

## Details on the Canada Emergency Commercial Rent Assistance Program for Small Businesses

*Robert Lysy*

**April 24, 2020**

On April 24, 2020, the Government of Canada provided details on the previously announced Canada Emergency Commercial Rent Assistance Program (CECRA). CECRA will provide rent relief to small businesses that have been impacted by the COVID-19 pandemic. The program will effectively lower rent by 75% for qualifying small businesses.

This is how the program will work:

- CECRA will provide forgivable loans to qualifying commercial property owners to cover 50% of the rent payments, excluding profits, for April, May and June of this year, that are payable by eligible small business tenants who are experiencing financial hardship. These loans will be paid for by the federal government and the provincial or territorial government in which the small business is located.
- The loans will be forgiven if the commercial property owner agrees to reduce the eligible small business tenants' rent by at least 75% for April, May and June of this year, under a rent forgiveness agreement.
- This rent forgiveness agreement must include a term not to evict the tenant while the agreement is in place.
- The small business tenant and the commercial property owner would collectively be responsible for the remaining 50% of the before profit costs, each being responsible for 25%.

To be eligible for CECRA, a business must be a small business paying less than \$50,000 per month in rent and must have temporarily ceased operations or experienced at least a 70% drop in pre-COVID revenues. This program will also be available to non-profit and charitable organizations.

CECRA will be administered and delivered by the Canada Mortgage and Housing Corporation, through a collaboration with the federal government and provincial and territorial governments.

CECRA is expected to be operational by mid-May, and more details on the implementation of the program in each province and territory, and what costs will be captured by the program, are expected to be released soon.

More information on CECRA and the Government of Canada's COVID-19 Economic Response Plan can

# Cassels

also be found on their website.

***The author of this article gratefully acknowledges the contributions of articling student Reza Sarsangi.***

---

*This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.*