

# Leasing Bulletin

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## Preliminary Details about the Canada Emergency Rent Subsidy (CERS)

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On October 9, 2020, the Government of Canada announced plans to introduce legislation to create a new form of rent and mortgage support under a program entitled the Canada Emergency Rent Subsidy (“CERS”). The purpose of CERS is to support businesses and other organizations facing financial hardship due to the COVID-19 pandemic. The Government has not yet released complete details on eligibility criteria and other program parameters. Accordingly, the publicly-available information on CERS should be treated with caution until the draft legislation is released and the program parameters are finalized.

Based on currently-available public information, we have been advised of the following program details:

- CERS will provide support to qualifying businesses, charities, and non-profits that have suffered a revenue drop due to COVID-19.

*It appears that support will also be provided to property owners; however, the nature of this support is still unclear (it may be limited to subsidization of interest on commercial mortgages, as further detailed below).*

- Eligible businesses and organizations can receive a subsidy to cover a percentage of their expenses, on a sliding scale, up to a maximum of 65% of eligible fixed property expenses, including rent and interest on commercial mortgages.

*During their press conference, Prime Minister Justin Trudeau and Deputy Prime Minister Chrystia Freeland indicated that CERS will fund up to 65% of rent or mortgage interest payments for businesses that have seen revenue decline by at least 70% and that companies that have had revenue fall by less than 70% will receive “a gradually decreasing level of support” in line with revenue. There is currently no other information on how this sliding scale will work.*

- An additional 25% top-up subsidy will be available to businesses forced to shut down due to a mandatory public health order issued by a qualifying public health authority.

- CERS will provide the aforementioned support until June 2021. Program parameters announced on October 9, 2020, will apply until December 19, 2020. Thereafter, the program parameters, including the amount of support to be provided to applicants, may be altered.
- CERS operates differently than the Canada Emergency Commercial Rent Assistance (“CECRA”) program since tenants can directly apply for and receive support from the Government. For CECRA, tenants needed their landlords to apply for support on their behalf. Also, the new program will be administered through the Canada Revenue Agency (CRA) as opposed to the Canada Mortgage and Housing Corporation (CMHC) (as was the case under the CECRA program).
- The gap in support following the expiry of the CECRA program is addressed by the fact that eligible businesses and organizations will be able to make retroactive claims under CERS for the period of September 27, 2020, through to October 24, 2020.
- The Government intends to introduce legislation to implement CERS in the near future, which will contain substantive information relating to the application process, supporting documentation, eligibility requirements, and eligible expenses.

Click here for the full press release: <https://www.canada.ca/en/department-finance/news/2020/10/government-announces-new-targeted-support-to-help-businesses-through-pandemic.html>

We will continue to provide updates on the implementation of the CERS program. If you have any questions or would like to obtain legal advice on the CERS program or the effects of the proposed CECRA program, please contact any lawyer in our [Commercial Leasing Group](#).

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