

S. 896, Helping Families Save Their Homes Act of 2009

Coburn 2nd degree amendment to Reed's Amendment 1040

- This second degree amendment establishes a five year pilot program which would give the Office of Management and Budget (OMB) temporary authority to sell or demolish property that the federal government owns but no longer needs.
- The current process in place for disposing of unneeded federal buildings is inefficient and cumbersome. The amendment would both expedite the process and create a financial incentive for agencies to sell the property they no longer need.
- The amendment would also allow for those who can use the property to assist the homeless. Representatives of the homeless would be allowed to apply for certain properties if they believe that it might be useful to assist the homeless. Currently, under the McKinney-Vento Homeless Assistance Act, federal property is made available for use to assist the homeless. This amendment would incorporate features from that process to ensure similar treatment of the properties for this purpose.
- Finally, the amendment would allow agencies to recoup the cost of selling the building, plus an additional 20%, as an incentive for disposing of the properties. Retention of proceeds has proven to be an effective tool for federal agencies to dispose of their unneeded properties.

The reasons why we need this amendment:

- In 2003, GAO put “Managing Federal Real Property” on its biennial High-Risk List.
- Federal rules and regulations have created enormous obstacles for agencies that try to dispose of property they no longer need.
- First, the disposal process itself is long, complicated and expensive, filled with arcane procedures that each agency must follow.

- Second, for those agencies that successfully navigate the process to completion, all financial proceeds from the disposal are sent to the general treasury instead of to the agency that had to pay the costs of eliminating the property.
- With so little incentive to spend the money and energy needed to dispose of the property, these obstacles have served to encourage agencies to pay for continued maintenance of an unneeded property rather than go to the trouble and cost of getting rid of it, to the detriment of taxpayers who fund it through their tax dollars.
- According to the U.S. General Services Administration's FY 2007 Federal Real Property Report, federal agencies have a total of 65,594 properties that are underutilized or not utilized at all.
- The estimated value of these properties is \$83.8 billion dollars, with an annual operating cost of \$1.6 billion.¹
- During his nomination hearing, OMB Director Peter Orszag discussed the problems surrounding the management of the federal government's real property. Specifically, he stated that "we need to more aggressively pursue opportunities for disposition and terminating inefficient leases so that we can better manage the Federal Government's own portfolio of real properties."

McKinney-Vento/Reed Amendment

- CBO estimates that the McKinney-Vento Homeless Assistance Act would cost about \$3.4 billion over the next five years.
- The Reed Amendment would increase appropriations by nearly \$1.2 billion above the current appropriations level for homeless assistance grants.
- Since 1987, more than 30,000 properties have been required to undergo the burdensome screening process, but it has resulted in the conveyance of only 250 homeless shelters. This means that all properties have undergone a costly and time-consuming screening process that affects less than 1%.

¹ Updated figures from OMB, February 2009.