

EMERGENCY COMMERCIAL RENT ASSISTANCE

MAY 15TH, 2020

On April 24th, the federal government announced that they have reached an agreement in principle with all provinces and territories to implement the **Canada Emergency Commercial Rent Assistance (CECRA)** for small businesses. **This program will lower rent by 75 per cent for small businesses that have been affected by COVID-19.**

The program will provide forgivable loans to qualifying commercial property owners to cover 50 per cent of three monthly rent payments that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June.

The loans will be forgiven if the mortgaged property owner agrees to reduce the eligible small business tenants' rent by at least 75 per cent for the three corresponding months under a rent forgiveness agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25 per cent of the rent.

Impacted small business tenants are businesses paying less than \$50,000 per month in rent and who have temporarily ceased operations or have experienced at least a 70 per cent drop in pre-COVID-19 revenues. This support will also be available to non-profit and charitable organizations.

The federal Canada Mortgage and Housing Corp. will administer and deliver the program.

It is expected the new program will be operational by mid-May, with commercial property owners lowering the rents of their small business tenant's payable for the months of April and May, retroactively, and for June.

MAY 5th UPDATE: When asked about small businesses whose landlords refuse to participate, Leah Anderson, assistant deputy minister in the financial sector policy branch at Finance Canada, responded that the government has been working to fine-tune the program since the Prime Minister announced it late last month. "We are working on an alternative mechanism for those who don't have mortgages," Anderson said. The Canada Mortgage and Housing Corporation (CMHC), the Crown corporation that is running the rent-relief program, has also written on its webpage for the CECRA that, "for those property owners who do not have a mortgage, an alternative mechanism will be implemented." Read more [here](#).

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>