



April 21, 2020

The Honorable Maxine Waters
Chairwoman
U.S. House Committee on
Financial Services
2129 Rayburn H.O.B
Washington, DC 2015

The Honorable Kathleen Rice
U.S. House of Representatives
2435 Rayburn H.O.B.
Washington, DC 20515

Re: COVID-19 Federal Mortgage Forbearance

Dear Chairwoman Waters & Representative Rice:

We respectfully write your offices on behalf of the Association For A Better Long Island and Long Island Builders Institute, the leading advocates of the region's economic development community, regarding proposed mortgage forbearance language to be included in federal COVID-19 relief. Specifically, we request that commercial and multi-family mortgages be included in any federal mortgage forbearance language.

Covid-19 has had a significant impact on residents as well as various industries, ranging from small to large businesses, and has posed a threat to the safety and public health on Long Island. The economic impact of COVID19 is yet to be fully known. Each day, property owners are receiving notification from tenants regarding their inability to pay rent. While property owners are making necessary accommodations during this crisis, legislation that enacts commercial and multifamily mortgage forbearance would allow the property owner to provide additional flexibility with their tenants, ultimately leading to more businesses being saved.

Long Island, with its population of 2.7 million people, is located within the epicenter of the COVID-19 pandemic, with approximately 50,000 positive cases and over 1,500 fatalities. The Long Island economy is closely tied to the New York City economy and, since the middle of March, it has been shutdown. It is anticipated that businesses will not resume until, at the earliest, middle of June and even those estimates are unsubstantiated. Further exacerbating the issue, the SBA Paycheck Protection Program has run out of funding, leaving approximately 5 million applications, mostly mom & pop businesses, without the critical bridge loan to survive. As a result, commercial and multifamily rents that are due and owing are not incoming to building owners and managers, because tenants do not currently have the money right now to meet their leasing obligations. Now Long Island building owners face dire prospects of defaulting

on both the payments they owe to cover their mortgages and on the binding covenants in their mortgage contracts. The prospects of “payment default” and “covenant default” are serious, imminent, and real. Foreclosures by lenders upon building owners who go into mortgage default, because rents are not being paid to cover debt service and will be devastating not just to Long Island but will have similar impacts on Main Street U.S.A. and the nation’s business community at large.

If all tenants halt rental payments, property owners will fail to make mortgage and property tax payments, pay utility bills and maintain properties. We only need to review the wreckage of 2008 where mortgage payments ceased, causing loan servicers to default on investor payments, and that in turn led to economic ruin that took years to right. In sum, alternative options do not focus on those individuals, families and businesses adversely impacted by COVID-19, rather blindly give assistance to everyone, regardless if they are continuing to receive a paycheck and capable of paying rent.

Furthermore, the nonpayment of rent by commercial and residential tenants would lead to a devastating effect on local municipalities. Commercial and residential landlords, many of which are very small companies, use such rental payments for their real property taxes. The inability to pay such payments to our state and local governments, will substantially reduce the revenues being used by our municipalities to provide much needed health and safety programs for our residents. Only through a commercial and multifamily mortgage forbearance will our economy be able to continue to operate, even in these very difficult times.

The Association For a Better Long Island and Long Island Builders Institute strongly respectfully requests that commercial and multi-family mortgages be included in any federal proposed mortgage forbearance language that will be included in federal COVID-19 relief.

Sincerely,



Kyle Strober, Executive Director
Association for a Better Long Island



Mitch Pally, CEO
Long Island Builders Institute

cc: U.S. House of Representative Long Island Delegation
U.S. Senate Minority Leader Charles E. Schumer
U.S. Senator Kirsten E. Gillibrand



April 21, 2020

Chairman Brian Kavanagh
NYS Senate
Committee on Housing, Construction
and Community Development
LOB Room 512
Albany, NY 12247

Chairman Steven Cymbrowitz
NYS Assembly
Committee on Housing
LOB Room 943
Albany, NY 12248

Re: COVID-19 NYS Mortgage Forbearance Legislation

Dear Chairmen Kavanagh & Cymbrowitz:

We respectfully write your offices on behalf of the Association For A Better Long Island and Long Island Builders Institute, the leading advocates of the region's economic development community, regarding proposed mortgage forbearance legislation. Specifically, we request that commercial and multi-family mortgages be included in the mortgage forbearance legislation.

Covid-19 has had a significant impact on residents as well as various industries, ranging from small to large businesses, and has posed a threat to the safety and public health on Long Island. The economic impact of COVID19 is yet to be fully known. Each day, property owners are receiving notification from tenants regarding their inability to pay rent. While property owners are making necessary accommodations during this crisis, legislation that enacts commercial and multifamily mortgage forbearance would allow the property owner to provide additional flexibility with their tenants, ultimately leading to more businesses being saved.

As you are aware, the Long Island economy is closely tied to the New York City economy and, since the middle of March, it has been shutdown. It is anticipated that businesses will not resume until, at the earliest, middle of June and even those estimates are unsubstantiated. Further exacerbating the issue, the SBA Paycheck Protection Program has run out of funding, leaving approximately 5 million applications, mostly mom & pop businesses, without the critical bridge loan to survive. As a result, commercial and multifamily rents that are due and owing are not incoming to building owners and managers, because tenants do not currently have the money right now to meet their leasing obligations. Now Long Island building owners face dire prospects of defaulting on both the payments they owe to cover their mortgages and on the binding covenants in their mortgage contracts. The prospects of "payment default" and "covenant

default” are serious, imminent, and real. Foreclosures by lenders upon building owners who go into mortgage default, because rents are not being paid to cover debt service and will be devastating not just to Long Island but will have similar impacts across the State.

If all tenants halt rental payments, property owners will fail to make mortgage and property tax payments, pay utility bills and maintain properties. We only need to review the wreckage of 2008 where mortgage payments ceased, causing loan servicers to default on investor payments, and that in turn led to economic ruin that took years to right. In sum, alternative options do not focus on those individuals, families and businesses adversely impacted by COVID-19, rather blindly give assistance to everyone, regardless if they are continuing to receive a paycheck and capable of paying rent.

Furthermore, the nonpayment of rent by commercial and residential tenants would lead to a devastating effect on local municipalities. Commercial and residential landlords, many of which are very small companies, use such rental payments for their real property taxes. The inability to pay such payments to our state and local governments, will substantially reduce the revenues being used by our municipalities to provide much needed health and safety programs for our residents. Only through a commercial and multifamily mortgage forbearance will our economy be able to continue to operate, even in these very difficult times.

The Association For a Better Long Island and Long Island Builders Institute strongly respectfully requests that commercial and multifamily mortgages be included in your proposed NYS mortgage forbearance legislation.

Sincerely,



Kyle Strober, Executive Director
Association for a Better Long Island



Mitch Pally, CEO
Long Island Builders Institute

cc: Governor Andrew Cuomo
LI NYS Assembly Delegation
LI NYS Senate Delegation