



U.S. House of Representatives
Committee on Transportation and Infrastructure

Washington, DC 20515

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April 8, 2008

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SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

FROM: Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

SUBJECT: Hearing on the Old Post Office Building: General Services Administration's Plans for Future Use

PURPOSE OF THE HEARING

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will hold a hearing on Thursday, April 10, 2008, at 2:00 p.m., in 2167 Rayburn House Office Building to receive testimony regarding plans for the future development of the Old Post Office building.

BACKGROUND

The Old Post Office building in Washington, DC, constructed from 1892 to 1899, 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 building 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. Led by Nancy Hanks, Chairperson of the National Endowment of the Arts, local citizens protested 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 building 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 enacted 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 Old Post Office building began as part of the Pennsylvania Avenue redevelopment.

In 1982, the 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. The redevelopment included construction of a 100,000-square-foot underground "Pavilion Annex" adjacent to the building for the purpose of a shopping mall. Development options at the Old Post Office building were also buttressed by the fact that several Metro lines are in close proximity to the building.

The development expected at the Old Post Office building was not successful because of 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 that GSA submit a viable development plan for the Old Post Office before any federal funds be used to convert the space. In December 2000, GSA submitted a development plan to Congress, and by Committee resolution dated May 16, 2001, the Committee on Transportation and Infrastructure approved the plan. In 2005, the GSA issued a Request for Expressions of Interest ("RFI") for the project. The responses would allow the 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 GSA received several responses to the RFI, the Office of Management and Budget ("OMB") prevented the development project from moving forward.

Architectural and Historical Significance

The Old Post Office building occupies an entire city block, centered on the north side of the Federal Triangle along Pennsylvania Avenue. The Old Post Office building was designed by renowned architect Willoughby J. Edbrooke who also served as Supervising Architect of the U.S. Treasury Department. At one point, the Old Post Office building was the tallest and largest building in Washington. The building is often considered an excellent example of the Romanesque Revival style, which was greatly admired in the late 19th Century. The building's relative substantial magnitude, arched window designs, and ornamentation represent a Romanesque Revival style. The Old Post Office building also has several other distinguishing features including French Gothic dormers and sculpture, Byzantine sculptural capitals, and French Renaissance detailing. The dramatic effect of the combination of these international design concepts creates a spectacular effect along Pennsylvania Avenue's predominantly Classical Revival corridor.

The Old Post Office building, one of the first steel-frame buildings in Washington, is sheathed in granite from Maine, and is set upon an iron and steel superstructure that is nine stories tall. The five-foot-thick granite masonry walls are self-supporting, while the steel girders are used to support the interior floor beams. A terra-cotta shell encases each steel and iron structural beam. Along Pennsylvania Avenue, N.W., three large semicircular arches frame the main access to the Old Post Office building. The arches are ornamented with Romanesque Revival columns, capitals, and moldings. The northern portion of the building is defined by the recessed portion of the building. At the center of the Old Post Office building is perhaps the building's most defining feature: a clock tower that rises 315 feet in the air and provides some of the best views of Washington, DC. The roof is steeply pitched with a slate covering. In a nod to current greening and energy efficient initiatives, the nine-story building has an enormous skylight that floods the interior court with natural light. When it was built, the Office of the Postmaster General, which was located in the building, was the largest interior space in Washington.

Current Issues with the Old Post Office Building

The Old Post Office building is an aging historical building that is inefficient, underutilized, and a financial drain on the Federal Building Fund. Because of the building's large atrium and relatively little office space for a building of its size, the costs of operating and maintaining the building per square foot of usable space are high.

In 2007, the GSA received \$5.4 million in rent payments from federal tenants occupying the building. These tenants include the National Endowment for the Arts, the National Endowment for the Humanities, the Advisory Council on Historic Preservation, and the Department of Education. Total expenses for the property were \$11.9 million, which resulted in a net loss to the Federal Building Fund of \$6.5 million in 2007. To redevelop the property, the current tenants must be relocated, which requires prospectuses to be approved by the Office of Management and Budget, the Committee on Transportation and Infrastructure, and the Senate Committee on Environment and Public Works.

PRIOR OVERSIGHT AND LEGISLATIVE ACTIVITY

In 1998, Congress enacted the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (P.L. 105-277), which required that GSA submit a viable development plan for the Old Post Office before any federal funds be used to convert the space. In December 2000, GSA submitted a development plan to Congress, and by Committee resolution dated May 16, 2001, the Transportation and Infrastructure Committee approved the plan.

On March 17, 2005, Representative Deborah Pryce introduced H.R.1429. The bill directed GSA to transfer, without compensation, to a non-profit, nonpartisan educational institution for the purpose of establishing a women's history museum all right, title, and interest of the United States in and to a parcel of Federal real property known as the "Pavilion Annex" that is adjacent to the Old Post Office building in Washington, DC. The bill prohibited the use of such property for commercial purposes. The bill was referred to the Committee on Transportation and Infrastructure. No further action was taken on the bill.

On January 16, 2008, Delegate Eleanor Holmes Norton introduced H.R. 5001, the "Old Post Office Building Redevelopment Act of 2008". The purpose of the bill is to expedite plans for the development for the Old Post Office building by providing the GSA with the necessary authority and flexibility to enter into agreements to redevelop the Old Post Office building. The bill authorizes the General Services Administration to enter into development agreements with private sector entities to redevelop the Old Post Office building. Prior to executing any development agreement, the GSA must send to Congress a report which includes financial data, such as a cost-benefit analysis, and a description of the material provisions of the agreement. The development agreement will not become effective until the end of a 30-day period of continuous session of Congress.

WITNESS

Mr. David L. Winstead
Commissioner
Public Building Service
General Services Administration