

COVID-19: Details of the Canada Emergency Commercial Rent Assistance Program and Increases to Ontario's Minimum Wage for Eligible Front Line Workers

April 27, 2020

Canada Emergency Commercial Rent Assistance

The Government of Canada announced further details of its new Canada Emergency Commercial Rent Assistance (CECRA) program on April 24, 2020. The CECRA is intended to allow small businesses to reduce their rent by up to 75%. However, the details announced by the Government of Canada outline a relatively complex process for doing so, which would require the agreement of and participation of commercial property owners.

The structure of the CECRA, as announced on April 24, 2020, is the following:

- Qualifying commercial property owners will be provided with forgivable loans to cover up to 50% of three monthly rent payments that are payable by eligible small businesses. The scope of who will be deemed a "qualifying commercial property owner" is not yet clear.
- The loans will be forgiven if the qualifying commercial property owner agrees to reduce the small business tenants' rent by at least 75% under a rent forgiveness agreement, which must include a term not to evict the tenant while the rent forgiveness agreement is in place. The eligible small business would then cover the remaining 25% of their rent.
- An eligible small business is a business paying less than \$50,000 per month in rent and who has temporarily ceased their operations or experienced at least a 70% drop in pre-COVID-19 revenues.

While it is expected that the CECRA will be available by mid-May, the full details of the CECRA are not yet available. It would appear that as a first step, landlords and tenants should canvass putting in place a rent forgiveness agreement.

Ontario's Increase to the Minimum Wage

On April 25, 2020, Ontario Premier Doug Ford announced the Ontario Government's intention to provide a "temporary pandemic payment" in the form of an additional \$4.00 per hour raise for certain front-line workers.

Premier Ford stated that those eligible for the temporary raise include staff at long-term care homes, retirement homes, emergency shelters, supportive housing, correctional institutions and youth justice facilities, and those providing home and community care. The increase does not appear to apply to people who work at private institutions, including those that are deemed essential such as grocery stores.

In addition to the "temporary pandemic payment", Premier Ford announced that eligible employees who are working more than 100 hours per month would also be provided with a lump sum payment of \$250 per month for each of the next four months.

There continues to be debate amongst government officials with respect to the implementation of these programs, including the proposal to make such payments retroactive to the day that the State of Emergency was declared. We will provide further information on these changes as they become available.

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Canada Emergency Wage Subsidy Calculator

Further to our previous update which outlined some of the details of the new Canada Emergency Wage Subsidy (CEWS), the Government of Canada has released an updated and interactive set of tools on its webpage for businesses. In particular:

- There is a new interactive calculator which allows eligible businesses to estimate how much their wage subsidy may be; and
- The updated application process for the CEWS is now available.

We will continue to monitor these areas and provide you with further updates as they become available. Please note that this bulletin is intended for informational purposes only and does not constitute legal advice or an opinion on any issue. Please contact the author or your Miller Canfield lawyer with further questions.

This information is based on the facts and guidance available at the time of publication, and may be subject to change.