

**Introductory statement to the Fifth Committee  
Secretary-General's Report on Study on the long-term accommodation  
needs at United Nations Headquarters for the period from 2014 to 2034**

by  
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Mr. Chairman, distinguished delegates,

I am pleased to introduce to you the Secretary-General's report on the Study on the long-term accommodation needs at United Nations Headquarters for the period from 2014 to 2034.

It is recalled that the Secretary-General submitted a comprehensive report on this subject to the 67<sup>th</sup> session of the General Assembly. After examination of the Secretary-General's report, the General Assembly, on the basis of the recommendations of the ACABQ, requested in its resolution 67/254 further information, including the examination of options not previously considered. The Secretariat has made every effort to respond to the request of the General Assembly, including a briefing to the Fifth Committee in last October.

The report of the Secretary-General 68/734 dated 31 January is a continuing report to the previous one A/67/720 and provides an update on population requirements of the Secretariat and other offices, both with and without the staff of funds and programmes anticipated to co-locate with the Secretariat; the impact of the implementation of flexible workplace strategies; and information on the financing alternatives for each option.

The long-term accommodation needs at New York Headquarters will be determined by the projected population and office space requirements per person and common space needs.

[slide 2] Since the previous report A/67/720, several developments have significantly impacted the overall population forecast of the Secretariat and other offices, funds and programmes and the resulting space requirements.

First, population. We have revised the population of participating funds and programmes to include only UNDP. For future population projections, we have

presented three scenarios: continuing the past trend of a 1.1% growth, no growth and annual decrease by 0.5%, as in the previous report. The decrease scenario takes into account the anticipated impact of changes in working practices. Assuming a no-growth scenario, the total population which is expected to require accommodation is 2018 totals 9,593, of which 850 are from UNDP.

[slide 3] Second, flexible workplace. As set out in the report of the Secretary-General, we have revised our target planning figure for the implementation of flexible workplace strategies to a 20% decrease in office space requirement per person. Taking this into account, the total off-campus space requirement, in a no growth population scenario, is approximately 1,109,311 square feet, which includes office space, shared amenities and building support spaces.

Even after the Capital Master Plan is completed, and even if we apply Flexible Workplace successfully, in 2018, UN Headquarters in New York would still be housing 3,278 staff members off campus in leased premises (4,128 if we include staff of UNDP) in addition to staff within the UN campus. These accommodation needs are subject to rent fluctuation under various lease arrangements. Therefore, I can hardly overemphasize that this is a major policy issue for the Organization to address urgently.

[slide 4] As regards options to address such requirements, we have examined six additional options, in addition to the first four options considered previously. Ultimately, for the reasons explained in detail in the report, only three options were found to be both viable and advantageous for the Organization. With the support of external experts, we made detailed comparisons and financial analysis of those options. They are: North Lawn assessment; United Nations Development Corporation (UNDC-5) lease-to-own; and status quo leasing arrangements.

[slide 5] Under every population scenario, the North Lawn option is the least costly, because it is financed by Member State assessment and involves no financial expenses such as interest payments. The next least costly option is the UNDC-5 option. The *status quo* option, which relies on commercial leases, is most expensive in the long run. North Lawn and UNDC-5 options will leave assets for the United Nations in the form of UN-owned buildings, not so the status quo option. The actual costs are, in a no-growth population scenario, USD 3.528 billion for North Lawn option; USD 4.083 billion for the UNDC-5 option; and the status quo option at USD 4.551 billion. For a meaningful comparison, these costs are all presented in 2014 net present value and include one-time capital costs, operational costs through 2064 (50 years from 2014, the starting point of the study).

[slide 6] In addition to cost, it is equally important to consider non-quantifiable benefits including the intangible benefits of ownership and of consolidating staff into an integrated campus. The beneficial effects of consolidation include a higher level of safety and security, a higher level of predictability and stability of office space requirements, additional efficiency in space planning of large areas, saving of time moving between different locations, and a higher level of productivity, staff morale and quality of work due to the improved quality of the physical work environment. Both the North Lawn and UNDC-5 options offer these benefits, while the status quo option does not.

The report also provides the information on architectural integrity of the United Nations compound and sequencing of United Nations capital projects. The architectural preservation experts concluded that the off-complex site south of 42<sup>nd</sup> street would be preferred alternative as it would adequately respect the historical, cultural and architectural character of the United Nations campus.

[slide 7] Another important question discussed in the report is own-to-lease ratio. Today our own-to-lease ratio of the premises we occupy is 52:48. To own just half the office space we need is not economically prudent in the long run, and to continue to house more than 4,000 staff members in spaces which are subject to rent fluctuation under various lease arrangements is inefficient. We believe it prudent for the United Nations to increase the level of ownership if such an opportunity is available, while retaining flexibility to changing needs. We suggest in the report, a ratio of 80% owned to 20% leased as a target in a no-growth scenario. Both the North Lawn and UNDC-5 options meet this target in no-growth scenario. The status quo option does not meet this target.

[slide 8] It should be noted that even if we exercise the option to extend the leases for DC-1 and DC-2 beyond 2018, those leases with their preferential rate will expire in 2023 when UNDC intends to either sell or refinance the property. If we follow the status quo option and do nothing, the Secretariat will have to seek all additional accommodation needs at commercial rates.

