April 20, 2020

Dear Prime Minister Justin Trudeau and Premier Doug Ford:

Thank you for your leadership during this global COVID-19 pandemic, a truly unprecedented time in history. While the pandemic continues to affect us all, London’s business support and economic development agencies are working together to support and represent the voice of businesses in London, Ontario. These agencies include all five Business Improvement Associations - Hyde Park, Downtown London, Old East Village, Argyle and Hamilton Road, as well as London’s Small Business Centre, the Economic Development Corporation, and Tech Alliance.

While we are optimistic about Prime Minister Justin Trudeau’s promise to help Canada’s businesses with the implementation of the ‘Canada Emergency Rent Assistance Program’, and despite the measures that have so far been implemented, we are writing to share not only the urgent concerns of our business community but also the longer-term impact that the small to medium-sized business sector in London will face should certain vulnerabilities not be addressed by the government. In the Appendix, this letter also includes firsthand stories and real time impact that COVID-19 is having on small and medium sized businesses in our community, as well as requests for both immediate and long-term relief and action.

The small to medium sized business mix throughout London, Ontario is diverse and ranges from innovators, entrepreneurs, professional services, health and wellness, creative, digital and technology based industries, food processing to many family run businesses, bars & restaurants, retail and other service businesses such as fitness, yoga, dance, theatre and more. Many of these businesses have either had to close their doors or find alternative ways to deliver their services and products.

The financial hardships being faced by our non-essential small and medium businesses is significant and is a direct cause of the unexpected pandemic and the extreme measures our governments have had to impose to help flatten the curve. Reputable, long-standing but now Non-Essential Businesses with fixed overhead costs are suffering severe financial consequences and many are unable to make ends meet. Going from profitable and sustainable businesses that pay rent, utilities and other non-negotiable fixed costs to the sudden and drastic loss of revenue is causing extreme financial hardship for our businesses trying to meet their ongoing obligations. Without additional financial support and relief, we fear many of London’s small and medium sized businesses will be affecting detrimentally including accruing unmanageable debt, increased personal bankruptcy or insolvency and business closures, all of which will have a major impact on London’s diverse economic knit that we insist needs to be preserved.

After extensive outreach with London businesses, the overarching themes were:

• Large fixed overhead costs. Government subsidies for commercial rent are non-existent; many businesses such as retail, personal services and recreational sports and other non-essential industries operate facilities representing significant monthly obligations
• Current Government programs are debt-based, and businesses cannot guarantee repayment of loans provided by the federal government since their business capacity post-pandemic is very precarious
• While the $40,000.00 interest free loan will prove helpful for some, most businesses need relief from their financial obligations, and cannot afford to take on further debt, interest free or not during these extremely difficult times;
• This loan also requires payroll obligations of over $50K which many businesses in need of aid do not meet
We also know that many landlords and property owners are approaching their financial institutions to ask for help such as the deferral of the due date of mortgage payments which they are passing along to their tenants. But these measures are not enough. **Businesses cannot afford to accumulate more debt or to defer these significant financial hardships further down the road, even less so with no hope of income in the foreseeable future to survive.**

**Respectfully, we are requesting your help:**

- We are asking that the government/s provide a program that will provide **rent relief measures** designed to support businesses deemed non-essential and with fixed overhead. We are asking on their behalf for commercial rent and mortgage forgiveness (as opposed to payment deferrals); as well as a ban on evictions for commercial tenants.
- We are also asking for **rent / mortgage relief measures** to be put in place to help landlords / property owners to absorb the unpaid rent.

Without your immediate action, the shutdown of non-essential businesses in Ontario will decimate our economies and will make economic recovery an impossible struggle.

We look forward to a day when we are working on our post-pandemic recovery. When this time comes, **we encourage government to look at us as a resource to help.** We are asking that the government utilize and support business associations and economic development agencies that are on the ground working actively with community businesses. As economic builders, businesses will need BIAs, Small Business Centres, Regional Innovations Centres, Economic Development Agencies and Chambers of Commerce, more than ever moving into post-pandemic recovery.

