Clockwise from top left: NPS Hale Bathhouse (Hot Springs, Arkansas), outleased as the Hotel Hale (NPS); GSA’s David W. Dyer Federal Building and U.S. Courthouse (Miami, Florida), outleased to Miami Dade College (Carol M. Highsmith Photography, Inc./GSA); NASA’s Launch Complex 39A (Merritt Island, Florida), outleased to private aerospace manufacturer SpaceX (NASA); GSA’s headquarters (Washington, D.C.), segment of ground floor outleased as retail (Taylor J. Lednum/GSA); VA’s Old Main (Milwaukee, Wisconsin), outleased as affordable housing at the Milwaukee Soldiers Home (The Alexander Company).
TABLE OF CONTENTS

Executive Summary ................................................................. 1
Background ............................................................................... 2
Membership and Methodology ............................................. 3
Goals ....................................................................................... 4
Findings .................................................................................. 5
  Status of Outleasing
  Obstacles to Outleasing
Recommendations ...................................................................... 9
  Foster Interagency Coordination and Administrative Efficiencies
  Expand Marketing and Education
  Incentivize Outleasing Policies
Best Practices ........................................................................ 12
  Best Practices for Federal Agency Outleasing Programs
  Best Practices for Federal Outleasing Projects
Conclusion ............................................................................. 13
Appendices ............................................................................ 14
  Outleasing Authorities List
  Agency Decision-Making Considerations
  Outleasing Success Stories

The Hotel Monaco, a Kimpton Hotel, is located in the Penn Quarter section of Washington, D.C., and is a National Historic Landmark. Also known as the General Post Office, it is owned by GSA and is an example of a long-term outlease. (Carol M. Highsmith Photography, Inc./GSA)
EXECUTIVE SUMMARY

This Final Report presents the findings and recommendations of the Leveraging Federal Historic Buildings Working Group, which consists of federal and nonfederal stakeholders, and was established by the Advisory Council on Historic Preservation (ACHP) in 2019. The ACHP’s 2018 triennial report to the President, In a Spirit of Stewardship: A Report on Federal Historic Property Management, recommended the ACHP convene the group to help the agency assess the status of outleasing and develop recommendations for overcoming obstacles to outleasing, to advance utilization of the nation’s historic federal buildings.

For the purposes of the Working Group and this document, outleasing is defined as the leasing and use, by nonfederal partners, of federal historic buildings (or portions thereof) not needed in the near-term by federal agencies. The legal authority to outlease historic properties is available to property-managing federal agencies under Section 111 of the National Historic Preservation Act (NHPA), 54 USC § 306121, and other agency-specific authorities. Historic buildings are defined as those which are included in, or eligible for inclusion in, the National Register of Historic Places (National Register).

Over the course of a year, the Working Group explored different aspects of outleasing by soliciting information about federal agency outleasing programs; prospective developers’ and lessees’ interests; and financing federal outleasing projects. Working Group member discussions provided insight on the status of federal historic outleasing and assisted in identification of obstacles thereto.

Working Group members appreciated that outleasing promotes productive use of historic federal buildings, often improving public access and contributing to local economies, and even transferring maintenance and capital improvement costs to partners in certain circumstances. However, they also noted that outleasing programs are relatively small in scale, due to various obstacles such as property type, location, market conditions, and security or tenant-specific concerns.

Working Group members agreed that conflicting policies and/or priorities, as well as lack of awareness and expertise, can be impediments. In particular, agency representatives noted there was a lack of interagency partnerships and access to market-savvy professionals, as well as the sizeable administrative burden associated with setting up each of their programs. They also expressed concern that prospective lessees may not be functioning in a competitive environment, because centralized information on opportunities and associated subsidies does not exist, and because prospective lessees may not have a clear path for financing.

The lessees and financial partners who participated in Working Group meetings explained that whole-building outleases can sometimes require assumption of long-term responsibility of federal historic buildings; the capacity to pursue tax credits via the Federal Historic Preservation Tax Incentives program or state programs, or other incentives; and substantial cash-on-hand. They suggested agencies reduce uncertainties by adequately documenting their historic properties (e.g., as-built plans and drawings, condition studies, details on character-defining features, Historic American Buildings Survey [HABS] drawings, and National Register nominations), addressing environmental remediation issues, and improving basic utilities. They said agencies should consider creative adaptive use scenarios, clarify legal terms and financial incentive information, and centralize relevant information. Finally, they explained that agencies should be equipped to methodically and rigorously evaluate prospective partners’ proposals, and, if warranted, partner with the selected lessee for the long term. The recommendations are as follows:

- Foster interagency coordination and administrative efficiencies:
  - Work with the U.S. General Services Administration (GSA) to establish a “Center of Outleasing Excellence” to promote outleasing;
  - Coordinate with the U.S. Department of Housing and Urban Development (HUD) on affordable housing;
  - Improve accessibility of information for federal agencies, prospective lessees, and partners;
  - Promote combined use of tax credits; and,
  - Explore opportunities for avoiding duplicative reviews with State Historic Preservation Officers (SHPOs).

- Expand marketing and education:
  - Incorporate findings and recommendations in training and;
  - Participate in thematically relevant conferences and panel discussions.

- Incentivize outleasing policies:
  - Pursue revisions to the National Strategy for the Efficient Use of Real Property (“Strategy,” formerly known as “Reduce the Footprint”) and address any challenges associated with whole-building outleases and associated agency submissions; and,
  - Pursue issuance of an executive order to encourage outleasing.

This Final Report serves to advance the ACHP’s larger mission, which is to promote the preservation, enhancement, and sustainable use of the nation’s diverse historic resources. The recommendations are a blueprint for ACHP actions, interagency initiatives, and executive branch efforts. The best practices for outleasing programs and projects were culled from meeting highlights and are endorsed by the Working Group members. The appendices are a helpful reference for policymakers and practitioners.
BACKGROUND

The ACHP, an agency with representation from federal agencies, local and state government, the public, and national historic preservation organizations, is uniquely positioned to bring together stakeholders to examine the current state of outleasing, and to make recommendations on how outleasing programs can provide for improved preservation outcomes. The ACHP plays a key role in fostering the preservation of historically significant buildings under federal ownership or control through its oversight of the NHPA Section 106 (54 USC § 306108) review process, and by carrying out its responsibilities under Executive Order 13287, “Preserve America” (EO). This EO requires that every three years, federal agencies report to the ACHP and the Secretary of the Interior on progress they have made in identifying, using, and protecting historic properties under their ownership or control.

On February 15, 2018, the ACHP conveyed its fifth triennial Section 3 Report to the President, In a Spirit of Stewardship: A Report on Federal Historic Property Management, in accordance with EO 13287. One of the 2018 report’s six findings was “Fostering and encouraging the reuse of historic facilities by federal agencies or others creates cost-effective preservation outcomes.” Accompanying this finding was a recommendation to convene an interagency working group, “to develop success stories and guidance on consolidation and interagency collaboration for co-location in federally owned historic buildings and preservation and training for relevant agency personnel.” The Section 3 Report also charged the ACHP’s Office of Federal Agency Programs with surveying property management agencies to identify obstacles to outleasing historic properties and to develop recommendations for overcoming those obstacles.

As constituted, the Working Group’s efforts align with executive and legislative branch goals to address maintenance backlogs and optimize real property utilization. Cost-effective federal preservation outcomes can be achieved when historic federal buildings are leveraged as assets; outleasing can save taxpayer dollars, relative to new construction on and/or leasing of privately-owned property. Such outcomes, often in the form of long-term public-private and/or public-nonprofit partnerships, capitalize on decades of stewardship, while also accounting for long-term federal space needs. These outcomes support federal agency efforts to comply with not only Sections 106 and 111 of the NHPA, but also NHPA Section 110 (54 USC § 306101), which focuses on stewardship and use of federal historic properties.

Here at Gateway, we see leasing as an important tool for bringing much-needed investment to the rehabilitation and maintenance of our historic structures, while creating for the public a greatly enhanced experience of these landscapes that are so fundamental to our American story. It’s a win all around.

