Description of document:	Department of Housing and Urban Development (HUD) Capital Asset Planning Submission FY2021, 2021
Requested date:	28-November-2020
Release date:	11-April-2023
Posted date:	25-September-2023
Source of document:	U.S. Department of Housing and Urban Development Freedom of Information Act Office 451 7th Street, SW, Room 10139 Washington, DC 20410-3000 Fax: (202) 619-8365

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

OFFICE OF ADMINISTRATION

April 11, 2023

RE: Freedom of Information Act Request
FOIA Control No.: 21-FI-HQ-00359

This letter is in response to your Freedom of Information Act (FOIA) request dated November 28, 2020, and received in the Department of Housing and Urban Development's FOIA Office on December 9, 2020. You asked for a copy of the most recent HUD Real Property "Asset Management Plan", which is provided annually to OMB and GSA by the Senior Real Property Officer at HUD under Executive Order 13327. In an email dated April 27, 2022, to Keedah Bell, a member of my staff, you specified that you are requesting the most recent HUD Real Property Asset Management Plan, which may be from last year or the year before.

Your request is granted in full. Enclosed is a 9-page PDF document consisting of the HUD Capital Asset Planning Submission for Fiscal Year 2021. This is the most recent HUD Real Property Asset Management Plan.

I am the official responsible for this determination based on information provided by the Department's Office of Administration. You may appeal this determination within 90 days from the date of this letter. If you decide to appeal, your appeal should include copies of your original request and this response, as well as a discussion of the reasons supporting the appeal. The envelope should be plainly marked to indicate that it contains a FOIA appeal and addressed to:

U.S. Department of Housing and Urban Development
Office of Ethics and Appeals Law Division
Office of General Counsel
451 Seventh Street, SW, Room 2130
Washington, DC 20410

Telephone: (202) 708-3815

You may also submit your appeal online at: HUDFOIAappeals@hud.gov

The FOIA Public Liaison is responsible for increasing transparency, understanding the status of requests and resolving disputes between you and the agency. If you need assistance in any of these matters, please send an email to: FOIA@hud.gov.

In addition, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, MD 20740-6001

Telephone: 202-741-5770;
Toll free: 1-877-684-6448
Fax: 202-741-5769
E-mail: ogis@nara.gov

For your information, your FOIA request, including your identity and any information made available, is releasable to the public under subsequent FOIA requests. In responding to these requests, the Department does not release personal information, such as home address, telephone number, or Social Security number, all of which are protected from disclosure under FOIA Exemption 6.

If you have any questions regarding this request, you may send an email to Ms. Keedah K. Bell at keedah.h.bell@hud.gov.

Thank you for your interest in the Department's programs and policies.

Sincerely,

SANDRA
WRIGHT

Digitally signed by: SANDRA WRIGHT
DN: CN = SANDRA WRIGHT C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
Date: 2023.04.11 12:19:30 -04'00'

Sandra J. Wright
Chief, FOIA Branch
FOIA Office, Office of Administration

Enclosure

HUD Capital Asset Planning Submission

FY2021

February 24, 2021

Summary:
OMB Memorandum M-20-03 provides heads of executive departments and agencies with capital planning requirements for real property, in accordance with the Federal Property Management Reform Act of 2016 (FPMRA), 40 U.S.C. § 621. The FPMRA established the Federal Real Property Council (FRPC) and charged it with ensuring implementation of an efficient and effective real property management strategy. A core principle of this Administration's real property strategy is to ensure that agencies consistently implement sound capital planning practices to optimize their portfolio in order to cost efficiently achieve the agency's mission. To that end, agencies must identify, plan for, and allocate resources in the annual budget formulation process to eliminate gaps. This memorandum provides detailed guidance for agencies to implement the *Capital Programming Guide* in OMB Circular A-11.

