

NEWS

Support for an Industry Struggling to Recover from COVID-19

June 23, 2020

Even as the economy begins to open up, businesses – especially those in the tourism and hospitality industry – face an uphill battle to remain solvent says McLeod Law. But collaborative efforts, especially when it comes to lease arrangements, can go a long way. McLeod Law is offering its services free of charge to help facilitate those conversations and help the sector get back on its feet.

The Commercial Tenancies Protection Act (Bill 23), introduced this week, offers a temporary ban on commercial evictions by deferring rent to August 31, but provides no financial relief for business owners.

“After months with ongoing expenses and little revenue, it will take time for local businesses to recover,” says Michael Kwiatkowski, a partner in McLeod Law’s Commercial Real Estate group. “Rent, insurance and, in some cases, staffing costs, have put the hospitality sector in a precarious spot.” You can watch the interview of Michael Kwiatkowski on [CTV News here](#).

Restaurants Canada recently [reported](#) that 14 per cent of independent restaurants weren’t able to pay rent for April and nearly 20 per cent weren’t able to pay rent for May. At least 1/5 of independent restaurant operators were dealing with a landlord who is not willing to provide rent relief, either through the Canada Emergency Commercial Rent Assistance (CECRA) program or some other arrangement.

Sebastian Sztabyzb, co-founder of Calgary-based Phil & Sebastian Coffee Roasters has been working with McLeod Law to gain insight into the local small business climate and get support for landlord negotiations.

“We’ve been working closely with our landlords to adjust for the conditions and find unique yet equitable options so we can be true partners through this,” adds Sztabyzb. “With revenues significantly lower than before COVID, both sides need to make a concerted effort to keep small businesses afloat.”

The key, says Kwiatkowski, is to find options that give each side some long-term security. His advice to tenants includes:

1. Open a dialogue with your landlord and be willing to negotiate. If an offer such as rent deferral will put you at further financial risk down the road, provide a counteroffer that you feel comfortable with.
2. Encourage your landlord to apply for funding. Government programs and CECRA and anticipated provincial relief may be short-term solutions, but every bit helps.
3. Explore any and all funding available for small- and medium-sized businesses, including the Canada

Emergency Wage Subsidy (CEWS) and Canada Emergency Business Account (CEBA) interest-free loans.

4. Seek legal counsel to help find creative solutions. A revised rental agreement, for instance, could include a lease extension, leveraging assets as collateral or offering a personal guarantee.

Business owners and landlords in Alberta's tourism and hospitality sector can contact [Michael Kwiatkowski](#), [Robert Fooks](#) or [Rahim Merchant](#) at McLeod Law to inquire about free legal support.

"The hospitality industry is such an important cornerstone of our economy," adds Kwiatkowski. "We believe it is important to support our local businesses that may not traditionally access legal counsel, and help find solutions that keep tenants in their locations and commercial spaces full."