

## \$1.9 Trillion Stimulus Plan Aims to Carry U.S. Economy Through COVID-19 Pandemic

**American Rescue Plan (ARP) touches all parts of the economy.** The \$1.9 trillion spending bill includes funding for individuals, states and schools. Other resources are being made available for companies and to support vaccine distribution in the coming months. The pace of vaccinations has been on an improving trajectory since late last year and has neared 3 million per day. Many states have increased vaccination eligibility to all residents that qualify under the FDA emergency-approved status, though a couple more months will be necessary to get inoculations to all those who want them. Rapid distribution bodes well for the national economy, which could expand between 6 and 8 percent this year.

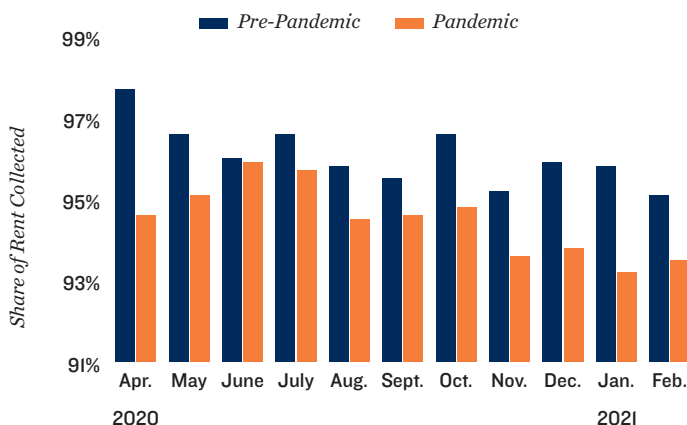
**Provisions aimed at easing pandemic-impacted workers.** Federally backed unemployment insurance is extended to September 6 at a rate of \$300 per week. The additional support will aid the apartment market, where rent collections had begun to slip earlier this year. In February, rent payments amounted to 93.5 percent, down from 95.1 percent during the same month last year. The ARP does not include an eviction moratorium, though the current deadline has been extended to the end of June. The child tax credit is also increased from \$2,000 to \$3,600 for each dependent. This credit will help families offset expenses that are incurred by reentering the workforce.

**Stimulus checks to boost retail market.** The ARP will deliver individual checks of \$1,400 to most Americans. Following the distribution of \$600 checks at the beginning of this year, core retail sales jumped 8.5 percent. The next round of checks could have a compounding effect on retail spending. More people are vaccinated, including Americans who are particularly vulnerable to COVID-19 and were likely to avoid public spaces when possible. These residents may also have stockpiled their previous checks, further enhancing their spending power. Additionally, tax season could place cash into consumers' hands. As a result, retailers that weathered the pandemic could receive a boost as the it winds down, supporting retail property performance.

### Stimulus Highlights

- **Supplemented unemployment insurance:** Unemployed workers, including independent contractors, will be eligible for \$300 in weekly federal unemployment payments through Sept. 6.
- **Direct payments:** Individuals with an income of up to \$75,000 or couples with an income of \$150,000 are eligible for a \$1,400 stimulus payment under the ARP. Eligibility for any stimulus payment moves to zero for incomes above \$80,000 for individuals and \$160,000 for couples.
- **Rental housing:** The ARP includes more than \$40 billion allocated for rental housing, including \$21.55 billion for the Emergency Rental Assistance Program. An additional \$5 billion is set aside for housing vouchers, \$4.5 billion for utility assistance and \$5 billion for homelessness aid.
- **Child tax credit increase:** Filers will now be able to claim \$3,600 per dependent, up from \$2,000 previously.
- **Restaurant relief:** A total of \$28.6 billion in grants was set aside for restaurants. Individual locations qualify for \$5 million and some restaurant groups can receive \$10 million.
- **Government aid:** Lawmakers set aside \$350 billion for states to offset COVID-19 related costs. Schools will also receive \$130 billion to aid in reopening efforts.
- **Transit:** The ARP allocates \$30.5 billion in grants to transit agencies.
- **Pandemic healthcare:** Myriad of programs receive \$93 billion for public-health-focused activities.

