 

**Topic:  Introduction to Occupancy Agreements**

**Date of Presentation:  August 20, 2015**

**Link to Series Information:**[**CES Historical Topics**](http://www.gsa.gov/portal/content/142959)

1. Why does the OA not ever reference the Firm Term information?

**The Firm Term is leasing terminology and is related to the lease provisions between the private sector landlord and GSA. The OA and its provisions are the governing document between the tenant agency and GSA. The OA term is only non-cancelable (firm) if GSA designates it as such, based on the characteristics of the space and ease of backfill by another tenant.**

2. Do agencies have electronic access to copies of OAs?

**OAs are sent to tenant agencies electronically via email in a pdf format. Agencies do have access to their Rent Bill via Rent on the Web (ROW), where the billing from the Financial Summary portion of the OA will appear.**

3. Why isn't the SF-81 or a letter from the Agency sufficient to initiate a project rather than signing multiple "draft" or ”preliminary" OA's? Is the agreement non-binding until the final OA is signed?

**The OA signifies an agreement between the tenant agency and GSA that (via signature), both entities are committed to the project. With the signature on the first pro forma OA, the agreement becomes binding. The financial information will change from iteration to iteration in order that the tenant agency may budget accordingly. The final OA serves as the billing document on which subsequent rent payments are based**.

4. Can we get information for future FY, through ROW?

**RentEst values are available to agencies on ROW and you can access data from FY2006 to FY2017. Rent bills are available to agencies on ROW and you can access data from FY1998 to the most current bill.**

5. What is the best way to have a "Draft" OA done for the purpose of developing a budget?

**For space in federally owned buildings, the GSA realty specialist will input the rent data applicable to the effective occupancy date and term. For leased space to be procured, the realty specialist will input the market rates for the location or delineated area and will include rent estimates for other line items, for example Building Specific Amortized Capital (BSAC). In both leased and owned space, within a couple of weeks of receiving the SF81 or space requirements, the realty specialist should have a pro forma OA to assist the tenant agency in budgeting.**

6. When you stated federally owned space rent, is that the rent due to the owner of the building?  In this case the federal government (GSA)?

**There are two ways GSA can provide space to tenant agencies: through leased space and federally owned space. Leased space is space GSA has procured through a private sector landlord. GSA signs a lease with the landlord and passes that cost onto the tenant agency (plus any standard operating costs not performed through the lease, the PBS lease fee and security charges). Federally owned space is space GSA owns. We charge Rent based on a FAR appraisal or Return on Investment Pricing (ROI). In both federally owned space and leased space, the tenant agency pays Rent to GSA.**

7. The presenter provided a lot more detail than the slides include.  Can we get her notes as a follow up?

**Distribution of the notes will be forthcoming.**

8. Can we talk about what square foot price or monthly rent costs we should be comparing on the T money sheets in reference to ROW?

**The Financial Summary on the “final” billing OA should agree with what the tenant agency is being billed on ROW for that OA number. For each ensuing fiscal year (from the effective date of the OA), the OA is going to show estimated rents based on an escalation factor for increases. The ROW bill only reflects what is currently being billed to a tenant. The shell rent should remain static for the rate set period until the market rate reset.**

9. Is a Final OA identified as such in the OA document and if so where?

**Yes, the final OA should be designated as such in the header of the OA. The tenant agency should expect to receive the final OA after the space has been substantially completed and operationally functional. If the pro forma OA was signed for sufficient amount, no signature for the final OA is required. The final OA is the billing OA and reflects rent charges.**

10. How is the new 10 year rate different from the OA Financial Summary?

**Shell & operating rents are currently reset for each successive 5 year period within the OA term. When the rates transition to the 10 year rates, the shell and operating rates will be set for a 10 year period in the OA term. The operating rates will still reflect an annual escalation.**

11. Why is there a 16 month non-cancellation term on succeeding OAs or lease extensions?

**The 16 month minimum occupancy requirement is not a non-cancelable determination. For the benefit of the tenant agency, GSA pricing policy provides a 4 month space release right, provided the tenant agency has been in their space for a least the first 12 months of the occupancy term.**

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