



Armstrong
Teasdale

Factors to Consider as Co-ops and Condos Create COVID-19 Policies – Session #2

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Andrew P. Brucker, Dale J. Degenshein, Howard
Schechter, Julie Schechter and Phyllis H. Weisberg

Alterations

- Adherence to Executive Orders and guidances from New York State and New York City:
 - <https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/ConstructionMasterGuidance.pdf>
 - https://www1.nyc.gov/assets/buildings/pdf/restart_enforcement_guidance.pdf
 - https://www1.nyc.gov/assets/buildings/pdf/phase1_faqs.pdf
- Do the rules apply even if no DOB permit is required?
- Post required Safety Plan and Affirmation submitted to New York State
- Site safety plan and monitor
- Signage

Alterations (cont.)

- **Maintain :**
 - Cleaning and disinfection log
 - Screening log
- **Daily health screening and certification**
 - Resident manager may deny entry
- **Face covering and social distancing**
- **Limit number of workers; stagger entry times**
- **Access to building**
 - How access
 - How often access
 - Service elevator v. stairs
 - Who runs the elevator
 - Limits on use of elevator
 - Requirement to install working toilet and sink so may remain in apartment all day

Alterations (cont.)

- **Disinfecting tools**
- **Protection of neighboring apartments**
 - From transmission of infection
 - From noisy work
- **Removal of debris**
- **Additional indemnity for fines**
- **Time limits and liquidated damages**
- **Reflect new requirements in alteration agreement and/or alteration procedures**

Brokers and Apartment Showings

- **NO OPEN HOUSES WILL BE PERMITTED**
- **Scheduling showings with the building**
- **Limit the number of brokers**
- **Limit the number of guests**
- **Preliminary client/broker meetings and waiting location**
- **Certification to be completed and signed by broker and viewers – Certify that he/she:**
 - Will comply with the building's COVID-19 Policy for showing apartments
 - Has not tested positive for COVID-19 (or if positive, has met CDC guidelines to end isolation)
 - Has no symptoms of COVID-19 for the last 3 days
 - Has not come into contact with someone in the last two weeks who has tested positive for or shown symptoms of COVID-19

Brokers and Apartment Showings (cont.)

- Denying access
- Face covering requirements
- Designated elevator and elevator etiquette
- No viewing of amenity spaces
- Consider having a staff member accompany Broker
- Right to remove for non-compliance

Construction – Exterior

- **Worker Interior Access**
 - Storage Facility
 - Bathroom Facilities
- **AIA Agreements**
 - Include COVID-19/Pandemic requirements
 - Time periods adjusted
 - If second shut down, contract sum remains the same and contractor to assist in application to allow work to continue
 - Compliance with Executive Orders and Laws
 - Responsibility for fines, if issued
 - Coordinating deliveries if accessing the interior
 - Impact on Building and Owners
 - Noise/Dust
 - Financial

Allowing Deliveries, Guests and Others

- **Keeping risk out vs. managing risk**
- **Unified Plan for Common Areas**
 - Applies to Alterations, Brokers, Movers, Deliveries, Guests
- **Manage traffic flow**
 - Scheduling
 - Floor markers
 - Occupancy restrictions
 - Special situations
- **Common Area Maintenance**
 - Monitor CDC and DOH guidance - <https://www.cdc.gov/coronavirus/2019-ncov/community/disinfecting-building-facility.html>
 - Establish cleaning and disinfecting protocol
 - Establish and adhere to schedule
 - Keep records

Allowing Deliveries, Guests and Others (cont.)

- **Screening**
 - Questionnaire
 - Temperature
- **Social Distancing and Face Covering**
- **Hygiene**
- **Communication**
 - Policy signage at door
 - Reminder signage
- **Restaurant delivery issues**
- **Package delivery issues**
- **Furniture delivery issues**
- **Guest issues**
 - Short term
 - Overnight

Dealing with Professional and Commercial Tenants

- Is it worth refusing to negotiate?
- A new tenant will require a rent concession.
- A new tenant would require that a broker's fee be paid.
- A new tenant will probably pay lower rent.
 - Estimated that rents are now 25-40% lower.
- Was the tenant hurt by the pandemic?
- Were they closed?
- Will they be able to resume when opening?
- How long will they need to recover?
- Are they affected by other businesses?
- Did they receive any assistance from the government, and did it help?

Dealing with Professional and Commercial Tenants (cont.)

- Did they receive any business interruption insurance proceeds?
- Issues to consider in regard to the tenant.
- Was it a good tenant? Is this an opportunity to replace them?
- Was he paying a fair rent, or was it under market?
- What is required by the Landlord?
- What are the carrying costs (i.e. the break-even point)?
 - Real estate taxes, insurance, payroll, etc.
- Consider the following when negotiating:
 - Amount of security currently being held
 - Separate “base rent” from real estate taxes, etc.

Dealing with Professional and Commercial Tenants (cont.)

- Consider giving the tenant temporary relief.
 - Ex: Some of the discount is paid back over time in 2022.
- If they want a large compromise, consider amending the lease based upon business.
 - Ask for 2018 and 2019 financials and tax returns.
- When they re-open, they may not be at full capacity.
 - Considering a rent discount tied to the government's required capacity.
- Consider how any reduction will hurt the Co-op.
- Consider how to explain this to the shareholders.
- Any amendment to the lease may require consent by the underlying mortgagee.

Contact



Andrew P. Brucker
abrucker@atllp.com
212.209.4400



Howard Schechter
hschechter@atllp.com
212.209.4400



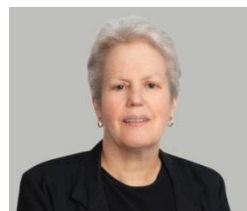
Herbert Cohen
hcohen@atllp.com
212.209.4400



Julie Schechter
jschechter@atllp.com
212.209.4400



Dale J. Degenshein
ddegenshein@atllp.com
212.209.4400



Phyllis H. Weisberg
pweisberg@atllp.com
212.209.4400



Peter Massa
pmassa@atllp.com
212.209.4400