

Rent Relief Is On Its Way For Small Business Tenants

Authors: Tanci Smart-Carvalho Lewis Allen

published 05/22/2020

The federal government, in partnership with the provincial and territorial governments, has established the Canada Emergency Commercial Rent Assistance program (CECRA) for small business owners paying rent. CECRA provides financial relief to small business tenants impacted by COVID-19 by offering unsecured, forgivable loans to eligible commercial property owners who are then required to pass along rent relief to their eligible small business tenants.

Under CECRA, a small business tenant impacted by COVID-19 is defined as a business that: (i) has had a 70% or greater decline in its pre-COVID-19 revenues, (ii) pays up to a maximum of \$50,000 in monthly gross rent per location, and (iii) generates a maximum of \$20-million in gross annual revenues, calculated on a consolidated basis.

To be eligible for CECRA, a commercial property owner must: (i) enter into a rent reduction agreement with the impacted small business tenant, (ii) enter into a loan agreement with the government, and (iii) attest in writing that they meet the eligibility criteria. The rent reduction agreement must provide for the property owner to reduce the tenant's monthly gross rent by at least 75% for April, May and June, 2020.

The loan works by paying the property owner for up to 50% of the monthly gross rent regularly paid by the tenant, with the tenant remaining responsible for up to 25% of the regular monthly gross rent. The property owner is required to absorb at least 25% of the shortfall in the monthly gross rent payment and must not recover any of the forgiven rent from the tenant.

The CECRA application portal will open for registration in Manitoba on May 26, 2020 for property owners with up to 10 tenants eligible for the program, and on May 27, 2020 for all other eligible Manitoba property owners. The application deadline is August 31, 2020.

The loans will be forgiven by the government on December 31, 2020, provided that the



property owner has complied with all of the terms of the loan agreement.

For more information on CECRA, the application process, eligibility criteria, and sample documentation, click [here](#) (link no longer active) for the CECRA website or consider contacting someone from the **Corporate and Commercial** team to help adjust to the “new normal”.

DISCLAIMER: *This article is presented for informational purposes only. The content does not constitute legal advice or solicitation and does not create a solicitor client relationship. The views expressed are solely the authors' and should not be attributed to any other party, including Thompson Dorfman Sweatman LLP (TDS), its affiliate companies or its clients. The authors make no guarantees regarding the accuracy or adequacy of the information contained herein or linked to via this article. The authors are not able to provide free legal advice. If you are seeking advice on specific matters, please contact Keith LaBossiere, CEO & Managing Partner at kdl@tdslaw.com, or 204.934.2587. Please be aware that any unsolicited information sent to the author(s) cannot be considered to be solicitor-client privileged.*

While care is taken to ensure the accuracy for the purposes stated, before relying upon these articles, you should seek and be guided by legal advice based on your specific circumstances. We would be pleased to provide you with our assistance on any of the issues raised in these articles.