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The Real Estate Roundtable

April 12, 2023

Dear Senator:

The federal government's active encouragement of remote working for federal employees should end. The executive branch's current policies are undermining the health of cities, local tax bases, and small businesses. Federal agencies should return to their pre-pandemic workplace practices.

On May 11, the federal COVID-19 emergency declarations will formally expire. In conjunction with this date, the Senate should consider legislation to suspend pandemic-related work-from-home policies for federal employees until federal agencies have thoroughly examined the social and economic consequences of permanently extending these measures. The House recently passed such legislation, the Stopping Home Office Work's Unproductive Problems (SHOW UP) Act.

In many ways America's strength is linked to the vibrant social and creative economic hubs of our cities. While the current aggressive federal remote work policy may be an employee recruiting and retention tool and possibly a cost-saving measure, the current policy ignores the negative impact of remote work on cities and communities, labor productivity and U.S. economic competitiveness, the quality of government services, community safety, public transportation systems, and other downstream economic and social consequences. Moreover, federal agencies' actions to promote remote working are out of step with Congressional workplace rules as well as those of most state and local governments. Private sector employers also are increasingly recognizing the importance of bringing employees back to the workplace.

The federal government employs 2.25 million civilians in 2,200 communities across the country. Actions the federal government takes regarding its workspaces have profound negative impacts on local property and transfer tax revenue. For example, [research by the Pew Charitable Trust](#) has demonstrated how the work-from-home trend is increasing the negative pressure on commercial real estate property values and therefore reducing local tax revenues. For example, between 2021 and 2022, the decline in office building property assessments [reduced property tax revenue](#) in Washington DC by \$140 million. The City of San Francisco [forecasts](#) that remote work could reduce office-related property tax revenue by more than \$100 million in 2023.

Restaurants, small businesses, and their employees are another casualty of policies that discourage a return to the workplace. Evidence continues to mount that workers are spending less time and money in central business districts, with devastating consequences for the businesses—coffee shops, gyms, barber shops, restaurants, etc.—that rely on their patronage. [WFH Research](#) has identified a dozen cities where the reduction in local spending as a result of remote work exceeds \$2,000 annually per teleworking employee.

Paradoxically, the federal government's own studies have concluded that remote working actually leads to job losses. [New research](#) released last month by the Labor Department found that "the increase in remote work had significant effects on local employment ... [s]pecifically, a 10% decrease in foot traffic in a Census tract led to a 2.8% decline in employment for accommodation and food services and a 2 percent decline in retail trade employment." The Commerce Department's [Census Bureau acknowledged the same](#) in February, "Commuting shifts [related to remote working] also affected where people spent their money. Fewer workers meant fewer shoppers and diners for small businesses in job hubs."

Remote working threatens the viability of public transit systems. Nationwide, according to the [American Public Transportation Association](#), ridership on commuter rail is still only 58% of pre-pandemic levels. Cities like New York, Chicago, and Philadelphia [depend heavily](#) on passenger fares to finance their systems' operating expenses.

The density of cities and their role as the central place of work and play increases safety and is a source of social cohesion, bringing diverse racial, ethnic, and economic communities together that otherwise often reside in disparate, homogenous neighborhoods. Cities create shared experiences that help build bonds and create common purpose. These synergies are not easily replicated in a fragmented, remote working environment.

The House-passed SHOW UP Act would require federal agencies to reinstate their pre-pandemic telework policies and practices until the agency has (a) studied the impact of telework on its mission, customer service, and costs and (b) submits its OPM-certified internal review and prospective telework plan to Congress. There is no requirement for Congressional approval of the agency's plan, just an assurance that any plan for future remote working has received careful and deliberate consideration. The legislation would guarantee that remote working policies hastily adopted during the pandemic are not simply extended by default or inertia. The SHOW UP Act is a reasonable approach to the problem. However it may not be the only approach and we urge the that the Senate act soon to develop its answer to this critical and growing problem.

Remote work for some workers likely is here to stay; however, returning to the workplace for a significant portion of the workforce is vital to rebuilding and growing America's post-pandemic economy. The transition to the new work paradigm for city budgets, local economies, small businesses and others will take time. The federal government should not be a source of added negative pressure. Instead of aggressively promoting work-from-home arrangements for federal workers, the federal government should help facilitate a smooth, market-based transition to the new era. It should follow the lead of the vast majority of state and local governments, the workplace rules for most Congressional offices, and the trend underway with private sector employers.

We encourage the Senate to act as soon as possible on legislation suspending current federal telework rules until agencies have carefully evaluated and considered the full consequences of their workplace attendance policies.

Sincerely,



Jeffrey D. DeBoer
President & Chief Executive Officer