

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

Friday, April 10th,
11 am – 12 pm



Urban Land **Colorado**
Institute



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
- 11:15 – 11:50: *Roundtable: COVID-19 Impact on Office, Retail, Multifamily, and Industrial Leases*

Kelly Brough, President & CEO, Denver Metro Chamber of Commerce
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



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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/>
- 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/>.
- 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:

All are posted and available for registration at <https://colorado.uli.org/events>

- **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

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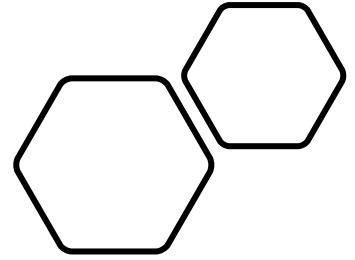


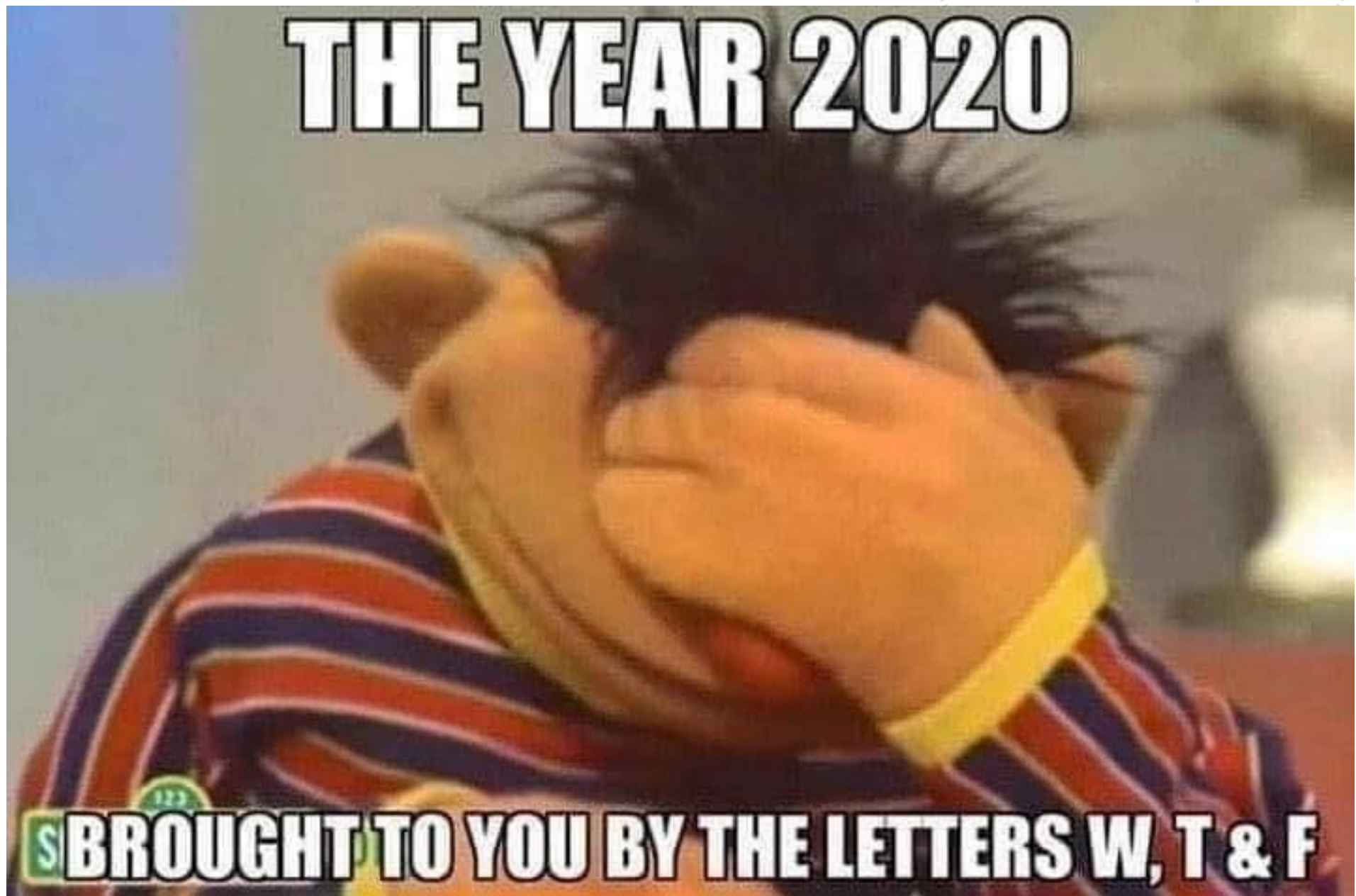
Welcome!