Jennifer Nersesian
Superintendent, Gateway National Recreation Area
National Park Service

At Gateway National Recreation Area, which spans the New York Harbor, the National Park Service outleases part of Floyd Bennett Field, a historic stable, and two marinas. (NPS)
MEMBERSHIP AND METHODOLOGY

On October 11, 2019, then-ACHP Chairman Aimee Jorjani established a Working Group of federal and nonfederal stakeholders. Membership included representatives from six key federal agencies that manage significant and complex property holdings, as well as leadership from two nonfederal preservation stakeholders that are members of the ACHP:

- U.S. General Services Administration
- National Aeronautics and Space Administration (NASA)
- National Park Service (NPS)
- U.S. Department of Agriculture (USDA)/Forest Service
- U.S. Department of Veterans Affairs (VA)
- U.S. Postal Service
- National Conference of State Historic Preservation Officers (NCSHPO)
- National Trust for Historic Preservation (NTHP)

The Working Group met six times from 2019-2020. As part of its efforts to assess the status of federal agency outleasing programs, ACHP staff administered a survey to federal agency Working Group members. Additionally, as host of the second meeting, GSA provided the Working Group members with the opportunity to learn about the agency’s well-established outleasing program in greater depth. GSA’s NHPA Section 111 Outleasing Program received the Award for Federal Partnerships in Historic Preservation from the NTHP and the ACHP in late 2020, and its expertise was invaluable to the Working Group.

To learn more about the challenges and experiences from prospective developers and lessees, the Working Group invited a developer and a lessee to discuss their lessons learned with whole-building outleasing. Jonathan Beck, development project manager of The Alexander Company, Inc., presented information on his company’s adaptive use efforts nationwide, as well as the ongoing adaptive use project rehabilitating six historic buildings at the VA Soldiers Home National Historic Landmark District (Milwaukee, Wisconsin) for homeless veteran housing and supportive services. Rose Schweikhart, owner of the Superior Bathhouse Brewery, presented information on her company’s adaptive use of a historic bathhouse in Milwaukee.

Recognizing GSA’s Outleasing and Preservation Efforts

In recognition of the importance of leasing to nonfederal partners as a preservation stewardship strategy, the NTHP and the ACHP presented the Award for Federal Partnerships in Historic Preservation to the U.S. General Services Administration’s Section 111 Outleasing Program in 2020. The award honors outstanding partnerships that advance the preservation of important historic resources and have an impact on the community. The award celebrates a project or program in which a federal agency and one or more nonfederal partners have worked together and achieved an exemplary preservation outcome. Led by the Center for Historic Buildings, Office of the Chief Architect, GSA’s Section 111 Outleasing Program is an innovative federal agency model for the effective use of excess space in historic buildings. This nationwide program leases space in historic federally owned buildings for rehabilitation and reuse by the community, making federal buildings more accessible to the public and contributing to the vitality of the surrounding community. In some instances, private partners pay for capital improvements, which benefit the property, and the buildings are preserved through a creative team approach.

Utilizing a legal authority available to all federal agencies, GSA’s nationwide model outleasing program leverages excess space in federal buildings and uses the proceeds to strategically reinvest in its historic building portfolio. The David W. Dyer Federal Building and U.S. Courthouse in Miami, Florida, is owned by GSA and is outleased to Miami Dade College for classroom and learning spaces. (Carol M. Highsmith Photography, Inc./GSA)
VA is proud of our Enhanced Use Lease (EUL) program, which has proven to be extremely successful at providing housing opportunities for homeless and at-risk veterans. The EUL program has created a number of positive outcomes, including being an effective tool in managing the VA real estate portfolio, protecting VA historic assets, and partnering with local communities to create win-win situations.

Brett Simms
Executive Director, Office of Asset Enterprise Management
Department of Veterans Affairs

The EUL at the Milwaukee VA Soldiers Home, one of the few National Historic Landmarks in VA’s stewardship, is responsible for the rehabilitation of six historic buildings and will ultimately provide 101 housing units for veterans. (VA)

GOALS

Hot Springs National Park (Hot Springs, Arkansas), which transformed the bathhouse into a brewery and restaurant that has the distinction of being the first, and currently only, brewery in a U.S. National Park.

Finally, to learn more about the opportunities and challenges associated with financing federal outleasing projects, the Working Group invited back Mr. Beck, who was joined by Deborah Burkart, national vice president of supportive housing for the National Equity Fund; Wayman C. Lawrence IV, partner and tax credit attorney for Foley & Lardner LLP; and Merrill Hoopengardner, president of the National Trust Community Investment Corporation (NTCIC). Together, these representatives spoke to the members about their experiences structuring financial packages for successful whole-building outleasing projects.

As noted earlier, the Working Group was charged with helping the ACHP develop recommendations for overcoming obstacles to increased outleasing of federal historic buildings to nonfederal partners, and providing guidance on agency reuse and consolidation in federal historic buildings. However, early in the Working Group’s discussions, members decided to focus their efforts solely on outleasing.

To that end, the Working Group developed outleasing “best practices,” identified leasing policy issues, and highlighted success stories. The Working Group also considered the importance of fostering a support network across the federal government, to continue to serve as a resource for other federal agencies looking to improve and expand their outleasing programs. Goals included assessing the status of outleasing, formulating recommendations, and—to advance utilization of the nation’s historic federal buildings—considering the need for possible executive action on outleasing.
FINDINGS

Working Group members appreciated that outleasing promotes productive use of historic federal buildings, often improving public access and contributing to local economies, and even transferring maintenance and capital improvement costs to partners in certain circumstances. However, they also noted outleasing programs are relatively small in scale due to various obstacles.

Status of Outleasing

Agencies with successful programs shared the following characteristics: stewardship-focused outleasing staff partnered with in-house qualified preservation personnel; in-house, active management of real estate portfolio and awareness of market conditions (e.g., partial- or whole-building opportunities, multiple-site [antennae] and low burden/high revenue opportunities [parking lots]); and, clearly delineated legal authorities.

Partial-building outleases for office, nonprofit, or retail uses, or for antennae, are more common than whole-building outleases, and their lease terms are often shorter. These partial-building outleases can contribute to the economic viability of historic federal buildings and the surrounding community and provide opportunities for small businesses and nonprofits to thrive, while proceeds can also fund other agency preservation efforts.

Partial-building outleasing can be an alternative method for financing incremental capital improvements. Whole-building outleasing can provide similar economic benefits and can be considered by an agency as an alternative to disposal and/or demolition. However, whole-building outleasing proposals may raise budget scoring concerns with the Office of Management and Budget (OMB). Occasionally, special legislation mandates that an agency outlease a whole building.

Formal and informal outreach efforts can yield outleasing partnership opportunities with local or state governments or nonprofits. Some agencies’ staff regularly review outleasing opportunities, while others do so periodically or on a case-by-case basis. Qualified preservation personnel are usually involved in agency outleasing decisions for historic buildings, along with other environmental compliance staff and other subject matter experts. When agencies are making decisions, there is not a standardized process across the federal government for considering opportunities or weighing key variables, which include feasibility, environmental conditions, market interest, and long-term federal needs, among others. The decision-making process is largely internal.

The federal planning process set forth at 36 CFR Part 800, “Protection of Historic Properties,” the regulations which implement Section 106 of the NHPA, is often utilized after

SEE SUCCESS STORY

Since the court moved its Complex Civil services into the Spring Street Courthouse in 2018, we’ve expanded operations from two floors and 16 courtrooms to four floors and 24 courtrooms in this Art Moderne landmark. Our renovation and occupancy of these floors brings life and vibrancy back into this treasured courthouse. The vast courtrooms, finished with walnut wainscoting and geometric designs, provide an ornate, historic backdrop for our judges and court staff to provide access to justice and serve the community.

Presiding Judge Eric C. Taylor
Los Angeles County Superior Court

The U.S. Courthouse is now home to the Superior Court of California for the County of Los Angeles. GSA’s outleases contribute to the economic health and vitality of their neighborhoods, typically in urban downtowns. (Carol M. Highsmith Photography, Inc./GSA)
Leasing excess Kennedy Space Center infrastructure for use by our commercial partners supports the space industry, promotes economic development, allows continuing operations in low-Earth orbit, and keeps our nation’s space program strong while allowing NASA to focus resources on our exploration goals.

Robert D. Cabana
Director, NASA Kennedy Space Center

Outleasing has allowed NASA's launch complex to continue its historic legacy of supporting space travel, and exemplifies the balance between historic preservation and agency mission. (NASA)
The Superior Bathhouse Brewery, an outlease in Hot Springs National Park, Arkansas, is the only brewery in a National Park and the only brewery in the world that utilizes thermal spring water to make beer. (NPS)

Our business partners invest significant amounts of time, money, and heart into working with us to preserve these special places. Together, our efforts ensure that the historic bathhouses have a new life and new energy to serve our visitors now and in the future.

