



Legislation Text

File #: Res 1289-2020, **Version:** *

Res. No. 1289

Resolution calling on the Federal Small Business Administration to revise its regulations and standard operating procedure to allow condominiums and housing cooperatives to partake in payroll and financial relief offered by the CARES Act.

By Council Members Vallone, Koo, Brannan, Chin, Rosenthal, Rodriguez, Maisel, Louis, Lander, Koslowitz, Cabrera, Treyger, Powers, Holden, Moya, Rose, Dromm, Grodenchik, Cornegy, Kallos, Van Bramer and Yeger

Whereas, In 2019 and 2020, the disease COVID-19, also known as novel coronavirus, spread rapidly worldwide, leading the President of the United States to declare a national emergency, and the World Health Organization to declare the outbreak a global pandemic; and

Whereas, The impact of the coronavirus pandemic has been especially severe in the State of New York, which reports over 200,000 cases and over 14,000 fatalities as of April 14, 2020, constituting roughly one-third of all confirmed coronavirus cases in the United States; and

Whereas, According to the New York City Department of Health and Mental Hygiene, nearly 120,000 of the cases and 12,000 of the fatalities in the State of New York have occurred in New York City, as of April 14; and

Whereas, The coronavirus pandemic, as well as social distancing measures implemented to control the spread of the disease, have caused a sharp economic downturn and reduction of economic activity, resulting in extremely high numbers of Americans being put out of work; and

Whereas, The United States Department of Labor reports that over 22 million Americans filed initial unemployment benefits between March 15 and April 11, 2020, of which over one million came from the State of New York; and

Whereas, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2

trillion stimulus package designed to provide financial relief in the midst of the coronavirus pandemic, which the President signed into law on March 27, 2020; and

Whereas, A major component of the CARES Act is the Paycheck Protection Program (PPP), through which small businesses can apply for loans to cover their expenses during this downturn; and

Whereas, The loans provided by the PPP will be fully forgiven so long as recipients keep all employees on payroll and maintain their compensation levels, as well as use the funds for payroll, rent, mortgage interest, utilities, and other related expenses; and

Whereas, The provision of these funds will allow workers to keep their jobs and assist small businesses with operating costs, which will lessen the deleterious economic impact of the coronavirus pandemic; and

Whereas, On April 2, 2020, the Federal Small Business Administration (SBA) issued an Interim Final Rule for the CARES Act stating that businesses deemed ineligible for PPP loans are identified in 13 C.F.R. § 120.110 and described further in SBA's Standard Operating Procedure § 50, No. 10, Subpart B, Chapter 2; and

Whereas, The list of ineligible businesses set forth in SBA's Standard Operating Procedure includes businesses primarily engaged in owning, purchasing, and leasing real estate, apartment buildings, and residential facilities that do not provide healthcare or medical services; and

Whereas, As a result of these limitations on eligibility, housing cooperatives and condominiums, as well as their employees, are excluded from the PPP and any related benefits; and

Whereas, The real estate market is an essential component of New York City's economy, generating \$31.9 billion in taxes in Fiscal Year 2019 and contributing 53 percent of the city's total tax revenue that year, according to the Real Estate Board of New York; and

Whereas, The real estate sector is also a major employer in New York City, employing over 120,000 workers as of 2017, according to Baruch College's Weissman Center for International Business; and

Whereas, According to Politico, the economic downturn caused by the coronavirus pandemic has led to a 20 percent reduction in real estate transactions, as well as sharp decreases in new listings; and

Whereas, Designating housing cooperatives and condominiums as eligible for the PPP would bolster the real estate market and strengthen financial security for employees of these businesses during this time of crisis; now, therefore, be it

Resolved, That the Council of the City of New York calls on the Federal Small Business Administration to revise its regulations and operating procedure to allow condominiums and housing cooperatives to partake in payroll and financial relief offered by the CARES Act.

LS #14632
4/16/20
TWN