COVID-19 Impact on Office, Retail, Multifamily, and Industrial Leases

Friday, April 10th, 11 am – 12 pm
Welcome!
Thank you for joining today’s webinar.
Today’s Agenda

- 11 am: Opening remarks
  *Michael Leccese*, Executive Director, ULI Colorado

- 11:05 am: Welcome & Introductions
  *Kevin McCabe*, Executive VP & Central Region Market Leader, Newmark Knight Frank

- 11:10 – 11:15 am: Resources for Colorado’s Business Community
  *Kelly Brough*, President & CEO, Denver Metro Chamber of Commerce

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  *Kim Duty*, SVP of Public Affairs and Industry Initiatives, National Multifamily Housing Council
  *Whitney Hake*, Senior VP | Agency Leasing, TRANSWESTERN
  *Kevin Kelley*, Executive VP Regional Director - Colorado Office, Industrial Development, United Properties

- 11:50 am: Audience Q&A
  Questions will be taken using the “Chat Box” feature in Zoom.

- 12 pm: Closing remarks
Opening Remarks

MICHAEL LECCESE
EXECUTIVE DIRECTOR
ULI COLORADO
ULI’s Response to COVID-19

Please be careful and safe as we all face this situation as a community.

- Health and safety of our members, staff, and national and global networks are of utmost importance. We encourage everyone to follow the social and health protocols outlined by the Centers for Disease Control and Prevention (CDC): [https://www.cdc.gov/](https://www.cdc.gov/)

- ULI and ULI Colorado is going virtual. We will continue to do what we do best—convene, share best practices and educate. For upcoming webinars and other opportunities, go to: [https://colorado.uli.org/](https://colorado.uli.org/).

- ULI’s Toronto Spring Meeting has been cancelled and postponed in Toronto until 2023. Spring meeting 2021 will take place in Denver, CO. Go to uli.org for updates.

Upcoming Opportunities:

- ULI Europe Webinar: Building Maintenance Best Practices to Prevent the Spread of COVID-19
  Wednesday May 6th, 12:30 – 1:30 pm

- ULI Colorado Webinar: The Future of Density
  Free Webinar Friday, May 8th, 10 am – 12 pm

- ULI Europe Webinar: How to Design Buildings to be Resilient to Epidemics
  Wednesday May 20th, 12:30 -1:30 pm

- Webinar: ULI Real Estate Economic Forecast - Spring 2020
  Wednesday, May 20th, 1 – 2 pm

- ULI Europe Webinar: The Role of Technology in Managing Real Estate and Ensuring Health and Safety During a Pandemic
  Wednesday, June 3rd, 12:30 – 1:30 pm

Please be careful and safe as we all face this situation as a community.
Welcome!
Today’s Moderator:

KEVIN MCCABE
EXECUTIVE VP & CENTRAL REGION MARKET LEADER
NEWMARK KNIGHT FRANK
THE YEAR 2020

BROUGHT TO YOU BY THE LETTERS W, T & F
Resources for Colorado’s Business Community

KELLY BROUGHL
PRESIDENT & CEO
DENVER METRO CHAMBER OF COMMERCE
Federal COVID Relief Support for Small Businesses

April 10, 2020
Federal Funding Streams

Small Business Paycheck Protection Program

- Provides potentially forgivable loans in amounts to cover 2.5 months of payroll or $10 million (whichever less)
  - Loans fully or partially forgiven if money used for payroll, health care premiums, rent, mortgage interest or utilities AND employer continues to employ workers or rehires them
- Reach out to your current lender today to start your application
Federal Funding Streams

SBA Economic Injury Disaster Loans

- Loans up to $2 million for small businesses and nonprofits
  - Can be used to pay fixed debts, payroll, accounts payable and additional bills
  - Apply through the SBA at www.sba.gov

SBA Express Bridge Loans

- Allows small businesses with an SBA Express Lender to access up to $25,000 with less paperwork
- Contact your current lender to apply
COVID Resources

