

Educating your tenants on the CERB program

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Yesterday, the federal government introduced the Canada Emergency Response Benefit (CERB) which is intended to quickly direct income support payments to Canadians whose income has been lost or severely reduced because of COVID-19. The government claims that Canadians who qualify for the program can now expect payments of up to \$2000.00 within weeks and the payments should continue for four months. This means that many of the rent defaults landlords may experience on their April rent rolls could be resolved before the end of April and could stay resolved for at least four months.

We have previously recommended that where tenants default on their April rents and claim the default is due to loss of income and COVID-related, landlords should reach out to them and work with them to come up with a repayment plan. Landlords are entitled to see some verification from tenants to support the claim of loss of income and its connection to COVID-19. If the landlord is satisfied with that verification, then there is a good chance that the CERB program will supply funds to meet the tenant's housing needs and avoid ongoing rent defaults. Landlords should familiarize themselves with the CERB program, and with other government assistance programs available to tenants, and work with eligible tenants to incorporate the funds sourced from the programs into tenant repayment agreements.

The application process is scheduled to open in early April, with individual income support payments amounting to about \$2,000 a month expected to flow about 10 days later. The benefits will be available for four months. The money is intended to support tenants who have lost their jobs, became ill or are under quarantine and/or have to stay home because of school closures. A government news release says the "simpler and more accessible" program will cover Canadians who lost their jobs, got sick, are under quarantine or have to stay home because of school closures. In addition, workers, contract workers and self-employed people who don't qualify for employment insurance (EI) will also qualify. So if these are reasons given by the tenant for the rent default, there is a prospect that they will qualify for CERB payments.

Where the person does qualify for EI, a longer wait for funds is likely. The government news release states: "Given this situation, all Canadians who have ceased working due to COVID-19, whether they are EI-eligible or not, would be able to receive the CERB to ensure they have timely access to the income support they need". Canadians already receiving employment insurance (EI) regular benefits and sickness benefits will, as of today, continue to receive those benefits and should not apply to the CERB.

The more familiarity landlords have with access and eligibility for the program the better positioned you will be to assure anxious tenants their housing is secure while working with them to develop an effective rent arrears repayment agreement. It appears that the tenant applying for CERB will get the "benefit of the doubt" if there is some uncertainty about eligibility and the government asserts that if someone receives an income support

payment for which they did not qualify, they will have to repay that amount as soon as they can. Repayment options are to be determined by the government but no interest will be charged on the outstanding sums. The online portal to apply for CERB will be available in early April, and people can expect payments within 10 days. CERB payments will be issued every four weeks, and will be available from March 15, 2020 to Oct. 3, 2020.

The bottom line for landlords is that the CERB program offers a lifeline to tenants who cannot meet their rental obligations. It also offers relief for landlords from the loss of rental revenue needed to operate their buildings in very difficult and demanding circumstances. It is open to landlords who enter into repayment agreements to ask, not only for verification of the reason for the loss of income, but also for verification that an application for CERB or other benefits has been made. The availability of the CERB is a preferred option to entering into LMR agreements (enforcement of repayment of LMR is problematic) or working out long term repayment plans. The CERB payments to individuals are substantial and continuous for at least 4 months.

If the tenant refuses to cooperate with the process or is just not paying rent with the expectation the landlord has no remedy, we highly recommend that you issue the N4 and follow up with an eviction application; otherwise you will have no leverage to recover a judgment or repayment of arrears.