

**ECONOMIC DEVELOPMENT COMMISSION
DIRECTOR'S ROOM
VIRTUAL MEETING
MINUTES
AUGUST 13, 2020**

MEMBERS PRESENT: Tom Phillips, Co-Chair; Norm DeLaura, Co-Chair, Shelly Koehler, Steve Carter, Tom Deffenbaugh, Earnell Kelly

ALSO PRESENT: Gary Anderson, Director of Planning & Economic Development
Kyle Shiel, Senior Planner

Adoption of Minutes of July 9, 2020

Mr. Carter made a motion to adopt the minutes. Mr. DeLaura seconded and all members voted in favor.

COVID-19- Resources for Businesses Update

Manchester business EDIL and PPP data

Ms. Koehler said there has been no final rulings on Paycheck Protection Program (PPP) forgiveness guidelines from the Small Business Administration (SBA). She said they are working on developing an easier process. She said updates on the Economic Disaster Injury Loan (EDIL) has been coming very slowly and many businesses haven't heard from SBA yet. She said she is encouraging clients to contact their local Small Business Development Center (CT SBDC) with questions or concerns, as the EDIL program goes through 2021. She said CT SBDC is putting a great deal of effort into post-COVID recovery initiatives and that will be the focus going forward.

Mr. Phillips asked if Ms. Koehler has gotten feedback from PPP recipients. She said yes and has often advised people to take the PPP funds and place them in a separate account as a back-up in the event they do not end up requiring funds to continue operating. She said the PPP funds could serve as a valuable safety net in case there is a continued downturn and if not having the funds untouched in a separate account will make returning the money more simple.

Mr. Phillips said hearing testimonials from recipients would be helpful regarding usefulness of programs. Mr. DeLaura said some additional time may be required to gain a fuller picture of the economy and see how many businesses are still viable. Mr. Phillips asked Ms. Koehler how many businesses were in a precarious situation. Ms. Koehler said the majority of the ones she deals with are facing great uncertainty. She said the PPP funds have helped a great deal, but there may be additional waves of layoffs. Mr. Anderson said the Chamber may have good anecdotal evidence of PPP experience for businesses.

Update on unemployment data

Mr. Shiel provided an update on the most recent employment report and other economic data. Regarding the jobs report, he said 1.8 million jobs were added last month and the unemployment rate fell to 10.2 percent. He said despite the improvements over the past three months, since February the unemployment rate is up 6.7 percent while the number of unemployed people is up by 10.6 million. He cited a report from the Commerce Department noting the GDP declined 9.5 percent during the 2nd quarter, the largest decline on record, while the number of unemployed people per job opening is at its highest level since the Great Recession.

Mr. Shiel cited an economist summarizing the economy as having suffered record declines and a record rate of recovery, but also containing concerning indicators of stalling. The decline was due to pandemic related public health shutdowns, while the recovery corresponds to much of the economy opening up earlier in the summer. The current stall is the unknown factor going forward. Mr. Shiel focused on three potential concerning indicators – reopened unemployment claims signaling a possible second wave of layoffs, increased mortgage delinquencies and increased housing insecurity.

Mr. Shiel cited two studies that may indicate additional layoffs. A study from California shows that re-opened claims (claims from people who initially collected some unemployment but then went back to work temporarily before being laid off again) have been rising steadily since May, indicating a potential second wave of layoffs. A second study from Cornell surveyed workers and found that 39 percent of previously laid off or furloughed workers who were brought back on payroll were not actually being asked to return to work, suggesting there may not be actual demand for the work, but rather a possible attempt to comply with PPP forgiveness guidelines. He said the study was inconclusive, but suggested analysts keep an eye on these trends going forward.

Regarding mortgage delinquencies, Mr. Shiel said the number of serious delinquencies (three missed payments) has increased by 1.2 million, while the overall national delinquency rate has risen to 7.5 percent, up from below 4 percent pre-pandemic. Mr. DeLaura said he expects the rates to increase, but not necessarily skyrocket to the extent during the housing crash. He said many loans will need to be modified in order to keep people in their homes, as most people would not be able to make the balloon-type payments after several months of forbearance. He said the mortgage business will be continue to be busy with people looking to refinance.

Mr. Shiel concluded by citing a Census Bureau Pulse Survey, tracking various COVID-19 economic indicators. He said the survey showed that over a quarter of all households either missed last month's rent or mortgage or have no to slight confidence they will be able to make next month's payment on time. He said some organizations have projected that nearly 29 million renters in 12 million households could potentially be at risk for eviction.

Mr. Phillips thanked Mr. Shiel for the report. He said some measure of unemployment are significantly higher than the headline figure, suggesting many people are struggling financially. Ms. Koehler said now that the PPP deadline has expired, many businesses are holding onto the money as they face uncertainty on their continuing viability. Mr. DeLaura said school reopenings will have a significant impact businesses and economy as well.

Report of the Greater Manchester Chamber of Commerce

Postponed until next meeting.

Report of the Special Services District (SSD)

Mr. Anderson said the SSD has a new interim manager, Joy Press. He said the SSD will name a liaison to the EDC in the near future.

Report of the Planning and Economic Development Director

Mr. Anderson said the Board of Directors approved a development agreement for the Broad Street project with Manchester Parkade 1. He said the details of the project have not changed since previous updates and that it is projected to be a \$140m mixed-use project if completed as proposed. Mr. Phillips asked about the timeline for construction. Mr. Anderson said the development agreement would likely close within a month, but actual construction may not begin until next year. Mr. Kelly asked if there were details on the proposed microgrid. Mr. Anderson said it was a combination of fuel cells and solar, but he could refer Mr. Kelley to the developer if he was interested in more detail. Mr. DeLaura asked if anything was in the works regarding the plaza to the north of the site. Mr. Anderson said not currently, but if it were eventually to be put up for sale it would be an ideal opportunity to work on blending the two developments together somehow.

Mr. Anderson said the Downtown Manchester Discovery Map was now available. He noted the hard work of Tana Parseliti on putting much of the work required for the map and said feedback has been positive so far. Mr. Anderson also noted that the Town placed an advertisement for its federal Opportunity Zones in a trade industry publication along with several other Connecticut municipalities.

Other Business

Mr. Anderson welcomed Mr. Kelley to the Commission and offered the opportunity to introduce himself. Mr. Kelley said he is a Manchester resident and has recently started an online business with his wife focusing on cosmetics for men. He said he recently accepted a full-time position with a renewable energy company as his primary source of income. He said a start-up is challenging in best of circumstances, and even tougher now. He said he has been working with Ms. Koehler through the CT SBDC and trying to building slowly by trying to keep overhead and inventory low.

Adjournment

Mr. Phillips made a motion to adjourn. Mr. DeLaura seconded and all members voted in favor. The meeting adjourned at 8:58 am.