

Cassels

Current Details on the Canada Emergency Rent Subsidy

October 13, 2020

The Federal Government recently unveiled new relief measures for qualifying organizations adversely impacted by COVID-19. This new program was announced on October 9, 2020 and is known as the Canada Emergency Rent Subsidy (CERS). It is designed to provide rent and mortgage support to organizations affected by the pandemic and will be available until June 2021.

The CERS program replaces the highly criticized Canada Emergency Commercial Rent Assistance program (CECRA), which many claimed was overly complicated by placing the onus on the landlord to apply for the CECRA program on behalf of its tenant. The CERS program is designed to provide easy-to-access rent and mortgage support by allowing eligible organizations to apply directly for assistance, rather than relying on landlords to do so on their behalf.

The CERS rent subsidy program will provide support for eligible small businesses, charities and non-profit groups that have experienced a revenue drop, by subsidizing a percentage of their eligible expenses (including rent and interest on commercial mortgages) on a sliding scale, for up to a maximum of 65% until December 19, 2020. Organizations will be able to make claims retroactively for the period commencing on September 27, 2020 and ending on October 24, 2020. In addition to this 65% subsidy, the CERS program includes support by way of a top-up subsidy of 25% for eligible organizations temporarily shut down by a mandatory public health order issued by a qualifying public health authority.

The Government of Canada has also announced that the CERS program will provide support to property owners. Details of this support, along with further details on the CERS program in general, will be announced at a later date.

In addition to the CERS program, (i) the Canada Emergency Wage Subsidy has been extended until June 2021, and would remain at the current subsidy rate of up to a maximum of 65% of eligible wages until December 19, 2020, and (ii) the Canada Emergency Business Account (CEBA) has been expanded, enabling businesses and not-for-profits eligible for CEBA loans to access an additional interest free loan of up to \$20,000 (in addition to the original CEBA loan of \$40,000), thereby effectively increasing the total CEBA loan to \$60,000 for eligible businesses, of which a total of \$20,000 would be forgiven if the balance of the loan is repaid before December 31, 2022 (the application deadline for CEBA has been extended to December 31, 2020).

Please contact Cassels with any questions you may have regarding these business support programs. Given the technical nature of these programs, property owners and tenants who may look to benefit from these programs should seek legal and advisory counsel as soon as possible. We look forward to guiding you during these uncertain times.