



## CRA Update: The Ending Eviction Ban Could Cause a Housing Crisis

### Description

The moratorium on renter eviction in Canada was lifted this month, despite some tenants' worry regarding their ability to resume rental payments. Since many are still struggling with finances due to loss of jobs or income, a tsunami of evictions might cause a [housing crisis](#).

Tenant advocacy groups are seeking an extension to hold off landlords from enforcing outstanding eviction notices. Others want rental supplement programs, if any, to continue to extend past September 2020. Although the state of emergency is over, the pandemic's financial pressure could still push people over the edge.

### Calls to extend the moratorium

The non-payment or late payment of rent from March 18, 2020, to August 17, 2020, is not grounds for eviction. No landlord may issue a Notice to End Tenancy for unpaid rent or utilities for the specified period. The eviction ban is protection for tenants during the COVID-19 pandemic. But with its lifting, landlords can once again issue eviction notices for unpaid rent or create repayment plans for tenants.

For example, in British Columbia, a notice is valid if a tenant failed to pay rent due before March 18, 2020, or pay full rent owing after August 17, 2020 (for most, the date would be September 1, 2020). Still, a wave of evictions is possible if the pandemic drags on and there's no extension of the temporary eviction ban.

### Small businesses get an extension

The Canada Emergency Commercial Rent Assistance (CECRA) helps thousands of small enterprises cover rent and prepare for reopening. As of September 7, 2020, the CECRA fund has reached \$1.32 billion and provided rent support for over 106,000 small business tenants.

Deputy Prime Minister and Minister of Finance Chrystia Freeland recently announced the extension of the current CECRA application deadlines. The extension will enable small businesses to pay their

September 2020 rent.

## Stellar REIT stock

COVID-19 dealt a [heavy blow](#) to Canadian real estate investment trusts (REITs) on the stock market. Some of the sector's top names tanked during the pandemic-induced market selloff in mid-March 2020. Investors worry about the deferral of rent collections that will significantly reduce funds from operations.

However, warehouses and industrial properties attract particular attention as e-commerce accelerates and retailers ensure no supply-chain disruption. **Summit Industrial** ([TSX:SMU.UN](#)) is well positioned to deliver superior long-term performance. Also, prospective investors would benefit from higher dividends.

This \$1.82 billion REIT owns and manages a portfolio of light-industrial properties. Summit's rent collections were stable over the last three months. With rent deferral agreements in place, the average collection from June to August 2020 was 98%.

The revenue in the first half of 2020 from investment properties grew by 36.9% to \$92.8 million versus the same period in 2019. Furthermore, net income was \$67.8 million versus the \$27.2 million net loss year over year. Summit Industrial is a screaming buy at \$11.90 per share and a dividend offer of 4.39%.

## Flexibility from landlords

Housing ministry spokesperson Marielle Tounsi is hoping landlords will offer as much flexibility as possible to tenants. In the face of a softening market (rising vacancies and falling prices), landlords should be better off making repayment plans and keeping the rental properties full.

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1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

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1. TSX:SMU.UN (Summit Industrial Income REIT)

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