

Congress of the United States
House of Representatives
Washington, DC

October 14, 2011

The Honorable Jeb Hensarling
Co-Chair, Joint Select Committee
on Deficit Reduction
825C Hart Senate Office Building
Washington, D.C. 20510

The Honorable Patty Murray
Co-Chair, Joint Select Committee
on Deficit Reduction
825C Hart Senate Office Building
Washington, D.C. 20510

Dear Representative Hensarling and Senator Murray:

America is in the midst of a fiscal crisis. The national debt is at a level that seriously threatens the future of this country and the long term growth of the economy. The task ahead of you is great and I hope that in your efforts you can cut the bloated federal bureaucracy and reign in reckless government spending. Your challenges are great, and they are compounded by ideological differences on the appropriate role of government, taxes, and how to create jobs in this country. One thing that we should all agree on is that the sale of unneeded federal property is one of the few bi-partisan ways to save taxpayer dollars. For this reason I am requesting that you include my bill, written in a bipartisan fashion, to shed unneeded federal property and literally reduce the size of government.

H.R. 1734 would establish an independent commission and process, similar to the Base Realignment and Closure Act (BRAC), to reduce the size and costs of the federal real property inventory. According to the Office of Management and Budget (OMB), this proposal could save the taxpayer as much as \$15 billion. I agree with this assessment and request its inclusion in your final recommendations.

The size and scope of wasteful spending on federal real estate has been well documented by the Government Accountability Office (GAO) in recent years. Since 2003, the GAO has placed federal real estate on its High Risk list. In 2010 the Committee on Transportation and Infrastructure produced a report entitled "Sitting on our Assets" that detailed the tremendous costs involved with vacant or underutilized properties, an over reliance on leasing for long term requirements, and the underlying causes of these wasteful practices. In February 2011, acting as Chairman of the Subcommittee on Economic Development, Public Buildings, and Emergency Management, I proposed a civilian BRAC commission to overcome these obstacles and shrink the footprint of the federal government. Shortly thereafter the Obama Administration proposed its own version of the proposal.

The Civilian Property Realignment Act (CPRA) has undergone a number of revisions since introduction; incorporating input from Members of Congress, the Administration, the private sector, as well as the Congressional Budget Office (CBO). H.R. 1734, as amended, contains some critical elements that are central to ensuring there are mandatory savings and long term spending reductions. Without many of these provisions, the \$15 billion savings potential identified by OMB may not be realized.

In particular, some of the key provisions in the bill that contribute significantly to the savings include:

- Selling \$500 million of high value assets upfront to realize immediate funds for deficit reduction and to avoid the need for ongoing appropriations for the Commission;
- Requiring the Commission to make decisions based on the highest return to the taxpayer – in some cases sale may be the best option, however, in other cases redevelopment may produce a greater return;
- Removing barriers to the sale of unneeded properties to ensure properties are actually sold for fair market value;
- Establishing strict criteria and utilization rates for federal space requirements to maximize space utilization;
- Consolidating, co-locating, and realigning assets to make available more properties that could be sold or redeveloped;
- Selling or redeveloping specific properties identified in the Act that should produce \$500 million or more in direct spending savings within 5 years.

Just as important as these critical elements are the specific projects identified in the bill as reported by the Committee. Notwithstanding the Administration's estimate of \$15 billion in savings, CBO's unique approach to scoring real property transactions does not reflect these savings. As a result, and as suggested by CBO, H.R. 1734 identifies specific properties and transactions that should result in more than \$500 million in direct spending savings within 5 years. Each of these transactions takes underutilized, yet valuable federal properties and sells them, redevelops them, maximizes their space utilization, and/or attracts private investment.

These projects include selling vacant property in Washington, D.C., consolidating the National Gallery of Art and attracting private investment in an aging federal building, selling underutilized property of the Department of Energy, and cancelling an unneeded courthouse project.

We must manage our federal assets better and get rid of property that we do not need. This is one area in which there is bi-partisan agreement and I believe H.R. 1734, as amended, is the right step forward in realizing significant savings.

Thank you for your consideration.

Sincerely,



JEFF DENHAM

Chairman

Subcommittee on Economic Development, Public
Buildings, and Emergency Management

ATTACHMENT

cc: Honorable John A. Boehner
Honorable Eric Cantor
Honorable Nick J. Rahall
Honorable Max Baucus
Honorable Xavier Becerra
Honorable Dave Camp
Honorable James Clyburn
Honorable John Kerry
Honorable Jon Kyl
Honorable Rob Portman
Honorable Pat Toomey
Honorable Fred Upton
Honorable Chris Van Hollen