



# NERCA NEWS

NORTH / EAST ROOFING CONTRACTORS ASSOCIATION INC.  
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July 2020

## Save the Date for NERCA's Convention & Trade Show February 2-4, 2021

The NERCA Executive Committee and Board of Directors are pleased to announce that the Annual Convention & Trade Show have been rescheduled to February 2-4, 2021.

The Hard Rock Hotel and Casino in Atlantic City is working with NERCA's staff and Board of Directors to cover every contingency and ensure that the rescheduled event will be every bit as successful as we know it would have been in 2020. As we proved earlier this year, the safety of our members, attendees, and staff will always come first, so please save the date!

**ANNUAL CONVENTION & TRADE SHOW**  
**February 2-4, 2021**  
**Hard Rock Hotel & Casino – Atlantic City, NJ**

## NERCA Resources Available

Webinar recordings are available in the password-protected Members Only section of our website.

<https://nerca.org/members-only/>

In addition, NERCA provides many of our older webinar recordings free to the public on our YouTube page. Please click the link below and subscribe!

<https://www.youtube.com/channel/UCGGuw5iU6FmD0GrGcq5KP5Q/featured>

Also, NERCA members have free access to our template Safety Plan which now includes a COVID-19 addendum. The COVID-19 plan can be accessed in the members only section of the NERCA website at <https://nerca.org/members-only/covid-19-safety-plan/>. Members can also contact the Association staff to get a copy sent to them directly.

## Paycheck Protection Program Extended to August 8th

At the end of June, Congress reached a surprise deal to extend the Paycheck Protection Program hours before the lending program was set to close.



The deal extended the deadline for PPP applications by an additional five weeks to August 8th. It came as the program was poised to shut down with more than \$130 billion left untapped. The PPP has come under criticism recently for incorrect data reporting on the number of jobs saved by the program and inequitable distribution of the funds to large established businesses.

However, calls are already mounting to supply additional funding and allow businesses to apply for a second PPP loan to help businesses stay afloat. Goldman Sachs, a proponent of reupping the program, [published a survey](#) of small businesses which shows that many are still just barely staying afloat as consumer demand is slow to return. According to their data, 84% of PPP loan recipients not very confident that they will maintain their existing payroll without further government assistance and 53% say that their business will not survive another COVID-19 shutdown.

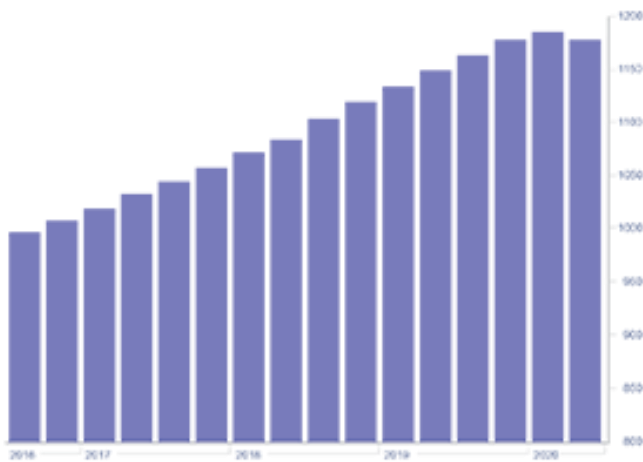


With the virus surging nationwide, it seems likely that renewing the PPP will be a possible area of compromise for Democrats and Republicans looking to maintain liquidity in the economy.

## Commercial Construction Costs Drop for First Time in 10 Years

In Q2 of 2020, commercial construction costs dipped for the first time in a decade, according to Turner Construction's quarterly index.

The index measures costs in U.S. nonresidential construction and experienced a 1% reduction from the first quarter. "Trade contractor competition has increased in many areas as they work to secure backlog due to uncertainty they have about future opportunities. We expect the third quarter will serve to more clearly define the fluctuation of escalation of cost in the construction industry," said Attilio Rivetti, the Turner vice president responsible for compiling the Cost Index.



On its own, lower costs might be encouraging for commercial developers, but it also signals a high degree of uncertainty among those in the industry and could foreshadow project delays or cancellations.

In late March, a report from the American Institute of Architects (AIA) found that over 60% of architecture firms had already seen prospective projects slow or stop. The group's chief economist believes that construction will probably fall through the second half of 2020, and into 2021.

However, other construction cost indexes through groups like [Gordian](#) have predicted continued increases in construction costs. They say that construction cost estimating must be a balance of subcontractor costs and developer experiences weighted by construction material considerations. They believe that materials manufacturing and labor limitations could limit the downward pull of competition for existing work.

