

Real Estate as an Essential Service

Policy Brief

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Should real estate and related services be classified as essential services during a potential COVID-19 county or state-wide “stay at home” order? Presented by,

The Utah Central Association of
REALTORS®

Introduction

As municipal and state governments continue to institute “stay at home” orders around the country in response to the COVID-19 outbreak, many government entities are trying to determine what types of services are deemed “essential” and should remain operational. Beyond the obvious healthcare industries, sanitary works, and public necessities (police, fire, etc.), there is some debate as to what other services are deemed essential.

This brief will outline: 1) what factors should be considered when deciding if a service is considered essential, 2) the economic impact the real estate community has on Utah County and the State of Utah, and 3) steps the real estate industry has already taken to address the COVID-19 outbreak in a safe and responsible manner.

In this brief, “real estate related services” are defined as: all services related to the transfer, sale, lease or construction of real estate such as – skilled trades, title, escrow, recordation of documents, appraisal, inspections, surveying, financing, contracting, sales, marketing, construction, issuance of building permits, legal, certificates of occupancy, cleaning and janitorial, etc.

Policy Recommendation Summary

Classify Real Estate and related services as essential in the event of a county or state “stay at home” order.

Shelter is broadly recognized as an essential need for every citizen.

For many, a “stay at home” order restricting the ability to purchase or sell real estate is not a luxury that can be delayed.

Not only is housing a basic need, but the economic impact would be catastrophic. There are currently 2,591 properties under contract in Utah County representing over \$1 billion dollars. If Real Estate is not deemed an essential service, those transactions are put in jeopardy and could result in some buyers becoming homeless as their transactions fail.

Realtors® have been given CDC approved guidelines on how to conduct business in a safe and responsible way, incorporating appropriate social distancing, virtual meetings and tours, electronic document signing, and sanitation measures.

We respectfully request that if a “stay at home” order is made at the State or county level, that Real Estate be deemed an essential service.

- The real estate industry provided \$32.4 billion to the gross state product last year.
- For every home sold there is a \$95,400 economic impact in Utah with a ripple affect on many industries.
- Housing and shelter are broadly recognized as an “essential” need.
- The affordable housing crisis in Utah will be exasperated in the event of shutdown.
- The real estate community has gone above and beyond to ensure that the industry is operating within CDC, health department, and government guidelines.
- Other states and municipalities including: Denver city, NC, AZ, CT, DE, HI, IL, IN, MN, MS, NJ, NM, NV, OH, OK, WI, WV have all defined real estate as essential

Determining If a Service is Essential

The core of this policy brief is to ascertain whether real estate and related services should be deemed essential. To determine this we must ask two questions:

- *Does the service promote the health, safety, and well-being of a sizable portion of the population?*
- *What is the economic impact of the service?*

We suggest that state and county leaders will be able to better determine if real estate and related services are essential and thereby exempt from a “stay at home” order by answering these two questions.

Public Utility Factors

When looking at the first question in more depth, the primary consideration that needs to be taken into account is: how are people supposed to shelter at home if there is no home to shelter in? Housing and shelter are broadly recognized as essential in all facets of business, government, and society. It is a basic need that can in no feasible way be looked at as non-essential. Many buyers and sellers do not have a choice of whether to sell their home and relocate.

By not classifying real estate as essential, we would be negatively impacting the lives of Utahns who are looking for a safe and healthy place to live. Whether it be a rental unit or owner occupied home, there are many Utahns who are currently looking for a safe place to call home during these uncertain and frightening times – as demonstrated by the number of housing units under contract today. A disruption in the current real estate market caused by a “stay at home” order could result in many buyers finding themselves temporarily homeless unless real estate were to be deemed as an essential service.

Our association members, and all individuals involved in the real estate community, are actively working each and every day to ensure that everyone has a home in which they can seek refuge.

Economic Factors

Real estate and related services constitute a sizable portion of the economy of the State of Utah and Utah County as a whole. The real estate industry provides \$32.4 billion to the gross state product. Every home that is sold in Utah has a staggering \$95,400 economic impact on the economy. This in turn creates a ripple effect on many industries affecting thousands of Utahns above and beyond the buyer or seller in a real estate transaction. In Utah County alone, there are currently **2,591** properties under contract which combines for a total of \$1,054,544,860 in dollar volume. Statewide there are over \$3 billion dollars of property currently under contract.

By classifying real estate as non-essential, these transactions – and all other transactions that would have gone under contract – are put in jeopardy resulting in a catastrophic impact on the economy and would be detrimental to thousands of Utah citizens. The impacts would be most greatly felt by families and

individuals who are already struggling during this turbulent time. Many buyers could find themselves without housing options as their transactions fall through.

There are also hundreds of millions of dollars in residential construction currently underway which would also be in jeopardy if real estate services are suspended putting people out of homes. Contractors and tradesman employ safety measures on job sites to ensure safety (i.e., working 6 feet apart, no large groups, etc).

Steps Already Taken

At the onset of the COVID-19 pandemic, the National Association of Realtors® (NAR), the Utah Association of Realtors® (UAR), The Utah Central Association of Realtors® (UCAR), title companies, brokerages, construction companies, and the real estate community at large took immediate action to ensure that the health and well-being of buyers, sellers and employees was put front and center.

NAR released comprehensive guidelines to provide training for all Realtor® members and associations on how to be safe during the COVID-19 outbreak and how to conduct business while helping to prevent the spread of the virus and protect the consumer. These guidelines have been provided to all real estate professionals in Utah who are implementing them today.

- Realtor® members: <https://www.nar.realtor/coronavirus-a-guide-for-realtors>
- Trade Associations: <https://www.nar.realtor/ae/coronavirus-a-guide-for-realtor-associations>
- Handling Transactions: <https://www.nar.realtor/transaction-guidance-during-covid-19>

These recommendations were instituted immediately upon release. The real estate community has gone above and beyond to ensure that the industry is operating within CDC, health department, and government guidelines. It has taken dramatic steps to ensure social distancing, virtual substitutions to typically in-person functions, electronic document signing, and sanitary measures to prevent the spread of COVID-19.

As new information is released, Realtors® and members of the real estate community take additional steps to ensure the safety of all involved in transactions.

Other Relevant Information

If Utah and municipalities declare real estate to be essential, it would not be alone. Other states and municipalities including: Denver city, NC, AZ, CT, DE, HI, IL, IN, MN, MS, NJ, NM, NV, OH, OK, WI, WV have all defined real estate as essential. These states and municipalities understand the vital economic and health importance of keeping real estate services functioning.

In Utah, we currently face both a housing supply and housing affordability crisis. Preventing real estate services from functioning during a “stay at home” order would have a profoundly negative impact. In order to ensure the long-term economic prosperity of the State of Utah and Utah County, real estate and related services must be deemed essential.

Recommendation

In conclusion, we respectfully request that if the State of Utah and Utah County enacts a “stay at home” order, real estate and related services be defined as essential. The long-term economic viability of our state and the safety of its citizens in providing safe shelter depend on the continuation of real estate services during this difficult time. The very statement “stay at home” suggests that ones place of shelter is critical need during a state and national crisis.