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NMHC COVID-19 Stimulus Update

March 27, 2020

Webinar Information

- This webinar was pre-recorded on March 27, 2020 and was not intended for a live audience.
- For further information on the topics covered within this webinar, please visit <https://www.nmhc.org/covid19>. Questions can be emailed to **news@nmhc.org**.
- This webinar is provided for informational purposes only.

NMHC Welcome

Doug Bibby
President



NMHC Mission


The mission of NMHC is to create opportunities for the industry's best and brightest to come together to leverage smart decision making and collaborative action to shape a positive future for their business, the multifamily housing industry and the communities they help build.



New NMHC Resource

NMHC has developed talking points that property owners and managers can use to help guide discussions or communications with residents who have been impacted, including a reminder to unaffected residents that their rent is still due.

COVID-19: Our Commitment to Residents



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.

WE'RE HERE TO HELP

- 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 are putting rent freezes in place for the next 90 days to help residents weather the crisis.
- 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.

RESOURCES

- We encourage you to 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 an extension of unemployment benefits, direct payments to Americans and assistance to select industries to get people back to work. We hope that these support mechanisms will help make your household finances work.
- Helpful resources from the CDC can be found at <https://www.cdc.gov/coronavirus/2019-ncov/index.html>

It's important to know that eviction moratoriums that have been put in place does not relieve residents of paying their rent or complying with their lease. Again, we are committed to helping those directly impacted by the pandemic. For those of you not financially impacted by the pandemic, it is critical that timely rent payments continue so we can continue to pay our employees, maintain the cleanliness and safety of our community and meet our other financial obligations like tax and insurance payments.

For now, 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.

**YOUR LOGO
HERE**

**NMHC
COVID-19
Policy
Response**

Cindy Chetti
SVP, Government Affairs



Webinar Agenda

- **Welcome and Overview –**
 - Doug Bibby, NMHC President
- **NMHC COVID-19 Policy Response -**
 - Cindy Chetti, NMHC Senior Vice President, Government Affairs
- **COVID-19 Stimulus Update -**
 - Kevin Donnelly, Vice President, Government Affairs
 - Matthew Berger, Vice President, Tax
 - Dave Borsos, Vice President, Capital Markets
- **Federal Regulatory Review -**
 - Dave Borsos, Vice President, Capital Markets
 - Paula Cino, Vice President, Construction, Development, and Land Use Policy
- **Future Legislative Outlook**
- **Closing Remarks**

Federal COVID-19 Bills to Date

- **Coronavirus Preparedness and Response Supplemental Appropriations Act (March 4)**
 - \$8.3 billion emergency funding related to developing a vaccine, medical supplies, grants for public health agencies, small business loans, and assistance for health systems in other countries.
 - Allowed for temporarily waiving Medicare restrictions and requirements regarding telehealth services.
- **Families First Coronavirus Response Act (March 18)**
 - Guaranteed free coronavirus testing, established paid leave, enhanced unemployment insurance, expanded food security initiatives, and increased federal Medicaid funding.
- **Coronavirus Aid, Relief, and Economic Security Act (CARES Act, March 26)**
 - Addresses economic impacts of the COVID-19 (coronavirus) outbreak.

COVID-19 Stimulus Update

Kevin Donnelly
VP, Government Affairs



CARES Act

What Does It Mean for Housing Policy?

- Substantial Increases in HUD Programs and Assisted Housing
 - Provides \$17.4 billion for HUD
 - Tenant-Based Rental Assistance – \$1.25 billion
 - Project-Based Rental Assistance – \$1 billion
 - Community Development Block Grant (CDBG) – \$5 billion
 - Homeless Assistance Grants – \$4 billion
- Waiver Authority
 - Secretary has broad waver authority for Sec 8 funding, CDBG, TBRA, PBRA and the Public Housing Operating Fund, which has the potential to ease private sector participation.

CARES Act

What Does It Mean for Multifamily Residents?

- **Pandemic Unemployment Assistance:**
 - Unemployed Americans eligible for \$600 extra per week.
 - Benefit level to 100% of pre-crisis wages.
- **Recovery Rebates:**
 - One-time cash payments by mid-to-late April
 - \$1200 per person/\$2400 per couple/\$500 per child.
- **Credit Protection During COVID-19:**
 - Furnishers to credit reporting agencies (like apartment firms) who agree to modified (rental) payments with a consumer that has been impacted by COVID-19, must report such obligation as “current.” Protection ends 120 days after the emergency declaration is ended.

CARES Act

What Does It Mean for Multifamily Operators?

- Multifamily Mortgage Forbearance:
 - Borrowers eligible for up to 90 days of forbearance on federally backed multifamily mortgage loans.
 - Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period.
 - Owner cannot send a notice of eviction until after forbearance ends and prevents the eviction from happening for 30 days more.
 - Allows for necessary evictions (criminal activity/endangering other residents, etc.) to move forward.

CARES Act

What Does It Mean for Multifamily Operators?

- National Eviction Moratorium:
 - Imposes a 120-day eviction moratorium at any property that has a mortgage backed by the federal government (HUD, GSE, USDA loan products).
 - Owner cannot send a notice of eviction until after moratorium ends and prevents the eviction from happening for 30 days more.
 - Allows for necessary evictions (criminal activity/jeopardizing other residents, etc.) to move forward.