Responsibilities:
The agency Senior Real Property Officer (SRPO), Chief Financial Officer (CFO), and Budget Officer are jointly responsible for developing the capital planning process, integrating it into the agency's annual budget formulation cycle, monitoring its execution, and analyzing cost and performance information. The SRPO and CFO are jointly responsible for development of the capital planning process to maximize cost efficiency and mission effectiveness, and to ensure better real property information informs the annual budget formulation process. These three officials shall also jointly establish annual performance objectives/metrics for the plan to assess whether the agency is progressing towards portfolio optimization and eliminating identified gaps.

Required Actions:

1. Capital Planning Process Documentation
Each agency, as defined per 5 U.S. Code § 105, must provide the specified information described below to the FRPC each year beginning in 2021. An FRPC working group will review the submissions based on information contained in Sections 2 and 3 below.

2. Required Internal Agency Capital Planning Actions
To meet the government-wide capital planning objective defined above, agencies will implement the following actions through their internal capital planning policies. The plans are intended to be deliberative and pre-decisional to assist the agencies in the budget formulation and program execution resulting in portfolio optimization:

A. Define Mission Requirements for Real Property
Define the mission requirement(s) for which the agency holds interests in real property, the required functional capabilities required to meet mission requirements across the portfolio, the major lines of business, and clearly explain how the optimized real property portfolio links to and supports the agency's strategic plan.

HUD's mission is to ensure Americans have access to fair, affordable housing and opportunities to achieve self-sufficiency, thereby strengthening our communities and nation. HUD uses its real property to serve its constituents across the nation in an office space that often directly accommodates the client. The portfolio has no warehouse or otherwise special spaces. The space portfolio contains offices in both Federal Buildings and privately owned real property.

HUD does not have delegated authority to acquire, dispose, or lease real property. HUD's real property portfolio consists of approximately 3.5 Million square feet of office space located throughout the United States and its Territories acquired through occupancy agreements (OAs) with GSA.

HUD usually seeks space in metropolitan statistical areas (MSA) that contain a significant constituent presence thereby making services readily available to a large majority of clients. When seeking new office locations, HUD works with GSA to determine the most efficient and effective delineated area for site searches in each MSA. This strategically places real property assets in the most effective areas.

HUD possesses delegated authority from GSA to operate and maintain the Robert C. Weaver Building which serves as HUD's headquarters in DC. HUD occupies Weaver through an occupancy agreement with GSA which is not fully serviced. HUD must pay for building services, utilities, repairs, and some maintenance and replacement costs. HUD operates Weaver at an average cost of $3 Million a year less than the GSA estimated cost of a fully serviced lease which reduces annual real property expenditures.

B. Conduct Prioritized Needs Assessment

The comprehensive needs assessment is a portfolio level activity and must: 1) identify real property gaps in meeting mission requirements and estimate the cost to eliminate mission gaps: 2) within the historical five-year average investment horizon, identify anticipated prioritized future real property gaps in meeting mission requirements over the plan's life (i.e., five years) and the cost to eliminate the gaps. Gaps can be facility condition, space utilization, security, life safety, location, functional capability, and recapitalization needs, among others identified by an agency. Agencies can also identify excess property holdings as a gap. In this case, agencies, through their needs assessment, could require a disinvestment or disposition.

HUD does not own or lease real property and therefore the Agency's primary real property expenses are rent to GSA, tenant improvements, and the operating costs for Weaver.

HUD primarily tracks it overall nationwide utilization rate (UR) when assessing gaps in the portfolio. The current UR exceeds 300 square feet per person which is far above the GSA recommended range of 150 to 175 for office space. HUD's space activities will continue to concentrate on reducing space as existing OAs expire and as funding permits. In most relocations and reductions in space, there are significant costs associated with construction, moving, and furniture, so funding must be available to complete these actions. HUD's assumption is that funding for its space activities will remain at low levels. This limits the number of projects that can be accomplished, so HUD will continue to focus on projects where OAs are expiring, and where the project will provide optimal reductions in utilization rates and rental costs. Many of our potential targets are "subject to funds availability." In addition, HUD is working with GSA to develop a long-term plan of eliminating 4 satellite offices in the DC area where employees may be consolidated into the Weaver Building. Currently, office space in L'Enfant Plaza is targeted as the first of four office to return to Weaver with a projected timeline of FY2022 Q2.

