

Evanston Small Business Recovery and Growth Fund
Amount: \$2 Million
Grants of up to \$50,000

Evanston's small businesses were remarkably resilient during COVID, pivoting nimbly to online sales, curbside deliveries, new business models and revenue streams, and a variety of other creative measures to keep afloat. Small businesses remain a critical part of local economies, representing nearly half of the private workforce in Illinois and responsible for two of every three jobs created nationally over the past 25 years. Small, local businesses recirculate money and other economic benefits into their local economies at greater rates and more efficiently than larger and non-local firms.

However, just as many business owners are beginning to recover their depleted resources, they are faced with new challenges such as inflation and rising costs, competition for staff, and continued supply chain disruptions. Cities across the United States are responding by leveraging American Rescue Plan (ARP) funds to put money and resources in the hands of small business owners, supporting their stability and growth and ensuring that they can continue to serve their communities.

Evanston can join these efforts with the establishment of the Evanston Small Business Recovery and Growth Fund. The Fund will direct a portion of Evanston ARP resources into securing the future of its small businesses, thus ensuring that they can maintain their critical role in Evanston's economic and cultural fabric. The Evanston Small Business Recovery and Growth Fund will help impacted and disproportionately impacted businesses and impacted industries with needs including:

- [Rehabilitation of commercial properties](#)
- [Facade improvements](#)
- Outstanding debts for rent/mortgage, inventory, payroll, or fixed expenses that were incurred during the pandemic
- Growth (tools, tech, material, personnel, and other costs associated with business growth)
- [Relocation](#)
- [Administrative needs and operating costs](#)
- [Technical assistance](#)

Initiatives listed below are specifically tied to existing City of Evanston programs, leveraging existing programmatic infrastructure but amplifying their impact through the use of ARP dollars and expanding their scope. City management may opt to account for the ARP-funded portion of these programs separately.

For the purposes of these programs, "small business" is defined per the United States Treasury's definition for ARP funds: business has no more than 500 employees, is independently owned and operated, and is not dominant in its field of operation.

EVANSTON SMALL BUSINESS RECOVERY AND GROWTH FUND PROGRAMS

Increase grant amounts for the [Evanston Storefront Modernization Program](#).

Need:

With its current maximum grant of \$10,000, and a total 2023 budget of \$50,000, Evanston's Storefront Modernization program has room to grow and build even more opportunity for small businesses where the expenses are ARP-eligible. By way of comparison, the average grant amount in Chicago's Small Business Improvement Fund (SBIF) since its inception in 1999 is \$75,000. Even a modest increase Evanston's grant amounts would more meaningfully offset the cost of storefront improvements and make neighborhood business ownership and growth more accessible, and encourage small businesses to grow.

Program parameters:

- Available to small business owners and property owners leasing to small businesses.
- Grants of up to \$10,000 for signs, awnings, lighting, painting, sidewalk cafes, and other non-permanent exterior improvements. Grants of up to \$50,000 for permanent building improvements such as storefront renovation, interior remodeling, window replacement, and roof replacement. Applicants are required to provide a 30% match of the total award.
- Awardees are able to draw down on grant funding through escrow accounts rather than waiting to be reimbursed upon project completion.

Increase grant amounts, lower barriers, and expand eligible services for the [Evanston Entrepreneurship Support Program](#)

Need:

While still recovering from COVID shut-downs, Evanston small businesses are now facing rising costs and other challenges. In populations and neighborhoods that were hardest hit by the pandemic, ARP funds are poised to provide another infusion of resources to help local businesses to sustain and grow.

Program parameters:

- Can apply for grants of up to \$50,000 for relief (outstanding debts for rent/mortgage, inventory, payroll, or fixed expenses that were incurred during the pandemic) and/or growth (tools, tech, material, personnel, and other costs associated with business growth).
- Requirements for business plan and competitive quotes for services will be streamlined to limit the barriers to application and in accordance with the small size of the grants.

Increase grant amounts and technical assistance to businesses via the [Great Merchants Grant](#) program.

Need:

A multitude of studies have shown the high need for technical assistance to small business owners – especially personalized navigation to the right services, COVID recovery, and help with refining business practices and services for the modern economy. In Chicago, neighborhood business support organizations and business affinity groups are funded by the city in the range of ~\$25K-\$70K annually. With the Great Merchants Grant program total budget of \$77,500, of which \$50,000 is allocated to technical assistance, Evanston may be lacking sufficient business support services.

