

BEYOND THE GLOBAL HEALTH CRISIS

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Special Report
Fiscal Stimulus

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Stimulus Package Mitigates Risk of Double-Dip Recession; Aid Provides Lifeline to Vulnerable Businesses

Lawmakers agree upon long-awaited omnibus bill. After months of negotiations, Congress has reached a deal on a \$900 billion relief package. The bill comes immediately before protections for workers were set to expire, including unemployment benefits and an eviction moratorium. As COVID-19 cases spike and several cities tighten business restrictions, the additional federal assistance aims to bridge the economy and individuals through the next few months when vaccines become widely available. Subsequent support may be necessary, though future bills could be more focused if the legislative branch remains split.

Business relief supports some commercial real estate sectors. Included in the new legislation is \$325 billion focused on small businesses. Of that total, \$284 billion has been allocated to the Paycheck Protection Program, and companies that had loans forgiven from the CARES Act are eligible to deduct the costs of those loans on their taxes. Restaurants and other retailers operating under strict occupancy limits may receive the lifeline they need to navigate the next few months. Movie theaters, which have \$15 billion carved out in the bill, are also now in a better position to survive the extended lockdowns. COVID-19 vaccine assistance of \$48 billion will help in that goal and may bring workers back to offices sooner, returning demand for businesses that serve office districts.

Stimulus for individuals supports multifamily and retailers. As part of the new legislation, an additional \$300 per week in federal unemployment benefits will persist through mid-March. Self-employed persons, gig workers and those that have exhausted their state benefits are also eligible for the new round of unemployment funds. This extra income may help renters remain current before the nationwide eviction moratorium, which was extended by one month, sunsets. Another \$25 billion in renter assistance is expected to be filtered through the Department of Housing and Urban Development to local governments, who are anticipated to revive systems created following the CARES Act. Individual checks totaling \$600 for most people could boost retail spending, though stores in some areas are not expected to be open before these funds reach bank accounts.

Stimulus Highlights

- **Supplemented unemployment insurance:** Unemployed individuals will be eligible for weekly payments of \$300, half the value provided by the CARES Act, for up to 11 weeks.
- **Direct payments:** Dependent children and individuals with an annual income of \$75,000 or less, heads of households earning \$125,000 or less, and married couples earning \$150,000 or less will each receive a one-time payment of \$600, half the level distributed under the CARES Act.
- **Small business relief:** The Paycheck Protection Program will receive an additional \$284 billion in funds to provide loans to small businesses. Theaters and live entertainment venues will also receive \$15 billion in specially allocated aid.
- **Rental assistance:** The legislation has set aside \$25 billion for rental assistance, and the national moratorium on evictions has been extended by one month to the end of January 2021.
- **COVID-19 vaccine assistance:** Bill allocates \$48 billion for healthcare needs, including \$20 billion for vaccine distribution.
- **Education and other aid:** Approximately \$82 billion has been set aside to aid local schools, colleges and child care. The Supplemental Nutrition Assistance Program will receive \$13 billion.

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