

OLD POST OFFICE BUILDING REDEVELOPMENT ACT OF
2008

JUNE 19, 2008.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. OBERSTAR, from the Committee on Transportation and
Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 5001]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom
was referred the bill (H.R. 5001) to authorize the Administrator of
General Services to provide for the redevelopment of the Old Post
Office Building located in the District of Columbia, having consid-
ered the same, report favorably thereon with an amendment and
recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Old Post Office Building Redevelopment Act of
2008”.

SEC. 2. OLD POST OFFICE BUILDING DEFINED.

In this Act, the term “Old Post Office Building” means the land, including any
improvements thereon and specifically including the Pavilion Annex, that is located
at 1100 Pennsylvania Avenue, NW., in the District of Columbia, and under the ju-
risdiction, custody, and control of the General Services Administration.

SEC. 3. FINDINGS.

Congress finds the following:

(1) For almost a decade the Subcommittee on Economic Development, Public
Buildings, and Emergency Management of the Committee on Transportation
and Infrastructure of the House of Representatives has expressed considerable
concern about the waste and neglect of the valuable, historic Old Post Office
Building, centrally located in the heart of the Nation’s Capital on Pennsylvania
Avenue, and has pressed the General Services Administration to develop and
fully use this building.

(2) The policy of the Government long has been to preserve and make usable
historic properties rather than sell them for revenue.

(3) Security concerns related to this property's proximity to the White House may hinder the sale of the Old Post Office Building to a private party.

(4) On December 28, 2000, the General Services Administration, pursuant to Public Law 105-277, submitted to the Committee on Transportation and Infrastructure of the House of Representatives and the Committees on Appropriations and Environment and Public Works of the Senate a plan for the comprehensive redevelopment of the Old Post Office.

(5) The Committee on Transportation and Infrastructure approved the redevelopment plan on May 16, 2001, and the Committees on Appropriations and Environment and Public Works approved the plan on June 15, 2001.

(6) The General Services Administration issued a Request for Expression of Interest in 2004 for developing the Old Post Office Building that generated a healthy, private sector interest, but the General Services Administration has failed to proceed with implementation of the approved redevelopment plan.

(7) Redevelopment of the Old Post Office Building will preserve the historic integrity of this unique and important asset, put it to its highest and best use, and provide a lucrative financial return to the Government.

SEC. 4. REDEVELOPMENT OF OLD POST OFFICE BUILDING.

(a) **IN GENERAL.**—The Administrator of General Services is directed to proceed with redevelopment of the Old Post Office Building, in accordance with existing authorities available to the Administrator and consistent with the redevelopment plan previously approved by the Committee on Transportation and Infrastructure of the House of Representatives and the Committees on Appropriations and Environment and Public Works of the Senate.

(b) **RELOCATION OF EXISTING BUILDING TENANTS.**—The Administrator is authorized, notwithstanding section 3307 of title 40, United States Code, and otherwise in accordance with existing authorities available to the Administrator, to provide replacement space for Federal agency tenants housed in the Old Post Office Building whose relocation is necessary for redevelopment of the Building.

SEC. 5. REPORTING REQUIREMENT.

(a) **IN GENERAL.**—The Administrator of General Services shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate a report on any proposed redevelopment agreement related to the Old Post Office Building.

(b) **CONTENTS.**—A report transmitted under this section shall include a summary of a cost-benefit analysis of the proposed development agreement and a description of the material provisions of the proposed agreement.

(c) **REVIEW BY CONGRESS.**—Any proposed development agreement related to the Old Post Office Building may not become effective until the end of a 30-day period of continuous session of Congress following the date of the transmittal of the report required under this section. For purposes of the preceding sentence, continuity of a session of Congress is broken only by an adjournment sine die, and there shall be excluded from the computation of such 30-day period any day during which either House of Congress is not in session during an adjournment of more than 3 days to a day certain.

PURPOSE OF THE LEGISLATION

H.R. 5001, the “Old Post Office Building Redevelopment Act of 2008”, as amended, authorizes the Administrator of General Services to provide for the redevelopment of the Old Post Office Building located in the District of Columbia.

BACKGROUND AND NEED FOR LEGISLATION

The Old Post Office located in Washington, DC, was constructed from 1892 to 1899. The building was intended to be the U.S. Post Office Department Headquarters building, as well as the city's main post office. The Old Post Office Building, which is the second-tallest structure in the nation's capital, is designed in Romanesque style. Over its lifetime there have been frequent urban renewal efforts calling for its demolition, most notably during the Depression era. However, dedicated preservationists were successful in blocking its destruction and preserving the building. The Old Post Office is now one of Washington's most enduring landmarks.

