

# Canada Emergency Commercial Rent Assistance (CECRA)

## *Frequently Asked Questions*

(Updated May 12, 2020)

### 1. When will the application for CECRA be made available?

Applications will be available mid-May. The deadline to apply for the program is August 31, 2020. You can [sign up with CMHC](#) to be notified of when the application process opens.

### 2. When will the funds be made available?

Funds will begin to flow shortly after applications open in mid-May.

### 3. Who can apply?

A property owner who is an individual or corporation or other business entity, that generates rental revenue from commercial real property located in Canada. The property owner must be the registered owner and landlord of the residential or commercial real property.

### 4. What are the eligibility criteria for landlords?

The property owner must:

- Own commercial property in Canada that generates revenue
- Have tenants who have been impacted by COVID-19
- Have a mortgage secured by the commercial property, occupied by one or more small business tenants
- Have or will enter into a rent reduction agreement for April, May and June 2020, that will reduce impacted tenant's rent by at least 75%
- Have or will include a moratorium on eviction for April, May and June 2020
- Have declared rental income on their personal or corporate tax return for 2018 and/or 2019

### 5. What is an impacted tenant?

An impacted tenant is a small business that has temporarily ceased operations (i.e. generating zero revenues) or those experiencing at least a 70% decline in pre-COVID-19 revenues. Impacted tenant must generate no more than \$20 million in gross annual revenues, calculated on a consolidated basis. Impacted tenants must pay no more than \$50,000 in monthly gross rent per location.

### 6. What is pre-COVID-19 revenue?

Pre-COVID-19 revenue is to be determined by comparing revenues in April, May or June to the same month in 2019 or alternatively compared to average revenues for January and February 2020.

### 7. What are the application requirements?

- Property address and any information pertaining to the program criteria, such as: information on the Borrower/Landlord, number of tenants, rent rolls etc.
- Signed tenant attestations
- Agreeing to comply with the program's Terms and Conditions.
- CMHC reserves the right to request any additional reporting it deems reasonably necessary.
- You can [sign up with CMHC](#) to be notified of when the application process opens.

**8. How should I approach my landlord?**

Every situation is different, but we have a template letter that may help [here](#). You may want to add additional information about what other government programs if any you are eligible for. Even if the landlord does not want to agree to CECRA, they may be open to other arrangements. Approaching the landlord in the same way that you would want one of your customers to approach you if they couldn't pay and outstanding bill is a good way to start.

**9. How should I approach my tenant?**

Every situation is different, but we have a template letter that can be modified [here](#). Many businesses have lost significant revenue and do not always have access to other programs. If CECRA is not a good option perhaps think of another fair option to put forward.

**10. Does CECRA cover basic rent or include additional rent, TMI (taxes, maintenance and insurance) and CAM (common area maintenance charges)?**

CECRA will cover gross rent, which includes basic rent, taxes, maintenance and insurance. Essentially everything that is covered by the lease agreement.

**11. What if my province or municipality has provided property tax relief?**

You cannot double dip. The total rent relief cannot be more than 75%. If some relief has been provided through other mechanism, like property tax relief, they will be counted towards the 75% reduction

**12. How will CECRA be administered and distributed?**

The Canada Mortgage and Housing Corporation (CMHC) will administer and deliver the CECRA. The distribution aspect is still being designed. CMHC is aiming to incorporate simplicity, speed and flexibility into the process.

**13. What if I already paid my April and May rent?**

The agreement is to be retroactive to April 1, covering actions from April, May and June 2020. If you already paid your rent (or collected it as a landlord), there are several options. The property owner can offer a rebate or reduce future rent payments. If a property owner has already provided a discount for April that will count towards the program.

**14. What if my landlord does not have a mortgage?**

For property owners who do not have a mortgage, an alternative mechanism will be implemented. Further information will be outlined by CMHC soon. More information on CMHC can be found [here](#).

**15. Is the CECRA forgivable?**

If the property owner complies with the terms and conditions of the loan, the loan is 100% forgivable.

**16. How is the program funded?**

The federal government will share the program funding costs with the provinces and territories (75%/25%). The total funding cost is estimated to be \$2,296 million.

**17. What is the financial responsibility for each party?**

The government will subsidize 50% of the cost, the tenant will be responsible for 25%, and the landlord will be responsible for 25%.

**18. I am a landlord with tenants who are struggling due to COVID-19. If we apply for CECRA, are we required to charge our tenants 25%?**

A landlord is welcome to provide additional relief to their tenants beyond 75% rent reduction defined by the program.

**19. I have multiple locations; does CECRA apply to each or only one?**

Eligible tenants can apply for each location that has lease agreement with a gross monthly rent of no more than \$50,000.

**20. My landlord has told me they won't apply for this, what do I do?**

This program is not mandatory. You might consider contacting other renters in your complex (if there are others) to appeal with a unified voice. Some provinces (SK, MB, NS) have one-time grants that might help with rent. We encourage you to contact your provincial government & local MP with a letter (cc CFIB).

