

MEMORANDUM

TO: Mayor and Village Board

FROM: Randall Recklaus, Village Manager
Charles Witherington-Perkins, Director of Planning and Community Development
James McCalister, Director of Health and Human Services Department

DATE: April 22, 2020 (*Revised May 7, and May 13, 2020*)

SUBJECT: **Proposed Initial Coronavirus Relief Package**

The Coronavirus Economic impact on businesses, residents, and local government is starting to add up. The Village Arlington Heights estimates a projected \$8.5 million loss in revenue in 2020 alone. This will be a significant challenge to provide continued quality service and infrastructure to the community. However, the Village recognizes the severe challenges facing small businesses and residents who have experienced a loss of income due to current conditions. While the Village will have to continually monitor the needs of the community throughout this crisis, Staff is proposing the following Coronavirus Relief Package at this time.

Business Assistance:

- \$450,000 allocated from the existing Zero Interest Loan Fund to an emergency relief Small Business Zero Interest Loan program to make available loans for small businesses to be paid back over a two-year time period, starting in 2021. Such loans are currently provided for capital investment. The proposed program would allow use of the funds for legitimate business needs outlined in the eligibility criteria to be issued separately. In meetings with businesses, they expressed appreciation for the proposed loan but felt the initially proposed amount of \$5,000 was not substantial enough. Based upon this feedback it is proposed to increase the loan amount to \$10,000 and provide fewer loans initially. Additional funds could be considered later if the program is popular. If the Board concurs the attached loan program will be modified accordingly.
- \$100,000 allocated to provide a 25% reduction to liquor licenses for restaurants, excluding packaged liquor goods license holders. In business meetings, a 50% reduction was requested.
- Deferral of non-package Liquor License fees until September 30. Package Liquor License Fees would be due on June 30th.
- Deferral of Food and Beverage Taxes collected until September 30. The Village will work with businesses needing a payment plan after that.
- Further fee abatements/deferrals can be considered prior to the September 30th date.
- Future funding to be considered towards a possible business re-opening campaign.

Resident Assistance:

- Existing Emergency Assistance Fund administered by the Villages Health and Human Services Department to be refocused on rent/mortgage assistance for qualifying individuals. Landlords must agree not to file for eviction for residents who participate in the program for 30 days after Cook County's eviction moratorium expires, and must waive all late fees assessed since the Illinois Shelter in Place Order commenced on March 21st.

- \$110,000 CDBG-CV funds proposed to be allocated to supplement the Emergency Assistance Fund (subject to federally required public hearing and other criteria)
- \$54,000 in CDBG-CV funds proposed to be allocated to other social services and counseling subsidy program (subject to federally required public hearing and other criteria)
- Allocated \$197,000 to refund unused parking permits.
- \$37,000 allocated in lieu of enforcing penalties on water bills through June 2020.

The Village has already provided and continues to provide assistance to business and residents like the Emergency Assistance Fund, referrals information, eblasts, providing an exception to allow restaurants to sell sealed beer and wine curbside, deferral of certain licenses and fees, and creation of window posters and curbside signage for restaurants, as well as promoting businesses through social media. We have viewed the Chamber Zoom meeting with three restaurants and Staff has had one-on-one discussions with twelve other restaurant owners. In addition, two zoom meetings with Downtown businesses were held on May 11th and May 12th. Based upon these conversations, further service accommodations will be considered as conditions change.

C: Thomas Kuehne, Director Finance
Michael Mertes, Business Development Coordinator

CW-P:Imp

Small Business COVID-19 Relief - 0% Interest Loan Program

DRAFT Staff Outline - April 23, 2020

General Description

To assist Arlington Heights independent businesses negatively impacted by COVID-19, the Village is offering a short-term interest-free loan program.

Program criteria may be adjusted prior to implementation, depending upon additional small business funding released by other governmental entities.