According to the General Services Administration's ("GSA") history of the building, in 1928 the Old Post Office Building was slated for demolition as part of the development now known as the Federal Triangle. Lack of funds during the Great Depression saved the building at that time, and over the next 30 years, it provided space for various government agencies. In 1964, the President's Council on Pennsylvania Avenue recommended the demolition of all but the clock tower. Local citizens, led by Nancy Hanks, Chairperson of the National Endowment of the Arts, protested to Congress and Congress reversed the decision of the President's Council. In recognition of her heroic efforts and dedication to historic preservation in general, in 1983, Congress passed P.L. 98-1 to designate the plaza adjacent to the Old Post Office as the Nancy Hanks Plaza and the building was officially renamed the Nancy Hanks Center. The Old Post Office was finally awarded a place on the National Register of Historic Places in 1973.

To encourage more commercial use of Federal space at ground level, Congress passed the Public Buildings Cooperative Use Act in 1976. The Act authorized both government and commercial enterprises to share federally owned space at ground level. In 1977, renovation of the building began as part of the Pennsylvania Avenue redevelopment. In 1982, GSA entered into a 55-year out-lease with a private sector developer to lease and operate the Old Post Office Building. The renovation of the building made it a multifunctional building that included office space, retail, and a food court. Development options at the Old Post Office Building are also buttressed by the fact that several Metro lines are in close proximity.

The development expected at the Old Post Office Building was not successful due to constant turnover of retail businesses and low satisfaction by tenants. The original developer went into bankruptcy and the lender foreclosed on the leasehold. In 1998, Congress passed the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (P.L. 105-277), which required GSA to submit a viable development plan for the Old Post Office before any federal funds are used to convert the space. In December 2000, GSA submitted a development plan to Congress, and on May 16, 2001, the Committee approved the plan by adopting a Committee resolution. In 2005, GSA issued a Request for Expressions of Interest ("RFI") for the project. The responses would allow GSA to gauge and understand the entities who might propose to redevelop the asset, the concepts they may propose and the anticipated benefit to the government. Although the agency received several responses to the RFI, GSA did not move forward with redevelopment of the Old Post Office Building.

Delay in making use of this centrally located historic treasure has made it one of the government's most wasted assets and a public embarrassment. The building costs the Federal Government money. The building's 2007 rent payments of \$5.4 million did not cover the total expenses for the property of \$11.9 million, resulting in a loss of \$6.1 million in 2007 to the Federal Building Fund.

The policy of the Federal Government has long been to preserve and make usable historic properties rather than sell them for revenue. Preservation and use are particularly important for this property, where not only its historic status but, security concerns

inherent in its location mean that the property must be controlled by the Federal Government.

H.R. 5001, as amended, authorizes the Administrator of General Services to enter into a development agreement to redevelop the Old Post Office Building under terms and conditions that are beneficial to the Federal Government.

SUMMARY OF THE LEGISLATION

Section 1. Short title

Section 1 designates the short title of the Act as the “Old Post Office Building Redevelopment Act of 2008”.

Section 2. Old Post Office Building defined

Section 2 defines the Old Post Office Building as the land, including any improvements and including the Pavilion Annex, that is located at 1100 Pennsylvania Avenue, NW., in Washington, DC, and under the jurisdiction, custody, and control of the General Services Administration.

Section 3. Findings

Section 3 states Congressional findings for the Act. Congress finds that for almost a decade the Subcommittee on Economic Development, Public Buildings, and Emergency Management has expressed considerable concern about the waste and neglect of the valuable, historic Old Post Office Building. Congress further finds that, pursuant to P.L. 105–277, GSA was required to submit a development plan to the Committee on Transportation and Infrastructure of the House of Representatives, and the Committees on Appropriations and Environment and Public Works of the Senate. The Committee on Transportation and Infrastructure approved the plan in May 16, 2001, and the Senate Committees approved the plan on June 15, 2001. In 2004, GSA issued a Request for Expression of Interest for developing the Old Post Office Building. Congress finds that the request generated healthy, private sector interest, but GSA has failed to proceed with implementation of the approved redevelopment plan. Congress further finds that redevelopment of the Old Post Office Building will preserve the historic integrity of this unique and important asset, put it to its highest and best use, and provide a lucrative financial return to the Federal Government.

Section 4. Redevelopment of Old Post Office Building

Subsection (a) directs the Administrator of the General Services to proceed with the redevelopment of the Old Post Office Building in accordance with existing authorities available to the Administrator, and consistent with the redevelopment plan previously approved by the Committee on Transportation and Infrastructure of the House and the Committees on Appropriations and Environment and Public Works of the Senate.