Laura A. Miller
Superintendent, Hot Springs National Park National Park Service

The Superior Bathhouse Brewery, an outlease in Hot Springs National Park, Arkansas, is the only brewery in a National Park and the only brewery in the world that utilizes thermal spring water to make beer. (NPS)
substantial cash-on-hand, which can be a hindrance. Strong relationships with sophisticated lenders are also important, because agency roles and collateral and bank foreclosure terms for whole-building outleases are often unclear.

Lessees Mr. Beck and Ms. Schweikhart explained that prospective financial partners were often uninformed about the mechanics of outleasing. They suggested the U.S. Small Business Administration (SBA) might be able to provide assistance in that regard. Such assistance may also provide additional opportunities for partial-building retail leasing; federal agency Working Group members noted that these outleases can act as an economic stimulus for an area.

To increase competition for federal outleases, the two lessees and the financial representatives suggested agencies reduce uncertainties by documenting their historic properties (e.g., as-built plans and drawings, conditions studies, details on character-defining features, HABS drawings, and National Register nominations), address environmental remediation, and improve basic utilities. They said agencies should consider creative adaptive use scenarios (e.g., not only office or hospitality, but also not-for-profit uses) and issue targeted Requests for Expressions of Interest (RFEIs) with information about federal incentives. Further, in both the Requests for Qualifications (RFQ) and Requests for Proposals (RFP) stages, they suggested agencies: clarify legal authorities, lease terms, and financial incentives; detail lessee qualification requirements; lengthen response timeframes; and provide all relevant information in a centralized location on the web.

The two lessees and the financial representatives also emphasized that when the historic tax credit is combined with other incentives, such as the Low-Income Housing Tax Credit and New Markets Tax Credit, as well as state historic tax credits, it is the most impactful. They further noted that projects that combine tax credit incentives can meet public housing needs, improve local economies, and achieve preservation goals. Consequently, federal agencies that administer related tax credits and work with affordable housing (e.g., Internal Revenue Service, HUD, and the U.S. Department of the Treasury Community Development Financial Institutions Fund), would benefit from having agency officials with expertise specific to federal historic building outleasing, who could serve as informed resources to lessees.

Finally, the two lessees explained that agencies should be equipped to develop RFEIs, RFQs, and RFPs; rigorously evaluate the subsequent responses; and then, if warranted, partner with the selected lessee for the long term. They recommended dedicated agency staff assist with contracts (e.g., standard construction loan documents) and financial details, and collaborate to successfully complete required review processes, including those for NHPA Section 106 and historic tax credits, as appropriate.
**RECOMMENDATIONS**

The Working Group members developed the following recommendations after taking into consideration their assessment of the status of outleasing and obstacles thereto.

**Foster Interagency Coordination and Administrative Efficiencies**

Working Group discussions often returned to the need for interagency coordination and improved efficiency. To that end, the Working Group proposes the following actions (below).

- **Formalize a process for sharing existing expertise and resources.**
  - The ACHP should work with GSA’s award-winning NHPA Section 111 outleasing program and GSA’s Office of Real Property Utilization and Disposal (RPUD) to establish a “Center of Outleasing Excellence,” which would develop and promote a standardized process that facilitates consideration of partial- and whole-building outleasing opportunities; provides federal agencies with access to GSA’s expertise and resources, (e.g., real estate market analysis, marketing, lease negotiation, project management for tenant improvements, due diligence and environmental, “blanket purchase” agreements, and brokerage); and assists agencies in their efforts to navigate their various outleasing authorities.

- **Coordinate with HUD on affordable housing.**
  - The ACHP should work with HUD to assess where promotion of outleasing may assist with addressing affordable housing concerns. With input from HUD, the ACHP should update its 2006 **Policy Statement on Affordable Housing and Historic Preservation**, to promote the use of federal historic buildings as viable candidates for affordable housing.

- **Improve accessibility of information for federal agencies.**
  - The ACHP should work with GSA’s **Office of Government-wide Policy** and the FRPP MS to identify how best to centralize and make accessible to federal agencies pertinent data concerning federal historic real property available for outleasing to nonfederal partners.

Through the lease, the Forest Service and Northland College will achieve the vision intended for Forest Lodge as a center for environmental leadership, sustainability, and conservation education.

‘’

**Doug Stephens**

Federal Preservation Officer, Forest Service
Department of Agriculture

Northland College has invested millions of dollars in capital improvements, helping revive the rural community and economy while also benefiting the federal government and the Chequamegon-Nicolet National Forest. (Northland College)
• Improve accessibility of information for prospective lessees and partners.
  • The ACHP should work with GSA, VA, and others to establish contacts at and collaborate with the SBA, HUD, U.S. Department of Commerce, USDA Rural Development offices, and the Economic Development Administration offices, and distribute information about federal partial- and whole-building outleasing opportunities and specific best practices for financing outleasing projects.
  • The ACHP should seek opportunities to collaborate with entities engaged in post-COVID-19 economic recovery, to identify areas where promotion of outleasing could assist.

• Promote combined use of tax credits.
  • The ACHP should work with the NTCIC and with the federal agencies responsible for administering and working with federal tax credits (e.g., Federal Historic Preservation Tax Incentives Program, Low-Income Housing Tax Credit Program, and New Markets Tax Credit Program) and promote their use with other federal (e.g., Opportunity Zones) and state incentives. The ACHP should engage and partner with these agencies to promote inclusion of historic preservation in the typical public-private and public-nonprofit partnership financing package, and market historic preservation as an asset/tool for securing additional capital for adaptively used, income-producing historic properties.

• Explore opportunities for avoiding duplicative reviews with SHPOs.
  • The ACHP should work with NCSHPO to survey SHPOs about their internal processes for coordinating historic tax credit reviews and NHPA Section 106 reviews. For example, a Section 106 federal agency program alternative (e.g., programmatic agreement, program comment, etc.) for outleasing and rehabilitation, pursuant to 36 CFR § 800.14, could facilitate the use of historic tax credits on federal outleasing projects by establishing a single, coordinated, and efficient review process, in addition to providing other efficiencies that address the entirety of an outleasing project (e.g., stabilization of a property prior to outleasing, associated new construction, maintenance, etc.).

Expand Marketing and Education

The Working Group found that one of the obstacles to increased outleasing was a lack of familiarity and expertise working with these types of projects, both inside and outside the federal government. To inform a wider audience of the benefits of outleasing federal historic buildings, the Working Group proposes the following actions (below).

• Incorporate findings and recommendations in training.
  • The ACHP should incorporate the Working Group’s findings and recommendations into its classroom, webinar, and e-learning training to inform federal, state, and tribal agencies and others of the opportunities and benefits associated with outleasing.
• The ACHP should encourage other federal agencies, including GSA and HUD, among others, to incorporate the Working Group’s findings and recommendations into their relevant training programs, and/or develop joint training programs.

• Participate in thematically relevant conferences and panel discussions.
  • The ACHP should work with GSA, HUD, and other federal agencies to identify opportunities to participate in conferences, round tables, panel discussions, etc. hosted by other entities where the promotion of outleasing is thematically compatible (e.g., public-private and public-nonprofit partnerships, affordable housing, stewardship of federal historic properties, commercial ventures, post-COVID-19 economic recovery, etc.).
  • The ACHP should seek opportunities to present the Working Group’s findings and recommendations in a variety of venues to reach varied audiences.

Incentivize Outleasing Policies

The Working Group’s final recommendation is to incentivize outleasing by improving the alignment of property management and stewardship policies. To accomplish this, the Working Group proposes the following actions (below).

• Pursue revisions to the Strategy and address any challenges associated with whole-building outleases and associated agency submissions.
  • In collaboration with GSA, VA, NASA, and potentially other federal agencies, the ACHP should urge OMB to allow federal historic outleases to count toward agency Strategy goals, and also to include outleasing as a “best practice” in the Strategy when it is next revised. OMB’s 2020 memo noted “with the Federal Real Property Council and GSA, OMB will perform outreach to private sector entities and other interested parties to ensure that the best practices and strategies employed by the private sector are included in the final Strategy.” The opportunity for substantive dialogue should be seized promptly.
  • The ACHP should also survey federal agencies to assess how much their totals might be improved and operating costs reduced if outleased federal historic buildings (or portions thereof) counted toward Strategy totals.
  • In collaboration with GSA, VA, NASA, and potentially other federal agencies, the ACHP should engage OMB to address any budget scoring challenges associated with whole-building outleases and standardize agency submissions to their OMB representatives regarding federal historic outleases, improving transparency.
  • Pursue issuance of an executive order to encourage outleasing.
    • With Working Group member agencies, the ACHP should pursue the issuance of an executive order to encourage outleasing. Such an order should clarify “a federal agency shall use, to the maximum extent feasible, historic property available to the agency,” and “after consultation with the Council,” under Section 111 of the NHPA, as well as clarify “federal agencies shall give consideration to historic properties within historic districts” when “operationally appropriate and economically prudent” under EO 13006 (Locating Federal Facilities On Historic Properties In Our Nation’s Central Cities, May 21, 1996), which was amended in part by EO 13946 (Targeting Opportunity Zones and Other Distressed Communities for Federal Site Locations, August 24, 2020). It should also integrate the FRPP MS database, establish a role for GSA’s new Center of Outleasing Excellence and RPUD, and provide for coordinated compliance with NHPA Section 106 and other review processes.
    • Such an order should also advance compatible goals of the ACHP’s Digital Information Task Force, such as examining efficiencies of digitization and ease of information access and dissemination, as they apply to federal agency NHPA Section 110 responsibilities.

