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# Highlights

Highlights of [GAO-08-939](#), a report to the Ranking Member, Committee on Veterans' Affairs, House of Representatives

## Why GAO Did This Study

The Department of Veterans Affairs (VA) operates one of the largest healthcare-related real estate portfolios in the nation. However, many VA facilities are older and no longer well suited to providing care, leaving VA with millions of square feet of property it does not use to capacity (underutilized) or at all (vacant). VA has various legal authorities that allow it to dispose of such property. GAO was asked to identify (1) VA's progress in reducing underutilized or vacant property and how much VA spends operating the underutilized or vacant property it retains; (2) VA's use of its various legal authorities to reduce underutilized and vacant property and the extent to which VA tracks how these authorities contribute to reductions; and (3) the challenges VA faces in minimizing underutilized and vacant space and the strategies VA is using to address these challenges. To accomplish these objectives, GAO reviewed VA property data, and visited eight VA locations based on space utilization, use of authorities, and other factors. GAO also interviewed officials from various VA offices and stakeholders.

## What GAO Recommends

GAO's recommendations to VA include (1) developing an annual cost estimate of spending on underutilized and vacant property and (2) collecting and maintaining building-level data by fiscal year. VA concurred with the first recommendation but not the second, believing its current analysis is adequate, which GAO continues to question.

To view the full product, including the scope and methodology, click on [GAO-08-939](#). For more information, contact Mark Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

## FEDERAL REAL PROPERTY

### Progress Made in Reducing Unneeded Property, but VA Needs Better Information to Make Further Reductions

#### What GAO Found

VA has made significant progress in cutting underutilized space in its buildings from 15.4 million square feet in fiscal year 2005 to 5.6 million square feet in fiscal year 2007, and although the number of vacant buildings decreased, the amount of vacant space remained relatively unchanged at approximately 7.5 million square feet. GAO estimated VA spent \$175 million in fiscal year 2007 operating underutilized and vacant space at its medical facilities, where 98 percent of such space exists. GAO developed this estimate because VA does not track the cost of operating underutilized and vacant building space at the building level and has not developed a reliable method for doing so.

VA's use of various legal authorities such as enhanced-use leases and sharing agreements likely contributed to the overall reduction of underutilized space, but VA does not track the effect of these authorities. Their use provides VA with revenue and services. Revenue comes from such diverse sources as rent for space and money paid for using buildings as film sets, among other things. For example, at Fort Howard, Maryland, in 2006, VA entered into a new enhanced-use lease with a developer to build a retirement community where veterans are given priority for occupancy. However, the lack of building-level information about the extent to which these authorities reduce underutilized or vacant space or provide benefits such as revenue or services means that VA cannot track, monitor, or evaluate their impact or determine which authorities have the greatest effect from year to year.

VA faces several challenges to minimizing underutilized and vacant space and is using strategies at some facilities to mitigate them. One challenge is location: VA officials reported difficulty finding entities interested in using underutilized or vacant property in areas with low property values. Another challenge is cost: many of VA's underutilized or vacant buildings are in poor condition and require an estimated \$3 billion in repairs before they can be fully utilized. Finally, competing stakeholder interests and legal and budgetary limitations can further impede VA's efforts. To mitigate these challenges, individual VA locations have used strategies such as improving communication with veterans groups and other external stakeholders, obtaining support from internal stakeholders, and entering into public-private partnerships.

#### Examples of Vacant Buildings at VA Medical Facilities in Marion, Indiana and Dayton, Ohio