Today's Moderator:

KEVIN MCCABE

EXECUTIVE VP & CENTRAL REGION MARKET LEADER
NEWMARK KNIGHT FRANK







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Resources for Colorado's Business Community

KELLY BROUGH

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

Small Business COVID-19 Disaster Response Hotline

- ▶ 303-860-5881



Denver Metro Chamber of Commerce

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



Roundtable

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



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EVP & CENTRAL REGION
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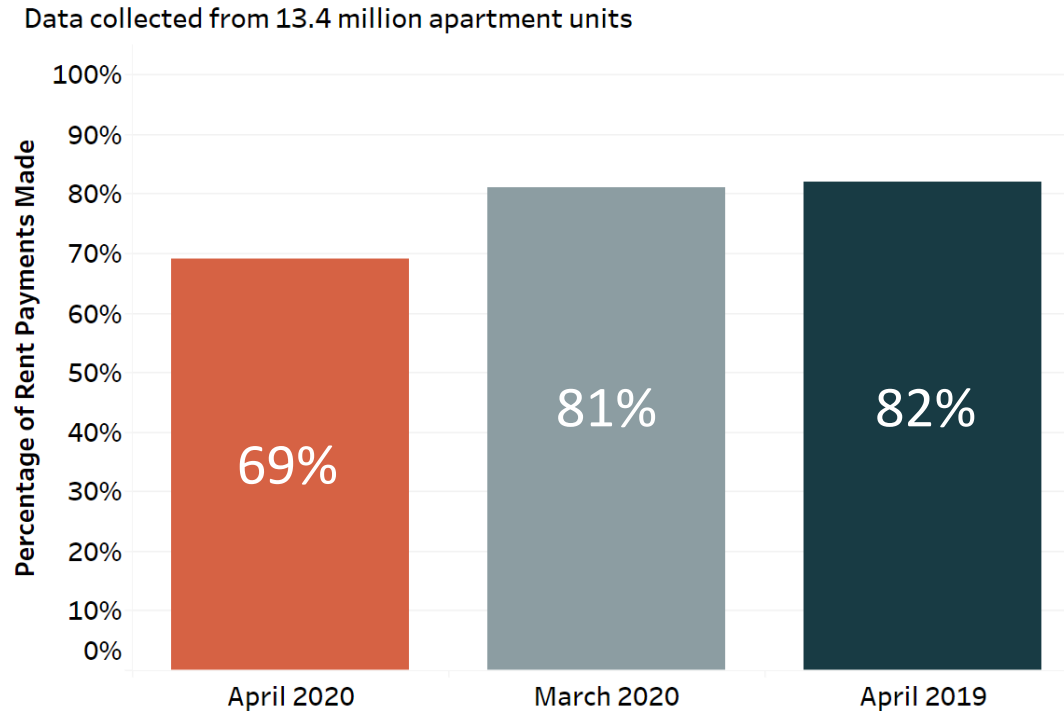
TRANSWESTERN



KEVIN KELLEY
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

April 2020	April 2019
84.2%	91.2%

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.)



Sample Talking Points in Advance of April 1

- This crisis is testing all of us. We know that many families are facing financial pressures as businesses have been forced to scale back or close. We're committed to helping our residents during these trying times to ensure that no one loses the roof over their head if they're financially impacted by this pandemic.
- If you have suffered financially because of the outbreak, please contact your property manager. We are all in this together. We are committed to working with our residents, willing to create payment plans and waiving late fees for those directly impacted.
- In addition, we may be able to help you identify resources offered by federal, state and local governments – as well as community organizations – to help you secure financial assistance, food and healthcare. To that end, the federal government is committed to providing significant resources to support those affected by the crisis. This includes a major expansion of unemployment benefits, direct payments to Americans, small business payroll loans and grants and a variety of other types of financial assistance. We hope that these support mechanisms will help make your household finances work.
- We are all in this together, so we are halting rent increases for the next 90 days to help residents weather the crisis.
- For our residents who have not experienced an income disruption from COVID-19, it's important to understand that all existing rent and related obligations remain in place. We are committed to helping those directly impacted by the pandemic, but we rely on timely rent payments from those who haven't been affected so we can continue to pay our employees who maintain the cleanliness and safety of our community as well as meet our financial obligations like mortgages, tax and insurance payments.
- We also know that many of you are working from home. Please let us know if there is anything we can do to make this transition smoother.
- While we are all weathering this, we are heartened by the stories of neighbors helping one another – from grocery shopping to checking in on each other. Communities working together to stay safe is what will get us through this crisis, and we are here for you. The steps we're taking will safeguard this community and we appreciate your willingness to help.