At a March 2020 Working Group meeting, group members heard from two private sector developers/lessees of federal property, Jonathan Beck, development project manager, The Alexander Company, discussed his company’s adaptive use of six historic buildings at the Veterans Affairs Soldiers Home in Milwaukee, Wisconsin. Rose Schweikhart, owner of the Superior Bathhouse Brewery, described her company’s adaptive use of a historic bathhouse in Hot Springs National Park, Arkansas, as a brewery and restaurant.
In addition to the specific recommendations, the Working Group formulated a series of best practices that agencies could follow to improve the effectiveness of outleasing as a property management and historic preservation tool. The best practices listed below were drawn from meeting highlights and can inform policymakers and practitioners as they approach outleasing opportunities.

Best Practices for Federal Agency Outleasing Programs

Working Group members determined that federal agency outleasing programs perform best when:

• Agency leadership is familiar with an agency’s historic assets, the benefits associated with outleasing, and available outleasing authorities.

• Agency leadership is familiar with their historic assets’ appraised values, which must adequately consider adaptive use potential and market conditions.

• Agencies are familiar with federal and agency-specific use restrictions, approval processes, and deadlines and penalties associated with noncompliance.

• Dedicated agency leasing and qualified preservation staff work together to do the following: identify and market opportunities, develop project requirements, and evaluate responses (e.g., via RFEIs, RFQs, and RFPs); negotiate lease terms and tenant improvements; address statutory requirements; monitor construction; and, coordinate reporting.

• Adequate time is allotted by agencies for prospective partner responses, and agencies are equipped to evaluate responses in a uniform and fair manner.

• Information is provided by agencies in a centralized, publicly accessible location.

• Opportunities with low burden/high revenue potential (e.g., parking lots, antennae, solar panels) and partial-building outleases (e.g., retail, rooftops) are maximized by agencies.

• Plans for lease proceeds are developed early on to address leasing and preservation program needs.

• Interagency partnerships provide expertise and services (e.g., real estate market analysis, marketing, lease negotiation, project management for tenant improvements, due diligence and environmental, “blanket purchase” agreements, and brokerage).

• Funds can be secured by agencies for development of baseline documentation (e.g., as-built plans and drawings, HABS, National Register nominations), infrastructure improvements (e.g., environmental remediation, and HVAC or utility improvements), and basic stabilization (e.g., addressing water infiltration or pest removal) of prospective outleasing properties.

Best Practices for Federal Outleasing Projects

Working Group members determined that federal outleasing projects perform best when:

• Agencies provide clear information on federal and agency-specific use restrictions and associated legal authorities, approval processes, deadlines, and penalties associated with noncompliance.

• Adequate time is budgeted for prospective partner responses, and agencies evaluate responses in a uniform and fair manner.

• Information is provided by agencies in a centralized, publicly accessible database.

• Dedicated agency leasing and qualified preservation staff work together to support the partnership, assisting with statutory requirements and coordinating reporting.

• Agencies provide baseline documentation and invest in infrastructure improvements and basic stabilization prior to offering a property to the outleasing market.

• Partners allow for flexibility and creativity in project design.

• A combination of funding mechanisms and tax credit incentives are explored (e.g., grants, fundraising campaigns, historic tax credit, Low-Income Housing Tax Credit, New Markets Tax Credit, and other incentives).

• Historic preservation is considered part of the typical public-private and public-nonprofit partnership financing package and marketed as an asset/tool for securing additional capital.
CONCLUSION

The ACHP’s Working Group helped the agency assess the status of outleasing and develop recommendations for overcoming obstacles to outleasing. The Working Group’s three overarching recommendations—to foster interagency coordination and administrative efficiencies, expand marketing and education, and incentivize outleasing policies—advance the ACHP’s larger mission, which is to promote the preservation, enhancement, and sustainable use of the nation’s diverse historic resources.

As noted previously, Working Group members decided to focus their efforts solely on outleasing. During the comment period on this Final Report, however, some members said the matter of co-location in federally owned historic buildings still warrants the ACHP’s attention. Federal agencies have made strides in this area, but clarification is needed on relevant legal authorities and the process by which prospective federal lessees lease federal property not controlled by their own agency. The Working Group urges the ACHP membership to acknowledge this concern and address it in the near future.

IN APPRECIATION

The authors wish to thank former ACHP Chairmen Aimee Jorjani and Milford Wayne Donaldson as well as former Executive Director John Fowler for their guidance and support of this important Working Group. They championed the issues of promoting interagency cooperation and creative thinking regarding federal buildings.

Principal authors
Kirsten B. Kulis
Angela B. McArdle

Assisted by
Christopher Daniel
Laura Lavernia
Ana Perez
Shayla Shrieves
Glenn M. Vaulx III
Tom McCulloch, PhD, RPA
Reid J. Nelson
Working Group Members
ACHP Members
OUTLEASING AUTHORITIES LIST

Agencies utilize numerous legal authorities to make productive use of their historic buildings; many of them are agency- or program-specific and designed to either support the outleased building or to provide “no year” (flexible spending schedule) funds for agency’s facilities’ or general use.

GSA, NASA, and NPS use NHPA Section 111 (54 USC § 306121), which requires “that the lease […] will adequately ensure the preservation of the historic property.” Enhanced Use Lease (EUL) authorities include NASA’s Space Act (51 USC § 201) and VA’s Enhanced-Use Leases of Real Property (38 USC §§ 8161-8169). USDA’s Forest Service, U.S. Postal Service, and VA also use many other specific authorities, the majority of which do not include preservation requirements.

NPS enjoys a specific authority for outleasing of properties in park areas (54 USC § 102102), which does not require preservation in and of itself, but a corresponding management policy (i.e., NPS Management Policies (2006)) “require(s) the work be done in accordance with applicable Secretary of the Interior’s standards and guidelines and other NPS policies, guidelines, and standards.”

The outleasing authorities list below includes information provided by each federal agency about their use of each authority.

**U.S. General Services Administration**
- **NHPA 111/54 USC § 306121** (Facilities Outleased: 168) GSA’s FY20 outleasing revenue was $12 million, and outleasing has generated ~$174 million since 2000.

**National Aeronautics and Space Administration**
- **NHPA 111/54 USC § 306121** (Facilities Outleased: 2) Ames Research Center (ARC) for Moffett Air Field and Carnegie Mellon University.
- **Space Act Enhanced Use Lease (EUL)/51 USC § 201** (Facilities Outleased: 37) Mostly at ARC and Kennedy Space Center; proceeds do not expire and there are not restrictions on how funds are spent except 35 percent must be spent on energy projects. All proceeds can be rescinded by leadership, “for use on more critical NASA projects.”

