

# Killing the commercial rent program is going to kill hundreds of small businesses

Commercial rent relief is one of the biggest issues facing the small business community across Canada. Today, with the government decision not to extend the commercial rent program, thousands of small business across the country have lost their last lifeline to pay their September rent.

While the program did need significant changes the decision to pull the plug on the program will kill thousands of bricks and mortar small businesses in every community across Canada.

The Canada Emergency Commercial Rent Assistance program (CECRA) was badly designed from the outset and the federal government and the provinces resisted making any changes to actually help small businesses.

The program has helped 63,000 small business tenants, which is a good number – until you consider there are over 1.2 million Canadian businesses. It was so under used because the thresholds to qualify were too high and because it was a bureaucratic nightmare for landlords and tenants to navigate that by the end of July only \$613 million of the \$2.97 billion budget has been used.

Over the past several months we tried to work with the federal government to make a bad program better, but that advice fell on deaf ears.

For instance, the qualifying threshold was simply too high. Many landlords assumed that if their tenant's business is down more than 70%, then the business is going to fail. For businesses in desirable locations, the landlords made plans to evict their commercial tenant for nonpayment of rent, seize what's inside (for the unpaid rent) once the provincial moratoriums end.

The landlord will then be able to lease a turnkey space to a new tenant as the economy rebounds. The landlord is also be able to write off the losses from having vacant commercial space so those in desirable locations might actually make money as a result of the eviction and the tax write off by causing their tenant to fail.

Many landlords are also not adhering to the program. Tenants have the option of deciding whether they would like a reimbursement of the rent paid or if they will apply it as a credit moving forward. In many cases, the CFA's included, the landlord, "will not be reimbursing tenants with the money we have received from the government, instead we will be crediting future months' rent." Many tenants they might not have the cash flow to survive long enough to be able to use the credit.

Instead of extending the commercial rent program the federal government chose to expand the CEBA program. While this is will help many franchised and non-franchised businesses it will not help keep the Main Streets across Canada alive as many small businesses have already used their CEBA loans and no longer have the money to pay their September rent.

We need the government to extend the commercial rent program and make changes to help keep thousands of small businesses afloat. By killing the commercial rent program, they are killing thousands of bricks and mortar small businesses.

**Sherry McNeil, President and CEO of the Canadian Franchise Association**

*The franchising sector is the 12th largest contributor to the Canadian economy. Franchising contributes over \$100 billion to Canada's GDP and employs 1.9 million Canadians at almost 80,000 locations across Canada. Learn more at [www.cfa.ca](http://www.cfa.ca)*