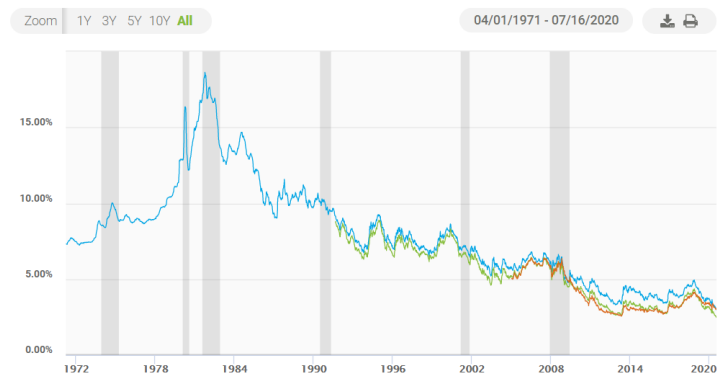


## 30-Year Mortgage Rate at Historic Low

Mortgage finance giant Freddie Mac reported that the average rate on a 30-year fixed mortgage fell to a record low 2.98%. After 50 years of recordkeeping, the rates have hit 7 record lows since the start of 2020.



Experts have said that the coronavirus pandemic has caused a crisis leading to the record lows. Mortgage rates tend to move in the same direction as yields on the 10-year Treasury note fall when nervous investors look for protection in safer assets like bonds. However, it is also part of a historical trend of falling mortgage rates since the early 1980s.



Low mortgage rates can boost home sales, but existing-home sales still fell 9.7% in May and 17.8% in April, according to the National Association of Realtors. One issue is that with unemployment so prevalent, many would be unable to get a mortgage. Another is that many people are wary of selling in this uncertain environment. Home inventory is tight, and prices are high. The number of homes on the market fell 27.4% in June from a year earlier while home prices rose 4.7% year-over-year in April.

However, there are some positive indications that the coronavirus might prove a temporary blip in the housing market as mortgage purchase applications rose about 17% in June compared to the previous year. This is a sign that buyers who held back in the spring might make a move in the late summer. Economists at Fannie Mae expect sales to peak in July or August as the backlog of delayed spring deals is cleared.

This could mean an uptick in the residential roofing as sellers look to ensure a smooth closing on their home or new buyers look to upgrade their purchase.

## Economic Forecasters See Trouble Ahead

As Congress begins debating the next coronavirus response package, many economic indicators are showing potentially devastating possibilities if Democrats and Republicans cannot pass something substantial.

Economists are saying that the trillions of dollars already spent to prop up the US economy has succeeded, but that if left to expire, the US will see substantial financial pain in the coming months.

Recently, 3 of the 6 biggest banks released economic figures from Q2 and reported that they have begun setting aside billions of dollars to absorb loan defaults should the coronavirus stimulus package expire. They believe that Americans have only been able to stay afloat because of government intervention and that many will be unable to make loan payments if things like supplemental unemployment insurance and small business loans go away.

With the virus resurgent in some areas, companies that used loans to retain workers must now lay them off as business activity continues to slide. More than 18 million people continue to claim unemployment benefits, which will expire at the end of the month.

Even the conservative Tax Foundation is beginning to push Congress for another direct infusion of liquidity to prevent further economic collapse. "Our assumption has to be that we're going into re-lockdown in the fall," said Karl Smith, VP of federal policy at the Tax Foundation.

Democrats have already passed an additional \$3.5 trillion dollars in stimulus through the HEROES Act, but that is likely only a starting point for negotiations.

Senate Majority Leader Mitch McConnell has indicated that Republicans hope to have something by August 10, despite the Senate remaining on break until next week. Any deal must resolve disputes on several key elements: unemployment benefits and incentives for businesses to hire; a new loan program for small businesses; some form of direct stimulus to individuals; and aid to states and local governments that includes funding to help schools reopen. President Trump has also floated the ideas of suspending payroll taxes and a capital gains holiday, but he is likely to sign any deal made by Congress.

## US Chamber of Commerce Pushes for Items in Next Coronavirus Response Bill

The U.S. Chamber of Commerce [sent a letter](#) to President Trump, House Speaker Nancy Pelosi and Senate Majority Leader Mitch McConnell laying out 5 key areas for additional relief in the coronavirus legislation that Congress is preparing to hash out.



1. Liability Protection Against Lawsuits;
2. Support for Small and Midsize Employers;
3. Support for Childcare and K-12 Schools;
4. Unemployment and Job Training, and
5. State and Local Assistance

The Chamber's first ask would make it harder for customers and workers sickened by the coronavirus to sue businesses. This would be done by creating safe harbor provisions for businesses that make good faith efforts to comply with government guidelines.

The Chamber is also calling on Congress to expand the CARES Act including the Paycheck Protection Program to allow non-profits to apply and automatically forgive loans under \$150,000 or \$250,000.

Recognizing that public schools and child care facilities are crucial to allow two-income homes to return to work, the Chamber also asks for clear guidelines on reopening these facilities and financial support to ensure that they are able to do so safely.

Next, the Chamber echoes criticisms of the Pandemic Unemployment Assistance (PUA) \$600 supplemental unemployment insurance that is being provided by the Federal Government. Like others, they see it as discouraging some individuals from returning to work. Their solution is to have a variable supplement based on the state's unemployment benefit up to 80% or 90% of previous earnings with the supplement phasing out as unemployment rates decrease.