HUD also identifies the deferred maintenance for Weaver as a significant gap in its portfolio. HUD has prioritized major needs and identified how they create mission vulnerabilities. Please note that HUD is not solely responsible for all deferred maintenance items under the terms of the delegation of authority. GSA holds responsibility for many of the high expense capital asset repairs and replacements for Weaver. HUD is aware of the needs and is working with GSA to pinpoint the most crucial deferred maintenance gaps that could directly impact mission critical activities.

C. Perform Alternatives Analysis

Evaluate and identify the best methods to perform alternatives analysis and estimate resource requirements to eliminate the current or future gap within the agency's real property portfolio. All *feasible alternatives to eliminate gaps should be considered; the alternative that is most cost effective over the anticipated life of the asset (e.g. lowest overall lifecycle cost) and efficient for the location, and that most fully eliminates the gap, should generally be selected.*

HUD alternatives are limited to options within existing authorities and funding streams. HUD lacks real property acquisition, disposal, and leasing authority and depends entirely on GSA for its portfolio needs.

The only real property alternative option HUD considers is whether to move or downsize an existing office space. When analyzing alternatives to portfolio gaps mentioned in Section 2B, HUD must consider the remaining term of the occupancy agreement, termination costs like unpaid tenant improvement balances, market availability, and location suitability. HUD also must budget for the costs associated with office construction and moves to affect gap closing changes. GSA also must agree with HUD's analysis and strategic real property goals to make changes. Finally, in the event of reorganization or office closure, Congressional notification is required.

For Weaver, HUD examines alternatives that again are within existing authorities. The delegation of authority with GSA clearly delineates the parameters in which HUD may maintain and operate Weaver. It goes so far as to proscribe that HUD may not make repairs to systems that will extend the useful life of said systems. Therefore, HUD may seek alternative means to reduce the deferred maintenance gap to a specific point before GSA must assume responsibility.

D. Prioritization
Describe the prioritization scheme used to rank all current and future gaps identified at the asset/project level and summarize how the scheme is aligned to the agency's strategic priorities:

HUD does not own or lease real property and therefore the Agency's primary real property expenses are rent to GSA, tenant improvements, and the operating costs for Weaver.

HUD's prioritizes real property reduction of its overall national UR as mentioned in Section 2B. The highest priority is given to expiring occupancy agreements where right sizing of existing space or a move to a new space will occur. These projects represent a perfect mitigation scenario of the risks mentioned in Section 2C and often present the lowest risk of incurring additional fees and expenses associated with early terminations. GSA requires 36 months for all new space actions from Agency notification to acceptance of space. This timeline gives HUD the ability to forecast move related expenses and account for them in future budget cycles. HUD seeks to create more efficient space that remains strategically located in an MSA near its constituents.

HUD has prioritized major needs for Weaver and identified how they create mission vulnerabilities. Please note that HUD is not solely responsible for all deferred maintenance items under the terms of the delegation of authority. GSA holds responsibility for many of the high expense capital asset repairs and replacements for Weaver. HUD is aware of the needs and is working with GSA to pinpoint the most crucial deferred maintenance gaps that could directly impact mission critical activities.

E. Portfolio Cost Estimate
Describe how the resources needed to eliminate the gaps will be estimated. Allocate the costs of addressing these gaps in the life cycle phases of planning, acquisition, operations, maintenance and repair, modernization, and disposal.

HUD does not own real property assets and estimates its costs based on its level of authority.

