

Ontario-Canada Emergency Commercial Rent Assistance Program

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The Ontario Government is committing \$241 million to partner with the federal government and deliver more than \$900 million in urgent relief to small businesses and their landlords through a new program, the Ontario-Canada Emergency Commercial Rent Assistance Program (OCECRA).

The OCECRA will provide forgivable loans to eligible commercial property owners experiencing potential rent shortfalls because their small business tenants have been heavily impacted by the COVID-19 crisis.

How does the program work?

The program has been developed to share the cost between small business tenants and landlords. Small business tenants and landlords would each be asked to pay 25 per cent of the before profit costs and the provincial and federal government would cost share the remaining 50 per cent.

For example, a monthly rent for a small business is \$10,000. In this example, assume the landlord doesn't make a profit. The landlord forgoes \$2,500 (25 per cent of rent). The small business would be responsible for paying \$2,500 (25 per cent of rent). The government would cover the remaining \$5,000, with \$3,750 from the federal government (37.5 per cent of rent) and \$1,250 (12.5 per cent of rent) from the provincial government.

To receive the loan, property owners will be required to reduce the rental costs of small business tenants for April to June 2020 by at least 75 per cent. The loan would also be contingent on the signing of a rent forgiveness agreement between impacted tenants and landlords. This would also include a moratorium on evictions for three months.

How long would a commercial property owner have to apply for OCECRA?

The OCECRA would be administered by the Canada Mortgage and Housing Corporation (CMHC) and would be available until September 30, 2020. Support would be retroactive to April 1, covering April, May and June 2020.

Are there any eligibility requirements for commercial property owners?

The OCECRA would apply to commercial properties with small business tenants.

Commercial properties with a residential component, and residential mixed-use properties with a 30 per cent commercial component, would be equally eligible for support with respect to their commercial tenants.

The property owner must be the registered owner and landlord of the residential or commercial real estate property.

If a property owner does not have a mortgage secured by a commercial rental property, the property owner should contact CMHC to discuss program options, which may include applying funds against other forms of debt facilities or fixed cost payment obligations (e.g. utilities).

What are the eligibility requirements for small businesses?

An eligible small business tenant is one that:

- Pays monthly rent not exceeding \$50,000 in gross rent payments; and is,
- A non-essential small business that has temporarily closed, or who is experiencing a 70 per cent drop in pre-COVID-19 revenues (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).

Not-for-profit organizations and charitable entities would also be considered for the program.

Are commercial properties that also have apartments eligible as well?

Commercial properties with a residential component, and residential mixed-use properties that have a 30 per cent commercial component, would be equally eligible for support with respect to their commercial tenants only.

Does the OCECRA program factor in profits for the commercial property owner through the loan period?

The forgivable loan would be conditional on the property owner and tenant entering into a rent forgiveness agreement (including a moratorium on eviction for three-months) pursuant to which the property owner would reduce the tenant's monthly rent to 25 per cent of rent that relates to fixed costs for three months. The property owner would be responsible for the remaining 25 per cent. For certainty, government funding, and remaining monthly tenant rent payment obligations (i.e. 25 per cent), would not cover the property owner's profits derived from rental income - that is, in applying for this program, the property owner agrees to forego profit for a three-month period.

Are any small businesses excluded from the OCECRA program?

The following exclusions would apply:

1. Entities owned by individuals holding political office;
2. Entities that promote violence, incite hatred or discriminate on the basis of race, national or ethnic origin, color, religion, sex, age or mental or physical disability; and,
3. An entity in the Lenders special accounts or Restructuring Group prior to March 1, 2020.

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- [Information and advice to help your business navigate the economy during COVID-19.](#)
- [Learn more about Ontario's Action Plan: Responding to COVID-19.](#)
- [Visit Ontario's website to learn more about how the province continues to protect Ontarians from COVID-19.](#)

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