

## **Mandatory code to be legislated for rent relief**

7 April 2020

The Federal Government has today made the following announcement:

1. The rent relief is to apply to either tenants or landlords who qualify for the JobKeeper programme and have a turnover of \$50 million or less.
2. Landlords will be required to reduce rent proportionate to the trading reduction in the tenant's business through a combination of waivers of rent and deferrals of rents over the course of the pandemic.
3. Rent waivers must account for at least 50% of the reduction in rent during the term, while deferrals must be covered over the balance of the lease term and in a period of no less than 12 months.
4. For example, if a lease term has only 6 months to run then the tenant would have a minimum of 12 months after the pandemic period in order to cover up on the deferrals of the rental payments. If the lease term has, say, 3 years to run then the deferred rent amount is paid over that 3 year period after the end of the pandemic period.
5. The negotiation between tenant and landlord will be overseen through a binding mediation process that will be run by the states and territories.
6. The landlord cannot terminate the lease or draw upon the tenant's security.

Legislation is expected out very soon and we will provide a further update.

If you have any queries, please call our office.