

**Written Statement of Andrew Heller
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of the U.S. General Services Administration
before the
House Committee on Transportation and Infrastructure, Subcommittee on
Economic Development, Public Buildings and Emergency Management
Hearing Title: "Cutting Costs, Adding Value: The Future of Federal Property"
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Introduction:

Good morning, Chairman Perry, Ranking Member Stanton, and distinguished Members of the Subcommittee. My name is Andrew Heller, and I am the Acting Commissioner of the Public Buildings Service (PBS) at the U.S. General Services Administration (GSA). I appreciate the Committee's invitation to appear before you today to discuss PBS's management of federal real property.

I would also like to thank this Subcommittee for its ongoing engagement in public buildings management, including through its oversight and prospectus approvals, and by advocating for full access to the Federal Buildings Fund (FBF) to ensure GSA has the resources necessary to optimize and improve its real property portfolio.

Additionally, the real property reforms supported by this Committee and enacted in Title III of the Thomas R. Carper Water Resources Development Act of 2024 are important steps toward improving federal real property management. GSA is working closely with the Office of Management and Budget, the Comptroller General of the United States,

and applicable agencies to implement the Act and we look forward to making continued progress to implement this statute.

GSA is well positioned to deliver once-in-a-generation value to the American taxpayers and capitalize on this unique opportunity to right-size the portfolio by making smart and strategic investments that meaningfully reduce the size of the federal footprint. The government no longer needs, nor can it afford to maintain, the amount of real estate it currently owns. At the same time, GSA is cognizant of the impact of putting too many buildings on the market at the same time, and we will therefore manage the oversight of the sale of Federal property strategically and in close coordination with OMB.

GSA's strategy for right-sizing its portfolio is to dispose of underfunded, high liability federally owned facilities, and invest our limited capital on core buildings the Federal government needs to retain over the long term. To be successful, GSA will leverage our leasing authority as a more flexible tool for procuring general use office space on behalf of our customer agencies.

I'm proud to report that GSA has made great strides towards optimizing our footprint and meeting these goals. For example, in Fiscal Year 2025 we have -

- Executed 90 governmentwide real property dispositions including Federal Asset Sales and Transfer Act properties, resulting in a reduction of more than 3 million square feet and 8,000 acres of land, generating over \$182 million in sales proceeds, and avoiding \$415 million in estimated capital repairs and operating costs;

- Identified 45 GSA assets for accelerated disposition, representing 14.6 million square feet and \$3 billion in estimated capital repairs and operating costs; and
- Generated approximately \$730 million in cost avoidance by terminating unneeded leases, reducing leased space where appropriate, and negotiating leases with better terms.

I would like to thank the Subcommittee for recently recognizing in its 'Views and Estimates for FY 2026' the significant challenges GSA faces due to an aging inventory, difficulties disposing of excess property, and lack of full access to the FBF, which has, over the past fifteen years, increased deferred maintenance costs to the point that they have become delinquent maintenance costs. GSA charges federal agencies a commercially equivalent rent for the space they occupy, with the expectation that these funds will be used to properly maintain the space. However, with approximately \$15 billion in FBF agency rent collections utilized for other purposes over the past 15 years, it has become exceedingly difficult to properly maintain our core assets in a state of good repair.

As our nominee for GSA Administrator, Ed Forst said at his confirmation hearing, "American taxpayers shoulder billions of dollars in delinquent maintenance costs under the federal government's current real estate portfolio. Those costs are likely underestimated and will only grow if left unaddressed."

It is no coincidence that GSA's delinquent maintenance, as noted by Mr. Forst, has risen to approximately \$26 billion as identified through GSA's portfolio planning efforts

By Mr. Forst reframing this issue as delinquent maintenance, GSA is intending to highlight the operational impacts of inaction and a lack of access to the FBF.

Real Property Optimization:

To help address this unique challenge, GSA has proposed a transformational Optimization Program in the President's FY 2025 and 2026 budget requests. In FY 2026, GSA is requesting \$365 million in funding for the real property Optimization Program. The purpose of the fund is three-fold:

1. Seizing the opportunity before us and dispose of underperforming buildings,
2. Investing in core assets to improve the quality of the remaining portfolio, including investing in beautiful buildings, and
3. Implementing cost-effective lease strategies that save money and shift the maintenance burden to the private sector.