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**London Mayor Ed Holder**
Appendix

From London Businesses: Stories and Real time impact of COVID-19

Jean Coles  
Sport Clips London

Mike Inglis  
Gym World

Andrew Walker  
CNIB & Latin Dance Studio

Fateh Belkalem  
Gracie Barra London Martial Arts School

Jill Maloney  
Cheer Strike Royals

Nick Bejenaru  
Beje Gymnastics

Kelly Hajar  
North London Dance Centre

Mike Manuel  
London Music Hall, Rumrunners

Josephine Pepe  
North London Optometry

Natalie Boot  
Renaissance Massage Therapy

Justin Wolfe  
Restaurateur

Jean Coles – Sport Clips London
We closed March 17th in London and employed ~ 30. Our revenue is 0. Our three landlords are deferring our rent but will have to pay double rent payments to catch up or face eviction. We need action now.

As you know, Hair Salons and Barbershops are high touch, close personal service businesses so we had to close to keep our team and our clients safe.

With the governments help, we did receive the 40k which will help with our expenses since my landlords still expect 100% payment. My Hyde Park landlord has chosen to defer our rent, but we still need to pay it all back within a year. This only pushes our debt further down the line. We are still responsible for paying the 100% of the payment - nothing has been forgiven even though our revenue dried up.

The tricky part is when we eventually open - we won’t have extra money coming in to pay these debts. We will have less money coming in because we will have social distancing measures in place - so less clients in our store = less revenue.

We will find a way - but it will be tricky. Many businesses will choose to fold since the rewards do not outweigh the risk.

My opinion: Small Business needs Grants, not loans. Grants will help them stay afloat. Can you imagine what our communities will look like after this? Many businesses will close during this quarantine time with many others closing within the year as they struggle to pay back the loans. It’s a sad time for retail and personal service businesses like ours.

Mike Inglis – Gym World
We cannot have loans; we need forgiveness if we are taking money out. We have over 200,000 children in Ontario supported through dance, gymnastics, and karate. For all of us, there’s zero liquidity happening. Our industry is going to be nonexistent after all of this. We are essential because we help with children’s mental health and wellbeing, but our industry has the most to lose. We are in survival mode and we are left with either going into debt or going bankrupt. The Ontario Gymnastics Federation represents 2 million square feet of commercial space in Ontario. And the same needs exist for dance, karate, and cheer. Gymnastics are clearly
defined as eligible criteria under the Children’s Fitness Tax Credit, and we create a huge economic footprint in Ontario.

If kids are going to be cooped up for months, it is going to affect their mental wellbeing, and we don’t want them to finally get out and have no place to go to get physical activity. But that is a distinct possibility. It would be great if there was a policy structure that was formulated around the Children’s Fitness Federal Tax Credit to delegate funds toward children’s recreation once this is all over, that way we know someone has our backs and can assure us we can recover if we go into debt.

**Andrew Walker – CNIB & Latin Dance Studio**
We look at our studio as mental health treatment. We are also concerned because if people aren’t generating income right now, and people are laid off and relying on subsidies, this will affect the revenue stream when things go back to normal. Household budgets are tight right now.

**Fateh Belkalem – Gracie Barra London Martial Arts School**
We have no revenue and we are struggling to navigate the banks, through both personal and business affairs. $40,000 in loans are not enough to keep us afloat. I am just moving my business to Hyde Park and this is going to severely impact my ability to stay for very long if we cannot generate revenue.

**Jill Maloney – Cheer Strike Royals**
We have no money to pay bills or employees. We are worried about going into debt when the aftermath may not afford children to continue with recreational activities. We own a huge facility with big overhead costs. We need support in any way but children’s recreation is falling through the cracks when it comes to government supports.

We have to reimburse all of our families for March Break costs, and registrations for competition. But we put the expenses out already and we are not getting a penny back, so we have 300 clients looking to us to get their money reimbursed but we don’t have the money. Everyone’s already paid their bills through this competition. It’s a chain effect.

