



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 19, 2016

### **H.R. 4465** **Federal Assets Sale and Transfer Act of 2016**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on March 2, 2016*

#### **SUMMARY**

H.R. 4465 aims to better manage federal real property by reducing the inventory of such property and the cost of maintaining the remaining inventory. The bill would establish the Public Buildings Reform Board (board) to provide recommendations to the Office of Management and Budget (OMB) regarding specific federal properties that should be sold. The board would be charged with recommending specific operational efficiencies that could be implemented to reduce the inventory and cost of the government's real estate holdings. The legislation also would authorize the appropriation of \$2 million to fund the board and \$40 million to implement the board's recommendations.

Assuming appropriation of the specified amounts, CBO estimates that implementing H.R. 4465 would cost \$8 million in 2017 and about \$40 million over the 2017-2021 period. If the board's recommendations lead to the sale of facilities, the legislation also would result in additional receipts. However, CBO has no basis to estimate whether the board's recommendations would result in the sale of any properties that would not otherwise be sold under current law. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 4465 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 4465 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of H.R. 4465 are shown in the following table. The costs of this legislation fall within all budget functions that contain federal real property other than 050 (national defense).

	By Fiscal Year, in Millions of Dollars					2017- 2021
	2017	2018	2019	2020	2021	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Public Buildings Reform Board						
Authorization Level	2	0	0	0	0	2
Estimated Outlays	*	*	*	*	*	2
Asset Proceeds and Space Management Fund						
Authorization Level	40	0	0	0	0	40
Estimated Outlays	7	7	7	7	6	34
Other Requirements						
Estimated Authorization Level	1	*	*	*	*	3
Estimated Outlays	1	*	*	*	*	3
Total Changes						
Estimated Authorization Level	43	0	0	0	0	45
Estimated Outlays	8	7	7	7	6	39

Note: \* = less than \$500,000; components may not sum to totals because of rounding.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2016, that the authorized amounts will be appropriated, and that spending will follow historical patterns for similar management efforts.

### Public Buildings Reform Board

H.R. 4465 would establish an independent board to recommend to OMB properties that could be sold in order to reduce the inventory of federal civilian real property. The board would consist of seven members appointed by the President. H.R. 4465 would specify two major objectives for the board. First, the board would be required 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. Second, the legislation

would require the board to recommend to OMB opportunities to consolidate, exchange, sell, or redevelop federal properties to further reduce the inventory of civilian real property and to reduce operating costs. All recommendations made by the board would be available to the public on a government website.

Under the bill, the board would terminate after six years. H.R. 4465 would authorize the appropriation of \$2 million for the board's expenses. Assuming appropriation of those amounts, CBO estimates the board would spend about \$2 million over the 2017-2021 period.

### **Asset Proceeds and Space Management Fund**

H.R. 4465 would establish a fund to help agencies cover any costs associated with implementing the board's recommendations. During its six-year term, the board would primarily work with the General Services Administration (GSA) to consolidate, reconfigure, redevelop, or co-locate agency operations in order to make additional properties available for sale. The bill would authorize the appropriation of \$40 million for those purposes. Assuming appropriation of the specified amount, CBO estimates that agencies would spend about \$7 million annually over the 2017-2021 period to prepare federal properties for sale or achieve other operational efficiencies.

### **Other Requirements**

H.R. 4465 would require GSA and federal civilian agencies to prepare additional reports and recommendations about their real property holding and would require GSA to improve its database of federal property. CBO estimates that implementing those provisions would increase the workloads of GSA and other agencies. In addition, the Government Accountability Office would be required to report on all the recommendations. Based on information from GSA and some landholding agencies, CBO estimates that those activities would cost \$3 million over the 2017-2021 period; such spending would be subject to the availability of appropriated funds.

### **Effect on Federal Property Sales**

Under current law, before an agency can offer federal real property that it considers to be surplus for sale to the public, the agency must first offer that property to other federal agencies, state and local governments, and in some cases nonprofit organizations, at no cost. H.R. 4465 would exempt properties recommended for sale by the board from those requirements, except for the purpose of alleviating homelessness. CBO does not expect that exemption would increase the proceeds from selling surplus properties above the expected amounts under current law because other barriers to selling such property will still exist.

Based on information from GSA and other agencies that hold significant amounts of real property, CBO has concluded that there are at least two other obstacles that constrain the amount of property offered for sale and ultimately sold to the public.<sup>1</sup>

- First, agencies generally lack funds to prepare properties for sale, including relocating any users of such properties. To help implement the board's recommendations, the bill would authorize appropriations to cover the costs of moving, consolidating, marketing, renovating property. However, those amounts may not be sufficient to cover such costs. Furthermore, any additional proceeds from sales would depend on the enactment of appropriated amounts and cannot be attributed to this bill.
- Second, many agencies resist efforts to sell property and prefer to leverage the value of their holdings rather than sell them outright. In most cases property-holding agencies do not have access to any of the proceeds from a sale of their property. However, they may have other authorities that enable them to add to their budgetary resources; for example, some agencies can lease unused real property and spend those proceeds on mission-related or administrative purposes. Whether or not the board that would be created by H.R. 4465 could overcome such resistance is unclear.

For these reasons, CBO has no basis to estimate whether the board's recommendations for \$8 billion in changes to the federal government real estate holdings would result in additional receipts.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 4465 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE:**

On May 17, 2016, CBO transmitted a cost estimate for S. 2375, the Federal Asset Sale and Transfer Act of 2015, as ordered reported by the Senate Committee on Homeland

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1. For more information on the barriers to selling federal real property see Congressional Budget Office, [letter to the Honorable Darrell E. Issa containing an analysis of a proposal to expedite the disposal of federal civilian real property \(June 27, 2011\)](#).

Security and Governmental Affairs on December 9, 2015. On May 19, 2016, CBO transmitted a cost estimate for H.R. 4465, as ordered reported by the House Committee on Oversight and Government Reform on April 14, 2016. Both versions of H.R. 4465 and S. 2375 aim to better manage federal real property by reducing the inventory of such property and the cost of maintaining the remaining inventory; CBO's estimate of their costs are the same.

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