



**Office of Audits  
Office of Inspector General  
U.S. General Services Administration**

DATE: September 10, 2014

TO: Norman Dong  
Commissioner  
Public Buildings Service (P)

FROM: Susan P. Hall *Susan P. Hall*  
Audit Manager  
Program Audit Office (JA-R)

SUBJECT: GSA Should Disclose Historic Building Information for the Federal  
Triangle South Project  
Audit Memorandum Number A140114-2

The General Services Administration's (GSA) Public Buildings Service (PBS) should ensure that it fully discloses the historic status of the GSA National Capital Region Regional Office Building (Regional Office Building)<sup>1</sup> to potential developers on the Federal Triangle South project. Disclosure of historical building information could protect GSA from future legal actions, claims, and negative press. On the Federal Triangle South project, PBS will be exchanging the Regional Office Building and the Cotton Annex Building for construction and related services at the GSA Headquarters Building<sup>2</sup> and the Department of Homeland Security's St. Elizabeths campus.

On September 6, 2013, PBS determined the Regional Office Building ineligible for listing in the National Register of Historic Places (National Register). PBS submitted its Regional Office Building determination to the Department of the Interior's National Park Service, Keeper of the National Register of Historic Places (Keeper of the Register), who retains authority for a final determination on the historic eligibility. In its submission PBS notes historically significant murals in the lobby of the building are protected under GSA's Fine Arts program and will remain under GSA ownership.<sup>3</sup>

On March 6, 2014, the Keeper of the Register concurred with PBS's determination, deeming the property ineligible for listing in the National Register. In its determination of eligibility, the Keeper of the Register cited a loss of historical and architectural integrity

---

<sup>1</sup> 301 7<sup>th</sup> Street, Southwest, Washington, D.C. The Regional Office Building was constructed between 1931 and 1935 to serve as a warehouse for the Procurement Division of the Treasury Department. Since its original construction, the building has been altered to provide office space for GSA and other agencies.

<sup>2</sup> 1800 F Street, Northwest, Washington, D.C.

<sup>3</sup> From 1936 to 1938, American painter Harold Weston completed 22 murals funded by the Treasury Relief Art Project during the Great Depression.

as a result of the extensive and repeated alterations to the building in the 1950s. PBS and the Keeper of the Register's historic ineligibility determinations were included in the Federal Triangle South project's April 7, 2014, Request for Qualifications, which explicitly stated, "ROB [Regional Office Building] is not eligible for listing in the National Register of Historic Places."

However, the District of Columbia Historic Preservation Office (Preservation Office) disagreed with the ineligibility determinations, noting, among other things, the building is an early example of a rare modern warehouse that is comparable to other area warehouses listed in the National Register. Additionally, on April 14, 2014, the DC Preservation League<sup>4</sup> submitted the Regional Office Building to the Preservation Office for review. The DC Preservation League's submission served as both a local District of Columbia historic landmark application and a nomination for listing in the National Register. The Preservation Office has the final authority for designating local landmarks. They have not yet ruled on the matter.

The Preservation Office's review could yield additional information that was unavailable during PBS's and the Keeper of the Register's reviews of the Regional Office Building. If the building is determined to be a local historic landmark, it would be subject to local regulation,<sup>5</sup> which would regulate any demolition or alteration of the building, as well as any new construction on its site. Additionally, a local landmark designation, in conjunction with new information collected during the Preservation Office's review, could change the Keeper of the Register's current determination of ineligibility for listing in the National Register.

Conversely, the Regional Office Building could be designated a local historic landmark but, at the same time, remain ineligible for listing in the National Register. As such, private developers would be subject to local historic regulation, but would be unable to take advantage of potentially substantial federal tax credits that are available to properties listed in the National Register.

Since the building is federally owned, it is not subject to local regulation. However, when the Regional Office Building is exchanged and removed from the Federal inventory, it could be subject to a local landmark application, as noted by PBS in its submission to the Keeper of the Register:

As such, the doctrine of federal supremacy protects the activities of the federal government from regulation by state and local authorities. Unless Congress clearly declares that the federal government is subject to local regulation, federal activities are free of such regulation. The DC Historic Preservation Office would be free to consider a local landmark application if the building were to leave federal ownership.

---

<sup>4</sup> The DC Preservation League is a non-profit organization whose mission is to preserve, protect, and enhance the historic and built environment of Washington, D.C.

<sup>5</sup> Specifically, the Historic Landmark and Historic District Protection Act of 1978, D.C. Law 2-144.

PBS needs to ensure that the complete historical status of the Regional Office Building is fully disclosed to interested developers; including potential outcomes once the property is exchanged, such as:

1. The Preservation Office's potential historic local landmark designation;
2. A potential change in eligibility for listing in the National Register; and
3. GSA's intent to retain ownership of the historic murals.

### Management Comments

In its comments, PBS noted its commitment to ensuring that all qualified offerors will be made aware of updated historic building information. This will occur as part of the Request for Proposals and throughout the proposal development and negotiation phases of the exchange process. PBS's response is included in its entirety in ***Appendix A***.

If you have any questions regarding this audit memorandum, please contact me at 202-501-2073 or Kyle Plum, Auditor-in-Charge, at 202-273-5004.

I would like to thank you and your staff for your assistance as we continue to monitor the Federal Triangle South project.

## Appendix A – Management Comments



GSA Public Buildings Service

September 3, 2014

MEMORANDUM FOR: MARISA A. ROINESTAD  
ASSOCIATE DEPUTY ASSISTANT INSPECTOR FOR AUDITING  
PROGRAM AUDIT OFFICE  
OFFICE OF THE INSPECTOR GENERAL (JA-R)

FROM: NORMAN DONG  
COMMISSIONER  
PUBLIC BUILDINGS SERVICE (P)

SUBJECT: Response to Draft Audit Memorandum  
GSA Should Disclose Historic Building Information for the Federal  
Triangle South Project Audit  
Memorandum Number A140114-2

In support of the Office of Inspector General's (OIG) monitoring efforts related to the Federal Triangle South project, Bill Dowd, the Project Executive, met with OIG staff on June 25, 2014, to brief them on the progress of the project. That briefing included an explanation of the Federal and local historic designation processes; the status of the actions that have occurred to date with respect to the Cotton Annex and the Regional Office Building; and an explanation of the anticipated steps going forward.

As discussed in the briefing, and as documented in the OIG's draft audit memorandum, GSA identified the most current and accurate information available related to each of the properties historic designation status when GSA issued the Request for Qualifications on April 7, 2014. GSA remains committed to ensuring that all qualified offerors are made aware of any and all updated information related to this matter as part of the Request for Proposals portion of this solicitation. We will also ensure that any potential updated information is shared throughout the proposal development and negotiation phases of the exchange process. With respect to the Harold Weston murals that are located in the 7<sup>th</sup> Street lobby of the Regional Office Building, GSA is aware of our responsibility to preserve and protect them and will continue to highlight that responsibility with potential exchange partners and the public throughout this process.

If you have any additional questions related to this matter, please contact Bill Dowd at 202-365-7936.

U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405-0002

[www.gsa.gov](http://www.gsa.gov)

---

## ***Appendix B – Memorandum Distribution***

---

Commissioner, PBS (P)

Deputy Commissioner, PBS (PD)

Project Executive, Federal Triangle South, PBS (P)

Regional Administrator, National Capital Region (WA)

Regional Commissioner, PBS, National Capital Region (WP)

Branch Chief, GAO/IG Audit Response Branch, (H1C)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JID)