

June 1, 2020

The Honorable Steven Mnuchin  
Secretary  
U.S. Department of Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

The Honorable Jovita Carranza  
Administrator  
U.S. Small Business Administration  
409 3rd Street, S.W.  
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

We are writing on behalf of the more than 1.5 million American families who live in Cooperative Residential Housing (also known as co-ops). We respectfully request that you issue guidance to clarify the eligibility of residential cooperative corporations under the Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration.

Cooperative residents were devastated to learn on April 2, 2020, the U.S. Small Business Administration (SBA) issued an Interim Final Rule stating that businesses deemed ineligible for PPP loans, as identified in 3 CFR Section 120.110, includes apartment buildings and residential facilities that do not provide healthcare or medical services. This Interim Final Rule resulted in confusion for residential cooperative corporations, which are actively owned, occupied, and managed by its member-owners and therefore not covered by SBA regulations on passive business activity. Uncertainty mounted when Treasury issued FAQ #35 on April 24, 2020, stating that “As long as other eligibility requirements are met, small agriculture cooperatives and other cooperatives may receive PPP loans.” Further, on May 14, 2020, SBA issued an Interim Final Rule determining that electric cooperatives are eligible for PPP loans, citing that these businesses operate for the benefit of their member-owners and, on occasion, return any profits in excess of operations and future investment needs to their member-owners. Housing cooperatives operate in an identical manner to cooperatives in other sectors and therefore should be treated the same under SBA regulations.

Cooperative residential housing also employs a range of individuals or contracts with local small businesses including, for example, superintendents, office staff, porters, landscaping services, and handymen. Consistent with PPP, it is imperative that housing cooperatives are able to continue to employ these essential workers and maintain contracts with local businesses. These employees also ensure the safe operation and maintenance of the residential corporation. Co-ops are facing the same severe revenue problems as other business concerns. Among the immediate issues are: declining revenues due to member-owners that have lost their jobs and will fall into arrears, and spikes in the usage of water, fuel and electricity due to the fact that many member-owners are now home all day in accordance with state and local ordinances. Like other small businesses, access to PPP loans are necessary to ensure that the housing cooperatives can continue to keep employees on their payroll.

Therefore, we ask for your support to clarify the SBA Interim Regulation and FAQ’s to include residential cooperative corporations as eligible participants in the Paycheck Protection Program. We thank you for your consideration on this urgent matter.

Sincerely,

Association of Riverdale Cooperatives and Condominiums (ARC)  
Bay Terrace Community Alliance  
California Center for Cooperative Development  
Capital Impact Partners  
Coalition for Nonprofit Housing and Economic Development  
CooperationWorks!  
Cooperative Development Institute  
Cooperative Development Services, Inc.  
Cooperative Fund of New England  
Cooperative Network  
Corrigan Consulting Services  
Council of New York Cooperatives & Condominiums  
Federation of New York Housing Cooperatives and Condominiums  
Fund for Democratic Communities  
Georgia Cooperative Development Center  
Glen Oaks Village Owners, Inc.  
Indiana Cooperative Development Center  
Mississippi Association of Cooperatives  
National Association of Housing Cooperatives  
National Cooperative Bank  
National Cooperative Business Association CLUSA International  
New York Association of Realty Managers, NYARM  
New York State Association of REALTORS (R)  
North American Students of Cooperation (NASCO)  
Northwest Cooperative Development Center  
President's Coop & Condo Council  
Queens Chamber of Commerce  
Queens County Bar Association-Coop/Condo Committee  
Real Estate Board of New York  
Shared Capital Cooperative  
The Bailey Group LLC  
The Cooperative and Condominium Advisory Council of Westchester (BRI)  
U.S. Federation of Worker Cooperatives  
U.S Overseas Cooperative Development Council