PROVIDENCE BUSINESS NEWS

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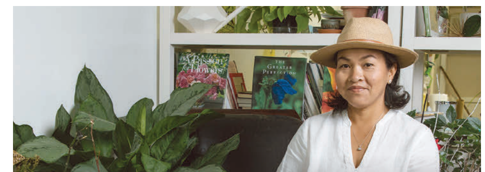
Her job has become quite the production | 8



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SHAKY GROUND

Troubled office real estate could undermine banks, wider economy

BY SAM WOOD | Wood@PBN.com

THE former mayor of Providence is distressed.

When Joseph R. Paolino Jr. walks through the city's financial district, he's anxious about what he sees. He led Providence as its mayor for much of the 1980s, but he's now the outspoken managing partner of **Paolino Properties LP**, which owns hundreds of thousands of square feet of downtown commercial real estate, including its centerpiece property, the 20-story 100 Westminster St.

As he chats with attendants at empty parking lots and looks in the windows of darkened restaurants, Paolino feels the local and national economy are on the precipice of change.

He's not the only one.

Developers, bankers and real estate brokers in Rhode Island and nationwide are worried about the continued effects of people working from home, which is triggering a decline in office real estate values, and how that might impact banks and the ability of business owners and others to obtain credit.

"It's all connected," Paolino said.

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STILL STANDING: There is vacant office space in downtown Providence, but people in the local commercial real estate sector say landlords and banks haven't reached a crisis level as others have nationwide.
PBN PHOTO/MICHAEL SALERNO

FOCUS: COMMERCIAL REAL ESTATE

Growth of self storage is raising some alarms

BY JACQUELYN VOGHEL | Voghel@PBN.com

DRIVING UP INTERSTATE 95 on a recent evening, Richard Godfrey, executive director of **Roger Williams University**'s real estate program, couldn't help but notice a U-Haul self-storage facility sitting on the edge of the roadway in West Greenwich.

The building itself isn't new – it used to be the headquarters of the international gaming company GTECH Corp. that merged into **International Game Technology PLC**. Now, rather than buzzing with tech

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ONE LAST THING

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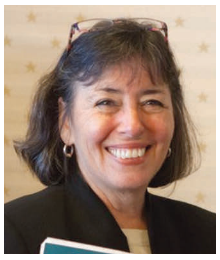
OPINION

Don’t stymie primary-care tech advancements



DEBRA HURWITZ
GUEST COLUMN

An absolute requirement during the COVID-19 pandemic, telemedicine has been a game-changer for patients across the state of Rhode Island. Essential to this new method of care is wireless networks such as 5G that serve as the backbone of the service, enabling doctors, nurses, and patients to communicate and treat medical conditions remotely over phones and computers. Coming out of the pandemic, this technology continues to be a major success story, handling the increased demand for bandwidth without hiccups and allowing telehealth services to become a mainstream option for care.

Through the COVID-19 crisis, our Care Transformation Collaborative – consisting of primary care teams and industry experts statewide – worked to quickly pilot and scale ways to utilize this technology to better support care. Telehealth became a lifeline to families and quickly proved how our industry can embrace advancements to support care needs.

Last spring, we wrapped up our pilot program that engaged 21 practices as they expanded the use of technology to help patients better manage chronic conditions, and as a result, boosted patient access to care, supported better patient experiences and reduced emergency department visits and hospitalizations. This initiative affected over 2,700 Rhode Islanders.

As we think through the future realities of our primary care industry, telehealth will continue to play a vital role. From pediatric primary care to mental and behavioral health, this technology is being adopted across the health care industry.

Unfortunately, the primary care industry of tomorrow is at a standstill. A much-needed (and often forgotten) reality that makes technological advancements such as telehealth possible is the use of the wireless spectrum of radio frequencies. It’s what connects us to cellular networks and the wireless internet. With high-powered, licensed spectrum, cellular carrier networks provide internet connectivity to our practices and neighborhoods. This enables us to browse websites, use mobile apps that support telehealth, and access online services wherever we have cellphone coverage. But now, the availability of additional frequencies is limited.The Federal Communications Commission, which is charged with authority of the spectrum for our use, must be empowered by Congress to make more of this resource available through regulatory proceedings. Unfortunately, this authority has lapsed for the first time ever, and no new spectrum is being allocated for next-generation technology. Our congressional leaders have the power to reauthorize this authority and establish a pipeline of future spectrum proceedings. Taking these important steps will enable future technological advancements in telehealth and our primary care industry. It’s important we work to close the digital divide and ensure Rhode Islanders across our state can utilize the benefits of wireless internet access, including telemedicine.