**U.S. Department of the Interior, National Park Service**
- **NHPA 111/54 USC § 306121** (Facilities Outleased: 5) Allows for proceeds to be used to administer a historic leasing program.
- **NPS and Related Programs: Privileges and Leases/54 USC § 102102** (Facilities Outleased: ~5-10/Yr.) Allows for residential uses (e.g., Cape Cod National Seashore Cabins) as well as commercial, and proceeds offset improvements and expenditures against fair market rent. Also allows for outleasing to other persons, and local, state, or federal agencies (“The Service[…] may enter into a lease with any person or government entity for the use of buildings and associated property […]”). Much of the work, to improve the property, is completed by the lessee under the guidance and in consultation with the NPS as required under the terms of the lease, whereby they obtain credit against future lease payments due to the NPS for the cost of the work. Corresponding management policy (i.e., NPS Management Policies (2006)) “require(s) the work be done in accordance with applicable Secretary of the Interior’s standards and guidelines and other NPS policies, guidelines, and standards.”
- **NPS and Related Programs: Concessions and Commercial Use Authorizations/54 USC § 101912** (Facilities Outleased: 500 historic and nonhistoric) Allows for assignment of property, along with maintenance and construction, to a concessioner based on contract terms. Uses are required to be “necessary” commercial visitor services. Proceeds are to be used for “visitor related purposes and to administer the commercial services program.” Corresponding management policy (i.e., NPS Management Policies (2006)) “require(s) the work be done in accordance with applicable Secretary of the Interior’s standards and guidelines and other NPS policies, guidelines, and standards.”
- **NPS and Related Programs: Promotion and Regulation/54 USC § 100101** (Facilities Outleased: Numerous) “Special Use Permits may be issued to maintain cultural landscapes through agricultural use. Per 54 USC § 103104 ‘Notwithstanding any other provision of law, the Service may recover all costs of providing necessary services associated with special use permits. The reimbursements shall be credited to the appropriation current at that time.’ This provision applies only to Special Use Permits. Any cost recovery collected under the permit may be used to administer and provide support for that permit.” Corresponding management policy (i.e., NPS Management Policies (2006)) “require(s) the work be done in accordance with applicable Secretary of the Interior’s standards and guidelines and other NPS policies, guidelines, and standards.”

14 | Leveraging Federal Historic Buildings Working Group • Final Report | Spring 2021
U.S. Department of Agriculture (Natural Resources Conservation Service and Forest Service)

- **NHPA 111/54 USC § 102102**
  - **Granger-Thye Act (Section 7)/16 USC § 580d** Allows for “offset” (limited to the fee amount) of “concession fee” with maintenance and improvements ‘at the concessioner’s expense [which are] deemed to be Forest Service’s responsibility under the terms of the permit.”
  - **Forest Service Facility Realignment and Enhancement Act (FSFREA), Title V/16 USC § 580d** Authorizes Forest Service to lease administrative sites and retain rent for improvement of the administrative sites.
  - **Agriculture Improvement Act of 2018 (2018 Farm Bill) Section 8623/16 USC § 580d** Allows Forest Service to accept in-kind consideration as rent for improvement of the sites. “The amount of in-kind consideration is limited to the amount of the rent, although rent for multiple years may be aggregated to increase the amount of in-kind consideration available for large projects.”

U.S. Postal Service

- **General Powers of the Postal Service/39 USC § 401(5)** Grants the Postal Service the power to hold, maintain, sell, lease, or otherwise dispose of real property or any interest therein. This grant gives the Postal Service a broad right to lease and dispose of real property and is used frequently in outleases, sales, etc.

U.S. Department of Veterans Affairs

- **NHPA 111 Historic Reuse Program (HRP)/54 USC § 102102** Newer program at VA, makes vacant and/or underutilized VA-owned historic assets available for reuse or exchange at minimal cost.
  - **Enhanced Use Lease (EUL)/38 USC § 8161-8169** (Facilities Outleased: 103 historic and nonhistoric, comprising more than 3,100 units of housing, since 1991) For the purposes of private-sector development (private, nonprofit, or local government) and of supportive housing only. Of the 103 EULS, 47 are operational housing EULs that have raised more than $500 million of private sector capital. There are also 29 operational nonhousing EULs authorized under the previous expanded EUL legislation, which expired in 2011 but allowed for leases consistent with VA’s mission—not limited to supportive housing. The remaining 20 EULs have been terminated, transferred, or expired. There are a total of seven new EULs under construction. After paying for EUL-associated expenses, remaining proceeds are deposited in the Department of Veterans Affairs Medical Care Collections Fund.
  - **National Cemetery Administration (NCA) Outleasing Program/38 USC § 2412** (Facilities Outleased: ~10 historic and nonhistoric) Shorter term (10 years). These are for “leases of any undeveloped land and unused or underutilized buildings, or parts or parcels thereof, and proceeds can be used to support other operations/maintenance NCA purposes.”
  - **Veterans Health Administration (VHA) Sharing Use of Space/38 USC § 8153** (Facilities Outleased “Shared: Numerous) Allows for sharing agreements related to the use of VHA space for up to 20 years. “Proceeds must be deposited into the correct medical care appropriation account at the VA medical facility.” Includes telecommunications equipment.
  - **Quarters Outleasing Program/5 USC § 5911** (Facilities Outleased: ~235 “Quarters”) Program is run by the U.S. Department of the Interior and must abide by OMB Circular A-45. Used by VA employees, who may also seek alternative housing elsewhere, or Without Compensation Students. Proceeds are used for maintenance of the Quarters buildings.
AGENCY DECISION-MAKING CONSIDERATIONS

When deciding whether a historic property is a viable candidate for outleasing and should remain in the federal inventory, a federal agency should consider the following:

- **NHPA Section 110 (54 USC § 306101) responsibilities:** “Prior to acquiring, constructing, or leasing a building for purposes of carrying out agency responsibilities, a Federal agency shall use, to the maximum extent feasible, historic property available to the agency, in accordance with Executive Order 13006.”

- Long-term federal occupancy/mission needs and the benefits of transferring capital improvement and maintenance costs to others.

- Historic significance and integrity of the property.

- Revenue potential (e.g., opportunities with low administrative burden and high return on investment).

- Location, public accessibility, and proximity to public transit.

- Environmental conditions.

- Security needs and concerns.

- Market interest, challenges, opportunities, and trends.

- Status of deferred maintenance and the degree of initial/upfront financial and temporal investment needed to stabilize and prepare the property for competitive marketing.

- Type of outlease best-suited for the property (e.g., targeted full or partial-building outleases).

- Federal and agency-specific use restrictions.

- Availability of interagency partnerships that could help address agency outleasing and portfolio management needs for various services (e.g., real estate market analysis, marketing, lease negotiation, project management for tenant improvements, due diligence and environmental, “blanket purchase” agreements, and brokerage).
APPENDIX C. OUTLEASING SUCCESS STORIES

PRESERVATION OUTLEASING SUCCESS STORY

THE PROJECT

Forest Lodge, listed on the National Register of Historic Places in 1992, was the site of a logging camp in the late 1890s and later became an estate for the Livingston and Griggs Burke families. In 1999, private owner Mary Griggs Burke conveyed the estate to the Chequamegon-Nicolet National Forest (managed by the U.S. Department of Agriculture Forest Service), setting aside 50 acres of the 872-acre estate to be preserved and cultivated as a premier center for environmental leadership, sustainability, and conservation education. Since 2013, Forest Lodge has been transitioning from being closed to the public to open but having to do so with very limited facilities—due to the condition of the buildings. With limited funding to manage the 15 buildings and grounds at Forest Lodge, the Chequamegon-Nicolet National Forest and Northland College signed a lease in 2017 under Section 111 of the National Historic Preservation Act allowing Northland College to operate and maintain Forest Lodge for 60 years.

THE PROCESS

The Northland College lease was especially important to the Forest Service because it was its first venture with Section 111 leasing, also known as outleasing. The Forest Service researched other agencies’ use of the authority, followed due diligence procedures designed for establishing a special use permit, determined the market value of the lease, conducted an environmental review, and developed an operating plan with the lessee. The lessee was required to develop a business plan; carry property and liability insurance; be responsible for the preservation of the historic properties through occupancy, maintenance, and monitoring; and operate Forest Lodge in a manner that provides for public health and safety and protects its environment and natural resources. To ensure the operation was profitable for the partner and ultimately ensure the long-term success of the lease, the terms of the lease allow for the lessee to begin payment when all the buildings and grounds become available for programming. The length of the lease also allows the lessee to take advantage of historic preservation tax credits.

“Through the lease, the Forest Service and Northland College will achieve the vision intended for Forest Lodge as a center for environmental leadership, sustainability, and conservation education.”

— Doug Stephens, Forest Service Federal Preservation Officer

Leasing Historic Property with a Shared Mission

Cable, Wisconsin

THE PROCESS

The Northland College lease was especially important to the Forest Service because it was its first venture with Section 111 leasing, also known as outleasing. The Forest Service researched other agencies’ use of the authority, followed due diligence procedures designed for establishing a special use permit, determined the market value of the lease, conducted an environmental review, and developed an operating plan with the lessee. The lessee was required to develop a business plan; carry property and liability insurance; be responsible for the preservation of the historic properties through occupancy, maintenance, and monitoring; and operate Forest Lodge in a manner that provides for public health and safety and protects its environment and natural resources. To ensure the operation was profitable for the partner and ultimately ensure the long-term success of the lease, the terms of the lease allow for the lessee to begin payment when all the buildings and grounds become available for programming. The length of the lease also allows the lessee to take advantage of historic preservation tax credits.