Subsection (b) authorizes the Administrator to provide replacement space for the Federal agency tenants currently housed in the Old Post Office Building, notwithstanding section 3307 of title 40, United States Code.

Section 5. Reporting requirement

Subsection (a) directs the Administrator of General Services to transmit a report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate, on any proposed redevelopment agreement related to the Old Post Office Building.

Subsection (b) provides that the report must include a summary of a cost-benefit analysis of the proposed development agreement and a description of the material provisions of the proposed agreement.

Subsection (c) provides that any proposed development agreement will not become effective until the end of a 30-day period of continuous session of Congress following the date of the transmittal of the report to Congress.

LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

In 1998, Congress passed the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (P.L. 105–277), which required GSA to submit a viable development plan for the Old Post Office Building before any Federal funds could be used to convert the space. On December 28, 2000, GSA submitted the plan for the Old Post Office, as required by P.L. 105–277.

On May 16, 2001, the Committee on Transportation and Infrastructure met in open session and adopted a Committee resolution authorizing the development of the Old Post Office Building.

On January 16, 2008, Delegate Eleanor Holmes Norton introduced H.R. 5001, the “Old Post Office Building Redevelopment Act of 2008”.

On April 10, 2008, the Subcommittee on Economic Development, Public Buildings, and Emergency Management held a hearing on “The Old Post Office Building: The General Services Administration’s Plans for Future Use”.

On May 22, 2008, the Committee on Transportation and Infrastructure met in open session to consider H.R. 5001. The Committee adopted an amendment in the nature of a substitute to H.R. 5001 by voice vote. The Committee on Transportation and Infrastructure ordered H.R. 5001, as amended, reported favorably to the House by voice vote with a quorum present.

RECORD VOTES

Clause 3(b) of rule XIII of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with consideration of H.R. 5001 or ordering it reported. A motion to order H.R. 5001, as amended, reported favorably to the House was agreed to by voice vote with a quorum present.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee’s oversight findings and recommendations are reflected in this report.

COST OF LEGISLATION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included in the report.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objective of this legislation is to authorize the Administrator of General Services to provide for the redevelopment of the Old Post Office Building located in the District of Columbia.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the enclosed cost estimate for H.R. 5001 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 12, 2008.

Hon. JAMES L. OBERSTAR,
*Chairman, Committee on Transportation and Infrastructure,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5001, the Old Post Office Building Redevelopment Act of 2008.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

ROBERT A. SUNSHINE
(For Peter R. Orszag, Director).

Enclosure.

H.R. 5001—Old Post Office Building Redevelopment Act of 2008

H.R. 5001 would direct the Administrator of the General Services Administration (GSA) to reach an agreement with a private-sector entity to redevelop the Old Post Office Building (including the Pavilion Annex) located at 1100 Pennsylvania Avenue in the District of Columbia. CBO estimates that implementing H.R. 5001 would cost \$18 million over the 2009–2013 period, assuming appropriation of the necessary amounts. Enacting H.R. 5001 would have no significant net effect on direct spending and would not affect revenues.

H.R. 5001 would direct GSA to redevelop the Old Post Office Building in accordance with specific resolutions approved by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works in 2001.

Those resolutions would require GSA to enter into agreements with private entities to redevelop the property through authorities granted in the National Historic Preservation Act (NHPA). That authority provides for the protection of historic properties and allows federal agencies to lease historic properties when those assets are not needed for current or future agency purposes.

Based on information from GSA, it would take about 26 months to develop and solicit proposals, analyze and rank the responses, and negotiate an agreement with a developer for the property. Although it is unclear what type of development would take place, GSA has previously reported that a hotel is the most likely option, although other options for the location have included a museum, television studio, or office building.

According to GSA, the building is currently occupied by four federal agencies with approximately 450 employees and a main hall that is occupied by about 36 private-sector entities, including retailers and food vendors. Based on information from GSA, CBO estimates that implementing H.R. 5001 would cost about \$18 million over the 2010–2011 period, assuming appropriation of the necessary amounts to relocate the federal employees currently occupying the Old Post Office.

In addition, payments by the current retailers and food court vendors (about \$500,000 annually) can be spent by GSA under the Public Buildings Cooperative Use Act without further appropriation. Future lease payments following the building's redevelopment under NHPA also could be spent by GSA under the Public Buildings Cooperative Use Act. Thus, neither the loss of receipts from the current vendors nor the collection of the new receipts from a ground lease following redevelopment would have any significant net budgetary impact.

H.R. 5001 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH HOUSE RULE XXI

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 5001 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI of the Rules of the House of Representatives.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause (3)(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104-4).

PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee states that H.R. 5001 does not preempt any state, local, or tribal law.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104-1).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 5001 makes no changes in existing law.

