



**Tom McGee**  
President & CEO

June 3, 2020

Dear Senator Graham,

In a pre-COVID-19 world, the majority of an estimated \$6.7 trillion of consumer activity produced by the retail, food & beverage, entertainment and consumer service industries occurred within America's shopping centers, with nearly 1 out of 4 American jobs retail related. Approximately \$400 billion of state and local taxes supporting local communities, public safety resources and infrastructure was generated by the industry, whose long-term strength is critical to the economic, civic and social viability of communities across our nation.

Representing a member network of nearly 70,000, the International Council of Shopping Centers (ICSC) is proud to serve as the shopping center industry's trade association. Our members include owners, developers, financial institutions, professional service providers and importantly, shopping center tenants such as retailers, restaurants, gyms, health centers and service providers. Nearly 70% of shopping center tenants are small businesses that employ less than 10 people.

The necessary public safety measures taken to slow the spread of COVID-19 have significantly impacted shopping center owners and tenants. While essential businesses like grocery stores and drugstores, located in shopping centers, were able to serve their neighbors during these unprecedented times, most businesses and shopping centers were forced to close for months. Many tenants stopped paying contractually obligated rent, with an estimated \$35 billion unpaid in April and May. This situation has impacted the ability of shopping center owners to meet mortgage obligations and other essential operating expenses. Sadly, nearly 12 million shopping center related jobs have been lost. As a result, **the shopping center industry is one of the most distressed industry sectors impacted by COVID-19.**

As our members work with state and local governments on responsible re-opening measures, it will take time for "normal" consumer activity to return. Our industry needs the help of Congress to limit the devastation caused by necessary public health and safety actions. Without federal assistance, the damage to the shopping center industry and the employment base it supports will linger for years. The communities we serve will suffer as property and sales taxes disappear, property values plummet and vacant shopping centers and shuttered store fronts leave an indelible stain across our country.

As a May 29 Politico article stated, "The commercial real estate industry, whose retail, hotel and restaurant tenants are among the industries slammed the hardest by the economic crisis, can't catch a break in Washington...it has been all but overlooked in the federal government's vast economic relief efforts over the last 10 weeks." The article continued, "Why the reluctance to help? Fed officials and many lawmakers aren't convinced the business is in dire shape, despite the warnings of industry representatives." **ICSC can assure you that the shopping center industry desperately needs federal assistance.**

ICSC urges policymakers to consider the following proposals to address the urgent fiscal needs of our sector, including immediate passage of broader economic support for impacted businesses, revising the Main Street Lending Program to include commercial real estate and developing additional, new solutions, such as a market relief fund for CMBS borrowers. We outline our ideas below:

### **Inclusion in Future COVID-19 Related Legislation**

**America's Recovery Fund** – Many impacted businesses have been left out of current economic support measures. ICSC leads a coalition of nearly 120 business groups representing 58 million pre-COVID-19 workers seeking Congress to create America's Recovery Fund to provide rapid liquidity in the form of grants to commercial sectors impaired by the coronavirus to help businesses retain and rehire employees, pay essential business expenses such as rent, and restart economic activity.

**Main Street Lending Program (MSLP)** – ICSC urges Congress to direct the Federal Reserve to: 1) Drop the SBA 7(a) ineligible businesses rules that exclude most owners of real estate. This is not an SBA program, nor does it conform with CARES; 2) Waive the dividend prohibition for REITs as they did for S Corps and other pass-throughs; 3) Adjust the maximum loan formula to address the economics of the commercial real estate industry (i.e., higher debt to EBITDA ratios and accommodations for properties under construction or ones that have not reached stabilization) and provide a higher maximum loan amount; 4) Lower the minimum loan size to \$100,000 to put funding within reach for small tenants.

**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. Congress should enact a safe harbor for businesses or a federal pause in all COVID-19 related negligence lawsuits.

**CMBS Relief** – Establish a program within the Main Street Lending Facilities or Economic Stabilization Fund to assist borrowers trying to ensure that the nearly \$140 billion of CMBS debt related to the shopping center industry remains in good standing.

Please act now to bring life back to our communities and our communities back to life. For more information contact me at [tmcgee@icsc.com](mailto:tmcgee@icsc.com) or Betsy Laird, SVP Global Public Policy at [blaird@icsc.com](mailto:blaird@icsc.com).

Sincerely,

A handwritten signature in black ink that reads "Tom McGee". The signature is written in a cursive, flowing style.

Tom McGee  
ICSC President & CEO