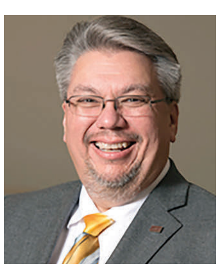
New spectrum availability increases our digital infrastructure capacity and opens the door to enabling next-generation technology to expand and improve local residents’ internet accessibility and the opportunity to utilize telehealth applications in a whole new way.

As we work hard to address the needs of the primary care industry today, we must consider the needs of tomorrow. From real-time patient monitoring and support to telehealth consultations that help families overcome barriers to care such as transportation or childcare, access to reliable internet must be expanded to ensure everyone can utilize life-changing innovations in primary care. ■

Access to reliable internet **must be expanded.**

Debra Hurwitz is the executive director of the Care Transformation Collaborative of Rhode Island.

Student loan ruling will hurt people and economy



WILLIAM CHITTENDEN
GUEST COLUMN

The Supreme Court has struck down the Biden administration’s student loan forgiveness plan. In Biden v. Nebraska, the court ruled 6-3 on June 30, that the secretary of education does not have the authority to forgive $430 billion of student loans under the Health and Economic Recovery Omnibus Emergency Solutions Act.

That kills President Biden’s proposed plan to forgive up to $10,000 in student loans per borrower for those with incomes under $125,000 per year, or $250,000 per year for couples. Under the president’s plan, those who received Pell Grants would have been eligible to cancel up to an additional $10,000 in student loans.

Just hours after the decision, Biden announced a new effort to forgive student loans under the Higher Education Act of 1965.

To give borrowers time to “get back up and running,” Biden stated that the Education Department won’t refer borrowers who don’t pay their student loan bills to credit agencies for 12 months.

In the majority opinion, Chief Justice John Roberts – joined by his five other conservative colleagues – stated “The HEROES Act allows the Secretary to ‘waive or modify’ existing … financial assistance programs under the Education Act, but does not allow the Secretary to rewrite that statute to the extent of canceling $430 billion of student loan principal.”

Currently, over 43 million Americans owe $1.64 trillion in federal student loans, with an average balance of $46,000. Student loan borrowers haven’t had to make payments on their federal loans – or accrue interest on those loans – since March 2020, when the Trump administration put the payments on pause due to the COVID-19 pandemic.

But that will change on Sept. 1, when interest will once again begin to accrue on outstanding student loans. Payments on the actual loans is set to resume in October.

When payments resume, the average student loan payment is expected to be between $200 and $500 per month. For those who resume making their federal student loan payments on time, this may lead to an increase in their credit score, while those that miss the first payment after payments resume can expect their credit score to fall.

Prior to the student loan pause, approximately 7.5 million borrowers – out of 43 million – were in default on their federal student loans.

These borrowers can apply for the Fresh Start program. For borrowers who are behind on their federal student loan payments, this program allows student loan borrowers to reset their loans so they won’t be considered past due anymore.

In addition, any negative entries on their credit report due to being behind on their student loans will be removed. About 80% of Fresh Start borrowers enroll in an income-driven repayment plan. Such a plan calculates a borrower’s monthly federal student loan payment based on the borrower’s income, spouse’s income and family size. Monthly payments under this plan will not exceed 20% of the borrower’s income. Those with larger families and lower incomes have lower monthly payments. Currently, about half of the Fresh Start borrowers pay $0 a month.

It is estimated that student loan borrowers pay about $70 billion a year on their federal student loans. Any economic benefit that borrowers may have gotten from the suspension of student loan payments is likely to have already been absorbed into the economy over the past three years. In other words, any money borrowers had to spend as a result of the student loan pause has already been spent.

With the resumption of student loan payments, there will likely be a small but negative impact on the economy. This reduction in spending on goods and services is estimated to reduce economic growth by about 0.4%

When student loan borrowers begin to repay their loans in October, those dollars will no longer be available to pay for other things like food, rent, clothing or gas. So it won’t only hurt the economy, but it will hurt people, too. ■

William Chittenden is an associate professor of finance at Texas State University. Distributed by The Associated Press.