



## Agenda Item Summary

---

**File #:** MOT 20-060, **Version:** 1

---

### **Submitted By**

Tammie Grossman, Director, Development Customer Services Department

### **Reviewed By**

LKS

### **Agenda Item Title**

**A Motion to Accept Staff's Recommendation Regarding Allocating an Additional Award of \$279,647 in Community Development Block Grant-Coronavirus (CDBG-CV) Funding by Adding \$250,000 to the Small Business Assistance Loan Program and \$29,647 to the Village's Administrative Expenses and Accept the Amendments to the Program Guidelines Per Staff's Recommendation and Direct Staff Prepare the Necessary Documents**

### **Overview**

In May 2020, the Village received \$980,107 in total Federal CDBG-CV funds. The Village recently received notification of an additional award of \$279,647. Staff recommends that \$250,000 be added to the Small Business Assistance Loan Program and \$29,647 be set aside to cover the Village's administrative expenses.

### **Recommendation**

Adopt the Motion.

### **Fiscal Impact**

Originally, the Village received \$980,107 in total Federal CDBG-CV funds that the Village Board distributed as follows: \$300,000 to fund the new Business Assistance Loan Program; \$400,000 to fund the non-profit Housing Forward organization; Approximately \$162,107 to help fund eight (8) additional local non-profits; and \$118,000 in administrative cost reimbursement to the Village. With the recently announced additional \$279,647 in Federal funding, see attached "Attachment C - New Funding Allocation Letter," the Village's total COVID-19 Federal CDBG award has increased to over \$1.2 million. None of this \$1.2 million dollars in funding will impact the current, regular CDBG program funding allocation. The CARES Act Business Assistance Loan Program is budgeted for out of line-item 2083.46201.101.583610. Staff is recommending utilizing an additional \$29,647 of the new Federal funds for administrative cost reimbursement. This would increase the total amount of administrative cost reimbursement to the General Fund to \$147,647 (Original \$118,000 plus an additional \$29,647 in new funding). The CARES Act administrative cost reimbursement is budgeted out of line-item 2083.46201.101.583629. If the motion is approved, a budget amendment will be brought to the Village Board at a future date to account for these additional grant disbursements.

### **Background**

The Village Board approved the CARES Act Business Assistance Loan Program guidelines on June 15, 2020

through Resolution 20-146. The Director of Development Customer Services has authority to approve the loans. Development Customer Services Neighborhood Services Division administers the program.

Program Information - Information about the Business Assistance Loan Program is available on the Village's website at [www.oak-park.us/covid19businessloan](http://www.oak-park.us/covid19businessloan) <<http://www.oak-park.us/covid19businessloan>>. The website page provides information on eligibility criteria, loan term, the application process, application time-line, downloadable application forms and a list of frequently asked questions with corresponding answers. A copy of the website page that summarizes the current program is provided here as "Attachment B."

Applications Thus Far - The Village has received 72 total applications for the Oak Park Business Assistance Loan Program. Of that total, 4 applicants withdrew their application after submittal, 29 applicants have been denied due to lack of qualifying for the program, 21 applicants have received final approval for their loan and 5 additional applicants are currently in the final stages of loan approval. The Village Board can see a full list of approved applicants on "Attachment A." Still further, 13 applications are currently in their final stages of application review. As a note, when applications are denied, it is usually due to the applicant not being able to meet the requirement that those businesses create and/or retain jobs for persons at or below 80% of the Area Median Income (AMI) for Cook County. Additionally, some denied applicants have been unwilling to provide the required profit/loss comparison, showing their loss of revenue due to the COVID-19 emergency.

Financial Recommendation - As stated in the above "Fiscal Impact" section, Village staff is recommending allocating \$250,000 of the new \$279,647 in CDBG-CV funding to help expand the Business Assistance Loan Program, bringing the total funding for that business initiative to \$550,000. As stated above, Staff is recommending utilizing an additional \$29,647 of the new Federal funds for administrative cost reimbursement. This would increase the total amount of administrative cost reimbursement to the General Fund to \$147,647 (Original \$118,000 administrative reimbursement plus an additional \$29,647 in new funding administrative reimbursement). If the loans financial limit remains at \$5,000, the \$250,000 in new programmatic resources will allow for approximately 50 additional business loans on top of the 60 loans that have already been made available through the original allocation of \$300,000.

Staff Recommended Program Changes - There are three (3) changes, to the existing program guidelines, that Staff is recommending to the Village Board. These recommendations are being made based upon staffs almost two months of experience in working with interested Oak Park businesses. Staff believes that each of these recommendations will assist the Village in helping to assist more businesses, while still endeavoring to focus our assistance on small Oak Park establishments. The three recommended changes are listed below. In addition, the existing program guidelines are attached. Staff recommended changes are shown with wording to be removed bold and underlined and wording to be added bold in red ink.

- 1.) As the Village Board knows, for the first month of the program, the application process was only available for Oak Park Businesses with 10 or fewer staff members. After one month, the program was expanded, per Village Board direction, to businesses with 25 or fewer staff members. Staff is recommending that the program be made available to Oak Park Businesses with up-to and including the equivalent of 30 full-time equivalent (FTE) staff members.
- 2.) Currently, the program does not allow businesses who are part of a chain to apply for assistance. Staff is recommending that assistance be opened up to include Oak Park businesses that are part of a small chain of four or less total establishments.
- 3.) Currently, the program allows for up-to \$5,000 in individual loans per qualified business. Staff is recommending that this be changed to allow qualified businesses to apply for up-to \$10,000 each in forgivable loans. For those applications who have already been approved, staff would notify these applicants about the program change and if they can meet the requirement that one job be created and/or retained per \$5,000 request, for persons at or below 80% of the Area Median Income (AMI) for

Cook County, then they would be encouraged to apply for their second \$5,000 loan.

### **Alternatives**

The Village Board could direct staff to issue a new round of application requests from the non-profit community.

### **Previous Board Action**

On May 4, 2020, the Board received a overview of the CDBG CARES Act funding from Village staff.

On June 15, 2020, the Board approved RES 20-144, designating \$400,000 in CDBG CARES Act funding to the Housing Forward organization.

On June 15, 2020 the Board approved RES 20-146, creating a Business Assistance Loan Program, designating \$300,000 in CDBG CARES Act funding to said program.

On July 20, 2020, the Board approved RES 20-166, allocating \$162,107 in CDBG CARES Act funding to the following nine (9) local non-profits: Beyond Hunger, Hephzibah, New Moms, Oak Leyden, the Oak Park-River Forest Infant Welfare Society, Thrive, UCP-Seguin, the Way Back Inn and the West Cook YMCA.

### **Citizen Advisory Commission Action**

None.

### **Anticipated Future Actions/Commitments**

After the Board approves the motion to add the additional \$250,000 in Federal funding to the Business Assistance Loan Program funds and approves staffs recommended changes to the program guidelines, Village staff will release information to qualified Oak Park businesses making them aware of the additional funding and corresponding changes to the program.

### **Intergovernmental Cooperation Opportunities**

As a member of the Cook County HOME Consortium, the Village communicates with Cook County on CDBG-CV assistance, as they are the lead agency of the Consortium.