

controlled space will be priced according to the principles of the pricing policy in this part. These principles are reflected in the following elements of GSA Rent charges:

- (1) "Shell" Rent based on approximate commercial charges for comparable space and services for Federally owned space (accomplished using appraisal procedures);
- (2) Rent based on actual cost of the lease, including the costs (if any) of services not provided by the lessor, plus a GSA fee;
- (3) Amortization of any tenant improvement allowance used;
- (4) Any applicable real estate taxes, operating costs, parking, security and joint use fees; and

(5) For certain projects involving new construction or major renovation of Federally-owned buildings, a return on investment pricing approach if an appraisal-determined rental value does not provide a minimum return (OMB discount rate for calculating the present value of yearly costs plus 2%) on the cost of the prospective capital investment. Each specific use of Return on Investment (ROI) pricing must be approved by OMB and duly recorded in an Occupancy Agreement (OA) with the customer agency. Once the ROI methodology is employed to establish Rent for a capital investment, the ROI method must be retained for the duration of the OA term.

(b) Special services not included in the standard levels of service may be provided by GSA on a reimbursable basis. GSA may also furnish alterations on a reimbursable basis in buildings where GSA is responsible for alterations only.

(c) The financial terms and conditions under which GSA assigns, and a customer agency occupies, each block of GSA-controlled space, shall be documented in a written OA.

**§ 102-85.20 What does an Occupancy Agreement (OA) do?**

An OA defines GSA's relationship with each customer agency and:

- (a) Establishes specific financial terms, provisions, rights, and obligations of GSA and its customer for each space assignment;

(b) Minimizes exposure to future unknown costs for both GSA and customer agencies;

(c) Stabilizes Rent payments to the extent reasonable and desired by customers; and

(d) Allows tailoring of space and related services to meet customer agency needs.

**§ 102-85.25 What is the basic principle governing OAs?**

The basic principle governing OAs is to adopt the private sector practice of capturing in a written document the business terms to which GSA and a customer agency agree concerning individual space assignments.

**§ 102-85.30 Are there special rules for certain Federal customers?**

Yes, in lieu of OAs, GSA is able to enter into agreements with customer agencies that reflect the parties particular needs. For example, the space and services provided to the U.S. House of Representatives and the U.S. Senate are governed by existing memoranda of agreement (MOA). When there are conflicts between the provisions of this part and MOAs, the MOAs prevail.

**§ 102-85.35 What definitions apply to this part?**

The following definitions apply to this part:

*Accept space or acceptance of space* means a commitment from an agency to occupy specified GSA-controlled space.

*Agency-controlled and/or operated space* means:

- (1) Space that is owned, leased, or otherwise controlled or operated by Federal agencies under any authority other than the Federal Property and Administrative Services Act of 1949, as amended; and

(2) it also includes agency-acquired space for which acquisition authority has been delegated or otherwise granted to the agency by GSA. It does not include space covered by an OA.

*Assign or assignment* is defined in the definition for space assignment.

*Building shell* means the complete enveloping structure, the base-building systems, and the finished common