HUD uses the Exhibit 54 budget tool to estimate the costs of its annual rent. This tool includes all service and tenant improvement costs. For future space actions, HUD uses in-house space management staff to plan and estimate costs. These independent government estimates are compared with costs received from GSA and contractors to determine the best pricing estimate. For right sizing and relocation, GSA requires a 36-month project time frame. This enables HUD to plan costs for future budget years.

For Weaver, annual operating costs are based mostly on fixed price contracts for services like cleaning and maintenance. For deferred maintenance, HUD uses its in-house contract services to determine repair and maintenance costs above those provided in the contract.

F. Define Performance Goals and Metrics
Define measurable objectives for the capital plan and performance metrics and how they will be used to measure progress toward reducing/eliminating identified gaps. Objectives and performance metrics that link directly to these identified gaps and the strategic plan should be used to provide an indication of how well the capital plan supports the agency's strategic objectives and addresses these gaps.

In accordance with space reduction mandates, HUD measures its portfolio footprint and how that affects the overall national UR. As stated above, HUD's UR exceeds current recommendations. In many cases, the outsized UR is caused by changing work processes and attrition. The only way to reduce UR in these cases is to reduce the footprint of occupied real property. The strategy, simply stated, is to right size spaces as leases expire.

Reducing HUDs deferred maintenance has become a recent goal that will receive more attention in future budget cycles. HUD does not own Weaver, so the FRPC facility condition index is not an applicable metric. However, HUD certainly may quantify reductions of deferred maintenance by eliminating critical items from the current listing as deferred repairs are completed. Currently there is no performance goal as this is a fairly new item in the budget process.

3. Capital Plan Requirements
The capital plan the agency submits to the Federal Real Property Council (FRPC) annually must include the following information unless there is an agency specific statute that specifies a different structure. The version of the plan agencies submit to the FRPC should include projects with associated funding identified for only the first year and the year should align with the President's budget. The remaining years of the five-year plan are predecisional and intended to inform agencies' decision making and prioritize agency actions and will not be shared with the FRPC.

A. Mission requirements for real property
Define the mission requirements that require a blend of real property assets used to implement the mission.

HUD does not own or lease real property. HUD's portfolio consists solely of office space occupied under occupancy agreements with GSA. HUD's mission requires only office space for performing mission critical activities and hosting constituents. HUD has no warehouse or unique space requirements.

B. CFO and SRPO responsibilities
Define the responsibilities and actions the CFO and SRPO will take to develop and implement the capital plan, including those required by this policy. To the extent that other CXO organizations are implicated, those organizations should also be involved in the planning process.

The Deputy Secretary of HUD, as the agency's second most senior official, manages the Department's day-to-day operations, including its budget. As such, the Deputy Secretary makes the final decisions regarding HUD's overall real property strategy and budget.

The Senior Real Property Officer (SRPO) is the asset manager for the entire Department, with responsibility for the oversight of HUD's real property policy, the rent budget, and response to real property-related requests from the Office of Management and Budget (OMB) and GSA. The SRPO's staff works to develop HUD's plans for space reductions, relocations, and real property budgets. These are then coordinated with the Chief Financial Officer (CFO). The SRPO meets with the CFO to coordinate the real property budget request.

The CFO is responsible for the preparation, justification, and monitoring of the budget, including responding to OMB and congressional concerns and questions related to appropriations law. The CFO works closely with the SRPO to develop a cost-effective real property budget in accordance with Freeze the Footprint and Reduce the Footprint plans. The CFO and SRPO meet semi-annually to review HUD's progress in meeting its space plans and its capital asset goals.

C. Annual budget process

Describe how the capital plan will be integrated into the agency's annual budget process and specify new processes that were implemented to achieve integration of the planning, formulation, execution (including cost and performance) of the agency's budget.

HUD does not own or lease real property and therefore the Agency's primary real property expenses are rent to GSA, tenant improvements, and the operating costs for Weaver.