If you want to elaborate on the need for unaffected renters to continue to pay their rent, we offer two options:

APARTMENTS. WE LIVE HERE.

1070 East 10, Suite 900 | Indianapolis, IN 46202 | 317-575-2000 | www.nmhc.org

www.nmhc.org/RentTalkingPoints



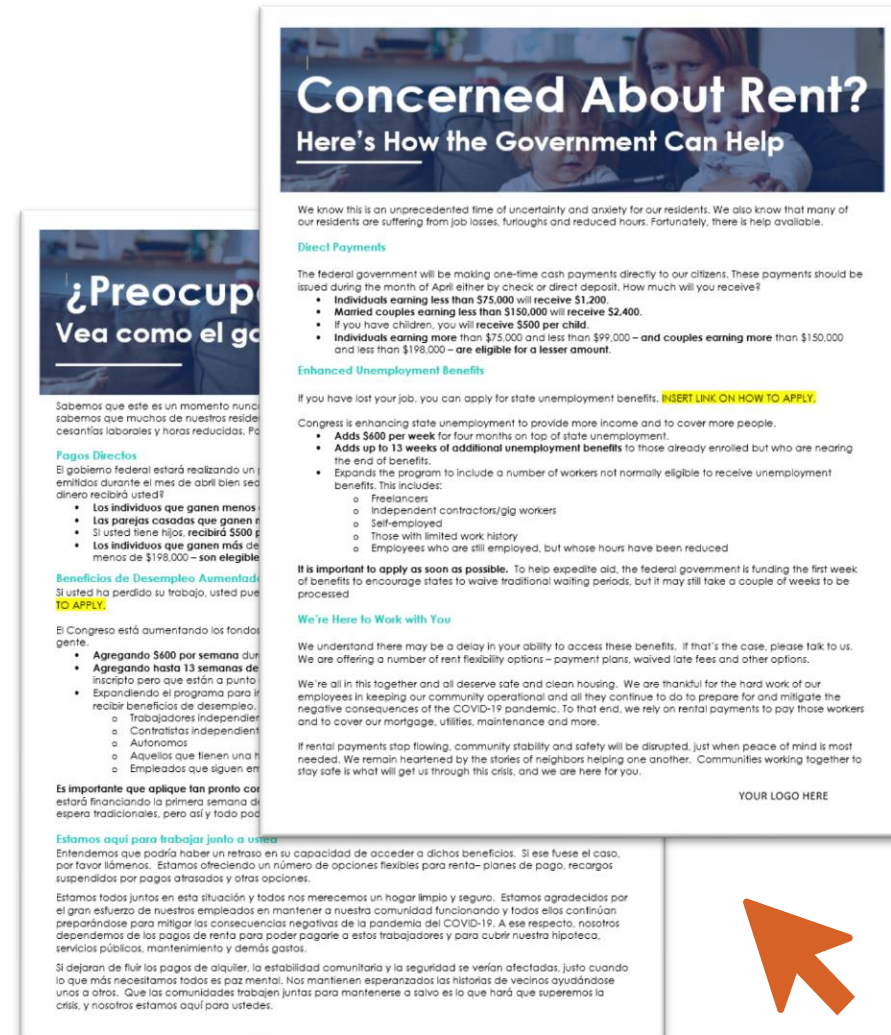
Proactive Message: We are All in this Together

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.

Talking Points: Concerned About Rent? Federal Assistance is Available

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.



¿Preocupado? Vea como el gobierno puede ayudar

Sabemos que este es un momento difícil para muchos de nuestros residentes. Sabemos que muchos de nuestros residentes están enfrentando dificultades económicas, como pérdida de empleo, reducción de horas laborales y horas reducidas. Podemos ayudarlos a encontrar recursos para obtener ayuda financiera.