The Forest Service executed an outlease with Northland College, a private, liberal arts college with a progressive focus on the environment and sustainability, to operate and maintain Forest Lodge for 60 years. (Northland College)
THE SUCCESS

The lease has created more opportunities for public use of Forest Lodge than ever before. Through the lease, Northland College has coordinated the operations of Forest Lodge as an environmental education and conference center; conducting forestry and water science research in the greater Chequamegon Bay region, hosting programs and events, and coordinating its use by other institutions, organizations, and public and private groups. Forest Lodge has also served as a hub for historic preservation trades training, hosting the HistoriCorps Institute program, the educational and training arm of HistoriCorps in which students learn hands-on skills for successful preservation construction projects. Additionally, Forest Lodge has partnered with the Cable Natural History Museum to develop interpretive walks of the grounds. Thanks to the lease, Northland College and the Forest Service have been able to work together to protect and preserve the site and provide access and conservation education programming to the public.

Partners:

- U.S. Forest Service
- Forest Service Passport in Time Volunteer Program
- AmeriCorps
- Cable Natural History Museum
- HistoriCorps
- Job Corps
- Lac Courte Oreilles Ojibwe Community College
- Northern Bedrock Historic Preservation Corps
- Northland College
- Wisconsin Historical Society

Left, interior of Forest Lodge boathouse on Lake Namekagon, Wisconsin (Northland College); Right, restored interior available for use for a variety of programs (Northland College)
‘All Clear’ for Leasing at Floyd Bennett Field and Gateway National Recreation Area
New York and New Jersey

THE PROJECT

Floyd Bennett Field, located in the New York metropolitan area, was listed on the National Register of Historic Places in 1981 due to its association with mid-20th century commercial aviation architecture. The field opened in 1931 and served as a point of departure for the record-breaking flights of famous aviators such as Amelia Earhart and Howard Hughes. The site was converted to a Naval Air Station in 1941, and it was the most active airport in the United States during World War II. It is just one of the historic resources that make up Gateway National Recreation Area (GNRA), a 27,000-acre National Park Service (NPS) urban park that spans the New York Harbor. Unfortunately, however, the harsh climate, disuse, and deferred maintenance had taken their toll.

THE PROCESS

In 2013, as the park faced particularly challenging funding shortfalls and park-wide damages from Hurricane Sandy (2012), staff began considering opportunities to outlease portions of the facilities to nonfederal partners. At Floyd Bennett Field, the Williams Companies, a natural gas processing and transportation company, proposed installing a natural gas meter and regulating station in two historic air hangars as part of a larger pipeline project. A historic structures report was completed to guide the rehabilitation effort. In accordance with relevant requirements, Williams rehabilitated the hangars, which were in serious disrepair and in danger of collapse. Williams’ lease—also known as an outlease—is for 10 years, and requires that the lessee provide the ongoing maintenance of the hangars.

THE SUCCESS

Building on the success of the Williams lease, in 2014 NPS also leased a historic riding stable and grounds to the Jamaica Bay Riding Academy along the northern shoreline of the Bay. The Floyd Bennett Field rehabilitation project was the recipient of the Advisory Council on Historic Preservation’s Chairman’s Award in 2017. In 2018 and 2019, two marinas were also outleased in the Jamaica Bay and Staten Island Units of GNRA. NPS continues leasing efforts at Sandy Hook’s Fort Hancock National Historic Landmark, which fronts the Atlantic Ocean and sustained extensive damage from Hurricane Sandy. The Secretary of the Interior’s GNRA Fort Hancock 21st Century Advisory Committee provides advice on the NPS’ “rolling” request for proposals for residential, lodging, or related business uses there, which has yielded six long-term leases with rehabilitation projects underway.

Here at Gateway, we see leasing as an important tool for bringing much-needed investment to the rehabilitation and maintenance of our historic structures, while creating for the public a greatly enhanced experience of these landscapes that are so fundamental to our American story. It’s a win all around.”

— Jennifer Nersesian, Superintendent, Gateway National Recreation Area

Partners:

National Park Service
Federal Energy Regulatory Commission
New York State Historic Preservation Office
The Williams Companies

Floyd Bennett Field and historic air hangar in New York, part of Gateway National Recreation Area (NPS)
Preservation Outleasing Success Story

Preserving an Art Moderne Masterpiece: U.S. Courthouse
Los Angeles, California

THE PROJECT

Monumental in scale and concept, the U.S. Courthouse on North Spring Street occupies a double-sized urban block site in downtown Los Angeles and forms an integral part of the Los Angeles Civic Center, along with Los Angeles City Hall and the Hall of Justice. When completed in 1940, the 17-story edifice was the largest federal building in the western U.S., signaling a strong and stable governmental presence during a time of uncertainty. Designed by Gilbert Stanley Underwood in the Art Moderne Style, the granite-clad exterior conveys a sense of composed dignity via symmetrical, stepped rectangular massing; a restrained use of ornamentation; and window openings arranged to resemble vertical ribbons. The interior lobbies retain their original polychrome terrazzo floors, ornamental plaster ceilings, marble walls, statuary, painted murals, and ornate aluminum fixtures.

The U.S. Courthouse’s Courtroom No. 8 is nationally significant as the venue for the court case, Méndez et al. v. Westminster School District of Orange County et al. (1946), a lawsuit filed by five Hispanic families whose children were denied admission to public schools in southern California. The court heard the first federal challenge to the doctrine of “separate but equal.” The decision determined that separate was, in fact, not equal. The U.S. Courthouse was listed in the National Register of Historic Places in 2006 and designated a National Historic Landmark in 2012.

THE PROCESS

The relocation of the U.S. District Courts to a new courthouse in 2016 left vacant interior space. This threatened the economic viability and continued federal ownership of the U.S. Courthouse building. The building had substantial capital investment needs at a level that was “non-competitive” within the context of nationwide funding levels. Rather than an adaptive use approach, which often leads to substantial alteration of courtroom interiors to accommodate a new use, the U.S. General Services Administration’s (GSA) rehabilitation strategy focused on

“Los Angeles County Superior Court at the Spring Street Federal Building is a great example of utilizing historic underutilized federal space for their unique needs while reinvesting in preservation. Nearly three years into this lease, taxpayer savings continue to be realized.”

— Tom Scott, GSA Regional Administrator, Pacific Rim Region

The monumental U.S. Courthouse forms an integral part of the Los Angeles Civic Center, along with Los Angeles City Hall and the Hall of Justice. (Carol M. Highsmith Photography, Inc./GSA)
finding a compatible tenant as an interim solution. GSA’s goal was to retain original interior configurations, significant fixtures, and finishes of all the historic courtrooms, particularly Courtroom No. 8, as designed by Underwood.

As part of an approach centered on the efficient use of federal real estate assets, GSA entered into a 10-year lease agreement—also known as an outlease—with the Judicial Council of California of floors 1, 2, 8, and 9 for use by the Los Angeles Superior Courts. The remainder of the building is occupied by the U.S. Attorney’s Office and the U.S. Marshals Service.

THE SUCCESS

This collaboration between federal, state, and local governments in the public interest allows for the preservation of all 16 historic courtroom interiors by continuing their original use. The use of Section 111 of the National Historic Preservation Act keeps the building in public use while GSA works to develop a long-term strategy for reinvestment and use of the building, which will require significant appropriations to address its occupancy and capital investment needs to maintain it as a viable federal asset.

Left, when completed in 1940, the 17-story edifice was the largest federal building in the western U.S. (Carol M. Highsmith Photography, Inc./GSA); Right, the U.S. Courthouse’s Courtroom No. 8 is nationally significant as the venue of the first federal challenge to the doctrine of “separate but equal.” (Carol M. Highsmith Photography, Inc./GSA)
The U.S. General Services Administration (GSA) Building in Washington, D.C., constructed as the headquarters for the U.S. Department of the Interior (DOI) between 1915 and 1917, was the first truly modern office building constructed by the U.S. Government and served as a national model for federal offices through the early 1930s. After GSA was established in 1949, its headquarters became the former DOI building, as DOI moved to a newer and larger building nearby. The Neoclassical-style GSA building, designed by New York architect Charles Butler, was listed in the National Register of Historic Places in 1986. In the early 2000s, GSA proposed a comprehensive modernization including the following: restoration of significant interior public and executive spaces; exterior repairs and alterations; elevator upgrades; mechanical, plumbing, and life-safety improvements; construction of an infill addition; window sash rehabilitation; and construction of retail additions on the rear elevation, to serve an area of the Foggy Bottom neighborhood with very few such establishments.