Optimization projects will add value to the federal real property portfolio and be selected based on the following priorities:

1. **Favorable Taxpayer Savings:** The project clearly reduces agency costs, avoids future liabilities, or addresses existing ones.
2. **High Readiness:** The project requirements are well-defined, cost estimates are solid, and we are well positioned to start executing the project.
3. **Acceptable Risk:** The project has manageable complexity, without extensive phasing or major modernization, and tenants can be housed in cost effective solutions.

I would like to thank the committee for its partial authorization of this program on a markup earlier this summer. If full funding and authorization for this transformational special emphasis program is received, some examples of Optimization Projects could include:

- **Captain John F. Williams Coast Guard Building - Boston, Massachusetts:**

By disposing of this 134,000 square foot underutilized building that has a 39% vacancy rate in a high value market, and consolidating a majority of tenants into an existing GSA core asset, we will reduce costs, improve the condition of our portfolio and reduce the size of the federal footprint.

- This project has **Favorable Taxpayer Savings:** Disposition of the asset will avoid almost \$30 million in capital maintenance liabilities.
- It also has a **High Level of Readiness:** In anticipation of potential funding allocated in FY 2026, we are proactively developing space requirements and project schedules with our tenants.
- And it is considered to be **Low Risk:** The project would reduce the current tenant footprint by **68%**, removing an estimated **60,000 square feet** from our inventory by consolidating agencies into more functional and efficient space. Tenants are engaged with requirements development and project schedules, and GSA is preparing the core asset to absorb the United States Coast Guard, which is the facility's primary tenant, into its space.

- **312 N. Spring Street Federal Building and Courthouse - Los Angeles, California:** By disposing of this large 715,000 square feet building that has a 35% vacancy rate in the highly valued downtown Los Angeles market, and

relocating tenants into commercial leased space, the government can achieve greater efficiency and reduce ongoing maintenance burdens.

- This project also has **Favorable Taxpayer Savings**: Disposition of the asset will avoid almost \$153 million in capital maintenance liabilities.
- In anticipation of potential funding allocated in FY 2026, we are proactively working requirements with our tenants, so it has a **High Level of Readiness**.
- And it is **Low Risk**: The project would reduce the tenant footprint by **66%**, removing an estimated **344,000 square feet** from our inventory. The Los Angeles market has a surplus of potentially cost effective leasing solutions.

Recent Disposition Announcements:

Although full access to the FBF would facilitate more common sense solutions, GSA continues to work with Congress, the Public Buildings Reform Board (PBRB) and federal agencies to identify and dispose of more properties in an expedited manner.

Some examples of recently completed dispositions include:

1. **Huntsville, Alabama**: GSA completed the conveyance of the Huntsville Courthouse and Post Office to the City of Huntsville, Alabama on September 15, 2025. Conveyance of this property will save taxpayers more than \$520,000 annually in operating and maintenance costs and avoid over \$10 million in estimated capital repairs over the next 10 years.
2. **Menlo Park, California**: GSA completed the public sale of the former United States Geological Survey campus in Menlo Park, generating \$137 million in

proceeds and offloading over 412,000 square feet. The sale will save taxpayers close to \$4 million annually in operating and maintenance costs and avoid \$107 million in estimated capital repairs. This property was identified for disposition under the Federal Assets Sale and Transfer Act (FASTA).

- 3. Des Moines, Iowa:** GSA successfully sold the historic United States Courthouse in Des Moines in September 2025 for \$2.6 million after completion of the new courthouse. The sale will save taxpayers over \$1.6 million annually in operating and maintenance costs and avoid over \$27 million in estimated capital repairs over the next 10 years. The sale returns a prime downtown riverfront location to productive re-use.
- 4. Charlottesville, Virginia:** GSA worked with the Department of Education to convey the former Federal Executive Institute campus in Charlottesville to the University of Virginia (UVA) for a new campus ROTC center. GSA worked closely with the State Historic Preservation Office to satisfy historical preservation requirements, and coordinated closely with UVA to expedite this transfer after the Department of Education selected UVA as the grantee. This conveyance helps turn 91,000 square feet and 13 acres of surplus Federal real property into a center that educates future military leaders.
- 5. Washington, DC:** GSA is working with its private sector broker partners to sell the Liberty Loan Building, a truly unique opportunity in the heart of Washington, DC. While the disposition has not been finalized yet, there is significant market interest with over 100 registrations and over two dozen tours. Initial offers are due later this month.