Pagos Directos

El gobierno federal estará realizando un pago directo a los residentes que cumplen con los requisitos. ¿Cómo se verá afectado?

- Los individuos que ganen menos de \$75,000 al año.
- Las parejas casadas que ganen menos de \$150,000 al año.
- Si usted tiene hijos, recibirá \$500 por hijo.
- Los individuos que ganen más de \$75,000 y menos de \$150,000 al año – son elegibles para una menor cantidad.

Beneficios de Desempleo Aumentados

Si usted ha perdido su trabajo, usted puede recibir beneficios de desempleo. El Congreso está aumentando los fondos para el programa de desempleo.

- Agregando \$600 por semana durante cuatro meses.
- Agregando hasta 13 semanas de beneficios de desempleo.
- Expandiendo el programa para incluir a los trabajadores independientes, contratistas independientes, autónomos y aquellos que tienen una historia de empleo pero que no están empleados.

Es importante que aplique tan pronto como pueda. El gobierno federal está financiando la primera semana de beneficios de desempleo, pero así y todo puede haber un retraso en su capacidad de acceder a dichos beneficios. Si ese fuese el caso, por favor llámenos. Estamos ofreciendo un número de opciones flexibles para renta – planes de pago, recargos suspendidos por pagos atrasados y otras opciones.

Estamos todos juntos en esta situación y todos nos merecemos un hogar limpio y seguro. Estamos agradecidos por el gran esfuerzo de nuestros empleados en mantener a nuestra comunidad funcionando y todos ellos continúan preparándose para mitigar las consecuencias negativas de la pandemia del COVID-19. A ese respecto, nosotros dependemos de los pagos de renta para poder pagarle a estos trabajadores y para cubrir nuestra hipoteca, servicios públicos, mantenimiento y demás gastos.

Si dejaran de fluir los pagos de alquiler, la estabilidad comunitaria y la seguridad se verían afectadas, justo cuando lo que más necesitamos todos es paz mental. Nos mantienen esperanzados las historias de vecinos ayudándose unos a otros. Que las comunidades trabajen juntas para mantenerse a salvo es lo que hará que superemos la crisis, y nosotros estamos aquí para ustedes.

Concerned About Rent? Here's How the Government Can Help

We know this is an unprecedented time of uncertainty and anxiety for our residents. We also know that many of our residents are suffering from job losses, furloughs and reduced hours. Fortunately, there is help available.

Direct Payments

The federal government will be making one-time cash payments directly to our citizens. These payments should be issued during the month of April either by check or direct deposit. How much will you receive?

- Individuals earning less than \$75,000 will receive \$1,200.
- Married couples earning less than \$150,000 will receive \$2,400.
- If you have children, you will receive \$500 per child.
- Individuals earning more than \$75,000 and less than \$99,000 – and couples earning more than \$150,000 and less than \$198,000 – are eligible for a lesser amount.

Enhanced Unemployment Benefits

If you have lost your job, you can apply for state unemployment benefits. [INSERT LINK ON HOW TO APPLY.](#)

Congress is enhancing state unemployment to provide more income and to cover more people.

- Adds \$600 per week for four months on top of state unemployment.
- Adds up to 13 weeks of additional unemployment benefits to those already enrolled but who are nearing the end of benefits.
- Expands the program to include a number of workers not normally eligible to receive unemployment benefits. This includes:
 - o Freelancers
 - o Independent contractors/gig workers
 - o Self-employed
 - o Those with limited work history
 - o Employees who are still employed, but whose hours have been reduced

It is important to apply as soon as possible. To help expedite aid, the federal government is funding the first week of benefits to encourage states to waive traditional waiting periods, but it may still take a couple of weeks to be processed.

We're Here to Work with You

We understand there may be a delay in your ability to access these benefits. If that's the case, please talk to us. We are offering a number of rent flexibility options – payment plans, waived late fees and other options.

We're all in this together and all deserve safe and clean housing. We are thankful for the hard work of our employees in keeping our community operational and all they continue to do to prepare for and mitigate the negative consequences of the COVID-19 pandemic. To that end, we rely on rental payments to pay those workers and to cover our mortgage, utilities, maintenance and more.

