



# The Best Approach for Negotiating Rent Relief With Your Landlord

Over the past week, we have had numerous conversations with tenants and landlords about the COVID-19 pandemic, its impact on businesses and how landlords and their lenders will deal with tenants' inability to pay rent. In these challenging times, we have been heartened by the empathy and compassion shown by several landlords. Just yesterday, a landlord told us: *"Our current position with all tenants that may be effected by a temporary shutdown of business is for them to make rental payments as their cash flow allows. We will not charge late fees or interest on missed payments and will create a payment plan when things stabilize."*

While not all landlords are able to allow these types of concessions, some are. These are unique times and most landlords are rational entities. Landlords will only take legal action against a tenant if they believe they will be better off by doing so. However, in light of the COVID-19 outbreak, most landlords realize that most tenants are in the same situation—especially now that most businesses have been ordered to shut down. Landlords and their lenders need to take the longer-term view and do what they can to ensure their good tenants remain viable.

Given the foregoing, here are the keys to a constructive rent adjustment conversation with your landlord:

**1 Be honest and open about your situation.** Landlords would quickly be out of business if they granted rent relief to every tenant that wanted to lower its rent. Be prepared to explain and document your cash flow situation and why you will not be able to pay rent (or how much you will be able to pay).

**2 Be clear as to the specific relief you are asking for.** Are you asking for rent forgiveness, a rent abatement or a deferral until things get better? Again, tie your request to your specific cash flow situation. A plan that shares the burden between you and the landlord is going to be more warmly received as they have bills to pay as well.

**3 Articulate why this is a temporary situation and your plan for getting back on your feet.** The first part is easy today given what's going on in the world, especially if you otherwise have a good history with the landlord of paying rent in a timely manner. Again, most landlords understand that it's unlikely any replacement tenant will be stepping up any time soon to replace you. Your job is to convince the landlord that investing in you over the coming weeks/months will provide a better return than if they replace you.

## CONCLUSION

We are entering uncharted waters here and deals will be cut between landlords and tenants that would not have been considered just a month ago. It is always important to remember that people usually act in a financially rational manner. In most instances, sticking with their current tenant is going to be the best bet for landlords. In approaching your landlord, be honest, respectful of their situation and creative. In the end, to paraphrase Mick Jagger, while you might not get what you want, you may get what you need.