Appraising Federal Property – Challenges and Opportunities

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GSA - Public Buildings Service
Office of Portfolio Management and Customer Engagement

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Director, Chief Appraiser
Context – U.S. Federal Real Estate

- 640,000,000 acres Federally-owned
  - 28% Percent of the 2.27 billion acres of US land
- Major Land-holding Agencies
  - Department of Interior
    - Bureau of Land Management; Fish and Wildlife Service;
    - National Park Service
  - Department of Agriculture – Forest Service
  - Department of Defense
  - Army Corps of Engineers
  - Department of State – Overseas Buildings Operations
- Agencies have varying purposes and missions
  - Varying authorities – acquisition and disposition
- GSA - Public Buildings Service – only 3,766 acres -
  - Buildings, not land
  - 1.1 Million people work in our buildings
  - www.gsa.gov/publicbuildingsservice
Context – U.S. Federal Real Estate
U.S. Agencies – Appraisal needs

- GSA
- Department of Justice
- Department of Agriculture; Department of Interior
- US Army Corps of Engineers; Navy (Naval Facilities Command)
- Department of Energy – Bonneville Power
- Internal Revenue Service

Appraisal needs differ, but agencies share:
- Contracting regulations
- Issues and concerns
- The same pool of contract appraisers
- Goal - best value for the Government (and the taxpayer)

States, US Financial and Lending institutions have appraisal functions – but not in-house.
- Residential properties
- State and local governments and DOTs.
Contracting With Federal Agencies

Contract types:
• Individual – one-off – simplified acquisition
• IDIQ or BPA (fedbizops – fbo.gov)
• Sole source (rare)

Your contacts:
CO – Contracting Officer (All contract issues)
COR – Contracting Officer’s Rep (Appraisal/technical issues)

Competition:
• Usually required (FAR)
• Small business set-aside
• Small business preference
• Thresholds:
  • $3,000 credit card
  • $25,000 simple acquisition
  • $100,000+ full acquisition plan

Approved list? Varies by agency and contract type.

Get a DUNS number:
http://fedgov.dnb.com/webform/pages/CCRSearch.jsp

REGISTER ON SAM.GOV
https://www.sam.gov/
Mission: “Deliver value and savings in real estate, acquisition, technology, and other mission-support services across Government.”

Eisenhower Executive Office Building, Washington, DC
1871-1878

GSA.gov
Public Buildings Service (PBS)

Other major GSA Business lines:

- Federal Acquisition Service (FAS)
  - Fleet Management
- Office of Government-wide Policy
- Office of Mission Assurance
- Office of Citizen Services and Innovative Technologies

Edward J. Schwartz CH annex
San Diego, CA
Public Buildings Service (PBS)
What do we do at PBS?

• We are designers and builders of award-winning courthouses, border stations, federal office buildings, laboratories, and data processing centers.

• We are leaders in energy conservation, sustainability, recycling, and historic preservation—maintaining more than 470 historic properties.

• We are repairers and renovators of facilities.

• We house over 100 child care centers.

• We donate or sell real estate for federal agencies.

• We commission artwork for new federal buildings and conserve a substantial inventory of New Deal art.
About Public Buildings Service (PBS)

PROPERTY TYPE BY RENTABLE SQ FT
79% office, 8% courthouses, 7% warehouses

PORTFOLIO VALUE & SIZE
8,681 total assets; 371 million RSF
1,631 owned assets
183.4 million RSF owned
$157.6 billion replacement cost of owned portfolio
7,050 leased assets
187.6 million RSF leased

HISTORIC BUILDINGS
504 buildings listed/eligible for National Register of Historic Places; 17 National Historic Landmarks; 58 buildings contribute to National Historic Landmark Districts; 14 buildings contribute to National Historic Sites; 31% of the owned inventory is historic buildings

DIRECT REVENUE
$10.1 Billion
($4.2 Billion Owned; $5.9B leased)
ART PROGRAMS
26,864 artworks in the collection
491 installed
Art in Architecture artworks
519 installed
Fine Arts Collection artworks
23,609 New Deal artworks on loan
to other institutions