We have tried to run online practices and workouts for our kids, and the parents are telling us it makes the world of difference because the kids have something to look forward to, and some way to connect with each other and their coaches. But the service is free, and we cannot ask for money for a 30 minute Zoom session, it’s not the same as being in the physical studio and having a designated spot to practice.

There are obviously costs associated with a pandemic, but our segment of business and part of society we fulfill - is it worth saving? We need clarity. We know things won’t be normal after this, and the economy is going to change dramatically. But we work hard to provide children’s activities and it is essential for their wellbeing. I think the only way we can survive this is if the government mandates rent freeze and mortgage relief for commercial properties.

**Nick Bejenaru – Beje Gymnastics**
We have a sport and fitness industry that relies entirely on parents’ income. And if the parents aren’t generating that income, then our business will be out. The kids will just play on the streets after all of this. There will be no funds for them to enroll in any activities. It’s going to take 10-20 years to get our business back up to the point they were before any of this happened.
Kelly Hajar – North London Dance Centre
We have been in business for 23 years. We have big, fixed overhead costs for huge square footage with no income. We had to lay off 11 employees, and it isn’t feasible to hire them back on when we are not generating any income. We need more clarity about what is “unsafe” and whether we need to align with the public school system about whether we are open or closed. We are also unsure if smaller groups of performers will be permitted anytime soon as May 4th is an extremely optimistic date.

Our cheer recitals were booked for June and are now being pushed into August, but that doesn’t just affect our business, that affects the university where we have booked, it affects sound and equipment personnel, it affects parents and children. There is so much money tied up into these events and it creates a domino effect.

We are part of a dance federation of 14 members in London. It is a negative impact when some businesses are really supported through government benefits and others are not supported at all. A $2500 subsidy for commercial rent is good but it is very low in terms of overall overhead costs. It is dangerous to get into $40,000 worth of debt, even if it’s an interest free loan for the first year. We can stay afloat for 5 months, but what does it look like going forward? I have 400 students now, come September will there only be 200? And is that enough to be a viable business going forward? We are reversing back 20 years to when we started. It is a very precarious time even though the intent is good. We don’t know if we can back up a $40,000 loan. People won’t have disposable income after this.

There has got to be a better way to administer the Children’s Fitness Tax Credit so that once our society recovers there are more supports in place to help parents fund recreational activities for their kids. Parents are spending thousands of dollars, and $200 it is a mere drop in the bucket. If they were to fund $500 monthly for parents then that can have a significant impact.

Mike Manuel, London Music Hall, Rumrunners
This entertainment venue has been completely shut down by the government. Touring bands have cancelled their concerts. Realistically, the earliest he sees rescheduling with these performers is in the fall, even assuming that restrictions are lifted in the near future. In the meantime, he has had to lay off over 90 people (bartenders, security) and is trying to keep a core group employed, who are basically on salary but at home. Mike owns his own property.

Josephine Pepe, North London Optometry
Josephine’s optometry business is also closed. She owns her building and is still working to build revenues to become profitable. The relief programs in place don’t seem to fit her, and she's concerned about paying taxes and other fixed expenses.

Natalie Boot, Renaissance Massage Therapy
All of her private contractors (massage therapists, estheticians) have been ordered to stay at home. Very limited sales of retail products (skincare, makeup and bath products) give her limited opportunity to mitigate losses. Her landlord has been flexible on the April rent, but she is still going to have to catch up to the full contractual commitment. Given the likelihood of ongoing physical distance restrictions, she’s not sure what the medium- to long-term impact will be on her business and how long she can manage her fixed costs.

Justin Wolfe, Restaurateur (Los Lobos, Nite Owl, Holy Diver and The Early Bird in the downtown)
The Little Bird, Through Thick and Thin Pizza and Company Bar in Old South) - Justin is supporting the campaign to refund 2019 HST payments to businesses (#HSTReturn2019). All the Wolfe Pack Group businesses are currently closed, no one is working out of an abundance of caution for the health of the employees and by extension, their customers. The Wolfe Pack group has various landlords. This is a group we can’t afford to lose... they are incredibly popular, very entrepreneurial and have the potential to open more businesses if they survive this shut down.