

March 31, 2020



## CITY OF MERIDEN CITY ECONOMIC DEVELOPMENT

Attention: Small Business Owners  
Re: Small Business Landlord Tenant Relationship

In this time of crisis, the city of Meriden Economic Development Office put together this forwarded information page for local businesses to better understand landlord-tenant relationships in a time of crisis.

Today, a current question posed by a member community asked, "Are you seeing any cogent advice, resources or assistance for commercial tenants dealing with landlords about rent forgiveness at this time?"

Landlords and tenants are both at a crossroads during this current crisis. Small businesses and restaurants have been forced to temporarily close or reduce their services for the sake of public health and safety. Without ongoing revenue, many small businesses are squeezed for cash and are turning to their landlords for some rent relief. We certainly suggest that business owners renting space try and negotiate better terms with their landlords. However, it is important to note that many landlords are small businesses themselves and have challenges of their own. They have responsibilities for ongoing property maintenance costs, property taxes, and mortgages to pay. Many landlords are beholden to their lenders and may need to seek their approval before providing significant relief. It is key at this point that tenants and landlords review their current lease documents and communicate effectively about their current situation.

Surprisingly, few on-line resources speak to the issue of the Landlord/Tenant relationship in the time of crisis. A few law firms have guided their commercial real estate clients on dealing with Landlord/Tenant issues as a result of the coronavirus. Here are a few examples:

- <https://www.shipmangoodwin.com/covid-19-executive-order-no-7h-and-real-estate-leasing-resource-page-connecticut-new-york>
- <https://www.seyfarth.com/news-insights/10-considerations-for-landlords-during-the-coronavirus-crisis.html>
- <https://www.natlawreview.com/article/coronavirus-challenges-commercial-landlords>

Holly Wade, Director of Research and Policy Analysis at the National Federation of Independent Businesses, said that the Federal Reserve is currently working with banks to help ease these pressures so that landlords also have some flexibility in paying their loans (with the intent that they will also be flexible with their tenants). She mentioned one silver lining from the recently enacted CARES Act is the Paycheck Protection Program includes the provision that the first 8 weeks of qualified expenses paid for with the loan are forgivable (with appropriate documentation) and rent is included on that list.

If you are a tenant and have not yet reached out to your landlords, we encourage you to do so as soon as possible. More so than ever it needs to be a cooperative partnership from your end and ours.

Sincerely yours,

Joseph Feest,  
Economic Development Director