



Deloitte Legal Newsflash

Real Estate

Brussels government loans for retail tenants

The Brussels government recently launched an aid measure whereby the Region can make loans available to retailers and craftsmen that are no longer able to pay rent for their retail premises on Brussels territory. The Flemish Region adopted a similar measure on 29 May 2020.

The Brussels government's Special Powers Decree of 17 December 2020

This Decree allows a tenant under a retail lease agreement or other occupation agreement, in relation to retail premises located within the Brussels Region, to apply for a loan granted by the Brussels Region.

The aid measure is available to tenants when their landlords agree to a (partial) waiver of rent and charges, for an amount corresponding to 1 to 4 months of rent and charges.

In practice, if the landlord waives an amount of 1 month's rent and charges, the loan amount will be capped to a maximum 2 months' rent and charges. If the landlord waives an amount higher than 1 month's rent and charges (and in principle a minimum amount of 2 months' rent and charges), the maximum loan amount will be increased to 4 months' rent and charges.

The aggregate maximum amount that a tenant can borrow (for one or several retail properties) is EUR 35,000, reimbursed over a period of maximum 2 years. The loan's repayment will only start 6 months after the retail lease loan has been granted, and has to be repaid within 18 months at an interest rate of 2% per annum.

In order for the measure to apply, the tenant must have been renting the property since 18 March 2020 at the earliest, and should not have (had) any rent arrears on that date.

Loans can be made available to retail tenants forced to close their shops during the first or second lockdowns, but also to other retail tenants whose retail activities entail “direct contact with the public”.

According to the Council of State, garage owners, hairdressers, hotel owners, etc. are also covered by this measure. However, notaries or lawyers renting an office are not eligible.

The tenant must apply for a loan by 30 June 2021 at the latest, with the Brussels Region earmarking a maximum budget of EUR 27 million for this aid measure. The granting of loans is limited to that amount and is therefore offered on a first-come-first-served basis. The granting of this loan is paid directly to the owner.

Where the Flemish Region also adopted a similar measure on 29 May 2020, no such measure applies in the Walloon Region yet.

In the Flemish Region, a voluntary agreement between the landlord and the tenant is also essential to benefit from a loan. Below is a comparison of both regions' loan schemes.

	Brussels Region	Flemish Region
Scope	Companies renting (since 18 March 2020 at the earliest) premises that are intended primarily for commercial or craft activities. The commercial premises' effective closure is not required.	Companies with physical facilities that were forced to close and companies from the event sector. Companies that started operations after 12 March 2020 are also eligible.
Conditions of retail lease loan	The landlord waives 1 to 4 months' rent, including charges, in exchange for a paid amount granted as a loan to the tenant and corresponding to 1 to 4 months' rent, including charges, with a maximum of EUR 35,000 per tenant (for one or more properties).	The landlord waives 1 or 2 months' rent, including charges, in exchange for a paid amount granted as a loan to the tenant and corresponding to maximum 4 months' rent (from 4 January 2021, it is possible to apply for an extension of up to 4 months in total) with a maximum of EUR 60,000 per property and EUR 150,000 per tenant.

Reimbursement scheme and interest rate	The loan's repayment will only start 6 months after it has been granted and has to be repaid within 24 months at an interest rate of 2% per annum.	The loan's repayment will only start 6 months after it has been granted and has to be repaid within 24 months at an interest rate of 2% per annum.
Application	<i>Brussel Economie en Werkgelegenheid (BEW)</i> . Application possible until 30 June 2021.	<i>Vlaams Agentschap Innoveren en Ondernemen (VLAIO)</i> . Application possible until 1 March 2021.

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