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Feds lease 33% more space despite efforts to cut back

By ANDY MEDICI | Last Updated: January 9, 2011

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After years of shrinking, the government's inventory of leased space shot up 33 percent in 2009.

Agencies expanded their leased spaces by 96 million square feet, from 289.3 million to 385.4 million, according to a December report by the General Services Administration.

About 90 percent of the increase comes from the Navy privatizing much of its military housing, while 3 percent comes from temporary space leased for the 2010 U.S. Census.

The increase comes even as the Obama administration has sought to shrink the government's enormous property portfolio. The Obama administration has set goals to reduce property operating costs by \$3 billion by 2012 and to eliminate leases that are not cost-effective.

But shedding properties has proven difficult. The total number of federal properties, both owned and leased, rose in 2009 for the first time since President Bush ordered collection of the data in 2004.

GSA, which owns and leases about 8,600 buildings, said that it saw a 3.6 percent increase in leased spaces in 2009. Sara Merriam, a GSA spokeswoman, attributed that increase to the 2010 Census, which required leased office space for hundreds of thousands of temporary workers to canvass the country.

The Department of Homeland Security has grown to 180 leased locations since its creation in 2003, with much of the growth in administrative offices.

The total annual domestic operating costs for government property rose from \$5.8 billion in 2008 to \$6.4 billion in 2009, while the annual operating costs per square foot fell from \$20.23 in 2008 to \$16.72 in 2009.

Before 2009, the inventory of leased space had decreased. The 24 percent drop in leased spaces from 381.3 million square feet in 2007 to 289.3 million in 2008 was attributable primarily to the consolidation of leased spaces by the Army and the Navy, with smaller consolidations of office and warehouse spaces by GSA, according to a 2008 GSA report.

Tad DeHaven, a budget analyst at the Cato Institute, a libertarian think tank, said that the 2009 increase in leased spaces parallels the increase in government size and government spending.

He also said agencies may find it easier — and cheaper — to lease space than to purchase it.

But he said agencies have no real incentive to cut back on leased or owned facilities because the policy to save money through disposal of federal property lacks teeth.

Plans to shed more space

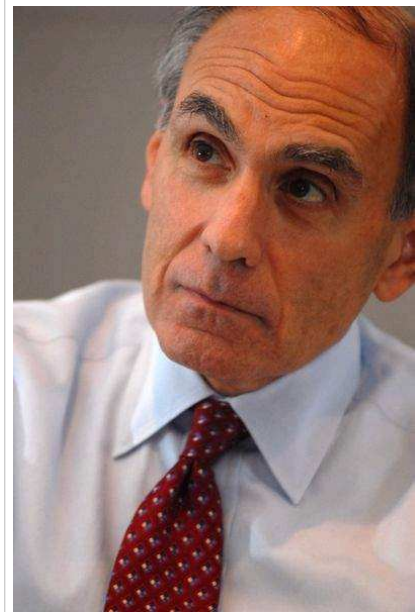
Jeffrey Zients, deputy director for management at the Office of Management and Budget, said in an Oct. 27 blog that the government had identified \$1.7 billion in non-defense savings, and that the military was on track for \$5 billion in operational and maintenance savings by September 2011 through the disposal of unneeded property.

"By selling buildings, reducing maintenance costs, cutting energy costs, consolidating and realigning existing space and reducing leases, we are saving taxpayer dollars and making government work better for everyone," Zients wrote.

Bob Peck, GSA's public buildings commissioner, said that he was pleased with the progress in disposing of unneeded space.

"GSA is partnering with OMB to work with agencies to identify opportunities to sell buildings and consolidate and reduce leases, cutting maintenance and energy costs," Peck said.

Among projects in the works that would consolidate leased spaces into permanent facilities:



Bob Peck, GSA's public buildings commissioner, said that he was pleased with the progress in disposing of unneeded space. (Sheila Vemmer / Staff)

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