**Date: April 1, 2020**

**Attended by:** Mark Lambing

**Presenters:** Novogradac

1. Michael Novogradac: Managing Partner
2. Megan Murphy: National Tax Practice
3. Peter Lawrence: Director of Public Policy and Government Relations
4. Frank Altman: CEO – Community Reinvestment Fund

**Subject:** COVID-19 – Phase 3 Response Bill

**Overview:** An overview of the CARES Act (H.R. 748)

**Notes:**

**Background**

* Phase 1 - HR6074 - $8.3 Billion
  + Focus on immediate healthcare and first responder needs
* Phase 2 - HR6201 - $105 Billion
  + Focus on paid sick days and sick leave for firms of 500 employees or less
* Phase 3 - CARES Act/ H.R. 748 Overview and Appropriations - $2.2 Trillion
  + Two Focuses
    - Keeping Americans Paid and Employed Act
      * SBA loans/ Grants/ Subsidies
    - Assistance for American Workers, Families, and Businesses
      * Unemployment Insurance/ Individual Rebates & Provisions, Business Tax Provisions
  + Appropriations
    - $340 Billion Overall
      * $150B - Coronavirus Relief Fund
        + For States/Tribal/Local government to be used on necessary unbudgeted COVID-19 expenditures
      * $3B - CDBG
      * $15.4B - HUD Supplemental Appropriations
        + $1B - Project-Based Rental Assistance
        + $1.25B Tenant Based (Housing Voucher Choice)
* COVID Relief Fund
* Other Notable Appropriations

**Individuals**

* $1,200 per adult/ $500 per child
* Increased unemployment benefits
  + Benefits
    - Additional $600/week, up to 4 months
    - Additional 13 weeks of benefits
  + Current Issues
    - This is administered on a state-by-state basis, so every state will differ slightly
    - Proof of Earnings issues (Tip income/ Gig employees)
* Housing Evictions Moratoriums
  + Any Gov loans - Eviction loans not allowed for the next 4 months
    - Unclear how Section 42 housing is affected
* Relaxations of Charitable donation limits
* Student Loan Loans
* Tax Provisions
* Treasury Exchange Stabilization Fund - $500B
  + Aim is to support bond markets through Federal Reserve
    - $454B - Loans, guarantees and other investments
    - $46B - direct lending to airlines, national security industries
* Loans and Grants

**Businesses**

* Business Tax Provisions
  + Delay of Employer Payroll Tax Payments
  + Employee Retention Tax Credits
  + Modification of Limitation on Business Interest
  + Forbearance for mortgage payments (120 days) for multifamily properties with federally-backed loans
    - Must have a need for this forbearance
    - Tod Crow (PNC) and Mike Novo co-authored a blog together on this

**Frank Altman**

* SBA Economic Injury Disaster Loan (EIDL)
  + Terms
    - Up to $2MM
    - 30 Year AM
    - 3.75% interest rate
* SBA Paycheck Protection Program (PPP)
  + Emergency loan for payroll/utilities/rent
  + 100% government guaranteed loan
  + All or part may be fully forgiven depending on how funds are spent
    - 100% forgiven if used on payroll
  + Terms
    - Up to $10MM
    - .5% Interest Rate
    - 10-year maturity
    - Unsecured/ no personal guarantee

**Phase 4 - Future Legislation**

* Goal is to pass through house by end of April
* Likely to include
  + Infrastructure
    - Tax Credit Provisions
      * LIHTC
        + 4% Floor will most likely be included
      * New Markets
        + Special Allocation may be included
      * Historic
        + Could make 1-year credit period
        + Has raised credit from 20% to 26% in past responses to disaster areas
      * Renewable Energy
  + More State and Local Government Help
  + More Rebates

**Other**

* IRS believes they have the authority to extend deadlines and may do so
  + E.g. - Placed in Service/ etc.
  + Look at existing guidance or ask for new guidance
* Investors
  + Funds are still closing
  + No direct impact to pricing
  + Underwriting will become a lot more conservative
    - Lease-up
    - Construction schedules