



STAFF REPORT

Title: COVID-19 Canada Emergency Commercial Rent Assistance (CECRA) Program for Small Businesses - Forgivable Loans to Commercial Property Owners

Meeting Date: May 12, 2020

Executive Summary:

The City of Cold Lake values the relationships with our tenants in our City facilities and the services delivered to our citizens. The COVID-19 pandemic, and the measures being taken by all levels of government to reduce the transmission of this virus, will mean adjustments for everyone.

The purpose of this report is to update Council on the steps taken by administration on the requests received from our tenants respecting rent relief.

Background:

Canada Emergency Commercial Rent Assistance (CECRA) for small businesses provides much needed relief for small business experiencing financial hardship due to COVID-19. The program is intended to reduce rent by 75% for small businesses who have been severely impacted. Under CECRA tenant is responsible for the remaining 25% portion of the rent.

Canada Mortgage and Housing Corporation (CMHC) administers the program on behalf of the Government of Canada and provincial and territorial partners. The program offers assistance for the months of April, May and June, 2020 and can be applied retroactively. Deadline to apply is August 31, 2020.

CMHC will provide forgivable loans to eligible commercial property owners.

- The loans will cover 50% of the gross rent owed by impacted small business tenants during the 3-month period of April, May and June 2020.
- The property owner (in our case the City) will be responsible for no less than half of the remaining 50% of the gross rent payments (paying no less than 25% of the total).
- The small business tenant will be responsible for no more than half of the remaining 50% of the gross rent payments (paying no more than 25% of the total).



Applications can be completed online by accessing <https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>.

To be eligible for the forgivable loan, the landlord is to show, through a written agreement, that the tenant's commercial rent has been reduced by at least 75%. In speaking with CMHC representative, it is not clear as to when the rental agreement is to be provided to CMHC.

Tenant letters outlining the COVID-19: CECRA for Small Businesses program have been prepared. Businesses subject eligible under the City's rebate are:

- Ambrosia Holdings Ltd. o/a Game Day
- Booster Juice
- Deb's Catering
- Joanie Snaith o/a First Smiles Child Care
- Kid's Time Out Play Program
- Johnny Waffles

The City's options respecting the amount of the rent the City would refund to the tenant are:

- Option 1: waive the monthly commercial rent retroactive to March 17, 2020. Impact to the budget is in the magnitude of \$5,000.
- Option 2: waive the monthly commercial rent retroactive to March 17, 2020. The City to make application for loss of rental income under the CECRA program to recover 50% of commercial rent for the months of April, May and June, 2020 or applicable portion. Impact to the budget is in the magnitude of \$2,500.
- Option 3: waive 75% of the monthly commercial rent. The City to make application for loss of rental income under the CECRA program to recover 50% of commercial rent for the months of April, May and June, 2020 or applicable portion. Impact to the budget is in the magnitude of \$1,000.

Alternatives:

Council may:

1. Consider a motion to have the City send letters to the City's tenants outlining Option 1, 2 or 3 held in this report.
2. Consider a motion to not send letters to the City's tenants outlining the COVID-19: CECRA for Small Businesses
3. Consider a motion to receive the report COVID-19: CECRA for Small Businesses - Forgivable Loans to Commercial Property Owners as information.



Recommended Action:

That Council direct the City to send letters to the City's tenants waive the monthly commercial rent retroactive to March 17, 2020 and to make application for loss of rental income under the CECRA program to recover 50% of commercial rent for the months of April, May and June, 2020 or applicable portion.

Budget Implications (Yes or No):

Yes

Submitted by:

Kevin Nagoya, Chief Administrative Officer