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POLICY BRIEF
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Use Surplus Federal Real Property to Expand Medical and Quarantine Capacity for COVID-19

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Last week, the Trump administration announced plans to partner with states to increase hospital capacity to address a potential surge in patients needing emergency care owing to the COVID-19 pandemic.[1] Vice President Mike Pence stated that the government was committed to answering requests from governors for additional capacity by "creating field hospitals" or "retrofitting existing buildings," with support from the Army Corps of Engineers.[2]

In addition to constructing field hospitals and expanding existing hospital capacity, the US government should identify potential surplus federal real property for immediate conversion to increase hospital bed capacity and to fulfill other needs, such as extensive quarantines or isolation needs related to COVID-19. The federal government has thousands of surplus facilities, including hospital buildings and dormitories, that are eligible to be repurposed for public health needs under current federal law.

According to the Organisation for Economic Co-operation and Development, the United States has 2.8 hospital beds per 1,000 persons, as of 2016.[3] Other developed nations have significantly more capacity. Germany, for example, has 8 beds per 1,000 persons.[4] Multiple analyses suggest that the United States will need to significantly increase hospital bed capacity during the pandemic. An analysis published by Health Affairs found that demand for intensive care units could reach between 250 percent and 500 percent of current available capacity, depending on the severity of the pandemic and whether demand is focused within 6 or 12 months.[5] Johns Hopkins University recently estimated that there are fewer than 100,000 ICU beds in the United States and projected that 200,000 to 2.9 million people may require such care.[6]

The United States may also need additional quarantine and isolation facilities. According to the Cleveland Clinic, "Quarantines are for people or groups who don't have symptoms but were exposed to the sickness."[7] Isolation is for people who already have contracted the disease.[8] Quarantine and isolation are necessary precautions to prevent the spread of disease during a pandemic.

Federal and state governments have legal authority to quarantine people. The Centers for Disease Control and Prevention maintains 20 quarantine stations across the United States.[9] Information about the national capacity for quarantine and isolation is limited. But presumably the nation's current capacity is well below what could be needed to address the COVID-19 pandemic. For example, state and local communities may need to assist certain populations who may be unable to self-quarantine or self-isolate at home, such as homeless individuals, or those who need to be transferred to a safer facility, such as older individuals or others living in residential care facilities where outbreaks occur.

THE OPPORTUNITY TO USE SURPLUS FEDERAL REAL PROPERTY TO INCREASE PUBLIC HEALTH CAPACITY

The federal government has many properties and facilities that are currently underutilized. Since 2003, the US Government Accountability Office (GAO) has identified federal real property management as a "high-risk area."[10] GAO reports that federal agencies could achieve significant savings by disposing of surplus properties that they own or lease. As of 2015, GAO reported that federal agencies had 7,000 surplus facilities.[11] Moreover, GAO warned that agencies struggle to keep track of their properties, which means that the number of surplus properties may be even larger.

Since 2016, Congress and the White House have directed agencies to streamline real property assets and dispose of unnecessary surplus properties.[12] But it is likely that many surplus federal real properties remain underused and could be repurposed to assist with the COVID-19 pandemic response.

This month, the Office of Management and Budget (OMB) issued an "Addendum to the National Strategy for the Efficient Use of Real Property," which described the administration's vision and goals for real property management.[13] The memorandum also identified issues that pose challenges to effective management of real property, including the disposal process. OMB wrote,

> The current process under Title 40 of the U.S. Code for disposing of unneeded Federal real property is burdensome and it does not provide incentives for Federal managers to dispose of property or to maximize the disposal value to taxpayers.[14]

Further, OMB explained that federal law requires agencies to screen "12 discrete public benefit conveyance requirements prior to sale."[15] As the General Services Administration (GSA) explains,

"Various statutes authorize conveyance to state and local governments and in some cases to non-profits at up to 100% discount for public benefit use."[16]

Promoting public health is one of these public benefits. Under Title 40 rules for federal real property disposal, GSA and the Department of Health and Human Services (HHS) have broad authority to transfer, sell, or lease properties for the purpose of promoting public health:

> The Administrator, in the Administrator's discretion and under regulations that the Administrator may prescribe, may assign to the Secretary of Health and Human Services for disposal surplus real property, including buildings, fixtures, and equipment situated on the property, that the Secretary recommends as needed for use in the protection of public health, including research.[17]

Title 40 also states that the HHS secretary can sell or transfer these properties to states or medical institutions:

> The Secretary, for use in the protection of public health, including research, may sell or lease property assigned to the Secretary under paragraph (1) to a state, a political subdivision or instrumentality of a state, a tax-supported medical institution, or a hospital or similar institution not operated for profit that has been held exempt from taxation under section 501(c)(3) [of the Internal Revenue Code].[18]

Publicly available information about surplus federal properties currently available for disposal is limited. However, according to GSA, federal agencies reported that 34 hospital buildings, 140 dormitories/barrack buildings, and 827 family housing units were "unutilized" as of FY 2018.[19] That year, federal agencies also reported that 7 hospital buildings, 120 dormitories/barracks buildings, and 328 family housing units were "underutilized" at the time.[20]

RECOMMENDATIONS FOR NATIONAL AND STATE POLICYMAKERS AND THE PRIVATE SECTOR

Congress, the administration, state and local governments, and private-sector partners should quickly review currently available surplus federal real properties and identify opportunities to use those surplus and underutilized properties to expand hospital and quarantine capacity as needed to respond to the national emergency caused by the COVID-19 pandemic. The following are specific recommended actions:

1. OMB should review and, if necessary, update rules regarding the disposal or transfer of surplus federal real property to expedite the transfer to state governments, local governments, and medical institutions for the purpose of promoting public health. Further, OMB should

direct agencies to cooperate with GSA to expedite the disposal of surplus properties for public health purposes. In addition, OMB should direct agencies to immediately transfer to GSA properties that are currently underutilized but not currently on the GSA list of properties eligible for disposal.

