

City of Chicago Has Established New Emergency Programs to Offer Grants/Loans to Eligible Local Businesses Affected by Coronavirus (COVID-19)

by Anthony J. Zeoli

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In light of the serious adverse economic affects being felt by local business in light of the coronavirus (COVID-19) pandemic, Governor J. B. Pritzker recently announced that he is working to establish three new emergency programs; each intended to focus on a particular affected sector of businesses. These programs are being administered primarily in cooperation with the Illinois Department of Commerce & Economic Opportunity (DECO) and while they are still in the process of being finalized, here is a summary of what is known so far.



Hospitality Emergency Grant Program

A \$14,000,000 fund has been established to provide **grants** to eligible bars, restaurants and hotels. As grants, these funds would not need to be repaid.

- **Who is eligible?**
 - Bars and restaurants with a valid license to serve food or liquor and who generated revenues of less than \$1,000,000 in 2019. More specifically, businesses that generated between \$500,000 and \$1,000,000 in revenue in 2019 would be eligible to receive a grant of up to \$25,000, whereas businesses that generated less than \$500,000 would be eligible to receive a grant of up to only \$10,000.
 - Hotels with a valid license (hotels, motels other lodging establishments) and who generated revenues of less than \$8,000,000 in 2019 would be eligible for up to \$50,000.
- **What can the funds be used for?**
 - For bars and restaurants, these funds may be used used to support working capital (rent, payroll, and other accounts payable), job training (such as new practices related to take out, delivery, and sanitation) and technology enabling new operations as well as other costs to implement that technology. With respect to hotels, these funds may be used as working capital to support the retention of employees.
- **How can I apply?**
 - Interested applicants can submit an application via the [online portal](#). Applications for awards will be accepted until 5:00 p.m. on April 1, and winners will be chosen via a lottery (i.e. no need to rush an application as long as it is submitted, in full, by the deadline).
- **How soon will I receive funds?**
 - Winning businesses will be notified on April 4 and funds will be made available to such businesses within 2 days of receiving the necessary bank information from the respective business.

Illinois Small Business Emergency Loan Fund

A fund has also been established to provide low interest loans to businesses located outside of the City of Chicago. The terms of these loans will be 5 years with an initial 6 month, no payment, grace period.

- **Who is eligible?**
 - Businesses located outside of the City of Chicago with fewer than 50 workers and who generated less than \$3,000,000 in revenue in 2019 would be eligible to receive a loan of up to \$50,000.
- **What can the funds be used for?**
 - Loan funds may be used for any working capital purpose (including rent, payroll, accounts payable, etc.).
- **How can I apply?**
 - It is anticipated that an application will be made available via the DECO's [fund information page](#) on Friday, March 27 and the DECO will begin accepting applications on April 1. Funds will be distributed on a first-come basis so those seeking loans are highly encouraged to apply early.
- **How soon will I receive funds?**
 - Once an application is submitted it is anticipated that it will take approximate 10 days to receive a decision. Funds will be made available to approved businesses within 2 days of receiving the necessary bank information from the respective business.

Downstate Small Business Stabilization Program

A specific fund was also established to provide grants to businesses located in downstate and rural areas across Illinois. As grants, these funds would not need to be repaid.

- **Who is eligible?**
 - Businesses located in eligible municipalities who have up to 50 employees would be eligible to receive a grant of up to \$25,000. Eligible municipalities include cities, villages, and counties which
 - are units of local government recognized by the Illinois Constitution and able to support economic development activities on a sufficient scale; and
 - are not a HUD direct entitlement community; and
 - are not located in an urban county that receives "entitlement" funds.

A map of eligible areas of the state can be accessed [here](#). For further clarity, a list of municipalities/communities which are specifically identified as being ineligible is available on the DECO's [fund information page](#).

- **What can the funds be used for?**
 - Funds may be used for any working capital purpose (including rent, payroll, accounts payable, etc.).
- **How can I apply?**
 - Applications must be submitted on behalf of an eligible business by an eligible municipality. Interested applicants should contact the grant manager in [their respective area](#), e-mail ceo.ocd@illinois.gov, or call the Office of Community Development at 217-785-6174.
- **How soon will I receive funds?**
 - Once an application is submitted it is anticipated that it will take approximately 30 days to receive a decision. Funds will be made available to approved businesses as soon as possible thereafter.

We will continue to follow these important programs and offer updates as further developments arise. If you have any questions, please contact Anthony Zeoli or another member of the Freeborn & Peters LLP Corporate Practice Group, and stay tuned for more developments on [Freeborn's COVID-19 webpage](#).

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Tony concentrates his practice in the areas of banking and commercial finance, securities, real estate, and general corporate law. Anthony is also an industry leader in the areas of crowdfunding, blockchain, securities based cryptocurrency/token offerings, peer-to-peer (P2P) lending, and Regulation A+ offerings. He also personally drafted the Illinois intrastate crowdfunding exemption, which was unanimously passed into law by the Illinois House of Representatives.

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