Dealing with Landlords During the COVID-19 Pandemic

UPDATE: April 16th, 2020 – “PM promises rent support for businesses” details TBC

After people, one of the biggest outlays by agency businesses is rent, while some own their own properties, they are in the minority. Since many agencies provided the ICA with details of their landlords, as the ICA looked to assist in this matter, we have been investigating the best options available with other sectors via the Canadian Chamber of Commerce, in particular through its newly formed Canadian Business Resilience Network.

We were first informed that the Prime Minister was due to make an announcement, one that proposed the creation of a “national standard of flexibility.” Many industry sectors were pushing for a federal approach. Then last week we were informed that the PM’s office had gone quiet on this and that it would reside as a provincial matter. This is disappointing and many of us will continue to apply pressure to bring this back to the PM’s desk. With this week being the point when many retail landlords have the ability to repossess premises, due to non-payment, the issue is gaining momentum via media.

We have become aware that some landlords that began with a more open-door approach to discussion have since closed that down. One landlord in particular informed us that only a small number of tenants reached out for discussion, the majority decided not to pay their rent. This alarmed their team and pushed them to become less open to assist. We assume that this will be happening across the country, triggering more protectionist moves.

As a result, and until the PM brings forward a federal framework, we have devised an approach to dealing with landlords that may deliver the best possible outcomes for agencies.

Agency COVID-19 Rent Solutions

This approach begins with you as the tenant making the first move to investigate what is available to you. Below you will find some supporting information on what we believe is available to property owning businesses themselves, we suggest including this in your initial communication.

On receipt of this communication and if you have been unsuccessful in receiving a deal that works for your needs then please forward this to the ICA, where we will continue the dialogue on your behalf. We will do what we can to assist.

Watch Out!

One thing that we are hearing is that some landlords are asking for a lot of financial information, particularly past financial performance, we strongly suggest that you resist supplying this, as it may not help you, especially in the long term. No amount of financial history can provide a clear indication of a
business’s ability to weather this situation. This may be the application of red tape simply to delay or try and dissuade you in asking for support.

**Financial Options Available to Canadian Property Owners**

1. Mortgage payment deferrals are being made available by mortgage providers.
2. Interest only payments on mortgages are being offered by mortgage providers.
3. Cash flow helpful options are being provided by municipalities, for example City of Toronto:
   a. Property Tax
      i. PAP and post-dated cheque payments for property taxes have been suspended for 60 days.
      ii. April 1 instalments have been deferred to June 1 and May 1 instalments to July 1.
      iii. All penalties and interest have been waived for 60 days from March 16
   b. Utility Bills
      i. Normally they are due 21 days after receipt and that has been increased by an additional 60 days
   c. Toronto Hydro
      i. Rates have been reduced to off peak time for small business - this may not apply to many landlords but could help members that own their own property
4. Landlords may be entitled to access the 75% wage subsidy that is available to all businesses who meet the criteria.

Links to these are available at [www.theica.ca/covid19](http://www.theica.ca/covid19)

**Some Options Being Offered**

1. Some landlords are allowing for rent deferrals on a month by month basis.
2. Some landlords are allowing for rent payments only, deferring the building service proportion.
3. Some landlords are allowing for deferred rent payments to be split equally across the 6- or 12-months following return to payment.