U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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June 5, 2009

Mr. Paul Prouty
Acting Administrator
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Acting Administrator Prouty,

The Economic Development, Public Buildings, and Emergency Management Subcommittee expects the General Service Administration (GSA) to take advantage of this recessionary market rather than become victimized by it. As perhaps the largest customer for office space in the real estate market there are multiple opportunities. GSA's ties to the commercial market are clear from its role in leasing alone. GSA leases slightly more space than it owns, approximately 190 million square feet of leased office space, housing over 700,000 federal workers. GSA has a large stake in maintaining its strong real estate market position, particularly in the leasing market, in light of the continuing shift to federal agency leased space.

Now is the time for the agency to begin to use its prime position in the commercial market place to better leverage its buying power and to capture its out-sized potential for reduced costs to taxpayers. Moreover, in today's atmosphere of soaring budget deficits and rising costs for all concerned, both GSA and the private sector have an incentive to work collaboratively to reduce the costs associated with of acquiring and leasing commercial office space. It is also possible that careful but aggressive action today could help stimulate economy while addressing the needs of the federal government.

A. Existing leases

In light of the current commercial market, I ask that GSA prepare a written report detailing existing leases where the government occupies an entire commercial office building or where the government is a principal tenant in a commercial office building in

the Washington, D.C. metropolitan area with two or more years remaining prior to lease expiration. GSA should evaluate the potential financial, economic, programmatic, and policy impacts associated with the early renewal and extension of these selected leases. This report should include an evaluation of the financial and fiscal benefits that early renewals and extensions could make available to the federal government in the form of favorable rental rates or additional tenant improvements. Further, the study should address the extent to which such early renewals and extensions would stabilize the commercial real estate market and the financial markets that serve these markets.

Once that report is received by the Committee, we ask that the Administrator prepare a similar report to be submitted to the Committee within 45 days of that date which identifies and evaluates similar opportunities for early renewal and extension of existing leases in other major metropolitan areas throughout the United States.

B. Leases in holdover status

In addition, I am writing to request that GSA review any leases that are currently in holdover status in the Washington, D.C. metropolitan area and take steps, for example, determining whether the lease should be cancelled, renewed, or extended, to satisfy those space requirements in the most efficient manner. The Administrator should, **within 45 days,** provide a written evaluation of the benefits of renewals, extensions, and new leases that could be available to the federal government with regard to leases in holdover status. The Administrator is asked also to report on whether renewals, extensions and new leases would stabilize the commercial real estate market and the financial markets that serve these markets.

The reports should be submitted directly to the Committee on Transportation and Infrastructure within 45 days of receipt of this letter.

Sincerely,

Eleanor Holmes Norton
Chair
Subcommittee on Economic Development, Public
Buildings, and Emergency Management