### Rent Collections Decline During Pandemic



## Renters and Restaurants Get Relief

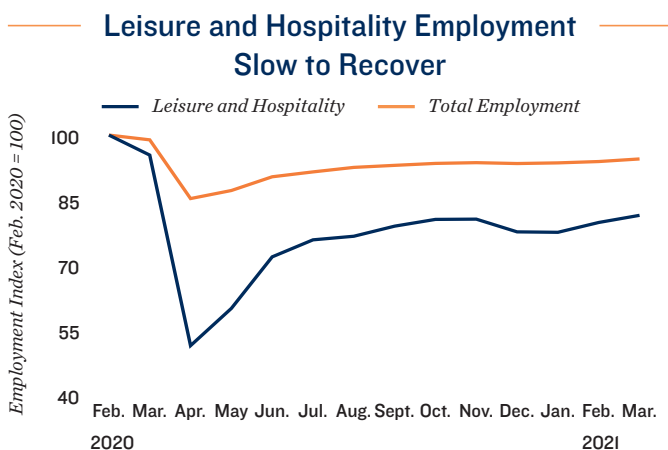
**Fresh round of rental assistance included.** More than \$40 billion has been allocated to housing, including \$21.55 billion for the Emergency Rental Assistance Program. The previous stimulus package that was passed as part of the omnibus bill in December included \$25 billion in renter assistance. These funds are generally distributed through state-established programs and payments are made directly to landlords. An income cap for qualification is attached at a local level, along with proof of pandemic-related hardship, so these funds will primarily support Class B and Class C rentals as they are funneled into the market. The ARP also includes \$5 billion in housing vouchers that can be utilized as rental assistance. The other substantial provision for housing is \$4.5 billion in utility assistance. Taken together, the plan is helping renters “catch up,” according to the Census Household Pulse Survey, as the job market is gaining momentum.

**Restaurants receive much-needed aid.** The Restaurant Revitalization Fund sets aside \$28.6 billion in grants for privately owned restaurants. As many as 20 percent of restaurants may have permanently shuttered due to shutdowns associated with the health crisis. Those remaining are often hamstrung with indoor occupancy restrictions or inclement weather that limits al fresco dining. These new funds come at a time when more people are expected to dine out and additional states drop occupancy restrictions. A single location can receive \$5 million and some restaurant groups with 20 or fewer locations are eligible for \$10 million. Restaurants that previously received a PPP loan will have that amount subtracted from grant eligibility, and revenue calculations are handled differently from PPP loans. For most restaurants, 2020 revenue will be subtracted from 2019 revenue, and any PPP funds. These grants can be used on several different expenses before December of this year. Payroll, mortgage, food and beverage, and utilities are a few qualifying categories.

## State and Healthcare Needs Addressed

**State and local governments to make up for lost revenue.** The ARP also provides \$350 billion in funding for local governments from villages to states. Nearly \$220 billion is part of the Coronavirus State Fiscal Recovery Fund and can be used through the end of 2024, alleviating some pressure to quickly spend the windfall. The allocation is earmarked to be spent on negative economic impacts from the health crisis, water and sewer infrastructure; provide government services impacted by reduced tax receipts; or support essential workers. States may not use ARP money for pension funds or make up for lost revenue after a tax cut. The remaining \$130 billion is part of the Coronavirus Local Fiscal Recovery Fund and works the same way as the state disbursement but on a local level. By stabilizing local governments, cuts to services that commercial property owners rely on are less likely to occur, bringing more certainty to the recovery.

**Final surge in healthcare spending.** As the pandemic moves toward an apparent conclusion, the ARP sets aside nearly \$93 billion in healthcare-related spending. At \$55.5 billion, more than half of the funding is allocated for testing and tracing related activities. Contact tracing could emerge as a viable strategy when case counts are significantly reduced. Approximately \$16 billion is set aside for vaccine-related activities, from manufacturing to providing confidence in the product to ensure a sufficient percentage of the population receives it. Most of the other funding slated for healthcare is a mix of COVID-19 related activities divided into various departments or local government entities. For commercial real estate, the healthcare provisions in the ARP that move the economy back to full reopening should provide some relief. Without an end to the pandemic, the stimulus spending elsewhere will have a muted impact on apartment and commercial real estate operations.



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