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Avison Young hosts “Government Stimulus – What You Need To Know” Webinar

James Nelson of Avison Young and Reggie Thomas of REBNY host online session discussing the federal stimulus programs for the real estate industry during the coronavirus crisis

New York City – April 2020 – James Nelson, head of Avison Young’s Tri-State Investment Sales Group, and Reggie Thomas, Senior Vice President of Government Affairs at REBNY (Real Estate Board of New York), hosted a recent webinar presentation and discussion entitled “Government Stimulus – What You Need to Know.”

Nearly 300 attendees, comprised of a diverse group of commercial real estate professionals including brokers, investors and service providers, tuned into this special online presentation designed to provide a better understanding of the new stimulus package known as the CARES Act. The \$2 trillion relief package, which was created in response to the ongoing COVID-19 crisis in the United States, can help real estate businesses and professionals navigate this unprecedented economic crisis.

“This ‘information only’ webinar was an opportunity to provide the real estate community with a high level understanding of the resources being made available and the top-of-mind implications of the new government stimulus package,” notes Nelson. “We were thrilled to have Reggie Thomas join the presentation and offer attendees his unparalleled insight and perspective of the CARES Act as a key government affairs specialist for REBNY.”

During the webinar, both Nelson and Thomas drilled down on the specifics of the CARES Act, a program which was quickly enacted in late March by Congress for both individuals and businesses as a quick response to counteract the economic impacts of the coronavirus pandemic.

A full recording of the session is available on YouTube by clicking [HERE](#). More details of topics discussed in the webinar are also available on the REBNY website’s coronavirus resource hub at <https://rebny.com/content/rebny/en/Coronavirus.html>. The information is being continually updated and available to any commercial real estate professional.

As part of the initiative, the Federal government has announced a number of programs to support businesses with a strong focus on helping small businesses survive, including the following:

- **Paycheck Protection Program (PPP):** the PPP initiative was created to quickly deliver a loan or forgivable grant to small businesses through a seamless process with limited paperwork for applicants. This Small Business Administration (SBA) financing program is now available and allows businesses up to 500 employees and at least one physical location to receive needed money to cover payroll, rent, insurance, utilities and other expenses during this crisis.

Applicants apply through a participating lender and may receive a maximum loan of up to 250 percent of their monthly payroll. There are stipulations to make it a “forgivable” grant instead of a loan that requires reimbursement including that 75 percent of the loan must be used for payroll and owners must restore payroll to the full pre-pandemic level before June 30th. Thomas pointed out that it’s important to note while this is a valuable financing resource, having only 25 percent available for other expenses may be particularly difficult for NYC because of rents that are typically higher than other markets. The REBNY leadership has already communicated to the congressional delegation and other members of the federal government leadership that this math may not work for many NYC businesses.

For large businesses with employees over 500 employees, the Treasury Department is looking into developing other programs over the next couple of weeks and REBNY expects details on these programs soon.

- **Foreclosure Moratorium:** the legislation prohibits foreclosures on all federally backed mortgage loans for a 60-day period beginning on March 18, 2020 and provides up to 180 days of forbearance for borrowers of a federally backed mortgage loan that have experienced a financial hardship related to the COVID-19 emergency. Applicable mortgages include those purchased by Fannie Mae and Freddie Mac, insured by HUD, VA, or USDA, or directly made by USDA. The authority provided under this section terminates on the earlier of the termination date of the national emergency concerning the coronavirus or December 31, 2020.
- **Forbearance of Residential Mortgage Loan Payments for Multi-family Properties with Federally Backed Loans:** the package provides up to 90 days of forbearance for multi-family borrowers with a federally backed multi-family mortgage loan that have experienced a financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. Applicable mortgages include loans to real property designed for five or more families that are purchased, insured or assisted by Fannie Mae, Freddie Mac or HUD. The authority provided under this section terminates on the earlier of the termination date of the national emergency concerning the coronavirus or December 31, 2020.
- **Temporary Moratorium on Eviction Filings:** for 120 days beginning on the date of enactment, landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent.

For individuals, the program is comprised of a number of initiatives designed to support workers, including independent contractors such as commercial real estate brokers, and consists of a number of options such as:

- **One time direct payment:** The bill provides U.S. residents with an adjusted gross income up to \$75,000 with a \$1200 rebate; married couples filing taxes jointly and making up to \$150,000 will receive a \$2,400 check. The rebates are lowered for those making \$75,000-\$99,000 and those who are eligible for the program also receive an additional \$500 per child under the age of 16. This one-time payment is expected to be direct deposited into the bank accounts of U.S. citizens that meet the income thresholds soon.

- **Expanded Unemployment Insurance Program:** the legislation expands unemployment insurance for self-employed and contract workers who make up a large percentage of the commercial real estate industry and who are typically ineligible for the program. Thomas noted that the rapid passing and implementation of this unemployment bill is “staggering” for the federal and state governments as it is typically a much more complicated process. The Pandemic Relief Fund increases the amount of time a worker may receive unemployment insurance, raises the maximum unemployment benefit amount by \$600 per week above an employee’s base unemployment compensation benefit and ensures workers who are laid-off or out of work receive their full pay for four months.

On the New York state government side, support for businesses includes:

- **Rents:** On the state level, while REBNY has been advocating for no evictions for 90 days, they also believe that tenants should still pay their rent to landlords. Some elected officials have been advocating for a total freeze on tenant rents, but property owners still need to pay property expenses, including maintenance, taxes and utilities. One of the areas REBNY has been looking at and discussing with state officials as a concession is offering a tax abatement to owners who do put a freeze on rents.
- **REAP and ICAP:** During the webinar, breaking news was announced that both the Relocation and Employment Assistance Program (REAP) and Industrial & Commercial Abatement Program (ICAP) have been extended to 2025. REBNY and its membership have been pushing the state legislature for this five year extension as these economic incentive programs are critical for the industry’s long-term survival.

REBNY also has a number of recommendations and guidance measures that were highlighted on the webinar such as:

- **Need for Conversations:** The most important thing REBNY strongly recommends is that conversations between tenants and property owners must take place. Whether there are rent concessions or rent delays until tenants can get relief, it’s important that both sides come together and discuss realistic options.
- **Sharing Information with Tenants:** it’s equally important that owners and brokers make sure tenants are fully aware what relief and financial options available to them are and how to access them.
- **Real Estate Industry Professionals as Essential Workers:** there’s been confusion in the industry about what jobs are considered essential. The governor’s list of essential workers continues to evolve but in commercial real estate, maintenance workers, construction workers for certain projects (e.g. hospitals, affordable housing, and demolition projects) are still essential. Broker showings for certain buildings are taking place, but REBNY is encouraging virtual showings.
- **REBNY as a Resource:** during these challenging times, REBNY can be an excellent resource for information and committees continue to meet and discuss the industry issues at hand.
- **Tax Support:** while a personal accountant or attorney should make the final call on tax options for CRE professionals and businesses depending on individual circumstances, REBNY has its own “playbook” of CARES act tax options high-

lighted on their website including various tax credits, deferrals, and tax carry overs available.

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