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Opening Statement

Congressman Gerald E. Connolly

Subcommittee on Government Operations

Committee on Oversight and Government Reform

Hearing on "Federal Real Property: Eliminating Waste and Mismanagement of Real Property Assets"

July 29, 2014

Chairman Mica, thank you for holding today's hearing to call attention to vital government-wide challenge that transcends Presidential Administrations and has resulted in wasted taxpayer dollars over many years – the Federal Government's real property mismanagement. I would like to thank the witnesses for being here today.

In a very literal sense, this hearing is about whether or not the Federal Government can keep its house in order. For nearly a decade, the answer to this question has been a resounding "no." 2013 marked the 10th time that "Managing Federal Real Property" was featured on the U.S. Government Accountability Office's (GAO) High-Risk Update.

According to GAO, the Federal Government owns nearly 100,000 buildings it no longer needs. In 2010 alone, maintenance of these buildings cost the government nearly \$1.7 billion. Of course, these are all rough estimates, since a fundamental weakness undermining the Federal Government's efforts to effectively manage real property is its failure to maintain an inventory with accurate and accessible real property data.

Our Subcommittee found that one needs not travel far to find glaring examples of real property mismanagement by GSA. For instance, our April 2013 field hearing was held in a vacant GSA warehouse that costs approximately \$70,000 per year to operate and maintain, yet has remained unused since 2009. I think everyone in this room can agree that this is an egregious example of taxpayer waste that must be rectified.

GAO audits have found that in certain real estate markets, the total square footage of excess Federal real property would be large enough to house *every* Federal agency in the region. Yet in these

very same real estate markets, the vast majority of agencies are wasting precious resources on leases with private landlords. This type of mismanagement is unacceptable – every dollar spent on an unnecessary lease is a dollar diverted away from a mission-critical function. In this current era of austerity, operational inefficiencies such as these have real world consequences for the citizens they serve.

Now, what are the causes of inefficient federal property management?

GAO found that property disposal costs can outweigh the financial benefits of conveying ownership to private parties. In addition, certain legal requirements, such as preserving historical properties and conducting environmental remediation, can make the property disposal process extremely lengthy. Further, while I strongly believe local governments and local taxpayers must have a voice in disposal of property, it is also true that stakeholder interests may conflict with property disposal and reuse plans, making disposal and reuse difficult.

As the former Chairman of the Fairfax County Board of Supervisors, I was proud to work with local stakeholders, developers, and GSA to successfully execute one of this most successful Federal real property transfers between the Federal Government and a local community in recent memory.

For nearly a century, the abandoned Lorton Federal prison was an eyesore and blight on one of the most beautiful parcels of land in Fairfax County, simply wasting space and cut off from the public. Following extensive efforts by the Fairfax County Government and my predecessor, Congressman Tom Davis, we were able to facilitate a complex land transfer, and today Lorton Prison has been transformed into Laurel Hill, a dynamic community featuring new housing, schools, public parks, and a premier municipal golf club that hosted the prestigious United States Amateur Public Links Championship in 2013.

My hope is that with a sustained, bipartisan effort by this Subcommittee, Mr. Wise will be able to come before us in February 2015 to report that “Federal Real Property Management” has been removed from the High-Risk List. That would be a great achievement for this Subcommittee, and I believe today’s hearing demonstrates a continuing partnership with the Chairman to conduct rigorous oversight aimed at finally establishing a National Strategy for Federal Real Property Management and overhauling the Federal Real Property Profile to ensure that we are able to credibly measure progress.

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