**Rent Arrears & Covid Support Guidance**

**In relation to Transport for London Property\***

Until recently (21 February 2022), TfL Commercial Property Estate operational management and financial structure was split between two different teams, which meant there were two different approaches to supporting tenants during the pandemic and rent support following the pandemic.

As a result of tenants campaigning for consistency, these teams are now joined under a single operational leadership however there will remain some divergence in approach as the majority of commercial tenants within London Underground Stations have been impacted by TfL travel restrictions to a larger degree than those outside station units. Therefore we will show the support provided and the ongoing support available within both categories.

**TfL have to date provided:**

1. Substantial rent credits
2. Payment plans
3. Moving some of you to turnover rent whilst your business recovered
4. Allowing you more time to pay down pre-existing arrears.
5. Move to monthly rents
6. £0 uplift on outstanding rent reviews and lease renewals for SME
7. Assistance with access to storage free of charge
8. Assistance with rates refunds claims

**Outstanding Legal Action/breach of lease**

If you have any outstanding legal action with TfL due to any matter unrelated to covid rent arrears the following support might not apply. If you are in doubt please contact tfltenant@guardiansofthearches.org.uk

**The main principles behind TfL customer recovery is:**

1. Retain as many viable business tenants as possible.
2. If you can afford to pay your rent, pay your rent.
3. If you can’t afford to pay your rent, pay what you can afford.
4. Speak to your property manager and stay in dialogue.
5. The more transparent you are with TfL, the more TfL can do to help you.

**TfL & The Moratorium**

**Covid arrears:**

TfL have committed to **NOT TAKING ANY ACTION** against small independent businesses who are in discussions with TfL about their arrears, yet due to no fault of their own or no lack of communication, have not yet completed a Business Health Check (financial impact review). TfL will however not hesitate to enact their legal rights where tenants have rent arrears and are failing to communicate with the landlord.

**Pre-Covid arrears:**

All TfL support is ring fenced to covid response although not specifically based on dates of mandated closure. Where a tenant has pre-existing rental arrears this is treated separately however will form part of a Business Health Check. If this applies to you, we advise you to urgently take action to communicate with your property manager to ensure legal action isn’t taken against you for pre-covid arrears.

**IN STATION RETAIL – LONDON UNDERGROUND TENANTS**

**What support has been promised?**

Covid Rent Credits to be applied to all small independent business tenants:

* March 20 QTR 100% of your rent
* June 20 QTR 50% of your rent
* Sept 20 QTR 50% of your rent
* Dec 20 QTR 50% of your rent
* March 21 QTR 50% of your rent
* June 21 QTR 50% of your rent
* Sept 21 QTR 25% of your rent

**Rent reviews**

TfL have committed to settling all outstanding rent reviews at ‘nil’ uplift for all outstanding lease events up until 31 March 2022. Rents will continue to increase by RPI where this clause exists within the lease TFL have also committed to ceasing all legal action and arbitration on any outstanding rent reviews.

**Lease surrender**

If a tenant is in a significant financial crisis and can evidence unique and challenging circumstances TfL will permit lease surrender mid contract without financial penalty. This option is available and determined on a case by case basis.

If a tenant is not able to evidence significant financial difficulties however has other circumstances that require a lease surrender, application for this process is available however may require that the tenant continues to obligate the terms of their lease until they are able to find another tenant to take on their unit. TfL will support tenants to the maximum of their ability and where possible will actively market such units on the tenants behalf.

**Lease renewal**

TfL have committed to settling all outstanding Lease Renewals at ‘nil’ uplift until 31 March 2022.

Where there are existing (pre-covid) arrears, TfL will not be able to renew leases unless these arrears are settled in full. This is a challenging prospect for many and we advise tenants to be is communication with TfL as early as possible.

**Need more help – Business Health Check (BHC)**

Should any tenant require any additional support, this is available upon application. The application process is called a Business Health Check**.**

A Business Health Check will require the tenant provides 3 years of profit and loss information to TfL to demonstrate business viability prior to March 2020.

GOTA have expressed our discomfort in the intention of TfL to retain all tenant financial information provided to them in order for an ‘annual review’ of a tenants financial health, however when weighing this up against the current circumstances presented to many its a decision each business owner must have to carefully make for themselves. If this is of concern we urge you to speak to your property manager.

**So what can I get following a BHC?**

**Repayment plans**

TfL have committed to providing up to 24 month repayment plans as standard however should a tenant's financial information indicate that a shorter or longer plan is required this can be requested on a case by case basis.

**Rent credits**

Additional rent credits may be applied where there is evidence to support further financial investment to help a viable business tenant to fully recover.

**Lease re-gearing**

TfL have committed to providing maximum flexibility on lease terms and rent models where possible. Some options may include staggered rental payments over the term of the lease, turnover linked rents, moving from quarterly to monthly payments or additional break clauses.

**Expansion**

Some tenants have required additional space to support social distancing. This is available upon request and within the constraints of appropriate vacant units available.

**Relocation**

TfL will support long standing viable tenants in relocation within their estate where appropriate. This is a special arrangement available on a case by case basis.

**COMMERCIAL DEVELOPMENT – ARCHES & HIGH STREET TENANTS**

Rent Credits for independent SMEs

* March, April & May 2020 - 100% credit
* June, July & August 2020 - 50% credit

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A BHC between March 2020 - December 2021 required the tenant to provide 3 years of turnover on an accountants letter to demonstrate business viability prior to March 2020. Any new BHC’s will require 3 years profit and loss information.

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**The future of TfL Customer Support**

TfL property management continues to work closely with Guardians of the Arches and their other key stakeholders in developing a sustainable and mutually beneficial estate management model.

This includes consistent rent, lettings, environmental and facilities management policies. It is essential to work towards building long lasting and meaningful relationships between landlord and tenant; this requires honesty and trust from both sides. GOTA leadership are very hopeful that under this revised holistic operational structure a positive and profitable future is possible within the TfL property estate.

\* This is a guidance note only, this is not officially endorsed by Transport for London or any qualified property or legal professional. This document is subject to change and amendment as new information becomes available. This is not professionally qualified advice and should be treated as an opinion.