Baltimore.

Last year, GSA sold the Federal Reserve Building in Seattle for \$16 million at an online auction with eight bidders competing. The building, constructed in 1950, was transferred from the Federal Reserve to GSA in 2012. After analyzing options to retrofit the building and coordinating with local stakeholders, GSA chose to sell the building which resulted in a sale that protects the historic integrity of the asset while still allowing for the developer to renovate the facility. Today the building is under renovation and contributing to the local tax base.

GSA's property disposal process can also result in a negotiated sale to a state or local government if the property will be used for another public purpose. In Richland, Washington, GSA worked with the city to dispose of a 1.8 acre portion of a parking lot at the Richland Federal Office Building. The city expressed a strong interest in this downtown parcel, and will be using the site for the new Richland City Hall. The city offered GSA cash and a city-owned half-acre parcel immediately adjacent to the Richland Federal Office Building. This transactional structure allowed GSA to divest of underutilized parking in exchange for cash and a parcel that allowed for greater efficiency and enhanced security for the federal personnel that work at the Richland Federal Office Building.

GSA also makes properties available to communities through its "Public Benefit Discount Conveyance" program. In Buffalo, New York, GSA has been working with the City to use the historic Michael J. Dillon Memorial U.S. Courthouse for a law enforcement use. The conveyance of this property will reduce the Federal footprint by approximately 180,000 gross square feet, and reduce annual maintenance costs by about \$650,000 annually.

In addition to GSA's traditional disposal process, GSA also uses other innovative tools to redevelop properties that no longer serve the Government's needs. For example, in Miami, Florida, GSA entered into a long term outlease with the Miami-Dade Community College for the historic David W. Dyer Federal Building and Courthouse. As a part of the outlease, the college will renovate the property while preserving its historic features. GSA entered into this lease under the authority of Section 111 of the National Historic Preservation Act, which will enable the college to renovate and utilize this 170,000 square foot historic building, which was built in 1933. This agreement will enable the asset to continue to be a vital part of the Miami community for years to come. While still owned by the Federal Government, this long-term lease has enabled this property to be used for the community, while saving the Federal taxpayer \$1.7 million in annual maintenance and operations costs.

For Federal properties that no longer efficiently serve a Federal need, and which can have significant upkeep and maintenance costs, GSA is leveraging the value of these assets through exchanging these properties in return for construction services or newly constructed buildings. For example, the Volpe National Transportation Systems Center in Cambridge, Massachusetts is located on 14 acres in a high-technology hub of the city. The six buildings on the property were constructed nearly 50 years ago and no longer adequately serve the mission of this facility. In June 2016, GSA issued a Request for Proposals for qualified developers to transform this property in exchange for a newly constructed research and technology facility for the Department of Transportation on a portion of the current site. GSA, in conjunction with DOT, plans to select a developer by the end of this calendar year, which will

result in the delivery of new and improved space for transportation research, as well as economic development opportunities and tax revenues for the local community through the conveyance of the underdeveloped portion of this property.

### ***Supporting Implementation of the Administration's National Strategy for the Efficient Use of Real Property***

GSA supports the Administration's National Strategy for the Efficient Use of Real Property to reduce the size of the Federal real estate inventory. To assist with this effort, GSA created and enhanced several analytical tools to help agencies identify possible opportunities for disposal, consolidation, and colocation. In addition, GSA improved data quality and user experience in the Federal Real Property Profile (FRPP) by automating validation and verification tools, as well as clarifying several data element definitions.

Last year, GSA deployed the Real Property Management Tool to assist agencies in finding opportunities for consolidations, co-locations, and disposals using data visualization technology. The newest iteration of the tool, launched in January 2016, provides analyses and data visualization focusing on expiring leases and occupancy agreements, the utilization of agency assets, and potential cost avoidance opportunities from the disposal of underutilized and inactive assets. Agencies can also use this tool to view benchmarks such as rent per square foot, operating and maintenance costs per square foot, square feet per person, and compare agency-specific data with Government-wide averages.

Another tool, which GSA launched in June of this year is the Asset Consolidation Tool. This tool allows an agency user to see what Federal space exists in a certain geographic area, such as a zip code, city, county, metropolitan statistical area or mileage radius. This tool assists the user in identifying potential consolidation and co-location opportunities by allowing agencies to make targeted searches for space that other agencies currently occupy in a given area.

GSA, in its Government-wide role, is also continuously working with agencies to improve the quality of agencies' FRPP data by annually reviewing and refining data element definitions with the goal of receiving more accurate and consistent data from agencies. In May 2016, in accordance with OMB policy, GSA issued new mandatory data validation and verification procedures for key FRPP data elements. Agencies will be required to follow these data validation and verification procedures beginning with the FY2016 FRPP data submissions, and then report to GSA how they addressed each data anomaly identified by GSA's automated reviews, improving the accuracy of FRPP data.

### ***The Road Ahead and Opportunities for Improvement***

Through active planning, GSA has developed a pipeline of properties which over the next five years are planned for disposals, outleases, transfers, demolitions or exchanges. Since the beginning of 2016, GSA has disposed of over 3 million square feet of unneeded assets. Over the next four years, GSA plans to divest of at least another 10 million square feet of underperforming assets.

While GSA has made significant progress and improvements in managing Federal real property and more aggressively disposing of underutilized assets, there are still a number of long-standing challenges that need to be addressed. These include incentives for Federal agencies to identify and execute disposals, statutory requirements prior to disposal, aligning non-Federal stakeholder interests, costs associated with the disposal process, and remote property locations. GSA is working diligently

with agencies to overcome these hurdles, and working with OMB to assist with its efforts.

***Conclusion***

GSA is committed to carrying out its mission of delivering the best value in real estate. We are committed to aggressively managing GSA's assets and assisting agencies to right-size their real estate requirements.

I thank the committee for the opportunity to testify today and look forward to answering your questions.