

What to Expect When Coronavirus Restrictions Are Lifted

As we approach a date when the COVID-19 safer-at-home restrictions will be lifted in Florida, many professionals in the commercial real estate industry are looking forward to returning to their offices and getting back to normal business. But new rules, stimulus packages, mandates, and emergency maneuvers over the last six weeks are going to affect all business moving forward. Here are some details about the Coronavirus Aid, Relief, and Economic Security (CARES) Act that you should understand and what steps you can take to turn the transition in your favor:

Families First Coronavirus Response Act: This law was signed by President Trump on March 18th and provided refundable tax credits designed to provide a dollar-for-dollar offset for small businesses and independent contractors to cover the cost of those new paid sick and family medical leave benefits. The other notable action in this bill was that it made Coronavirus testing free.

Paycheck Protection Program 1: If you were lucky to get a Paycheck Protection Program (PPP) loan, good for you! Only three percent of real estate companies in America obtained money during this loan's first wave according to the U.S. Small Business Administration (SBA). Most small business encountered issues when applying for loans through their banks and/or faced obstacles when submitting loan documents. Others, not anticipating the program would run out of money in 13 days, ventured to adapt their business practices for the short-term, but were upset when their option to apply for PPP money was taken away.

Paycheck Protection Program 2: As the second wind of stimulus money for PPP loans begins, look over these requirements and restrictions to see if you qualify:

- For real estate agent and broker offices, mortgage brokers and appraisers' offices to qualify as small businesses, the SBA set a limit of \$8 million in annual receipts.
- Businesses that lease residential or non-residential buildings can qualify as small businesses with as much as \$30 million in annual receipts.
- Developers, construction companies (residential and commercial), and residential remodelers should have no more than \$39.5 million in annual receipts.
- Consider an approved nonbank lender like Intuit/Quickbooks or Paypal.

“On the federal level, NAR had a great team in Washington that lobbied successfully for REALTOR® rights so the industry would be included in the list of essential services under the Homeland Security Guidelines,” said Bill Poteet, owner and broker at Poteet Properties. “More action on the part of Florida REALTORS®’ government relations team at the state level was also vital in keeping our doors open. Your state and local RPAC [REALTOR® Political Action Committee] members have been working hard to keep you in business.”

On April 6, Governor DeSantis suspended all home evictions and home foreclosures. Poteet responded, “Without REALTORS® inclusion as an “essential service,” leasing agents and property managers would have had their hands tied. On the commercial side, many local property owners began discussions with tenants to come up with a plan. But many businesses in

retail and food service were already working with thin profit margins before the crisis, so it will be hard to plan for expenses in the future.”

Poteet added that despite the lockdown, tenant’s contractual obligations are still in effect. “Hopefully, with more money available in the PPP at the community-level now, more local small businesses will apply for the loans so that they can meet these obligations.

Alternately, Poteet recommends landlords consider offering tenants a deferred lease payment plan, and/or require tenants seeking a rent reduction to apply for a PPP loan.

According to Chip Olson, CEO of RE1Advisor, “Commercial construction was facing a backlog before the crisis, so I think this area of recovery will not be impacted as much. Retail and office space leasing will dynamically change. I think working from home during the safer at home restrictions will convince a lot of businesses that they don’t need store front space anymore.”

Both Olson and Poteet agree that there will most likely be heightened demand for warehouse space as online shopping continues to grow out of personal safety precautions.

“Delayed imports of goods from China and other countries really created an issue in Florida as we saw supply chains suffer and many items out of stock for long periods of time,” said Olson. “I don’t think we’ll make this same mistake twice.”

“If you made a sale, rented or leased a property, closed a transaction and received a commission and were able to stay in business through the crisis, you should consider investing in ~~to~~ RPAC because without your NAR action and RPAC getting your business deemed an essential service, you would be out of work and make nothing. It truly pays to invest,” said Poteet.

After the restrictions are lifted, Olson thinks many states are going to see an exodus of residents as they chose to live in paradise earlier than planned. “This will be good news for residential and commercial REALTORS® in Florida.”

Need help navigating the new commercial real estate terrain? Call a colleague on the NABOR® Commercial Committee.