Denver Metro Small Business Development Center

- Contact at info@denversbdc.org or 303-620-8076
- www.denversbdc.org

Denver Metro Chamber of Commerce

- Resources for business owners, employers and workers
- www.denverchamber.org/COVID

Small Business COVID-19 Disaster Response Hotline

- 303-860-5881
Roundtable
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EVP, REGIONAL DIRECTOR
UNITED PROPERTIES

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EVP, REGIONAL DIRECTOR
UNITED PROPERTIES
NMHC Rent Payment Tracker

NMHC launched a rent payment tracker on April 8 that found a 12-percentage point decrease in the share of apartment households that paid rent through April 5.

**Denver Rent Payment Numbers**

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<tr>
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<th>April 2020</th>
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<tr>
<td>Data</td>
<td>84.2%</td>
<td>91.2%</td>
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Don’t Wait and See!

We strongly advised owners to reach out to their residents and express their willingness to be flexible.

And to encourage renters who can afford to pay rent, to pay so owners can help those who legitimately need help. (Tamping down #RentStrike movement.)
Proactive Message: We are All in this Together

Apartment Industry Committed to Supporting Residents Impacted by COVID-19

• **Halt evictions for 90 days** for those who can show they have been financially impacted by the COVID-19 pandemic.

• **Avoid rent increases** for 90 days to help residents weather the crisis.

• Create **payment plans** and **waive late fees** for residents affected by the pandemic.

• Help residents identify governmental and community resources to secure food, financial assistance and healthcare.

• Communicate to residents that it is a priority for the industry to partner with them to help them retain their housing.
Help your residents understand what federal resources are available to help them manage their household budgets, including the fact that for many households, enhanced Unemployment Insurance will replace 100% or even more of their income.
This $349 billion loan/grant program was authorized by the CARES Act. Businesses with 500 or fewer employees can apply, with some exceptions that currently do not apply to the apartment industry.

**Congressional and Regulatory Action:** Congress and the SBA must amend the Paycheck Protection Program to expand eligibility to all multifamily housing firms so that they can ensure their employees are paid and continue to operate safe and secure apartment communities.

NMHC submitted two letters – one to Congress and one to Treasury/SBA – requesting they reverse regulations that inexplicably preclude multifamily businesses to qualify for the PPP and provide confirmation for off campus student housing.
The apartment industry is playing a critical, and front-line role as we seek to contain the COVID-19 outbreak across the nation. The recently enacted CARES Act included a number of helpful provisions for apartments firms and their residents – such as direct payments to individuals and families expanded unemployment insurance and a small business loan/grant program. Unfortunately, these funds are not tied to housing obligations and will not be sufficient to address the financial challenges that both renters and the rental industry are now facing.

NMHC is calling on Congress to:
• Create an emergency assistance fund for renter households;
• Align mortgage forbearance and eviction protections;
• Provide financial assistance for property owners and mortgage servicers;
• Expand the SBA Paycheck Protection Program to include multifamily firms;
• Provide critical tax relief for multifamily property owners; and
• Enact critical infrastructure programs to support economic recovery.
Advocacy Talking Points: How to Talk About Federal Relief Issues

Multifamily Industry Priorities for Additional COVID-19 Relief

The apartment industry is playing a critical, and front-line role as we seek to contain the COVID-19 outbreak across the nation. Thanks to NMHC’s efforts, the multifamily CARES Act included a number of helpful provisions for apartment firms and their residents, such as emergency rental assistance and expanded eviction moratoriums in a small business loan program. Unfortunately, these funds are not tied to housing obligations and will not be sufficient to meet the financial challenges that renters and landlords are facing.

The following are talking points and background on the multifamily industry’s priorities for the next COVID-19 economic relief and stimulus package.

