Rent Payment Plans

COVID-19

Overview

Many Albertans are experiencing financial hardship in the wake of COVID-19, and some residential and mobile home site tenants may have trouble paying their rent on time over the next few months.

Government took action to ensure evictions for non-payment of rent were not enforced during the month of April. This temporary suspension provided time for tenants to access available supports to help them meet their basic needs and financial commitments while Alberta’s state of public health emergency is in effect.

Tenants are still obligated to pay their rent during the state of public health emergency.

However, residential landlords are required to work with tenants who are having difficulty paying their rent to establish a payment plan to help them remain in their homes.

Tenants are also encouraged to use the financial supports and any income to pay their rent as fully and consistently as possible.

The Details

The requirement to work together to develop payment plans applies to residential and mobile home site tenancies and will remain in effect until Alberta’s state of public health emergency is lifted.

During the public health emergency, landlords cannot issue a termination notice or make an application to recover possession of a property for non-payment of rent and/or utilities, unless they can demonstrate an agreed payment plan was in place and the tenant failed to comply with the agreement. If there is no agreement in place, landlords must demonstrate they made reasonable efforts to enter into a meaningful payment plan and the tenant refused.

Reasonable effort means the landlord was willing to develop a payment plan that considers the tenant’s financial circumstances – and establishes a payment each month that will result in full repayment of the amount owing within a specified time period, such as six months, after the end of the state of public health emergency.

Evictions for other reasons, such as threats or damage by tenants, are still possible. As of May 1, 2020, evictions for non-payment of rent can be enforced, as long as all requirements have been followed.
Developing a payment plan

If a tenant is not able to maintain their monthly rent, a plan must be developed with the landlord to determine how much rent can be afforded each month, and how long it will take to get back to regular payments with no back-rent owing.

Rental payment plans should consider the income and expenses of the tenant, the amount of rent owing, and a reasonable, agreed to time period for repayment. Payment plans should be developed together by the landlord and tenant, agreed to in writing and signed by both the landlord and tenant.

The payment plan is only required if a tenant is not able to maintain their monthly rent payments.

If a tenant is able to maintain the monthly rent payments, but may need to change the payment date, a repayment plan is not needed, but there should be agreement between the landlord and tenant on what the new payment schedule will be and for how long.

Payment plans can be developed in three parts:

- Part one: tenant identifies existing income and expenses. This is for the tenant’s use only.
- Part two: landlord and tenant plan for rent payments.
- Part three: landlord and tenant review plan after tenant returns to work.

Part One: Calculating shortfall

To determine the anticipated shortfall in rent, tenants should calculate a budget based on their monthly existing income (which may be limited) and their monthly expenses.

Tenants should also look into and, if appropriate, arrange for any available deferrals offered from utility companies, banks, credit unions or other lenders. Keep in mind that these are only deferrals, and the amount owing will need to be paid after the deferral period.

Part Two: Negotiating a payment plan

Once the tenant has determined the shortfall each month in rent, they should contact their landlord as quickly as possible, and whenever possible, before the day that rent is due.

Tenants should work with the landlord to develop a payment plan in writing, which establishes the following elements, at a minimum:

- Amount due at each increment, ultimately resulting in full payment of rent (based on the tenant’s income, and how much they can reasonably pay at a given time)
- Amount of time needed to repay the anticipated amount owing
- Payment frequency

Have both parties sign and date the payment plan, and each keep a copy for their records.

Situations may change that impact the amount a tenant is able to pay (i.e. further loss of income, increase in income). Tenants and landlords should monitor the plan each month to ensure it is working for them.

Part Three: After returning to work

When the tenant is able to return to work, monthly income and expenses will both likely increase.

The landlord and tenant should review the rental payment plan, and make changes as needed, including possibly increasing the amount of the incremental payment until outstanding rent is paid in full.

Resources

Information about COVID-19 response in Alberta: https://www.alberta.ca/covid-19
