Executive Summary

The General Services Administration (GSA) proposes to exercise a 10-year renewal option to lease up to 824,563 rentable square feet of space for the Social Security Administration currently housed at 1500 Woodlawn Drive in Woodlawn, MD.

Description

- **Occupant:** Social Security Administration
- **Current Rentable Square Feet (RSF):** 824,563 (Current RSF/USF = 1.15)
- **Estimated Maximum RSF:** 824,563 (Proposed RSF/USF = 1.15)
- **Expansion/Reduction RSF:** None
- **Current Usable Square Feet/Person:** 320 usable square feet per person
- **Estimated Usable Square Feet/Person:** 320 usable square feet per person
- **Proposed Maximum Leasing Authority:** Up to 10 years
- **Expiration Dates of Current Leases:** 10/31/2018
- **Delineated Area:** 1500 Woodlawn Drive, Woodlawn, MD
- **Number of Official Parking Spaces:** 2,132 surface parking
- **Scoring:** Operating lease
- **Estimated Rental Rate¹:** $16.33 per rentable square foot
- **Estimated Total Annual Cost²:** $13,465,114
- **Current Total Annual Cost:** $15,287,398 (Lease effective 11/01/1993)

Justification

On December 10, 2015, GSA submitted prospectus PMD-02-BA16 to Congress proposing to lease approximately 511,000 rentable square feet of space and 25 parking spaces for the Social Security Administration for up to 20 years at a maximum fully serviced annual rate of $33.00 per rentable square foot. At $33 per foot, the new lease for reduced space would have cost a maximum of $16,863,000.00 per year, not including costs paid in lump sum for Tenant Improvement overages, move costs, and furniture. The

¹ This estimate is for fiscal year 2018 and may be escalated by 2 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses, whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as a basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

² New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.
prospectus was approved by the Senate Committee on Environment and Public Works on January 20, 2016.

The Social Security Administration is in the process of re-evaluating the long-term need for additional leased space surrounding its Headquarters in Woodlawn, and as a result, is developing a long-term plan that maximizes the use of existing federally owned and leased space to address its current and future housing needs. As a result of these pending changes, GSA evaluated all of the available options in meeting the Social Security Administration's mid-term housing needs at 1500 Woodlawn Drive and determined that the least expensive alternative for the Government and taxpayer would be to remain at 1500 Woodlawn Drive. GSA is modifying its prospectus approval request to allow for a lease renewal at the 1500 Woodlawn Drive location until the Social Security Administration revises its long-term plans. The existing renewal option allows for partial or whole termination rights at the conclusion of the second year of the new lease. This unilateral authority enables the Government to release the whole of the occupancy beginning in year 3 with 24 months written notice, or to partially release space to the point that the occupancy would reduce to no less than 497,533 RSF with 12 months written notice. Without this lease renewal, GSA would have to enter into a holdover at the expiration of the current lease.

GSA requests the following adjustments to the current prospectus parameters:

- Increase the maximum proposed rentable square feet from 511,000 to 824,563;
- Reduce the maximum proposed rental rate from $33.00 per RSF to $16.33 per RSF;
- Decrease the maximum proposed lease term from 20 years to up to 10 years;
- Increase the number of parking spaces from 25 official parking spaces to the 2,132 parking spaces currently provided under the existing lease; and
- Maintain the current utilization rate at 1500 Woodlawn Drive, which is approximately 320 feet per person.

The changes above will result in a first year total annual lease cost of $13,465,114 compared to previously proposed $16,933,000, and in longer term savings while the Social Security Administration develops its future plans. Aside from the changes described above, all other terms in the prospectus remain unchanged.