



September 26, 2023

Dear Mr. Chairman,

On behalf of the National Federal Development Association ("NFDA"), the trade association representing lessors to the Federal Government and other related private sector parties in the government-leased market, I write to express our support for legislative changes proposed by the General Services Administration ("GSA") and the Biden Administration relating to the functioning of GSA's Public Buildings Service and its Federal Buildings Fund.

Of primary import to the NFDA community is the proposal to raise the prospectus threshold to \$10 million. While this would affect GSA capital spending on the federally owned portfolio, it would also have a pronounced effect on lease prospectus requests made to Congress. Our analysis of the existing GSA lease portfolio suggests that raising the prospectus threshold from the current mark of \$3.613 million to \$10 million would drop the typical number of lease prospectus requests submitted annually by approximately 90%. As the Government Accountability Office's 2022 study (GAO-22-104639) of the prospectus process found, the average time from lease prospectus formulation through to authorization is 20 months (the capital project prospectus average process time is also a lengthy one at 17 to 23 months). GAO recommended that GSA communicate to its authorizing committees the project costs and inefficiencies that inhere in such protracted preparation and authorization times for these critical projects. The current legislative proposal seeks to cure these problems. We support the initiative and suggest Congress enact the change.

Since almost all (>99%) lease prospectus requests are eventually authorized without emendation by the oversight committees, substantial time (and staff hours) could be saved for many lease procurements, without injury to project content or program integrity.

We also support the legislative proposal to give PBS full access to the rent receipts deposited into the Federal Buildings Fund ("FBF") from rent paid by occupant agencies of GSA-controlled space, as originally envisioned when the Public Buildings Amendments of 1972 were enacted. This prospect does not threaten the NFDA community of commercial landlords because we believe that long-held arguments for Federal leased space still obtain, such as that the commercial real estate market is an efficient, economical, and speedy provider of non-inherently governmental space types, especially for Federal needs that are impermanent. We also believe that the Federal need for leased space will continue even if GSA is able to gain access to untapped reserves in the FBF because, at the aggregate level, Federal needs for space far exceed the ability of the government to meet them entirely through Federal ownership. In short, leasing is an enduring, legitimate, and cost-effective supplement to Federal ownership.

The resizing of the Federal real property portfolio throughout the last decade and in the wake of the Covid-19 pandemic and the consequential surrender of millions of square feet of leased space over this time period, underscores this point.

We are happy to testify publicly to these positions if Congress were to decide to hold hearings on these matters.

Sincerely,

A handwritten signature in black ink that reads "Ronald Kendall". The signature is written in a cursive style and is positioned above the printed name.

Ronald Kendall

Executive Chairman

National Federal Development Association

National Federal Development Association

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