2. GSA should immediately review surplus real property and identify properties that should be repurposed for healthcare and quarantine facilities. GSA should create and make public a list of properties and present recommendations to the White House and the HHS secretary for their transfer to promote public health.

3. HHS should establish an initiative to expedite the transfer, sale, or lease of properties to state governments, local governments, or medical institutions. Recognizing that states, local governments, and medical institutions are on the front lines of the public health response to the pandemic, HHS should identify ways to streamline the public benefit conveyance transfer process for properties that can promote public health.

4. States, local governments, and medical institutions should review GSA's available federal and state government surplus real property and request facilities that could be used to support healthcare and quarantine capacity, particularly to help increase capacity in underserved communities. In addition, states should review and identify potential surplus state- or local-government-owned properties that could similarly be repurposed.

CONCLUSION

Transferring surplus federal real property to states, local governments, and medical institutions would be a cost-effective way to begin to expand hospital and quarantine capacity at the state and local level. To be sure, transferring properties by itself will not solve immediate capacity problems. Transferred properties will require work for conversion to medical or quarantine use, new resources and infrastructure, and, most importantly, personnel to provide healthcare and quarantine or isolation services. Nevertheless, unused government facilities are valuable resources that could be used to promote US public health capacity and help address the COVID-19 pandemic.

ABOUT THE AUTHOR

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NOTES

1. Nathaniel Weixel, "Trump Administration to Help States Expand Hospital Capacity," *The Hill*, March 17, 2020.
2. Weixel, "Trump Administration to Help States Expand Hospital Capacity."
3. Organisation for Economic Co-operation and Development (OECD), "Hospital Beds," OECD Data, accessed March 23, 2020, https://data.oecd.org/healtheqt/hospital-beds.htm.
4. OECD, "Hospital Beds."
5. Thomas C. Tsai, Benjamin H. Jacobson, and Ashish K. Jha, "American Hospital Capacity and Projected Need for COVID-19 Patient Care," *Health Affairs*, March 17, 2020. They write,

   > If the infection curve is not flattened and the pandemic is concentrated in a 6-month period, that would leave a capacity gap of 1,373,248 inpatient beds (274 percent potentially available capacity) and 295,350 ICU beds (508 percent potentially available capacity). If the curve of transmission is flattened to 12 months, then the needed inpatient and ICU beds would be reduced to 137 percent and 254 percent of current capacity. However, if hospitals can indeed reduce current bed occupancy by 50 percent and flatten the transmission curve to 18 months, then the capacity needed would be reduced to 89 percent of inpatient and 166 percent of ICU beds. If the infection rate is only 20 percent (low end of current estimates), we would largely be able to meet the needs for inpatient care if we flatten the curve to 12 months.

6. Eric Toner and Richard Waldhorn, "What US Hospitals Should Do Now to Prepare for a COVID-19 Pandemic," *Clinicians' Biosecurity News*, Johns Hopkins Bloomberg School of Public Health, Center for Health Security, February 27, 2020, http://www.centerforhealthsecurity.org/cbn/2020/cbnreport-02272020.html.
7. "COVID-19: Understanding Quarantine, Isolation and Social Distancing in a Pandemic," *Health Essentials*, Cleveland Clinic, March 13, 2020, https://health.clevelandclinic.org/covid-19-understanding-quarantine-isolation-and-social-distancing-in-a-pandemic/.
8. "COVID-19: Understanding Quarantine, Isolation and Social Distancing in a Pandemic."
9. Centers for Disease Control and Prevention, "Quarantine and Isolation," accessed March 23, 2020, https://www.cdc.gov/quarantine/quarantine-stations-us.html.
10. US Government Accountability Office, "Managing Federal Real Property," accessed March 23, 2020, https://www.gao.gov/highrisk/managing_federal_property/why_did_study#t=1.
11. David Wise, "Federal Real Property: Efforts Made, but Challenges Remain in Reducing Unneeded Facilities" (Testimony before the House Committee on Oversight and Reform Subcommittee on Transportation and Public Assets, Washington, DC, February 23, 2016).
12. Pub. L. 114–287, 130 Stat. 1463 (December 16, 2016); US General Services Administration, "Federal Assets Sale Transfer Act," accessed March 23, 2020, https://www.gsa.gov/policy-regulations/policy/real-property-policy/asset-management/federal-assets-sale-transfer-act-fasta.
13. Margaret Weichert, "Memorandum for the Heads of Executive Departments and Agencies: Issuance of an Addendum to the National Strategy for the Efficient Use of Real Property," Office of Management and Budget, March 6, 2020, https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-10.pdf.
14. Weichert, "Memorandum for the Heads of Executive Departments and Agencies."
15. Weichert.
16. General Services Administration, "Public Benefit Conveyance Legislation," accessed March 23, 2020, https://disposal.gsa.gov/s/PBC.
17. Disposal of Real Property for Certain Purposes, 40 U.S.C. § 550 (2020).
18. 40 U.S.C. § 550.

19. “FY 2018 Federal Real Property Profile Data for Civilian Agencies,” Data.gov, accessed March 23, 2020, https://catalog.data.gov/dataset/fy-2018-federal-real-property-profile-data-for-civilian-agencies, table 8, “Utilization.”

20. “FY 2018 Federal Real Property Profile Data for Civilian Agencies.”