

# The Apartment Owners Advisory Council (AOAC) and Realty Officials Begin Their Preparations for the Upcoming "Rent Guidelines Season"

By Jeff Hanley, IMPACT Editor

WHITE PLAINS

The Apartment Owners Advisory Council (AOAC) has begun its preparations for the realty industry's testimony on rent guideline increases for rental apartment buildings affected by The Emergency Tenant Protection Act (ETPA). AOAC officials recently said that the association has begun its preparations and the studying of its possible strategies in response to the overall guidelines process. Those preparations, AOAC officials added, are part of the process of the realty industry in fully preparing for the upcoming Public Hearings and Deliberations of The Westchester County Rent Guidelines Board. The guidelines board is the entity that annually decides on guidelines for lease renewals affected by the ETPA. Those guidelines are decided upon after the board conducts its Public Hearings and Deliberations. The guidelines board released its schedule of Public

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# Impact

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## The Paycheck Protection Program Is Now Available for Cooperatives

By Dorothy M. Finger, Esq., Daniel S. Finger, Esq., Carl L. Finger, Esq. and Kenneth J. Finger, Esq.

WHITE PLAINS

On Dec. 27, 2020, Congress enacted the COVID Stimulus Relief Bill (Consolidated Appropriations Act) which was then signed into law.

This legislation included relief for COVID hard-hit industries (airlines, restaurants, etc.) and provided direct relief to many Americans in the form of enhanced unemployment benefits and \$600

direct payments to qualified persons making under \$75,000.

For the first time, however, the government cured an omission (the prior legislation allowed farming cooperatives to be eligible for the Paycheck Protection Program (PPP), but did not allow housing cooperatives). Now, for the first time, the legislation included a provision that makes co-op corporations specifically eligible for forgivable loans under the PPP.

Certain criteria have to be met and if met, the loan will be forgiven. This second PPP (PPP2) program has both pluses and minuses. The basic plus is the eligibility of housing cooperatives. The big negative in PPP2 is that in order to be eligible for the program, the eligible business (including housing cooperatives) has to have had a drop in income of 25 percent or more in income as compared to the comparable period in 2019.

A significant benefit of PPP2 is that even if the co-op does not meet the threshold of the 25 percent loss of income, which is the situation with most Westchester County co-ops, it can now qualify under the original PPP.

The PPP works as follows: a small business completes a loan application to their bank and/or lender, which then

submits it to the Small Business Administration (SBA). A housing cooperative, in order to be eligible, has to certify that it is currently experiencing financial uncertainty due to the pandemic and that the loan is necessary to support its ongoing operations.

Looking at the requirements, there cannot be more than 300 employees, and the loan applied for, to be forgiven, will not be more than 2.5 times the monthly payroll expense and provided at least 60 percent of the loan is used for payroll and the other 40 percent must be utilized for other eligible expenses.

**"We strongly recommend that every cooperative contact its legal and financial professionals to determine if there is eligibility and the possibility of forgiveness as well as the procedures for same."**

Payroll Costs may include payments for group life insurance, disability insurance and dental and vision benefits paid by the employer. Other eligible expenses can include certain mortgage interest, rent (if any), certain supplier costs and expenses of PPP items, among other things.

If the criteria is met, the loan will be forgiven to that extent and loans under \$2,000,000 will

presumptively be favorably considered for forgiveness and loans under \$150,000 may be forgiven based on self certification without significant additional documentation. If not forgiven it will have to be repaid with 1 percent interest over a five-year period.

We strongly recommend that every cooperative contact its legal and financial professionals to determine if there is eligibility and the possibility of forgiveness as well as the procedures for same.

**Editor's Note: The authors are attorneys with Finger and Finger, A Professional Corporation. The firm, based in White Plains, is Chief Counsel to The Building and Realty Institute of Westchester and the Mid-Hudson Region (BRI) and its seven component associations.**

## Building Industry Analysis:

### Record-High Lumber Prices Across the U.S. Are Hammering Housing Affordability

WASHINGTON, D.C.