Fiscal Year 2026 Request:

In FY 2026, GSA is requesting net zero obligational budget authority equal to its anticipated annual revenues and collections for a total of approximately \$10.5 billion in gross budget authority for the FBF. The requested New Obligation Authority (NOA) includes \$1.7 billion for GSA's Capital Investment Program whose funds are used to repair mission critical federally owned facilities and facilitate the disposition of underutilized assets through the optimization of core federal buildings. The request also includes more than \$3 billion for Building Operations to support operating expenses.

As you know, agencies make rental payments to GSA with the expectation that such funds will be used to properly maintain the facilities they occupy. GSA's FY 2026 budget request highlights the FBF and certain challenges we have experienced over the past fifteen years due to a lack of appropriated funding commensurate with the annual revenues and collections deposited in the FBF. Simply put, we are not able to maintain facilities in a manner that our customer agencies expect due to these funding challenges. While increasing dispositions and relying more on leases for general use office space will help to address this issue, funding will be needed to facilitate the dispositions and to maintain our core assets in a state of good repair.

The President's budget request for GSA also supports the Asset Proceeds and Space Management Fund (APSMF). The purpose of the fund is to carry out actions recommended by the PBRB and approved by the Office of Management and Budget (OMB), consistent with the FASTA law. Access to these sales proceeds allows GSA to consolidate the federal footprint, maximize the utilization rate of federal buildings and

facilities, reduce operating and maintenance costs, and expedite the sale or disposal of underutilized federal properties, which is why we are requesting \$193.3 million in FY26.

One recent example of a project that utilized the APSMF is the William O. Lipinski Federal Building in Chicago, Illinois. By disposing of this underutilized property, the taxpayers will realize over \$161 million in savings by eliminating delinquent maintenance liabilities. The APSMF funding has been critical to making this upcoming disposition possible, as it provides resources to cover essential move and personal property costs for the existing tenant agency. These costs have historically been an obstacle to right-sizing because the tenant agency lacked dedicated funding. By investing \$20 million in disposition-related costs funded by the APSMF, we enable the tenant's transition, downsize their footprint by over 30%, and house the majority of their operations in a modern leased solution.

Let me say that again. With an upfront investment of less than \$20 million using the proceeds from the sale of other federal real estate assets, the taxpayers can realize a savings of \$161 million. These are the types of common sense real estate solutions that GSA can implement if funding is made available to cover the upfront costs associated with consolidation and disposition.

PBS Reorganization:

I would like to take a moment to discuss how the PBS organization is changing to drive efficiency, flexibility, consistent service delivery, and innovation that will generate long-term savings and add value to the future state of federal real property:

- 1. Improve Operations and Efficiency:** The PBS organization is transitioning to a fully integrated functional model, rather than a regional geographic structure. PBS is standardizing processes and streamlining operations by functional area to drive greater efficiency.
- 2. Construct A More Flexible Workforce:** By integrating business functions on a national scale rather than being constrained by geographical boundaries, PBS can more efficiently leverage workload imbalances and allocate resources according to changing demands, while maintaining the geographic presence necessary to manage a large and dispersed real property portfolio.
- 3. Deliver Exceptional Customer Service:** By driving consistency in standards, operations, and processes, PBS will improve service delivery. PBS has incorporated feedback from our customer agencies and stakeholders regarding the need for more consistency. This integrated functional alignment will improve consistency across PBS programs and result in improved service delivery.
- 4. Leverage New Technologies and Processes:** PBS is developing new ways of conducting business through this realignment and standardization by using new technologies, improving our data infrastructure and analytics, and developing innovative real estate solutions.

PBS began operating in this new organizational structure in late-October. GSA is appreciative of this Committee's support and partnership of our realignment and Fiscal Year (FY) 2026 budget request, which will help GSA more effectively serve our customers and the American taxpayer. Feedback from our stakeholders has been positive.

Conclusion:

In conclusion, as federal real property needs continue to evolve, GSA is well positioned to deliver savings and enhance collaboration with customer agencies, this Committee, and other Congressional stakeholders.

Your support is vital to right-sizing the Federal footprint, and I humbly request the Committee's support for GSA's FY 2026 budget request, including key investments in the Federal Buildings Fund and the Asset Proceeds and Space Management Fund. These tools will help to reshape the Federal footprint by making GSA's portfolio smaller, more functional, and less expensive to operate and maintain.

I am very proud of the work that we are doing to help return GSA to its founding mission drafted over 75 years ago—a mission designed to help customer agencies achieve their missions through cost-effective real estate management.

I look forward to partnering with the distinguished members of this Committee to address the key priorities that drive efficiency and effectiveness in federal real estate. Thank you for the opportunity to testify before you today, and I look forward to answering any questions you may have.