Mr. Chairman, distinguished delegates,

The accommodation needs beyond 2023 will cause a serious challenge for the United Nations and require responsible advanced planning. We need clear guidance from Member States as soon as possible as to which option we should focus on. On the basis of the Secretary-General's reports, the ACABQ and the Fifth Committee have been reviewing the options for two sessions. The Secretariat did its best to provide information within our means. The Secretariat has been in

intensive consultation and negotiation about UNDC-5 with the UN Development Corporation for the past two years.

Among three viable options, option 1 (North Lawn with assessment of Member States) could only be implemented after the completion of the Strategic Heritage Plan now planned for 2023, in line with the direction by the General Assembly on the sequencing of major capital expenditure projects. Therefore, a decision by the General Assembly may wait for several years. This option will not solve the accommodation needs in 2023.

A status quo option would also not require an immediate decision by the General Assembly, as the option to extend the lease of DC-1 and DC-2 beyond 2018 through 2023 at a preferential rate can be exercised in two years.

On the other hand, option 3 is time-sensitive. As we explained in the Secretary-General's report, if we were to pursue the UNDC-5 option, the MOU enacted in October 2011 would need to be changed: firstly, to extend the expiry date beyond the end of 2015; and secondly, to remove the obligation of the United Nations to continue leasing DC-1 and DC-2.


Unless and until a positive indication on UNDC-5 is given by the General Assembly, UNDC would have no basis to work with the relevant authorities to revise the terms of the MOU. It is understandable that the Host City and the UN Development Corporation, having already invested in excess of 14 million dollars in design costs, are looking for an indication from the United Nations as to whether it wishes to avail itself of this option prior to considering MOU amendments.

If no amendments were made to the MOU prior to the December 2015 deadline, the DC-5 option could be lost. The UNDC expressed a strong hope that, if the General Assembly wishes to avail of option 3, an approval in principle of DC-5 as the most preferred option is given at this resumed session. In any case, option 3 requires a decision by the General Assembly as soon as possible.

We present to you the outcome of our analysis and all that we know at this point in time. Now it is up to the General Assembly to pronounce on the direction it wishes to take with regard to the long-term accommodation needs in New York Headquarters. We look forward to your guidance.

Thank you, Mr Chairman.

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# United Nations Headquarters, New York Long Term Accommodation Needs 2014-2034

*Formal introduction of A/68/734 to the Fifth Committee  
28 March 2014*

## Population

➤ Among F&P, only UNDP to co-locate

Population breakdown as of 2013*	Sect	Sect + F&P
Total population at UN Headquarters	8,516	9,593
Population in UN-owned property and non-seated positions	5,465	5,465
<b>Population requiring seating outside UN-owned property</b>	<b>3,908</b>	<b>4,128</b>

\* UNDP as of 2018



## Flexible Workplace

➤ Revised target planning figure with 20% decrease in office space requirement /person (176 sf).

Required seating outside UN-owned property*	2013	2018	2023	2034
1.1% growth		4,615 3,717	5,129 4,180	6,364 5,294
No growth	4,758 3,908	4,128 3,278	4,128 3,278	4,128 3,278
0.5% decrease		3,914 3,085	3,705 2,896	3,263 2,498

\*Projections, incl. application of Flexible Workplace  
Secretariat +F&P/ (Secretariat)

**Space requirement in no growth scenario: 1,109,311 sf**

Options considered in A/68/734	viable/ beneficial	
	yes	no
1. North Lawn (assessment)	✓	
2. North Lawn (third party)		X
3. UNDC-5	✓	
4. Status quo	✓	
5. Purchase DC-1 & DC-2		X
6. Construction on DHL/SA site		X
7 a) Manhattan Lease (20 mins walking distance)		X
b) Manhattan Lease (outside 20 mins walking distance)		X
c) Tri-state Area Lease		X
8. Land purchase near campus/construction		X



## Cost of viable options

(in billion US \$/ no growth population scenario)\*

North Lawn (assessment)	3.528
UNDC-5	4.083
Status quo	4.551

\* 2014 net present value, incl. one-time capital cost, operational cost through 2064



## Benefits of ownership (UNDC-5/ North Lawn options)

- Asset creation
- Consolidation of staff in integrated campus
- Increased level of safety and security
- More predictability and efficiency in space planning
- Increased productivity
- Improved quality of physical work environment
- Positive impact on staff morale



## Ownership ratio in 2014

➤ 52/48 (owned/leased)

## Ownership ratio in 2034

Population scenario	North Lawn	UNDC-5	Status quo
1.1% growth	64/36	64/36	42/58
No growth	80/20	80/20	52/48
0.5% decrease	89/11	89/11	58/42

## Key milestones for different options

	2014	2015	2016	2023	Post-2023
North Lawn				<b>DC-1/DC-2 leases at preferential rates end</b>	Construction can commence only after SHP completion
UNDC-5	Need for GA directive as prerequisite to initiate MOU amendments	<b>MOU expires in Dec. if not amended</b>			
Status quo			Decision to exercise lease extension for DC-1/DC-2 beyond 2018 at preferential rates	<b>DC-1/DC-2 leases at preferential rates end</b>	Future leases at market rate