THE PROCESS

Carefully addressing preservation, sustainability, building performance, and space utilization goals, GSA completed the first phase of the project with funds from the American Recovery and Reinvestment Act in 2013. Glazed infill additions included new office, meeting room, and special function space, which increased building efficiency and improved circulation by connecting the E-shaped building’s wings. A “green” roof, photovoltaic roof panels, increased insulation, window rehabilitation, and features such as daylight sensor-driven window shades and lighting helped the project achieve substantial energy savings, earning the United States Green Building Council’s Leadership in Energy and Environmental Design Gold Certification. Increased teleworking and initiation of a new “hoteling” strategy for building occupants, in which employees reserve their workstations on an ongoing basis, allowed for consolidation of employees. In 2012, the building housed 2,600 employees, and today provides office space for 3,600 employees. The addition of public retail pavilions flanking the ground-floor courtyard entrances and facing historic Rawlins Park was part of an agency-wide effort to project a more open and engaging face to the public and also contribute to the revitalization of the neighborhood.

“We are proud to be a partner in the effort to restore and preserve the country’s heritage while delivering value to the American people.”

— Dan Mathews, Former GSA Public Buildings Commissioner

A National Model Public Building: GSA Headquarters
Washington, D.C.
THE SUCCESS

The new retail showcases GSA’s award-winning National Historic Preservation Act Section 111 outleasing program and is a critical element of this model rehabilitation. Section 111 allows federal agencies to lease property to the private sector and use the proceeds to strategically reinvest in their historic properties and preservation programs. GSA’s outleases make otherwise often highly secure federal buildings more accessible to the public; introduce retail, hotel, and museum uses; allow limited access to movie and television crews; and even contribute to telecommunications infrastructure with additional rooftop antennae. Established in 1999, GSA’s program has earned more than $173 million in income, while the outleasing projects themselves comply with the Secretary of the Interior’s Standards for Rehabilitation. The three new restaurants at GSA’s headquarters, one of which is locally owned, enliven the neighborhood and serve office workers, students from an adjacent university, as well as visitors to the National Mall and nearby museums. Balancing historic preservation requirements with state-of-the-art updates, and federal security standards with the needs of the neighborhood, GSA’s rehabilitated headquarters serves once again as a national model for federal offices.

Left: new glazed infill additions include new office, meeting room, and special function space. (Sarah A. Garner/GSA); Right: ground-floor retail contributes to the revitalization of the neighborhood. (Taylor J. Lednum/GSA)

Partners:
- U.S. General Services Administration
- U.S. Department of the Interior
- National Park Service
- Advisory Council on Historic Preservation
- U.S. Commission of Fine Arts
- National Capital Planning Commission
- DC State Historic Preservation Office
- Advisory Neighborhood Council 2S
- American Architectural Foundation
- American Institute of Architects
- California Tortilla
- Committee of 100 on the Federal City
- Corcoran Gallery
- DC Department of Transportation
- DC Preservation League
- George Washington University
- Greenberry’s Coffee Co.
- Shalom Baranes Architects
- Which Wich Sandwiches
PRESERVATION OUTLEASING SUCCESS STORY

NPS Outleasing Program Revitalizes Historic Bathhouse Row
Hot Springs, Arkansas

THE PROJECT

Accented with Spanish Colonial- and Mediterranean-Revival Style architectural features, Bathhouse Row is a National Historic Landmark District consisting of historic therapeutic bathhouses and the landscape that surrounds them. The buildings form an urban edge at the base of the 5,500-acre Hot Springs National Park, which was founded in 1832 as the Hot Springs Reservation. It became a National Park in 1921. The 1915 Fordyce Bathhouse serves as the park visitor center and museum and includes a historic gymnasium; the 1922 Ozark is the park’s gallery and cultural center; the 1923 Lamar houses Eastern National’s Bathhouse Row Emporium; and, the Buckstaff Baths, in business at that location since 1912, still offers a traditional and luxurious thermal mineral bathing experience.

THE PROCESS

With the advent of modern medicine and the decline of bathing as a therapeutic treatment, the remaining four bathhouses closed in the 1970s and ‘80s, and then suffered from decades of disinvestment. In the mid-2000s, the park secured $12 million to replace roofs, remediate lead paint, address structural and life safety deficiencies, and upgrade utilities, but additional investment was still needed. Section 111 of the National Historic Preservation Act allows federal agencies to lease historic property to the private sector, and through a formal process, the park sought out proposals for commercial uses. The ornate 1922 Quapaw still had much of its bathhouse fittings and infrastructure in place and could serve in that capacity again; in 2007, the National Park Service (NPS) signed a lease with a local partnership, Quapaw Baths LLC, and a modern spa was opened in 2008. For the smallest bathhouse, the 1916 Superior, independent restauranteur Rose Schweikhart negotiated a long-term lease for a craft brewery, restaurant, and private event space, which opened in 2013. For the older 1892 Hale, next door and a bit larger, there was potential for a small boutique hotel; Hot Springs Mayor Pat McCabe and his wife Ellen took on the adaptive use project which opened in 2019.

“Our business partners invest significant amounts of time, money, and heart into working with us to preserve these special places. Together, our efforts ensure the historic bathhouses have a new life and new energy to serve our visitors now and in the future.”

— Laura A. Miller, Superintendent, Hot Springs National Park

The local partnership that leases the historic Quapaw Baths offers visitors award-winning spa experiences. (NPS)
THE SUCCESS

Today, the Buckstaff and Quapaw continue to provide visitors award-winning historic spa experiences, while the Fordyce and Ozark serve as park and community gathering spaces. The historic row is now further enlivened by the Hale Hotel and its gourmet restaurant, which received Preserve Arkansas’ 2019 Excellence in Preservation through Rehabilitation Award, and the Superior Bathhouse Brewery, which is the only brewery in a National Park and the only brewery in the world that utilizes thermal spring water to make beer. In an effort to bring back one of the last remaining underutilized historic bathhouses, the 1912 Maurice with a therapeutic pool in the basement, Park Superintendent Laura Miller is requesting funds for upgrading building systems.

Visitors stroll along Bathhouse Row, a National Historic Landmark District, to which the numerous Spanish Colonial- and Mediterranean-Revival Style bathhouses contribute. Since 2013, the Superior Bathhouse Brewery has served as a craft brewery, restaurant, and private event space. (NPS)
Launch Complex 39A: A Historic Legacy of Supporting Space Travel
Merritt Island, Florida

THE PROJECT

In 1965, the National Aeronautics and Space Administration (NASA) began construction of Launch Complex (LC) 39A to support the Apollo Program. The historic launch site of Apollo 11 in 1969, which landed men on the Moon and returned them safely to Earth, LC-39A hosted Apollo missions until 1972 with the launch of Apollo 17. LC-39A was listed on the National Register of Historic Places in 1973 for its association with the Man in Space Program, and amended in 2000 under the historic context for Apollo. During the next three decades, the pad was the launch site for 82 space shuttle missions, including STS-1, the first shuttle launch; STS-7, first flight of U.S. woman astronaut Sally Ride; STS-125, the final servicing mission for the Hubble Space Telescope; and many more throughout the program’s 30-year-span, which also includes launches for the first U.S. space station, Skylab, and in July 1975, the site of the first crewed international space mission, the Apollo–Soyuz Test Project. On July 21, 2011, Space Shuttle Atlantis’ wheels came to a full stop on Kennedy Space Center’s (KSC) runway, concluding the STS-135 mission and bringing the Space Shuttle Program to an end. NASA expanded the period of significance for LC-39A to include the Space Shuttle Program dating from 1981-2011. In 2012, NASA began to transform the government-use-only launch site to a multi-user spaceport as part of an effort to make NASA’s assets and facilities available to the commercial space industry.

THE PROCESS

In 2014, KSC began the process to lease—or outlease—LC-39A to a commercial partner, which would necessitate modifications to the site, including the construction of facilities to support launch processing activities. NASA determined that the planned modifications would enable LC-39A to continue its legacy of launching new space vehicles in support of NASA and commercial space exploration activities. On April 14, 2014, NASA entered into a property agreement with Space Explorations Technologies Corp. (SpaceX) for use of the launch complex for the next 20 years. Compliance with the National Historic Preservation Act (NHPA) for SpaceX’s modifications to LC-39A would be achieved through continued

“Leasing excess Kennedy Space Center infrastructure for use by our commercial partners supports the space industry, promotes economic development, allows continuing operations in low-Earth orbit, and keeps our nation’s space program strong while allowing NASA to focus resources on our exploration goals.”
— Robert D. Cabana, Director, NASA Kennedy Space Center

A 1966 aerial view of Launch Complex 39A at the Kennedy Space Center in Florida, with the 500F facilities verification vehicle on the pad during testing of the site where NASA planned to launch astronauts to the moon as part of the Apollo Program. (NASA)
consultation pursuant to NASA’s 2009 Programmatic Agreement (PA) regarding management of historic properties at KSC, which governs the ongoing management of LC-39A, and the terms of the executed lease agreement.

