

MANAGING UNDERUTILIZED REAL PROPERTY, INCLUDING DISPOSAL

- 1. REASON FOR ISSUE.** To ensure the Department maximizes the highest and best use of its real property asset portfolio through managing underutilized capacity.
- 2. SUMMARY OF CONTENTS.** This directive contains policy for managing underutilized real property, options available for implementing the policy, including disposal, and planning and reporting requirements.
- 3. RESPONSIBLE OFFICE.** The Office of Asset Enterprise Management (004B).
- 4. RELATED HANDBOOK.** VA Handbook 7633, Managing Underutilized Real Property, Including Disposal.
- 5. RESCISSIONS.** None.

CERTIFIED BY:

/s/

Robert N. McFarland
Assistant Secretary
For Information and Technology

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/

Robert J. Henke
Assistant Secretary for Management

Distribution:

MANAGING UNDERUTILIZED REAL PROPERTY, INCLUDING DISPOSAL

1. PURPOSE To ensure the Department manages underutilized capacity in its real property asset portfolio.

2. POLICY

a. It is VA's policy to manage its real property portfolio in order to provide a safe and appropriate environment for the delivery of benefits to veterans in a cost-efficient manner.

b. Options for managing underutilized capacity include, in priority order:

(1) Offering underutilized property to other VA entities and other federal agencies.

(2) Enhanced-use leasing.

(3) Sharing, Licenses, Outleases, Permits, and Easements.

(4) Transfer through an enhanced-use lease ("EUL") disposal, CAF Transfer Authority, State Extended Care.

(5) Like-kind exchanges of property.

(6) GSA disposal.

(7) Additional options, which may include mothballing or demolition with or without deconstruction.

c. VA must receive fair market value consideration (determined by an appraiser or what a buyer is willing to pay) for any transfer of real property except for EUL disposals or for transfers to VA grant and per diem providers or to states for state-funded nursing homes for veterans.

d. Except in the case of an EUL disposal, the Secretary may only transfer real property after the proposed transfer is described in the budget submitted to Congress (31 U.S.C. § 1105).

e. VA will submit a disposal plan annually to Congress, as required.

f. Implementation of this directive must be carried out in accordance with all applicable laws and regulations.

3. RESPONSIBILITIES

a. The Secretary. The Secretary (or designee/delegate) alone may approve all transfers of real property to outside parties.

b. The Deputy Secretary. The Deputy Secretary may approve transfers of real property between VA entities, with the exception of intra-VA land transfers. Intra-VA land transfer approvals are delegated to the Under Secretary for Health and subsequently to the Chief Facilities Management Officer.

c. Under Secretaries, Assistant Secretaries, and Other Key Officials.

Under Secretaries, Assistant Secretaries, and Other Key Officials ensure that the policies set forth in this directive are implemented within their respective organization's activities, including submission of disposal plans to the Office of Management and any other reporting requirements on an annual basis. Each office originating a disposal project is responsible for reviewing individual project applications. Projects with a fair market value (FMV) of \$7 million or less must be approved by the appropriate Under Secretary or other key officials before the Assistant Secretary for Management can make a recommendation to the Deputy Secretary and Secretary.

d. VA Strategic Management Council (SMC). The SMC reviews individual disposal project applications recommended by the CIP with an FMV of \$7 million or more, and in turn makes recommendations to the Secretary.

e. VA Capital Investment Panel (CIP). The CIP supports the SMC by reviewing individual disposal project applications with an FMV of \$7 million or more and making recommendations to the SMC, after the appropriate Under Secretary has approved the project.

f. Assistant Secretary for Management. The Assistant Secretary for Management sets VA policy to ensure fiscal integrity of VA's portfolio of assets, reviews disposal project applications forwarded by the Administrations or the CIP, and makes recommendations to the Secretary.

g. VHA Chief Facilities Management Officer (CFMO). The CFMO is responsible for implementing VA real property transfers and disposal actions (non-enhanced-use lease disposals) for all administrations and staff offices, including making public notices, holding hearings, filing forms with GSA, HUD, or other federal agencies, and providing details within the annual disposal plan.

h. Office of Asset Enterprise Management (OAEM). OAEM will update and develop Department-wide policy, ensure Administration disposal requests align with VA policy, and review annual disposal plans submitted by the Administrations and staff offices. OAEM is also responsible for handling EU-related disposals.

4. REFERENCES

a. Executive Order 13327 Federal Real Property Asset Management
<http://www.whitehouse.gov/news/releases/2004/02/20040204-1.html>

b. Public Law 108-422, Veterans Health Programs Improvement Act of 2004.
11/30/2004.
<http://thomas.loc.gov/cgi-bin/bdquery/z?d108:HR03936:|TOM:/bss/d108query.html>