If rental payments stop flowing, community stability and safety will be disrupted, just when peace of mind is most needed. We remain heartened by the stories of neighbors helping one another. Communities working together to stay safe is what will get us through this crisis, and we are here for you.

YOUR LOGO HERE

NMHC Advocates: SBA Paycheck Protection Program

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.

NMHC Advocates: Phase Four Federal Relief Package


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

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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/NAA's aggressive lobbying effort, 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.

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

Top Message

Apartment operators, employees and residents need economic relief immediately to avoid a collapse of the portion of the rental housing sector that provides homes for 40 million Americans.

Top Priorities

- **Creating an emergency housing assistance fund for renter households**
- **Providing financial assistance to property owners, mortgage servicers and modifying the multifamily mortgage forbearance and eviction moratorium provisions in the CARES Act, including:**
 1. Expanding the forbearance protections to all types of mortgages, not just those with federal backing;
 2. Aligning the protection timelines for Federal mortgage forbearance and Federal, state and local eviction moratoriums;
 3. Providing financial assistance and protection for property-level financial obligations;
 4. Amending the forbearance repayment schedules;
 5. Limiting national eviction moratorium benefits to those financially impacted by COVID-19; and
 6. Creating a Federal Reserve credit facility for mortgage services.
- **Expanding the Small Business Administration's Paycheck Protection Program to include multifamily businesses**
- **Enacting the Multifamily Depreciation 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 Renter Households

The CARES Act did provide substantial financial housing support; however, it is largely targeted to recipients already receiving HUD assistance. Direct emergency rental assistance for those who do not presently receive federal housing assistance but now find themselves needing it, is critical. Importantly, this assistance should be specifically tied to renters to fulfill their rental obligations so funds are not misdirected and used for other purposes, which would result in further housing instability.

APARTMENTS. WE LIVE HERE. 1775 Eye St. NW, Suite 1000 | Washington, DC 20006 | 202.976.2200 www.apartmentcouncil.org



www.NMHC.org/SBApriorities

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Multifamily Industry Priorities for SBA/PPP Eligibility

The apartment industry is a robust sector that contributes \$3.4 trillion to the economy annually and supports 17.5 million jobs. And, like all American businesses, the rental housing industry is under tremendous financial strain as a result of the COVID-19 pandemic.

As the government extends nationwide social distancing protocols and implements stay at home orders, the apartment industry is on the front lines of responding to the COVID-19 outbreak in communities across the nation. Rental housing owners and operators take seriously their responsibility to ensure residents are safe and secure. We are working alongside public officials to put residents and employees at ease. Yet as more residents face job loss or furloughs and are unable to fulfill rent obligations, many owners/operators fear they, too, will not be able to satisfy their own financial obligations required to operate their properties. Rental income is used to pay employees, mortgage payments, taxes, insurance and, importantly, funds to maintain continuity of essential services to ensure apartment communities remain safe and secure.

With economic strain 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 rightly intended, through the CARES Act, to offer assistance to all types of businesses. Yet, the SBA issued an interim final rule on April 2 that specifically denies eligibility to rental housing developer and owner firms. 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 real estate, including passive owners that have mortgages, debts and covered expenses to pay. Yet, the SBA interim final rule denies most multifamily firms access to the program. SBA must correct and clarify their implementation.¹ The Rule relies on obsolete 2019 guidance.

Legislative Fix:

- The CARES Act provided an eligibility-waiver for certain business concerns with more than 500 employees but with more than one physical location, such as in the hotel industry. The multifamily industry operates under a very similar business model to other sectors targeted for inclusion with this language. Because apartment firms operate similarly to other eligible businesses, we believe it is critical that Congress also extend similar eligibility to multifamily and student housing businesses. To expand eligibility of the PPP to a greater number of rental housing providers, Congress should provide the same affiliation exceptions for real estate (beginning with code 53) as extended to restaurants and hospitality (code 72) under Section 1102 of the CARES Act.

¹ The Interim Final Rule, April 2, 2020, Section III, question 2(c) incorporates SBA's 2019 Standard Operating Procedures 50.10 (SOP) and 13 CFR 120.110.



www.NMHC.org/Reliefpriorities

Roundtable

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



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Q&A

Please enter your questions
in the “chat box” feature,
and our panel will do their
best to address them.

Thank you!

Roundtable

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



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THANK YOU!

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We're here to help!



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