Finally, the Chamber asks Congress to give "timely, targeted, and temporary" financial assistance to state and municipal governments. The letter states that aid should be disbursed in a way that:

- (1) reimburses state and local governments for direct COVID response costs
- (2) replaces a portion of forgone revenue based on the difference between quarterly pre-COVID revenue projections and actual receipts.

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## LEGISLATIVE CORNER

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### **NATION: Total Cases – 3,648,250**

Following a two-week recess, Congress returns on July 20 facing must-pass spending bills. The House Appropriations Committee spent the recess moving to report 12 funding measures out of committee for consideration by the full House. House Republicans are a minority on the committee but have questioned emergency spending beyond statutory spending caps and language barring use of force against Iran without Congressional approval. In an election year, it is most likely that no budget will be agreed to, but a Continuing Resolution will temporarily fund the government until after the results of the election in November are known.

### **CONNECTICUT: Total Cases – 47,636**

The CT General Assembly is in special session until the end of the month to debate four bills. The first bill is regarding the use of absentee ballots in the November election. The second is a police accountability bill that has been negotiated over the past month. The third bill is to require insurance companies to continue covering costs for virtual health visits. Lastly, there is also a bill that would cap the cost of insulin in Connecticut. Gov. Ned Lamont is supportive of all these bills and they are likely to be passed in some form.

### **MAINE: Total Cases – 3,598**

The Maine Legislature's vote to reconvene for a special session was not successful as Republicans refused to respond to the virtual survey sent out by Senate President Troy Jackson and House Speaker Sara Gideon. Republicans want to limit business to coronavirus-related legislation and to set a strict time limit on the length of the session. It is expected that these assurances will be made to enact a special session because the Maine Constitution requires the approval of a majority of lawmakers from each party.

### **MASSACHUSETTS: Total Cases – 112,347**

In the final days of the session, the Legislature is split on police reform and transportation financing. The Senate passed a police reform bill which will be sent to the House for virtual hearings and debate. In addition, the Senate passed a \$16.9 billion transportation borrowing package that does not include aggressive revenue enhancement language passed by the House that would hike the gas tax by five cents and add a dollar to the fee paid on most Uber and Lyft rides.

### **NEW HAMPSHIRE: Total Cases – 5,450**

Cut short by coronavirus, the Legislature sent multi-part bills to Governor Sununu. These bills cover a wide variety of topics including the following relevant to employers HB 1166 changes unemployment compensation, HB 1494 establishes an occupational safety advisory board, HB 712, establishes a Family and Medical Leave Insurance program, and HB731 raises the minimum wage. But before you worry, remember that Gov. Sununu vetoed the most bills ever last session.



### **NEW JERSEY: Total Cases – 182,094**

The state legislature approved a bill authorizing \$10 billion in state borrowing to fill an estimated gap in the state budget as a result of COVID-19. The legislation creates a panel of two state senators and two members of the state Assembly that are authorized to approve or deny each borrowing request. However, Republicans have asked the State Supreme Court to overturn the bill because it doesn't require the usual voter approval for additional borrowing.

### **NEW YORK: Total Cases – 430,277**

With state budgets in free fall, the State Assembly convened a special session specifically to look at legalized gambling as an additional revenue source. One avenue is to legalize all sports betting, which would require a lengthy constitutional amendment process. However, gambling proponents are saying that siting online gaming servers on existing gambling reservations would allow online betting within a few months. Experts say this could save about \$800 million lost to NJ casinos each year.

### **PENNSYLVANIA: Total Cases – 102,680**

The Republican led Assembly recently voted in favor of a state constitutional amendment that would allow the General Assembly to unilaterally end a disaster declaration. This is the first vote with one more in the next session being required before the amendment would be put to voters on the ballot. This comes after the Assembly was at odds with Democratic Governor Tom Wolf. Currently, a governor can issue a disaster declaration for 90 days and extend it as needed. Such a declaration greatly expands the executive's powers, allowing the governor to suspend regulatory provisions, control travel from certain areas, and suspend the sale of guns. The amendment would allow a majority in the Legislature to end a disaster declaration. It would also require the General Assembly to approve any extension beyond the first 21 days.

### **RHODE ISLAND: Total Cases – 17,711**

Two bills have recently been introduced that would impact business interruption coverage for small businesses shut down because of the pandemic. H. 8064, provides that business interruption policies must cover pandemics for employers with less than 100 employees. The bill further provides that insurers that pay coronavirus claims under their business interruption coverage "may apply to the department of business regulation insurance division for relief and reimbursement" of these payments. H. 8079 is similar, but also expressly requires insurers to cover coronavirus claims even if their policies have a virus exclusion or require "physical damage" to property to trigger coverage.

### **VERMONT: Total Cases – 1,325**

The state Legislature just adjourned for a two-month break after passing a police reform bill.