Key Elements

1. \$5,000 maximum interest-free loan.
2. The loan can be put towards rent or mortgage payments, or other miscellaneous operating costs.
3. Tenant must occupy no more than 5,000 square feet of gross tenant space.
4. Applicant must be the business owner.
5. Business must be a for-profit entity, with commercial space, within the Village corporate boundaries.
6. Business must have had to involuntarily cease operations, partially or completely, at their physical location due to COVID-19.
7. First priority will be given to businesses that have not received a COVID-19 relief loan or grant from the U.S. Small Business Administration (SBA), State of Illinois, or Cook County.
8. The applicable business may not be a national or regional franchise or chain. The proprietor may not have an ownership interest in the same business in more than two total locations.
9. The applicant may not own a business, or be a tenant at a property, that currently has an active Zero Interest Loan or Class 6b property tax designation approval from the Village.
10. The tenant should secure rent abatement/relief from their landlord or mortgage relief from their lender, or provide documentation that such a request has been made.
11. If selected, the applicant shall enter into a loan agreement with the Village.
12. Repayment of loans will occur via quarterly invoicing over a 24-month period, commencing June 2021.
13. Depending on number of applications received and approved during the submittal period, and remaining funding, the Village could potentially allow a second round application period that broadens the established eligibility criteria.

Application Period

1. The Village will begin accepting applications on _____, 2020. Completed applications must be received by _____, 2020 for consideration. The end date for accepting applications may be altered by the Village as appropriate.

2. Number of loans distributed will be contingent upon fund availability.
3. Applicants may be selected via a lottery system following the end date of the application submittal period (*or on a first-come/first-served basis?*).

Documentation to be Provided

1. Completed loan application form.
2. Copy of lease or property ownership verification.
3. *Legal description of property? Needed for agreement w/ Village, or just for lien on property?*
4. Verification of square footage of space (floor plan, copy of lease, etc.)
5. Verification that business ceased operations, fully or partially, due to State mandate (including date of initial closure)
6. Verification of relief request from landlord (letter, email chain, etc.)
7. Promissory note – *Requires attorney signature? Able to get this right now?*

Implementation

1. Agree on criteria (key elements) and eligible business types.
2. Determine which Staff/Departments will manage program.
3. Determine financing for program (fund and amount). *Zero Interest Loan fund currently has approximately \$455,000.*
4. Set start and end dates for program.
5. Modify/simplify current Zero Interest Loan application.
6. Send to Village Board for approval.
7. The Village reserves the right to terminate the program at any time.

Process

1. Submittal of application.
2. Staff review (Planning/Finance/Legal).
3. Execution of loan documents (legal agreement).
4. Disbursement of funds.

VILLAGE OF ARLINGTON HEIGHTS

SMALL BUSINESS COVID-19 RELIEF

ZERO INTEREST LOAN PROGRAM

APPLICATION AND PROCEDURES

DRAFT



Prepared by:
Village of Arlington Heights
Department of Planning & Community Development
Phone: 847-368-5200
Submit to: SmallBusinessLoan@vah.com

APPLICATION SUBMITTAL PERIOD: _____ – _____, 2020

All completed applications will be entered into a lottery or loans will be awarded based upon the order in which eligible applications were received. This program is subject to availability of funding and may be terminated or altered by the Village at any time.

Purpose

The Zero Interest Loan Program is designed to assist Arlington Heights independent businesses negatively impacted by COVID-19. The Village of Arlington Heights is offering a short-term interest-free loan that meet the criteria outlined below, pending funding availability. An eligible applicant will verify a loss of business due to State mandates.

