






# Coronavirus Aid, Relief & Economic Security (CARES) Act








*A \$2 trillion stimulus program aimed at averting a severe recession and providing temporary relief to Americans suffering income insecurity as a result of the COVID-19 epidemic.*

Provision	Description	Real estate impact
 <b>Financial relief to individuals</b>	Direct payments of \$1,200 to millions of Americans and \$500 for children (means tested) and expanded unemployment benefits	Supports multi-housing market by limiting disruption to household income; however, temporary forbearance programs may disrupt short-term cash flows
 <b>Small business support</b>	\$350 billion in loans to small businesses that convert to grants if used for payroll, rent, utilities or other covered expenses	Supports retail market and small-tenant office tenants by encouraging the use of up to \$10 million in loans for immediate covered expenses, including rent
 <b>Large business support</b>	\$500 billion in corporate aid, backstopped by Federal Reserve loans, with special carve-outs for select industries	Provides a lifeline for highly impacted hotel, retail, office and industrial tenants, including airlines, manufacturers, restaurants and hotels
 <b>Worker protections</b>	Lending programs and grants prohibiting layoffs and wage reductions	Employee retention provisions will help mitigate give-backs and sublease space, and support consumer confidence
 <b>Hospital &amp; healthcare support</b>	\$100 billion for healthcare providers and \$16 billion for supplemental purchases of vital medical equipment	Demand for medical office space and hospitals will remain strong and healthcare systems will benefit from financial support

# Federal Reserve monetary policy and banking support



*Near zero interest rates and unprecedented liquidity measure that balloon the Fed balance sheet to \$5 Trillion so far intended to ensure functioning financial, credit and banking markets through the crisis.*

Policy	Description	Real estate impact
 <b>Fed rate cut to effectively zero</b>	Lower the cost of capital to support debt financed consumption, investment, and government expenditure and boost confidence	Support transaction activity and financing although risk spreads have widened to offset some of the benefit
 <b>Quantitative Easing and purchase programs</b>	Open-ended and not limited asset purchase program to support financial markets and provide critical liquidity	Lowering cost of capital to include commercial paper, corporate bonds, and MBS/CMBS to help cushion demand and financing
 <b>Bank support</b>	Discount window rate for banks borrow from the Fed reduced 150 bps, term extended to 90 days, and intraday credit extended, reserve requirements cut to zero	Support liquidity for banking system which supports flow of credit to landlord and tenants
 <b>Increase repo offerings</b>	Commitment to support the money markets to provide liquidity and ensure corporate funding	Support flow of short-term credit to real estate users and landlords
 <b>Primary dealer credit &amp; money market mutual fund liquidity facilities</b>	Ability to provide loans to eligible institutions backed by various high quality securities and collateral to support secondary trading markets and ensure access to capital	Supports flow of credit and access to capital markets, both critical for properly functioning real estate investment markets