



Tom McGee
President & CEO

July 23, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington DC

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, DC

Dear Madam Speaker, Majority Leader McConnell, Minority Leader McCarthy and Minority Leader Schumer:

The long-term strength of the shopping center industry is critical to the economic, civic and social viability of communities across the country. However, without additional broad-based federal action, the impact of COVID-19 mandated closures and social distancing precautions will result in significant economic damage, empty storefronts and vacant shopping centers across the country for years to come, leaving long-term shortfalls for state and local revenues.

In a pre-COVID-19 world, the shopping center industry was thriving with an estimated \$6.7 trillion of consumer activity produced by the retail, food & beverage, entertainment and consumer service industries occurring within America's shopping centers, and nearly 1 out of 4 American jobs retail related. Approximately \$400 billion of all state and local taxes supporting local communities, public safety resources and infrastructure was generated by our industry. Since March, we estimate that 8 million jobs have been lost along with \$188 billion in lost sales and \$46 billion in unpaid rent revenue.

As our members work with state and local governments on responsible re-opening measures and navigate the pandemic's impact on different communities, we believe that federal economic support should be targeted, yet flexible, to give consumer-facing businesses certainty to persevere through this crisis. ICSC continues to believe that a recovery fund like that proposed in H.R. 7671, the Small Business Comeback Act, is the most holistic and effective approach to supporting impacted businesses. It is absolutely essential that any business economic support effort include funds for rental assistance along with payroll and costs for personal protection equipment.

In addition to immediate passage of broad economic support, ICSC urges policymakers to consider the following proposals to address the urgent fiscal needs of our sector, including, revisiting Title IV of the CARES Act and the Main Street Lending Program to provide temporary liquidity support for commercial real estate borrowers and robust business liability relief. We outline our ideas below:

July COVID-19 Related Legislative Priorities:

Economic Support for Essential Business Expenses – Many impacted businesses have been left out of current economic support measures, leaving a significant liquidity gap to stay current with essential business expenses, including rent. ICSC leads American's Recovery Fund Coalition of more than 150 business groups representing 58 million pre-COVID-19 workers seeking creation of a federal grant program, such as H.R. 7671, the Small Business Comeback Act, to provide rapid liquidity over a prospective 4-month period to businesses impaired by the coronavirus to help retain and rehire employees and also pay the essential expenses such as rent and vendor debt that are critical to sustaining economic activity.

Commercial Real Estate Borrower Relief / Clarification of Title IV and the Main Street Lending Program (MSLP) – ICSC urges Congress to direct the Department of Treasury and the Federal Reserve to use some of the remaining funds set aside as part of Title IV of the CARES Act to create a temporary liquidity facility to provide a federal guaranty to financial institutions based on the purchase of preferred equity in commercial real estate as a stand-alone program, as called for in the Helping Open Properties Endure (HOPE) Act, or through modification of the Main Street Lending Program. We also call for changes to the Main Street Lending Program’s eligibility standards and debt ratio determination methodology to be consistent with conventional underwriting metrics of the real estate industry. Due to the restrictive nature of CMBS loan covenants, preferred equity in the underlying asset instead of debt is an important consideration.

Business Liability Relief – As businesses like shopping centers and their tenants begin to re-open, they need clarity in rules and regulations to ensure the safety of their employees and customers and prevent unnecessary litigation. ICSC calls on Congress to enact a safe harbor for businesses or a federal pause in all COVID-19 related negligence lawsuits.

Targeted Tax Relief – ICSC supports providing liquidity through the tax code to struggling business, such as extending net operating loss relief, providing a tax credit to defray the additional cost of disinfecting and safety equipment to protect workers and customers, and updating REIT rules to allow property owners to invest in struggling tenants. Congress should also exempt taxation on phantom income from loan modification, forgiveness or cancellation.

Already, several brand-name companies have declared bankruptcy this year with more expected, as retailers, restaurants, gyms and movie theatres reach the difficult decision that they are unable to navigate the sharpest drop in economic growth in decades. Landlords and tenants continue to work together to find potential solutions to keep businesses in place. Congress should allow for those agreements to continue by maintaining landlord rights and providing an allowance for concessions made between a landlord and tenant through the bankruptcy process.

The nearly 70,000 ICSC member network represents owners, developers, financial institutions, professional service providers and importantly, shopping center tenants such as retailers, restaurants, gyms, health centers and service providers. We are proud to be an essential part of every city, town and village across the country, with small businesses representing nearly 70 percent of shopping center tenants.

Thank you for your consideration of our priorities. We look forward to working with you to bring life back to our communities and our communities back to life. For more information contact me at tmcgee@icsc.com or Betsy Laird, SVP Global Public Policy at blaird@icsc.com.

Sincerely,



Tom McGee
ICSC President & CEO