Eligibility

1. **Eligible Businesses.** A for-profit business currently operating within Arlington Heights that had to involuntarily cease operations, partially or completely, at their physical location due to COVID-19. Applicants must also meet the following criteria:
 - a. Must occupy no more than 5,000 square feet of gross tenant space.
 - b. Applicant must be the business owner.
 - c. Must have a commercial location within the corporate boundaries of the Village of Arlington Heights.
 - d. Business must have had to involuntarily cease operations, partially or completely, at their physical location due to COVID-19.
 - e. May not be a national or regional franchise or chain. The proprietor may not have an ownership interest in the same business in more than two total locations.
 - f. May not own a business, or be a tenant at a property, that currently has an active Zero Interest Loan or Class 6b property tax designation approval from the Village.
 - g. Must have documentation showing a request for rent abatement/relief from their landlord, or mortgage relief from their lender.
 - h. Must execute a loan agreement with the Village (commitment to repay the loan).
2. **Amount.** If approved, an applicant is eligible to receive a loan of up to \$5,000, not to exceed three months' rent, three month's commercial mortgage payment, or three months' property tax payments. The applicant will accrue no interest on the loan for a maximum term of two years, but no longer than the remaining lease term.
3. **Loan Structure.** The structure for these loans shall be as follows:
 - a. The Village shall loan up to \$5,000 at 0% interest.
 - b. The loan shall be disbursed after the applicant has signed a formal loan agreement with the Village. Loan funds will be provided in the form of a check or wire transfer.
 - c. The Village of Arlington Heights, at its sole discretion, reserves the right to decline applications or withhold loan payments for any reason.
 - d. The Village will invoice the loan recipient, for repayment, on a quarterly basis beginning June 2021. Complete repayment of the loan is expected prior to December 31, 2022.
4. **Selection and Expiration.** The Village will begin accepting applications on , 2020. The deadline to submit a completed application is , 2020 at 5:00pm CST. All completed applications will be entered into a lottery or loans will be awarded based upon the order in which eligible applications were received. First priority will be given to businesses that have not received a COVID-19 relief loan or grant from the U.S. Small Business Administration (SBA), State of Illinois, or Cook County. This program is subject to availability of funding and may be terminated or altered by the Village at any time.

Procedural Requirements

All applicants must submit the following documents to the Department of Planning & Community Development:

- A. Zero Interest Loan Application Form (attached)
- B. Executed Lease or Property Ownership Documentation
- C. Square Footage of Space (provide floor plan or other verification)
- D. Documentation Verifying Business Ownership
- E. Verification of Involuntary Closure
- F. Copy of Rent or Mortgage Relief Request from Landlord or Lender
- G. The Village May Require Additional Documentation or Information if Deemed Necessary

In order to qualify for the *COVID-19 Relief Zero Interest Loan Program*, the business owner must comply with all federal, state and local regulations. Village of Arlington Heights Staff will administer this program.

Selection

- A. After submitting the application and supplementary materials, Village Staff will review those documents. Applicants may be asked to resubmit any and all documents, with requested changes made by Staff. **All completed applications will be entered into a lottery or loans will be awarded based upon the order in which eligible applications were received.**
- B. If selected, the Department of Planning & Community Development will issue a letter of approval, and provide the necessary loan agreement for the applicant's signature.
- C. The selected business owner must return the original signed loan agreement to the Department of Planning & Community Development. Following this, the Village will disburse the loan.

Submittal Checklist for Applicants

- └ Completed *Small Business COVID-19 Relief - Zero Interest Loan Program* application
- └ Copy of lease or property ownership documentation
- └ Square footage of tenant space (provide floor plan, real estate brochure, etc.)
- └ Documentation verifying business ownership (should reference all individual owners and their share)
- └ Verification of complete or temporary closure; or validation that the business was primarily a full-service restaurant that closed or was limited to takeout/delivery per State mandate (See: www2.illinois.gov/dceo)
- └ Copies of documentation requesting financial relief from landlord or lending institution (letters, e-mails, or other correspondence)

**SMALL BUSINESS COVID-19 RELIEF
ZERO INTEREST LOAN PROGRAM APPLICATION**

I. Name of Business (DBA): _____

Legal Name of Business: _____

Physical Address of Business: _____

Legal Address of Business: _____

Applicant Phone Number: _____

Applicant E-Mail Address: _____

Federal Employee ID # (FEIN): _____

Village Business License #: _____
(if not required to obtain a municipal business license, please write EXEMPT)

Description of Business: _____

- II. Attachments. Please attach the following documents:
- └ Copy of lease or property ownership documentation
 - └ Square footage of tenant space (floor plan, real estate brochure, etc.)
 - └ Business ownership documentation
 - └ Verification of full or partial business closure
 - └ Copy of documentation requesting financial relief from landlord or lending institution

III. Statement of Understanding:

The Applicant agrees to comply with the guidelines and procedures of the *Small Business COVID-19 Zero Interest Loan Program*. **All completed applications will be entered into a lottery or loans will be awarded based upon the order in which eligible applications were received.** This application for the Small Business COVID-19 Relief Zero Interest Loan Program is hereby believed to be complete and accurate.

By: _____
(Business Owner) (Date)

By: _____
(Business Owner) (Date)

SUBMIT COMPLETED APPLICATIONS TO:
SmallBusinessLoan@VAH.COM