CHILD CARE
7,681 children in 100 centers in 31 states,
DC & Puerto Rico;
99% National Association for the
Education of Young Children (NAEYC)
accredited; 68% federal utilization

PROPERTY DISPOSAL
123 properties sold or transferred; 81 of those
generated $115.9 million in proceeds

PBS EMPLOYEES
5,563 nationwide
5,190 in regions
373 in headquarters

PBS STATS

Nashville US Courthouse
(conceptual – in design)

https://gsaauctions.gov/gsaauctions/gsaauctions/
**PBS STATS**

**LAND PORTS OF ENTRY**
102 owned; 19 leased
Northern Border: 77
Southern Border: 47
CBP/Other: 43

**OUTLEASE**
918 outlease contracts & licenses
4.4 million rsf; $22.5 million revenue

**SMALL BUSINESS**
$1.35 billion awarded to small businesses
$792 million: small disadvantaged businesses
$173 million: service disabled, veteran owned businesses; $293 million to women owned Businesses; $182 million to HUB zone businesses

**FOOTPRINT CHANGE**
293,000 square foot reduction in the leased portfolio
660,000 square foot increase in the owned portfolio;
0.001% increase in the total portfolio

Land Port of Entry, Van Buren, Maine
Public Buildings Service (PBS)
Office of Portfolio Management and Customer Engagement

Establishes and manages national valuation policy, procedures, guidance and standards; provide strategic direction and management of capital investment and leasing programs; sets strategic direction for PBS asset and portfolio management; and develops & reviews PBS policies related to space pricing, space occupancies, and customer rent bills.

Real Property Valuation Division
We support GSA’s mission by providing timely, accurate and unbiased real estate valuation and market information, bringing clarity to informed decision making.

- Understanding Markets
- Understanding Our Assets
- Understanding Value

Christopher Bond CH, Jefferson City, MO
2011; LEED Gold
GSA – PUBLIC BUILDINGS SERVICE
REAL PROPERTY VALUATION DIVISION

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Fair Market Value (FMV) Appraisal
- Central Office contracting and review

Fair Annual Rent (FAR) Appraisal
- Regional contracting
- Central Office oversight

Market Insights and Project Analytics
- Central Office

Disposition and Re-purpose
- Regional (Disposal Zones) contracting
- Central Office oversight
Fair Annual Rent (FAR) Appraisal Program
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- Approximately 300 assets appraised annually
- Five-year cycle; (or more frequently as needed)
  - Focus on rent – market equivalent for tenanted space; 10-year term rates (long term lease)
  - GSA’s report template, instructions and XL workbook
- Complexity depends on property and market
- Narrative – template requires analysis and support
- Managed by Regional Offices; Reviewed extensively for technical clarity; internal consistency; compliance with Statement of Work
- Four step review – 2 at Region, 2 at Central Office
Fair Market Value (FMV) Appraisal Program
Barbara Kaczmarek, MAI

- Approximately 50 assets annually;
- Focus on critical assets; transitional; reinvestment; exchange;
- Rotates through the portfolio; Strategic investments
- Complex appraisals; narrative – comprehensive
  - Strategic high profile projects
  - Managed by Central Office
  - Reviewed extensively for technical clarity; for internal consistency and compliance with Statement of Work
- Mostly one-off bids – local expertise or known appraisers

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The work and property types vary broadly

Some extremely complex; a few are fairly simple

Managed by five Disposal Zone offices

Reviewed extensively for technical clarity; for internal consistency and compliance with Statement of Work
Celebreze Federal Building
Cleveland

Federal Center South
Seattle

Eisenhower Executive
Office Building, DC
The Hot Buttons

HIGHEST AND BEST USE MATTERS!

Communicate with the CO/COR; Talk to us.

Read the Statement of Work; Understand the subject

Maintaining client confidentiality

Analyze and explain – SUPPORT
Step back...is the value reasonable?

Tardiness; Sloppy draft or final – quality control – inappropriate boilerplate and definitions

Lack of understanding of the contracting process (SAM; Notice to proceed; invoicing, etc.)

Read the Statement of Work; Understand the subject

Communicate with the CO/COR; Talk to us.