HUD uses the Exhibit 54 to determine its future year rent budget expenses. The tool accounts for portfolio changes and includes the fully serviced expenses of all occupancy agreements. The CFO uses the Exhibit 54 data as part of the annual budget submission.

Weaver operating expenses are mostly fixed costs stemming from contract for services like cleaning and maintenance. The annual estimated operating expenses are part of the annual budget submission. HUD currently is working with senior management to bring the list of deferred maintenance into greater prominence in future budget requests to eliminate identified gaps in asset planning.

D. Identify Major Lines of Business

Identify major business lines for the agency and discuss each briefly, including how the agency assesses whether asset types within a business line and the business line as a whole, have sufficient capacity to meet mission requirements and how asset types within each business line are assessed for utilization. Any existing planning standards or unique real property requirements that support those major business lines should also be outlined at a high level in this section. This section should be written to help identify potential operational and analytic synergies among agencies and provide enough information for potential standardization to be discussed in more detail in an FRPC chartered workgroup. Workgroup discussion may lead to the development of standard definitions and business processes among the agencies for those business lines where synergies are identified.

HUD does not own or lease real property. HUD's portfolio consists solely of office space occupied under occupancy agreements with GSA. HUD's mission requires only office space for performing mission critical activities and hosting constituents. HUD has no line of business that requires special or unique space requirements.

E. Needs Assessment

Describe the processes the agency used to execute the comprehensive needs assessment. Note whether the assessment uncovered trends, gaps or imbalance in the composition of the portfolio or in its condition.

As mentioned in Section 2B, HUD's needs are based on reduction of space occupied under agreement with GSA. HUD tracks its UR at the asset level and understands where the greatest gaps lie in the national portfolio. Due to limitations previously described, HUD currently finds the greatest value in addressing these gaps when occupancy agreements expire.

The deferred maintenance needs are determined by assessing both the end of useful life for major systems and identifying which systems create the greatest risk to mission critical functions.

F. Alternatives Analysis

Describe the process the agency used to perform its alternatives analysis (consistent with current authorities and historical average of available resources), an explanation of cost benefit methodologies employed to manage tradeoffs in selection of alternatives for capital investments and whether any trends were visible.

As mentioned in Section 2C, HUD has limited authority to perform alternative analysis beyond the scope of its own needs assessment. Once HUD determines the practicality of an alternate pathway, we rely on GSA's partnership to affect changes.

In most real property scenarios, the cost benefit timeline stretches out over several years. Costs associated with right sizing or moving often produce minimal returns on investment in the three-to-five-year range. Tenant improvements and higher rent per square foot for new spaces often lead to a smaller, right sized office costing more annually than the previous space. Once tenant improvements are paid, HUD may see cost benefits. Costs are a necessary part of reducing the overall UR and footprint to be in compliance with space reduction mandates.

Section 2C clearly states the limitations of alternatives for Weaver. However, there is both a cost and operational benefit to maintaining delegated authority. HUD operates the building for less than a GSA fully serviced lease and has control over daily operations without deferring to GSA. This allows HUD to be fully aware of all the gaps and risks and allows HUD to address those that it can under its authority.

G. Prioritization Process

Describe the prioritization criteria in detail and explain how the criteria were used. The agency's strategic priorities should be clear from the description of the prioritization criteria and their relative weights in the context of the agency's mission.

HUD's prioritizes real property reduction of its overall national UR as mentioned in Section 2B. The highest priority is given to expiring occupancy agreements where right sizing of existing space or a move to a new space will occur. These projects represent a mitigation strategy for the risks mentioned in Section 2C and often present the lowest risk of incurring additional fees and expenses associated with early terminations. GSA requires 36 months for all new space actions from Agency notification to acceptance of space. This timeline gives HUD the ability to forecast move related expenses and account for them in future budget cycles. HUD seeks to create more efficient space that remains strategically located in an MSA near its constituents.

