

STATEMENT
OF
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BEFORE
THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS,
AND EMERGENCY MANAGEMENT
UNITED STATES HOUSE OF REPRESENTATIVES

*“PUBLIC BUILDINGS REFORM BOARD AND THE PUBLIC BUILDINGS
REFORM ACTS OF 2025”*

Submitted
By The
Public Buildings Reform Board
1800 F St N.W.
Washington, D.C.

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Chairman Perry, Ranking Member Greg Stanton and Members of the Subcommittee, thank you for giving me the opportunity to update you on the progress of the Public Buildings Reform Board and highlight important changes we have already experienced since the passing of the Public Buildings Reform legislation. My name is David Winstead and I am a Board member of the Public Buildings Reform Board.

I wanted to thank this committee for creating this Board, supporting its extension, and as a result, we are finally going to begin realizing the Board's potential to save billions of taxpayer dollars. Since the Board was established in late 2016, we have recommended the sale of approximately \$775 million in proceeds of federal real property. Since we submitted our last round of recommendations in 2022, the Board independently analyzed 47 properties totaling 35 million square feet. Out of this, the PBRB analysis has identified approximately \$19 billion in cost avoidance over 30 years which it plans to submit for recommended disposal. And the Board recognizes this is just the start of the consolidation opportunities that abound.

Our strategy to right size the portfolio recognizes the poor physical condition of the majority of buildings and the financial constraints on federal real estate. We reviewed buildings based on reinvestment needs, occupancy levels, and building significance or criticality. Buildings that have high renovation needs, low occupancy levels, and low significance are at the top of our list for disposal.

Our recommendations will assume appropriations for consolidations may be limited. Consolidation recommendations will be directed towards quality owned buildings that require little renovation and leased locations.

The average age of the Federal portfolio is over 50 years. Most of them require full renovations that cost between \$700 and \$1000 per foot. This can average close to \$72 billion in capital needs if we assume a \$400 per square foot average for the 180 million square foot GSA owned portfolio. Each year, GSA accrues about \$2 billion in new capital liabilities as these portfolio ages. There is little prospect that Congress will provide anywhere near this level of appropriations.

Therefore, the government has two options: house employees in failing, aging buildings or, dramatically increase disposals of its inventory. We believe disposal is the only financially viable choice.

There are two groups of buildings we are proposing for disposal: pre-war properties that have extremely high renovations costs, low occupancy and not particularly significant; and post-war buildings. Most of these post-war buildings, particularly in Washington DC, were low-cost construction, and are at the end of their useful lives, and now require whole building renovation. The taxpayer has realized their money's worth out of these facilities and is now time to monetize these properties for future taxpayer benefit.

We lately have been working very closely with the General Services Administration and the Office of Management and Budget (OMB) to collaborate on our next round of recommendations, which are due to OMB no earlier than December 27, 2024. Our plan is to introduce our next round of recommendations sometime this spring. The Water Resources Development Act also allows us to submit a third round of recommendations before our sunset date of December 31, 2026.

In our next round, we have identified approximately \$19 billion in cost avoidance over 30 years. The Board recognizes this is just the start of the consolidation opportunities that abound.

To illustrate this tremendous opportunity, the Board found in 2023 that there was a 70% decrease from pre-COVID levels in occupancy in a study of a group of department headquarters buildings in Washington DC.

Another example is the Department of Commerce headquarters building in Washington DC, the Herbert C. Hoover Building, which costs taxpayers an average of \$332,428, including deferred maintenance, in 2023 per assigned employee. The Frances Perkins Building, Department of Labor Headquarters, in Washington DC cost the taxpayer on average of \$182,346 in 2023 per person in operating and maintenance costs and GSA rent. By comparison, 200 square feet of leased Class B office space in Washington DC would cost approximately \$9,600 per person annually.

The Board has conducted portfolio studies in other regions as well, including Miami, FL; Los Angeles, CA; Boston, MA; and Atlanta, GA. One property we are considering for disposal recommendation is the Wilshire Federal Building in Los Angeles, CA. This 55-year-old building required extensive work including modernization of HVAC and electrical systems, asbestos remediation, and window upgrades. GSA requested funds in 2022 to address these deficiencies, although the property is deemed a seismically high-risk building. The PBRB has conducted market analyses to determine housing alternatives for the tenant agencies and to allow the government to take advantage of depressed office market conditions in Los Angeles.

The Board's analysis also demonstrated time and again that market conditions are uniquely set to provide federal agencies the opportunity to move into spaces which are often of better quality than the federal offices. Our analysis has demonstrated that:

- Federal divestment from under-utilized properties provides cities and towns opportunities to address critical needs such as housing shortages.

- The commercial office market is soft, and federal dispositions will need to be made context dependent.
- Consolidations offer agencies the opportunity to create healthier, more efficient, safer, and operationally supportive workspaces.

The current set of properties the Board is assessing for its second set of recommendations is comprised of (17 million) SF of office space in 11 cities across the U.S. The greatest preponderance of properties is in Washington DC where decades of underinvestment combined with underutilization have created a situation where there are billions of dollars of capital liabilities accruing to the taxpayer to support a dwindling work force. The Board is preparing its list of recommendations in D.C. that encompasses approximately (15 million) gross square feet of space, mostly concentrated around the National Mall. This is a huge amount of space that can be turned back to the private sector, some of which can be repurposed for badly needed housing, some could be used by the Smithsonian for additional museums, and some could be redeveloped into modern office space. A renewal of the monumental core could promote a connection between the National Mall and the Waterfront, providing tourists with facilities and food options currently not available on the mall, provide increased tax revenues to the city, and support growth. However, the sale of such a huge amount of space must be done carefully and within a reasonable context that supports market absorption of space. Absent careful consideration and a phased approach to the dispositions, the federal government will find itself paying enormous sums of taxpayer dollars to mothball massive properties with the result of a rapid devaluation of whole portions of the city. It cannot be stressed enough that the recommendations the Board is producing must be carefully considered within current market conditions, and tackled as absorption is available. With careful planning and disposition the Board estimates that taxpayer savings could be (\$6.5 billion over 30 years).

The list of properties we are considering will be submitted with our testimony.

List of properties as of Feb 24, 2025:

- Lipinski FB, Chicago, IL
- Captain Williams Coast Guard, Boston, MA
- LaBranch FB, Houston, TX
- Kefauver FB, Nashville, TN
- Peachtree Summit, Atlanta, GA
- Brickell FB, Miami, FL
- 4700 River Road, Riverdale, MD
- 7th and D St SW, Washington DC
- Cohen FB, Washington DC
- **Under Consideration: NCR**
 - 1800 F St NW, Washington DC
 - Theodore Roosevelt FB, Washington DC
 - Perkins FB, Washington DC
 - Orville Wright, Washington DC
 - Wilbur Wright, Washington DC
 - Jamie L. Whitten Building, Washington DC
 - Forrestal FB, Washington DC
 - Agriculture South, Washington DC
 - J. Edgar Hoover FB, Washington DC
 - Robert Weaver Building, Washington DC
- **Under Consideration: Rest of the Country**
 - Wilshire FB, Los Angeles, CA
 - 312 N. Spring Street, Los Angeles, CA
 - Anthony J. Celebrezze FB, Cleveland, OH
 - United States Custom House, Philadelphia, PA