Program parameters:

- Increase allocation ceiling per organization to \$50,000, of which at least \$25,000 should be spent on technical assistance to small businesses. This budget can include staff time and training. Applicants should demonstrate how the portion that budget that comes from ARP funds is being directed at Impacted Business (see definition below)
- Available to business support organizations and affinity groups throughout Evanston

BACKGROUND

RELEVANT EXISTING EVANSTON PROGRAMS

1. The [Evanston Storefront Modernization Program](#) helps small business owners to improve the appearance and functionality of commercial buildings located in the city's business districts.
 - a. Exterior. The city provides a rebate of 50% of the total cost of qualifying or exterior improvements. Rebate maximum: \$10,000.
 - b. Interior. For properties located in one of Evanston's TIF districts, 50% of the cost of qualifying interior improvements are eligible for reimbursement dependent upon the availability of TIF funds and subject to negotiation and City Council approval.

1. [Great Merchants Grant](#). Provides financial assistance merchant associations and business affinity groups in business districts not served by Special Service Areas. Eligible expenses are enhancement of physical environment, neighborhood promotion, and technical assistance to businesses. Grant amounts range from \$5000-\$10,000.
2. [Entrepreneurship Support Grant](#). Assists in the growth of jobs in Evanston through entrepreneurship, helping residents and local business owners to create jobs by starting and retaining sustainable small businesses. Funds can be used to cover operating expenses, equipment, licensing fees, and other eligible expenses. Grant amounts range from \$1000-\$5000.
3. [Sustain Evanston](#). Incentivizes businesses to voluntarily reduce their environmental impact and create a healthier community.
4. [Small Business Mentoring Program](#). [Is this program still live?] Northwestern University and its Kellogg School of Management are partnering with the City of Evanston to provide strategic consulting support to local business owners. Evanston business owners can set up a profile on [StartupTree](#) to browse the Kellogg network of volunteers across functions and industries and schedule meetings to discuss their business challenges. Student volunteers are also available to help with short-term projects, such as cash flow analysis.
5. [LEND \(Lending for Evanston and Northwestern Development\)](#), will work with the City of Evanston to provide short-term, no-interest loans to local businesses.
6. The Special Service Areas don't appear to have programs directed at individual business or property owners.
7. Evanston business can also access [Cook County Small Business Source](#), which connects business owners to one-on-one expert advising and is promoting, but has not yet launched, an expanded small business grant program for 2023.

PROGRAM OPTIONS FOR ARP FUNDS

To use American Rescue Plan funds, the Evanston Small Business Growth and Recovery Fund will target its support to "Disproportionately Impacted Businesses," "Impacted Industries," and/or "Impacted Businesses." A definition of each is provided below, along with potential programs and models from other cities, most of which were funded by ARP and all of which appear to be ARP-eligible.

Disproportionately Impacted Businesses

Definition:

- Small businesses operating in Qualified Census Tract
- Small businesses operated by Tribal governments or on Tribal lands
- Small businesses operating in U.S. territories

Eligible uses include:

Rehabilitation of commercial properties, storefront improvements and façade improvements

Sample programs:

- [City of Madison Building Improvement Grant for Small Businesses](#).

Up to \$50K.

Eligible Costs

To the greatest extent possible, the City would like to invest in interior and exterior improvements that would benefit not only the current tenant, but future businesses within the space as well. Such eligible interior improvements would include, but are not limited to, the following:

- HVAC, electrical, or plumbing improvements

- ADA compliance improvements
- Construction of customer restrooms
- Rehabilitation of the space to basic “white-box conditions” such as repairing or replacing cracked plaster walls, structural improvements or ceilings
- New flooring
- New energy efficient lighting
- New energy efficient windows and doors
- Restoration of deteriorated historic/architectural elements
- Loading dock, storage, store room repairs and construction
- Other elements that could be useful to a new business
- Upgrades that improve energy efficiency, reduce water use, reduce the amount of food or other materials going in the trash, or otherwise reduce the environmental impact of the business.
- Eligible exterior improvements that mirror those improvements considered eligible under the current Façade Improvement Grant Program
- Design, architectural and permit fees associated with the construction are also eligible project costs.

Additional Eligible Costs

Costs for furniture, fixtures and improvements that would not reasonably be of use to another business will be considered for reimbursement up to \$25,000.

The maximum amount any one business can receive is \$50,000. This means a business can use \$25,000 of the \$50,000 total to use for expenses related to building upgrades that would only benefit the current tenant.

