

Temporarily expanding eligibility for the Local Lockdown Program

January 07, 2022

Introduction

In response to the COVID-19 crisis, the Government of Canada (the Government) has announced a new Local Lockdown Program (the Program) to provide businesses that face temporary new local lockdowns with subsidies up to the maximum amount available through the wage and rent subsidy programs. These temporary changes will be in effect from December 19, 2021 to February 12, 2022.

The Program

Bill C-2, which received royal assent on December 17, 2021, allows the Government to amend the current requirement that employers must face a lockdown to be eligible for the Program, so that employers can also qualify for the Program if they are subject to a capacity-limiting public health restriction.

The Government is temporarily expanding the Program such that a business can now also qualify if:

- one or more of its locations is subject to a public health order that has the effect of reducing the entity's capacity at the location by 50 per cent or more; and
- activities restricted by the public health order accounted for at least 50 per cent of the entity's total qualifying revenues during the prior reference period.

Further, the Government intends to temporarily lower the current-month revenue loss threshold from 40 per cent to 25 per cent, which will create more eligibility for the Program. Significantly, employers would continue to need to demonstrate current-month losses only, without the requirement for a historical 12-month revenue decline.

The wage and rent subsidy rate structure under the Program would start at 25 per cent for eligible organizations with a 25 per cent current-month revenue decline, increasing in proportion to current-month revenue loss up to a maximum rate of 75 per cent, with a current-month revenue decline of 75 per cent or higher, as set out in the below chart.

Wage and rent subsidy rate structure under the Local Lockdown Program

Current-month revenue decline	Period 24-25 December 19, 2021 – February 12, 2022
75 per cent and over	75 per cent
25 - 74 per cent	Revenue decline e.g., 50 per cent revenue decline= 50 per cent subsidy rate
0 - 24 per cent	0 per cent

For example, a 30 per cent current-month revenue decline would result in a 30 per cent subsidy rate, while an 80 per cent current-month revenue decline would result in a 75 per cent subsidy rate.

As the details regarding these new federal government supports are released and as the country contends with the Omicron variant, [BLG's Commercial Real Estate group](#) continues to provide expert leasing advice to both landlords and tenants. Please reach out to the authors or the contacts listed below with any questions you may have to ensure your property and business are ready to face the challenges that COVID-19 continues to present.

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