HUD has prioritized major needs for Weaver and identified how they create mission vulnerabilities. Please note that HUD is not solely responsible for all deferred maintenance items under the terms of the delegation of authority. GSA holds responsibility for many of the high expense capital asset repairs and replacements for Weaver. HUD is aware of the needs and is working with GSA to pinpoint the most crucial deferred maintenance gaps that could directly impact mission critical activities.

H. Life Cycle Cost Estimate

Provide the estimate for the total lifecycle cost of the plan and summarize the methodology used by the agency to categorize portfolio life cycle costs. The objective is to document the level of rigor used to develop the estimate.

HUD owns no real property and therefore has no means to account for the lifecycle of real property assets. The deferred maintenance and operating costs listed in the attached spreadsheet do not rise to the capital asset threshold proscribed by the implementing instructions for this document.

I. Performance Goals and Metrics

Identify performance goals for the capital plan that will indicate the type and number of identified gaps it partially or fully eliminated.

The gaps identified are quantifiable. HUD will continue to monitor the performance of its overall national UR and its prioritized deferred maintenance needs. Reductions in both are a strategic goal of this plan.

J. List of Projects

Provide the list of prioritized capital projects by real property category for the first year of the plan only, and identify those projects that were included in the President's budget request to Congress. The list of projects should include and identify those actions that agencies would previously have included as a separate plan under 0MB Management Procedures Memorandum No. 2015-01 Reduce the Footprint, including the annual five year reduction targets for office and warehouse space.

Phoenix	Field Office	$1,662,117	Lease Expiration/Move	Buildout/TI
New York	Field Office	$400,000	Lease Expiration/Move	Buildout/TI
Memphis	Field Office	$61,034	Lease Expiration/Move	Buildout/TI
Las Vegas	Field Office	$478,000	Lease Expiration/Move	Buildout/TI
Albuquerque	Field Office	$435,900	Lease Expiration/Move	Buildout/TI

4. Real Property Strategies in Agency Strategic Plans

All landholding agencies must integrate a discussion of real property management objectives into their Strategic Plans, and note gaps in the portfolio's ability to fully support the agency strategic plan. The intent is to ensure the real property portfolio is fully supportive of land holding agency mission delivery requirements. To ensure real property strategies and management objectives are reflected as part of the agency's overall strategic goals and objectives, agencies should incorporate, beginning with their FY 2022 Annual Performance Plan, the performance goals and metrics developed as part of the capital plans required above.

HUD is not a landholding agency.

5. Assessment of Agency Submittals

Agencies will submit their capital processes and related documentation to the FRPC annually. The FRPC will convene a working group to review the plans, provide feedback to the agencies, and summarize the results of the review for the FRPC. The primary objective of the review is to ensure each agency's planning process meets the requirements of this policy with regard to completeness, level of rigor, conformance to this policy and OMB's Capital Programming Guide, and the extent to which the capital plan has been implemented since the previous submittal, among other factors, and to identify best practices that can be disseminated government-wide.

Acknowledged.

6. Relationship to the Program Management Improvement Accountability Act (PMIAA) Portfolio Reviews

OMB guidance implementing the PMIAA requires agencies, in coordination with 0MB, conduct annual reviews of portfolios of programs and projects to ensure effective and efficient management. Agencies are encouraged to use the identification of their real property portfolios as an additional portfolio within the larger enterprise structure shown in their PMIAA implementation plan, and use the focus of PMIAA's program and project management strategies for improving management of the agency's real property.

Acknowledged.

5. Real Property Reduction Targets for FY2021-FY2025

Domestic Office and Warehouse SF Reduction Targets FY2021-FY2025

	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Office SF	**86,534**	**112,548**	**9,250**	**15,000***	**3,000***	**226,332**
Warehouse SF	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

*Estimates based on occupancy agreement expirations. Space actions not yet in progress for these expiring occupancy agreements.

Disposal Targets for Owned Buildings

	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Net SF Reduction	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Number of Buildings	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**