



GSA Public Buildings Service

DATE: March 21, 2024

MEMORANDUM FOR: REGIONAL COMMISSIONERS, PBS
REGIONAL LEASING DIRECTORS
REGIONAL LEASE ACQUISITION OFFICERS

DocuSigned by:

A handwritten signature in black ink that reads "Crofton Whitfield". The signature is enclosed in a blue DocuSign signature box.

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FROM: CROFTON WHITFIELD
ASSISTANT COMMISSIONER FOR OFFICE OF LEASING
- PR

SUBJECT: LEASING ALERT (LA-24-02) – Updated Guidance on
Renewal Options Added Post Award

1. **Background.** This Leasing Alert updates the guidance related to renewal options that are added post-award, as currently provided in Leasing Desk Guide (LDG) Chapter 9, "Renewal Options," issued April 4, 2022.

Leasing Alert (unnumbered) "Adding Renewal Options Following Lease Award," issued May 20, 2014, provided guidance on adding unevaluated renewal options following lease award, which was later incorporated in LDG Chapter 9. Per LDG Chapter 9, a lease contracting officer may add one unevaluated option, up to 5 years in length, without prior written approval from the Assistant Commissioner for the Office of Leasing.

Leasing Alert LA-22-02, "Temporary Guidance on Renewal Options Added Post Award," issued March 21, 2022, provided temporary guidance and is set to expire March 21, 2024. This temporarily removed the requirement for the Assistant Commissioner of the Office of Leasing to approve any requested second renewal option, which may not exceed an additional five (5) year term. The policy was issued in response to customer agencies' uncertainty regarding long-term space requirements, as a result of the COVID-19 pandemic.

This policy also aligns with Leasing Alert LA-21-06, Strategic Direction on Lease Terms During and Following the COVID-19 Pandemic, jointly issued by the Office of Leasing and the Office of Portfolio Management and Customer Engagement on May 7, 2021, which recommended short-term leases for agencies that were able to submit their short-term lease requirements but are still determining their long-term space requirements, which is still in place.

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Despite the end of the COVID-19 pandemic, customer agencies are still in flux regarding their ultimate long-term space needs. Some agencies are re-evaluating their telework policies and other COVID-19 pandemic related changes to work patterns. To address these concerns the agencies may require more time to determine their long-term space needs. Allowing LCOs to add a second unevaluated option, up to five (5) years in length, will provide greater flexibility to meet GSA's lease contracting needs.

2. **Purpose.** The purpose of this Leasing Alert is to continue what was established in LA-22-02 by allowing regions to add a second renewal option (up to five years in length) without Office of Leasing approval to continue providing flexibility in reducing the potential for multiple short-term lease extensions, aligning with LA-21-06. In addition, this policy will:

- Supplement LDG Chapter 9 guidance with this interim policy.
- Require written approval of the regional Leasing Director prior to adding a second renewal option.
- Set an expiration date of March 21, 2026.

3. **Effective Date.** This Leasing Alert is effective as of the date of issuance and is effective until March 21, 2026, unless modified, canceled, or reissued.

4. **Cancellation.** Leasing Alert LA-22-02, "Temporary Guidance on Renewal Options Added Post Award".

5. **Applicability.** This Leasing Alert is mandatory and applies for all General Services Administration (GSA) real property leasing activities and to activities delegated by GSA to other federal agencies.

6. **Instructions and Procedures.** While under this policy regions are not required to obtain Office of Leasing approval to add a second renewal option (up to five years in length), they must obtain written approval from the regional Leasing Director prior to adding the option. LCOs must also follow other guidelines outlined under Leasing Desk Guide Chapter 9, including, but not limited to:

- Prohibition against adding options to leases that have expired
- Prohibition against adding options to leases that have existing fire and life safety deficiencies unless the lessor agrees to correct the deficiencies as part of the renewal process
- Prohibition against increasing the square footage
- Requirement to follow the steps outlined under sections 5 and 6 of Leasing Desk Guide Chapter 9.