Top Priorities

- Creating an emergency housing assistance fund for renters households
- Providing financial assistance to property owners, mortgage servicers and modifying existing mortgage forbearance and eviction moratorium provisions in the CARES Act, including:
  - Allowing the forbearance protections in all types of mortgage, not just those with federal backing;
  - Assigning the protection to property owners, mortgage servicers and modifying the CARES Act, including:
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  - Assigning the protection to property owners, mortgage servicers and modifying the CARES Act, including:

  - Expanding the Small Business Administration’s Paycheck Protection Program to include multifamily businesses
  - Enacting the Multifamily Deprivation Parity Act
  - Ensuring that any infrastructure investment package promotes housing construction and rehabilitation

DETAILED TALKING POINTS FOR EACH ASK

Create an Emergency Housing Assistance Fund for Renters Households

The CARES Act did provide substantial financial relief; however, it is largely targeted to recipients already receiving HUD assistance. Direct emergency rental assistance for those who have not previously benefited from housing assistance can now be funded. Fortunately, it is critical. Importantly, this assistance should be specifically tied to renters to fulfill their rental obligations as much as possible and used for other purposes, which would result in further housing instability.

www.NMHC.org/SBApriorities

Multifamily Industry Priorities for SBA/PPP Eligibility

The apartment industry is a critical sector that contributes $5.4 trillion to the economy annually and supports 15.6 million jobs. And, like all American businesses, the multifamily housing industry is in a tremendous financial strain as a result of the COVID-19 pandemic.

As the government ramped nationwide social distancing protocols and implemented stay-at-home orders, the apartment industry was on the front lines of responding to the COVID-19 to slow it in communities across the nation. Rental income and operating expenses have taken a hit, but many managers and rental operators have managed to continue to pay their employees and maintain the safety and security of their residents.

However, many residents have lost their jobs and are unable to fulfill rent obligations; many owners/operators fear that, too, will not be able to satisfy their own financial obligations required for operation costs. Rental income is used to pay employees, mortgage payments, taxes, insurance and, importantly, funds to maintain the continuity of essential services to ensure apartment communities remain safe and secure.

With economic strains across all lines of the economy, Congress was right to provide substantial funding for the Small Business Administration’s (SBA) Paycheck Protection Program (PPP). Congress also wisely extended, through the CARES Act, to other assistance to all types of businesses. Yet, the SBA issued an interim final rule on April 8 that specifically denies eligibility to rental housing developers and owner-operators. In addition to requesting Congress and the SBA reverse this decision, the apartment industry urges the following legislative and regulatory changes to protect rental housing operators, their residents and their employees from further economic harm as a direct result of the COVID-19 crisis.

Top Message

Congress and the SBA must amend the Paycheck Protection Program to expand eligibility to all multifamily housing firms so that they can ensure their employees are paid and continue to operate safe and secure apartment communities.

Top Priorities

- Regulatory Fix:
  - The CARES Act allows participation by owners and operators of multifamily rental and, including owners who have mortgage, debt and covered expenses to pay. Yet, the SBA interim final rule denies multifamily firms access to the program. SBA must correct and clarify their implementation. The final rule on April 8 was incorrect.

- Legislative Fix:
  - The CARES Act provides an eligibility waiver for certain business enterprises with more than 500 employees but not more than one physical location, such as in the hotel industry. The multifamily industry operator under a very similar business model would offer services targeted to providing the essential employment and, because this business type operates integrally to other eligible businesses, we believe it should be eligible for a similar exemption. The CARES Act provides that any regulation promulgated by the SBA in accordance with the act shall be extended to restaurants and hospitality (under CARES Act section 1102).

- In the Joint Rule, April 8, 2020, Section II, Question 3(c), the SBA’s Standard Operating Procedures 50 10(1)(d) and 50 CPR 121.105.

www.NMHC.org/ReliefPriorities
Roundtable
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Please enter your questions in the “chat box” feature, and our panel will do their best to address them.

Thank you!
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