**21. I rent a space at the bottom of an apartment building, am I considered an eligible tenant?**

Yes, commercial tenants of mixed-use building are eligible.

**22. The space rent in a mixed-use building is less than 30% commercial. Am I still eligible?**

CMHC has confirmed that the 30% was an early policy requirement but has since been removed.

**23. It is possible that my tenant's business won't survive, and it appears the CECRA application will be onerous, why should I apply?**

Many businesses are barely hanging on; this program could be what saves them. That said, you have a business to run as well and need to decide if it is worth rolling the dice on this program to keep your current tenant, or to try to find a new business to rent, in an economy that will have a lot less potential renters available.

**24. For the rent program, it says for rents less than \$50,000. We are in a mall location. Would we qualify since we pay less than that, or would they look at the rent of the entire mall when deciding on qualifying factors?**

It is based on the rent that your business pays. In this case, you should qualify.

**25. Are there are provincial differences around the key eligibility criteria?**

No.

**26. I have a foreign landlord – will I still be eligible?**

Yes.

**27. Can my landlord ask me to sign a lease extension to apply for the program?**

No. The program cannot be used to leverage future lease extension or increases in rent.

**28. What if my business started in March and I cannot compare revenues to January and February?**

Based on the current eligibility criteria, you would be ineligible for the program.

**29. Regarding the \$50,000/month maximum. Is it per lease? Or it is a maximum total rent paid for all leases under one incorporation? Example: If you have 5 leases that exceeds \$50,000 total/month? This limit needs to be clarified please.**

Tenants are eligible for CECRA if they have multiple locations if each has gross rent of no more than \$50,000, have a valid lease agreement, and do not generate more than \$20 million in gross annual revenues.

**30. The \$50,000 maximum rent depends on location, but does the revenue reduction also depend on location?**

Both criteria are location specific. However, if the tenant generates more than \$20M in consolidated revenues (at the parent level) then this tenant would not be eligible.

**31. I am a business owner and own the building that my business occupies, I am eligible?**

Based on the current eligibility criteria, you would be ineligible for the program. There must be a lease agreement in place between a landlord and tenant.

**32. What if my relative is my landlord?**

You are still considered to be an eligible tenant if you have a lease agreement in place.

**33. Are we eligible if we rent month to month and do not have a lease? Can our landlord make us sign a lease?**

A formal agreement must be in place to be eligible, but the agreement can be month to month.

**34. I am a landlord, should I be offering the discount now for May rent?**

Yes, if you can. However, the application for the program is not open until the middle of May and it may take a few weeks after that to receive the program funds.

**35. If I am eligible for the program, when do previously paid rents have to be returned to tenants?**

The landlord and tenant must come to a mutual agreement on this. Rebates may be provided or discounts on future rents.

**36. Does the CECRA apply to sub-tenants?**

Yes. More details are expected to follow.

**37. I am a landlord. What happens if my tenant claims they are down 70% in revenue, but once I receive the loan, I find out they misrepresented their losses – who is on the hook to pay back the loan?**

If the tenant misrepresents their losses, the program will consider this a breach of terms of the loan and will enter collection with burden on the tenant.

**38. Will federal landlords be participating?**

Yes, federal landlords will be participating. More details are expected to follow.

**39. How will I (as tenant) know that my landlords applied and the status of their application?**

This will require ongoing conversations with your landlord.

**40. Is a tenant still eligible for CECRA if they have defaulted on rent for April or May?**

Yes, as long as they meet the eligibility of the program.

**41. If my landlord does not want to participate, can I still receive the 50% from the government to help with my rent.**

As currently designed, the program requires the tenant and landlord to contribute 25% and the government will provide the other 50% directly to the landlord.

**42. If the loan is ultimately forgiven, as per the design of the program, does it become taxable income?**

We believe it will be considered taxable income, but we are waiting for confirmation from CMHC.

**43. Do I (the tenant) need to be down 70% in all three months to be eligible or is it on a month by month basis?**

CHMC is working on providing clarity on this question.

**44. If the landlord is a corporation and the renter is another corporation, however the corporation owners are the same, are the corporations eligible for the program?**

To the extent that there is a lease agreement in place between the two entities, the value of the lease is comparable to market value, and all other eligibility requirements are met – yes.

**45. If a landlord does not want to apply for CECRA but the tenant cannot afford to pay rent due to COVID-19, can the landlord evict the tenant?**

In most cases yes, the landlord can evict you. CFIB has been advocating for all provinces to put in place protections against commercial rent evictions during this time. Nova Scotia, New Brunswick and PEI currently have commercial rent protections in place.

**46. When can we expect additional details on the CECRA to be made public?**

We are expecting additional details and applications to be available in mid-May.

**47. Can I call CFIB for further help?**

Of course! That's what we are here for.