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Senate spending bill withholds new funds for Smithsonian HQ plan



By Daniel J. Sernovitz – Staff Reporter, Washington Business Journal

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Smithsonian Institution

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A federal spending bill working its way through the Senate would authorize the Smithsonian Institution to buy the space it needs in a Southwest D.C. office building to consolidate its headquarters, an effort that's been years in the making – but it doesn't provide more money to close on the proposed deal.

The Smithsonian would be permitted to buy a portion of 600 Maryland Ave. SW, confirming an exclusive story the WBJ reported in June. Sen. Lisa Murkowski, R-Alaska, sponsored the Department of the Interior, Environment and Related Agencies Appropriation Act of 2020 Sept. 26, not quite a full year after the Smithsonian kicked off its search for up to 460,000 square feet. The institution hopes to take occupancy by May 2021.

The consolidation would also set the stage for the institution's larger South Mall campus renovation. The campus includes the historic Smithsonian castle, which houses part of the headquarters staff to be shifted to 600 Maryland Ave.

Only the bill doesn't actually appropriate any new funds for the Smithsonian to buy what the legislation authorizes it to buy or mention any deal terms, such as a maximum sale price.

The building, also known as Capital Gallery, is one of several where the Smithsonian already leases space, but it's unclear whether it's seeking to buy all 631,629 square feet spread over two towers, or just a condo portion representing the block of space it needs to complete its consolidation. The building is owned by an affiliate of Boston Properties and is assessed at nearly \$379 million for the District's 2020 tax year, according to the D.C. Office of Tax and Revenue.

Without appropriating any additional money, the legislation only allows the institution to apply some of the appropriations it would have used for lease or rent payments to pay "expenses associated with the purchase." Even if it can swing that, the bill goes on to say that "no appropriated funds may be used directly to service debt which is incurred to finance the costs of acquiring a portion of the building at 600 Maryland Avenue, SW Washington, D.C., or of planning, designing and constructing improvements to such building."

So, provided the legislation makes it to the full Senate

with that phrasing intact, goes on to the House and ultimately becomes law, the Smithsonian would still need to negotiate a deal to buy the space and come up with the funds to do so without using congressional appropriations to cover any debt service payments it might take on.

A Smithsonian spokesperson confirmed the situation, including that there are no new funds associated with the legislation, but declined to elaborate pending congressional approval. The institution's board of regents, chaired by financier and philanthropist David Rubenstein, is scheduled to meet Oct. 21, so presumably this will be an item for their consideration. The institution has not yet released a public version of its agenda for the meeting.

Smithsonian

South Campus

The latest renderings for the Smithsonian South Campus.

