**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