Employer Mandates and Tax Provisions

Matthew Berger
VP, Tax



Tax Provisions

- Families First Coronavirus Response Act
 - Mandates two weeks of paid sick leave for those impacted by COVID-19.
 - Expands the Family and Medical Leave Act (FMLA) to provide up to 10 weeks of paid leave to care for children under 18 whose schools/childcare facilities are closed.
 - Offers two refundable employer payroll tax credits to offset wage costs.
 - Does not apply to private business of 500 or more employees.
- Treasury / IRS
 - Delay in Federal income tax filing and payments to July 15, 2020

Tax Provisions of CARES Act

- Business Provisions
 - Employee retention tax credit: Refundable payroll tax credit for 50% of wages (up to \$10,000) paid by employers to employees during crisis.
 - Employer Payroll Tax Deferral: Delay of payment of employer payroll taxes from enactment to 12/31/20
 - Net Operating Loss (NOL) relief: 5-year carryback
- Individual Tax Assistance
 - Recovery Rebates: \$1,200 (single filers); \$2,400 (married couples); and \$500 (per child). Phases out for single filers earning over \$75,000 and married couples earning over \$150,000.

Small Business Relief and Capital Markets

Dave Borsos
VP, Capital Markets



Small Business Loans

- \$350 billion for loans to small businesses (with 500 or fewer employees, full-time/part-time)
 - Up to 250% of average monthly payroll, maximum \$10,000,000
 - Loan is forgivable if-
 - Employer keeps employees on payroll
 - Over 8 weeks spends the loan amount on payroll, rent, mortgages, utility payments
 - Effective immediately through SBA lenders
 - No fees, qualifying requires no collateral, no personal guarantee and borrower certifies they are impacted by COVID-19
 - Retroactive to 2/15/20
 - \$10 billion for emergency grants up to \$10,000

Federal Housing Finance Agency – forbearance

- FHFA announced Tuesday, March 24 that multifamily properties backed by Fannie Mae and Freddie Mac mortgages would be granted mortgage forbearance relief for 90 days.
- In exchange, multifamily housing providers must place a 90-day hold on evictions.
- Forbearance must be repaid over 12 months
- Renters are obligated to repay missed rent payment over 12 months
- FHFA is evaluating how Phase 3 relief package will impact
- FHA will follow guidelines in Phase 3 relief package

Federal Regulatory Review

- Banking Regulators
 - Depositories that restructure loans do not have to reclassify as Troubled Debt Restructuring saving capital for banks. We have requested that NAIC make a similar announcement for Life Companies
 - Encouraged depositories to extend short term loans or other financial support to businesses who are impacted
- Phase 3 Relief Package Banking Impacts
 - CECL Relief: Implementation of Current Expected Credit Losses (CECL) accounting standards is suspended
 - Lowered financial ratios to increase liquidity flexibility for community banks

Federal Reserve Action under Section 13 (3)

- Broad measures rolled out to support financial markets
 - Purchase of agency commercial mortgage backed securities (CMBS)
 - Support Commercial Paper market, primary and secondary trading of corporate bonds, Term Asset-Backed Loan Facility
 - Multiple other features to support all parts of the financial market
- Phase 3 Relief Package Impacts
 - Allocates \$454 billion for the Fed to lever 10-to-1 in supporting businesses
 - Previously announced Main Street Lending Program to be part of this allocation. No further information available at this time

Essential Workers and Construction

Paula Cino
VP, Construction,
Development and Land Use
Policy



Housing is Essential

- Residential Construction and Property Operations are "Essential" - As jurisdictions nationwide craft shelter-in-place or similar orders, we are urging that housing construction and operations teams be recognized as essential and necessary critical infrastructure.
- Federal Guidance - Industry letter sent to Cybersecurity and Infrastructure Security Agency (CISA) on advisory guidance.

**NMHC
COVID-19
Advocacy**

Cindy Chetti
SVP, Government Affairs



Future Legislative Outlook


- Direct & Sustained Assistance to Renters
 - Tied to fulfillment of rental obligations
- Financial Forbearance for Rental Property Owners
 - Extend mortgage forbearance and similar protections to other financial obligations (i.e. insurance premiums, utility service payments and tax liabilities)
- Guardrails on Eviction Moratoriums
 - Limited time scope, COVID-19 impacted residents only
 - Evictions for lease violations like property damage, criminal activity continue

NMHC Advocacy

**Urgent: Ask Congress to Help Renters & Property Owners Recover
from COVID-19**

Take Action Now

NMHC Resources



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CORONAVIRUS (COVID-19) HUB


Explore the recent updates, resources and research NMHC has assembled relating to the COVID-19 crisis.




COVID-19 Resources →
A list of go-to sites with relevant information organized by topics including operations, legal obligations, business guidance and more.




Prepare for April 1: Communicating with Residents Regarding Rent Flexibility and Obligations →
Includes talking points, sample signage template and considerations.




COVID-19 Webinars →
These on demand recorded webinars cover a variety of topics including construction impacts, policy updates, legal obligations and more.



Listserve →
Join NMHC's Emergency Preparedness Listserve to discuss the actions your firm is taking during the COVID-19 pandemic.



Advocacy & Policy →
As the COVID-19 virus spreads across the country, NMHC stands ready to support the apartment industry and its residents.



COVID-19 Preparedness →
NMHC has compiled an overview of suggested apartment owner preparations and considerations.



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