THE SUCCESS

This endeavor represents a true success in the NHPA Section 106 process highlighting the utilization of an existing program alternative (the 2009 management PA) in concert with a successful leasing agreement to prepare for and facilitate the leasing of a historic property. Leasing has allowed LC-39A to continue its historic legacy of supporting space travel. SpaceX has successfully maintained significant portions of the historic structure while modifying the complex to meet its own technological/operational needs. SpaceX modified the launch complex to support its Falcon 9 and Falcon Heavy rockets and built a processing hangar at the base of the pad. On February 19, 2017, a Falcon 9 rocket and uncrewed Dragon spacecraft lifted off on the company’s first launch from LC-39A. On November 15, 2020, NASA’s SpaceX Crew-1 mission lifted off from LC-39A and became the site of the first NASA-certified commercial human spacecraft system in history. LC-39A exemplifies the balance between historic preservation and supporting agency mission.

Left, Kennedy Space Center Director Robert Cabana announces that on April 14, 2014, NASA signed a property agreement with SpaceX for use and operation of Launch Complex 39A. NASA Administrator Charlie Bolden, left, and Gwynne Shotwell, president and chief operating officer of SpaceX, look on. (NASA/Dan Casper); Right, SpaceX built a horizontal processing facility at the base of LC-39A where it will process rockets and spacecraft before they are transported to the pad for launch. (NASA/Dimitri Gerondidakis)

Partners:
- National Aeronautics and Space Administration
- Kennedy Space Center
- National Park Service/Canaveral National Seashore
- Cape Canaveral Air Force Station
- Merritt Island National Wildlife Refuge/Fish and Wildlife Services
- Advisory Council on Historic Preservation
- Florida State Historic Preservation Office
- Air Force Space and Missile Museum
- Apollo One Memorial Foundation
- Brevard County Historic Commission
- North Brevard Heritage Foundation
- Spacewalk Hall of Fame
- North Brevard Historical Society
- Space Explorations Technologies Corp.
- Veterans Memorial Foundation
Preservation Outleasing Success Story

New Lease and New Life at the Morgan North General Mail Facility
New York, New York

The Project
The United States Postal Service owns a 10-story, 1.3 million square foot Art Deco Style building known as “Morgan North” and located at 341 9th Avenue in New York City. The building, which occupies a full city block, was built in 1933 and was determined eligible for listing in the National Register of Historic Places. In the early 2000s, the West Chelsea area of Manhattan—with Penn Station, Hudson Yards, and the historic High Line park a few blocks away—began experiencing a renaissance. At that time, Morgan North was not fully utilized by the Postal Service. Given the availability of space, in 2016 the Postal Service began looking for suitable tenants. In 2019, the Postal Service leased the underutilized portion of the building to New York City-based real estate development company Tishman Speyer. The long-term lease, also known as an “outlease,” includes the top six floors of the building, more than 500,000 square feet. The Postal Service will continue to occupy the basement and first four floors.

The Process
The Postal Service initiated consultation under Section 106 of the National Historic Preservation Act (NHPA) in July 2019, determining that the 99-year lease and corresponding rehabilitation was an undertaking. The Postal Service will retain ownership of the building and will meet NHPA compliance obligations. Moreover, the rehabilitation of the building will be implemented in conformance with the Secretary of the Interior’s Standards for the Treatment of Historic Properties and the recommended approaches of the National Park Service, Technical Preservation Services Branch. The Postal Service therefore found that no adverse effects to historic properties would result from the undertaking, and the New York State Historic Preservation Office concurred with the Postal Service’s finding.

The Success
According to the New York Post, Tishman Speyer intends to redevelop the space into high-tech creative office spaces with a 2.5 acre roof deck, eighth floor terrace, and 5,100 square feet of retail on 9th Avenue. The lease, which is the largest outlease in Postal Service history, affords companies and the public the ability to utilize and enjoy the historic building while also preserving its historic status and allowing for long-term federal ownership.

“We finalized our commitment to redevelop Morgan North because we saw it as an ideal fit… With its dynamic West Chelsea location, authentic character and unparalleled access to collaborative indoor and outdoor spaces, we knew that Morgan North would be a major draw…”

— Rob Speyer, President and CEO, Tishman Speyer, as quoted in New York Real Estate Journal

Partners:
U.S. Postal Service
New York State Historic Preservation Officer
New York State Office of Parks
Delaware Nation
Manhattan Community Board Four
Municipal Art Society of New York
New York City Landmarks Preservation Commission
New York Landmarks Conservancy
Tishman Speyer

Exterior façade of Morgan North General Mail Facility (U.S. Postal Service)
**THE PROJECT**

The U.S. Department of Veterans Affairs (VA) Enhanced Use Lease (EUL) program has adaptively used more than 80 historic properties in VA’s inventory, converting vacant and underutilized properties into housing and related services for at-risk and homeless veterans in need—to include EULs at four of VA’s National Historic Landmark facilities in Dayton, Ohio; Johnson City, Tennessee; Leavenworth, Kansas; and Milwaukee, Wisconsin. EULs provide a mechanism for a non-VA entity to develop and operate supportive housing for homeless and at-risk veterans and their families on VA property. VA enters into a long-term ground lease with a private, not-for-profit, or local government entity that develops, rehabilitates, builds, finances, operates, and maintains the housing. Through this innovative tool, a type of outleasing, at-risk veterans are provided with housing and an expanded range of services that would not otherwise be available on medical center campuses. Additionally, VA fulfills its National Historic Preservation Act (NHPA) Section 110 historic property stewardship responsibilities.

**THE PROCESS**

In 1991, Congress originally authorized VA to outlease underutilized real estate under its jurisdiction or control to third-party developers to adapt and reuse underutilized buildings or land through EULs that benefit veterans and their families. That authority has been modified and re-authorized in various ways and currently is focused on reuse for Supportive Housing purposes only. VA’s Office of Asset Enterprise Management (OAEM) manages the EUL program. On an ongoing basis, OAEM reviews vacant and underutilized assets nationwide to identify EUL opportunities. The reviews involve analysis of VA’s capital asset inventory, as well as conversations with local VA staff regarding asset availability. OAEM analyzes the feasibility of assets for housing redevelopment, as well as market supply and demand factors. EUL projects are often complex, require multiple funding sources, and are dependent on the support of other federal agencies and nonfederal partners.

---

“VA is proud of our EUL program, which has proven to be extremely successful at providing housing opportunities for homeless and at-risk veterans. The EUL program has created a number of positive outcomes, including being an effective tool in managing the VA real estate portfolio, protecting VA historic assets, and partnering with local communities to create win-win situations.”

— Brett Simms, Executive Director; VA Office of Asset Enterprise Management

Exterior of the newly rehabilitated Neuro-Psychiatric Infirmary (Building 76) at the Charlie Norwood VA Medical Center in Augusta, Georgia (Cushman & Wakefield)
To date, VA has executed 104 EULs. As of January 1, 2021, VA had 3,203 units of housing available for veterans and an additional 379 units in development. Many of these units have been created in rehabilitated historic properties that would otherwise be vacant. Nearly all NHPA Section 106 reviews conducted for EUL projects conclude with findings of no adverse effect to historic properties, and many utilize federal and state historic tax credits. EUL projects provide safe, affordable living arrangements near health care providers, which contribute to positive health care outcomes for veterans. The EUL program directly responds to a basic need of some veterans and ensures their access to healthcare, while benefiting VA with increased cost savings, cost avoidance, and revenue to assist with maintenance of its historic properties. Additionally, it benefits the local community with increased local employment opportunities and tax revenues. VA EUL partners have raised more than $1.5 billion of private sector capital. The EUL authority is a key component of VA’s historic preservation program, because historic properties are protected and used to meet VA’s mission to end veteran homelessness and VA’s overall asset management program goals. It is a great example of how an agency’s tools can be used for successful preservation outcomes.
Alexander Hamilton U.S. Custom House in Manhattan, a National Historic Landmark, houses federal tenants, the Smithsonian’s National Museum of the American Indian Heye Center, and GSA also outleases it for short-term art installations and movie productions. (Carol M. Highsmith Photography, Inc./GSA)