Soaring lumber prices across the U.S. are adding thousands of dollars to the cost of a new home, pricing out millions of potential home buyers and impeding the residential construction sector from moving the economy forward, according to the National Association of Home Builders (NAHB).

"According to Random Lengths, the price of lumber hit a record high the week of Feb. 12 and is up by more than 170 percent over the past 10 months," said NAHB Chairman Chuck Fowke, a custom home builder from Tampa. "NAHB is urging President Biden and Congress to help mitigate this growing threat to housing and the economy by urging domestic lumber producers to ramp up production to ease growing shortages and to make it a priority to end tariffs on Canadian lumber shipments into the U.S. that are exacerbating unprecedented price volatility in the lumber market."

Lumber price spikes are not only sidelining buyers during a period of high demand, they are causing many sales to fall through and forcing builders to put projects on hold at a time when home inventories are already at a record low, NAHB officials said.

"The increase in lumber prices is forcing our company to delay construction starts, which will only exacerbate the lack of supply in our market," said NAHB First Vice Chairman Jerry Konter, a home builder and developer from Savannah, Ga.

Alicia Huey, a high-end custom home builder from Birmingham, Ala. and second vice chair of NAHB, said that the price of her lumber framing package on an identically-sized home has more than doubled over the past year from \$35,000 to \$71,000.

"This increase has definitely hurt my business," she said. "I've had to absorb much of this added cost and even put some construction on hold because I would be losing money by moving forward."

"Appraisers are not taking rising lumber costs into account, which is disrupting home sales and preventing closings," added NAHB Third Vice Chairman Carl Harris, a custom builder from Wichita, Kan.

Housing has been an economic bright spot amid the COVID-19 pandemic, but the industry's potential to lead the

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## The Suburban Shift for Construction Across the U.S. Continued Throughout 2020, Industry Report Says

WASHINGTON, D.C.

The suburban shift in home building to meet growing buyer preferences for lower-density, lower-cost markets stemming from the COVID-19 pandemic that was first reported in the second quarter National Association of Home Builders (NAHB) Home Building Geography Index (HBGI) continued throughout 2020.

That was the assessment contained in a Mar. 2 report by NAHB on its website (nabh.org).

Single-family construction continued to overperform in suburbs, exurbs and rural communities, according to fourth-quarter HBGI data released on Mar. 2. This continuing trend is a direct result of the pandemic, as more workers were able to telecommute and preferences shifted favoring larger homes. These changes prompted buyers and renters to seek out more affordable markets in order to accommodate home offices, home gyms and specialty rooms.

"Housing was one of the few economic bright spots in 2020, as builders worked to meet growing demand for single-family and multifamily housing, particularly in more affordable, smaller metro areas," said NAHB Chairman Chuck Fowke, a custom home builder from Tampa. "Housing can continue to be an engine of job creation and help the economy move forward in 2021. But in order to do so, policymakers need to address rising regulatory burdens and sharp increases in lumber and other building material prices that are harming housing affordability."

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## Economists: Housing Is an Economic Bright Spot Across the U.S., But Regulatory, Affordability Challenges Persist

WASHINGTON, D.C.

As the U.S. continues to rebound from the impacts of the COVID-19 pandemic, housing has been a bright spot in the economic recovery.

And while the home building industry is poised for another solid year in 2021, regulatory and supply-side challenges could harm housing affordability, slowing momentum and limiting growth.

Those were the assessments of economists who spoke at an online press conference in conjunction with IBSx, the 2021 virtual International Builders' Show that ran from Feb. 9 through Feb. 12.

"Housing affordability will continue to be a top concern this year," said National Association of Home Builders (NAHB) Chief Economist Robert Dietz. "On the demand side of the housing market, limited inventories of single-family homes generated strong price gains in 2020. While supply-side pressures - such as resurgent lumber prices, a short-

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