



May 11, 2020

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

I am writing today on behalf of the lumber and building material (LBM) dealer industry to submit policy recommendations for your consideration as you work with Congress to continue the economic recovery from COVID-19. NLBMDA with its state and regional association partners represent over 6,000 building material retail locations nationwide who operate single and multiple lumber yards and component plants serving homebuilders, subcontractors, general contractors, and consumers in the new construction, repair and remodeling of residential and light commercial structures.

First, NLBMDA thanks your Administration for your leadership and action during this time of economic uncertainty. As you navigate the ongoing response, the enclosed recommendations are focused on short-term solutions to help LBM dealers and residential construction as well as longer-term solutions that will continue the recovery in the future. Below are our recommendations:

1. Maximizing Small Business Relief

Improve SBA's Paycheck Protection Program (PPP) for LBM dealers and other businesses

Dealers around the U.S. have utilized PPP funding to sustain their businesses and retain employees during the pandemic. However, it is abundantly clear that implementation of the program has not been in sync with the intent of Congress. Namely, recent statements by the Administration have caused undue confusion, particularly on the issue of additional access to liquidity. This ambiguity is not acceptable. In addition, many dealers are increasingly concerned about the future ability to repay loans in a timely fashion, as well as the uncertainty of new rules and regulations.

As such, we urge you to support the following solutions:

- Allocate an additional \$250 billion for PPP loans so that all dealers have access;
- Recognize the guidance error regarding the deductibility of PPP loan expenses, and immediately allow for the deductibility of PPP loan expenses, expressed through specific guidance and/or congressional legislation;
- Issue clearer and more precise guidance on implementation, specifically on the question of access to liquidity;
- Ensure that the safe harbor window for returning PPP loans is June 5 or later;

- Issue guidance and binding regulation that clarifies that dealers who take out PPP loans under \$2 million will not face undue scrutiny or auditing provided they use funds appropriately;
- Expand eligibility to 501(c)(6) organizations;
- Ensure that dealers have flexibility for loan forgiveness up to three months;
- Allow dealers to select an alternative 8-week period to cover payroll expenses.

Allow dealer applicants to receive the maximum \$10,000 for the Economic Injury Disaster Loan (EIDL) program

EIDL allows businesses to receive economic relief for purposes other than just payroll expenses. Guidance stated that businesses would receive an advance of \$1,000 per employee, up to \$10,000. This fails to allow small businesses to receive funding that other businesses could receive simply for having more employees.

Make the Federal Reserve’s “Main Street Lending Program” accessible and effective for LBM dealers

The Federal Reserve recently announced a program that will provide loans to businesses, states and municipalities. Under the Main Street Lending Program, small and mid-sized businesses may obtain loans from any U.S. federally insured depository, bank holding company or savings and loan holding company to maintain business operations. NLBMDA supports a minimum loan amount to be less than \$1 million. NLBMDA also supports considering full or partial forgiveness of loans.

Ensure that dealers do not face continued hardship

Dealers across the U.S. have utilized several relief programs made available by the federal government. As the COVID-19 recovery evolves, America’s LBM dealers should not face undo penalties or ambiguous regulatory guidance. As such, we recommend the following:

- Prohibit PPP loan recipients from debt collection activities that negatively impact credit;
- Cut payroll taxes through December 31, 2020;

2. Strengthening Residential Construction

Boost the Low-Income Housing Tax Credit (LIHTC)

NLBMDA urges support for the Affordable Housing Credit Improvement Act (S. 1703 and H.R. 3077), which would address the nation’s shortage of affordable housing by protecting, expanding and strengthening the Low-Income Housing Tax Credit (LIHTC). NLBMDA calls for this legislation to be incorporated into subsequent congressional relief packages.

This legislation would boost affordable housing development by increasing the amount of credits allocated to each state by 50% over a five year period. It also establishes a minimum 4% credit rate floor which will increase the amount of equity available to build affordable housing and help close the gap between the costs of developing homes and the financing available to provide affordable rents to low and moderate-income families. Estimates have shown that 65,000 additional rental homes could be financed over the next 10 years if a minimum 4 percent floor is

established for low-income housing tax credits, in combination with tax-exempt private activity bonds.

Since 1986, LIHTC has financed the development of over 3 million apartments, providing affordable homes to roughly 7.2 million low to moderate-income families. The development of these apartments has supported 3.4 million jobs, and generated \$323 billion in local income and \$127 billion in federal, state and local tax revenues.

Provide a one-year extension of the Low-Income Housing Tax Credit (LIHTC) statutory and regulatory deadlines

NLBMDA supports immediate guidance to allow LIHTC development to proceed free from compliance challenges resulting from COVID-19 delays.

Improve safety in the workplace

LBM dealers place a serious emphasis on the health and safety of their employees. To protect LBM workers, NLBMDA suggests:

- Boosting PPE availability for both LBM dealers and construction;
- Regulatory agencies, such as OSHA, should emphasize assistance and consultations to businesses rather than emphasizing enforcement.
- Increase COVID-19 testing, specifically funding and access to tests.

NLBMDA will continue to monitor the changing conditions and will provide additional recommendations to you as needed.

Thank you for your consideration of this important matter. Please contact me at jonathan@dealer.org with any questions.

Sincerely,



Jonathan M. Paine, CAE
President & CEO

cc:

U.S. Senate
U.S. House of Representatives

Building Material Suppliers Association
Construction Suppliers Association
Florida Building Material Association
Kentucky Building Materials Association

Lumbermen's Association of Texas
Midwest Building Suppliers Association
Mid-America Lumbermens Association
Mountain States Lumber & Building Material Dealers Association
Northeastern Retail Lumber Association
Northwestern Lumber Association
Western Building Material Association
West Coast Lumber & Building Material Association