Such eligible interior improvements would include, but are not limited to, the following:

- Security systems that are personal to the business and not transferrable to a new user
 - Furniture, racks and shelves or counter space that would likely be removed upon vacancy of the tenant
 - Office equipment such as POS systems, printers, computers and tablets
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- [New Bedford, MA Storefront Program](#). The program enables eligible commercial property owners, tenants, and nonprofit organizations to receive a grant of up to \$40,000 for eligible commercial façade improvements. Applicants are required to provide a 25% match of the total award. Eligible improvements include replacement or restoration of original architectural details; signs and awnings mounted to the building façade; new storefront construction within an existing building; window replacement and window framing; painting and/or residing of buildings; exterior lighting, and more.
 - [Youngstown, OK Façade Program](#). Permits businesses in the city to apply for half of allowable expenses up to \$20,000 for new exterior improvements such as painting, signage, siding, landscaping and painting. Structured as a forgivable loan program, requiring the recipient of the funds to remain at the location for at least five years, with 20% of the loan forgiven each year.
 - [Mesa, AZ Restaurant Incubator](#). The City of Mesa used ARP funds to purchase and renovate a building to become an incubator for 5-7 restaurants, with priority given to applicants whose restaurant or food business was negatively impacted by COVID-19. The city contracted with a local nonprofit to build the incubator kitchen and manage the development of multicultural entrepreneurs to position them for their own brick and mortar locations in Mesa.

Technical assistance, business incubators and grants for start-up or expansion costs for small businesses

Sample programs:

- [Boston Small Business Relief Fund 2.0](#). Open to businesses of 25 employees or less, anywhere in the city. Can apply for grants of up to \$10,000 for relief (outstanding debts for rent/mortgage, inventory, payroll, or

fixed expenses) and/or growth (tools, tech, material, personnel, and other costs associated with business growth).

- [Galesburg, IL Southside Occupancy Assistance Program](#). Increases business occupancy on Galesburg's southside by either providing a rent subsidy or a down-payment for those businesses reusing vacant spaces. Program provides a rent match of up to \$5,000 per year for 2 years. Assistance is capped at 1/3 of annual rent or \$5,000 per year, whichever is less. For businesses buying buildings, this program grants a one-time \$10,000 grant to be used for the purchase or renovation of the space.
- [Columbus, OH Small Business Recovery Fund](#). Intended to help businesses in underserved communities, minority-owned businesses, disadvantaged businesses, and veteran-owned businesses. Grants range from \$5000 to over \$10,000.
- [D.C. Food Access Fund](#). The FAF Grant will support qualified businesses with capital for tenant improvements related to expansion of operations into a new location in an area identified as having low food access. Business types include grocers, restaurants, food halls, and owners of properties with food business tenants. Eligible expenses include build out, equipment, rent, furniture, fixtures
- [Chicago Small Business Storefront Activation](#). Via intermediary economic development organizations, funds pop-up spaces in vacant storefronts.
- [Small Business Advantage Grant](#). State of PA program that provides reimbursement grants ranging from 50% to 80% of eligible project costs to Pennsylvania small businesses to improve energy efficiency or reduce pollution or waste by: upgrading or replacing equipment or supplies; improving processes; or reducing runoff into affected waterways. Maximum grant award amounts will vary from up to \$5,000 to up to \$8,000, based on the environmental impact of the project and whether the project location is in an Environmental Justice Area in Pennsylvania

Support for microbusinesses, including financial, childcare and transportation costs

- [Erie County Microloan Program](#). Erie County, PA helps help start-up and young businesses with micro loans up to \$35,000.

Impacted industries

ARP parameters allow for recipients to designate a class of small businesses that experienced a negative economic impact or disproportionate negative economic impact (e.g., microbusinesses, small businesses in certain economic sectors), design an intervention to fit the impact, and document that the individual entity is a member of the class:

“For example, a recipient could determine that restaurants in the downtown area had generally experienced a negative economic impact and provide assistance to those small businesses to respond. When providing this assistance, the recipient would only need to demonstrate that the small businesses receiving assistance were restaurants in the downtown area. The recipient would not need to demonstrate that each restaurant served experienced its own negative economic impact.” [SLFRF-Final Rule, p. 42-43]

Impacted small businesses

Definition

- Decreased revenue or gross receipts
- Financial insecurity
- Increased costs
- Capacity to weather financial hardship
- Challenges covering payroll, rent or mortgage and other operating costs
- Other reasonable factors determined by the county

Eligible uses:

Loans or grants to mitigate financial hardship (i.e. support payroll and benefits, costs to retain employees, mortgage, rent, utility and other operating costs)

Sample programs:

- [City of Madison Building Improvement Grant for Small Businesses.](#)
- [Columbus, OH Small Business Recovery Fund.](#) (see above)
- [Boston Small Business Relief Fund 2.0.](#) (see above)
- [Galesburg, IL Southside Occupancy Assistance Program.](#) (see above)

Technical assistance, counseling or other services to support business planning

Sample programs:

- [Elevate Hennepin.](#) The Twin Cities' Hennepin County created a new portal to help small business owners easily navigate to the services they need. The populated the portal with access to one-on-one assistance from expert advisors, events & webinars, and technical assistance and capital resources.
- [E3 Durham.](#) Connects small business owners with personal navigators to guide them to the services and networks they need.
- [California Technical Assistance Expansion Program.](#) TAEP seeks to expand consulting and training to small businesses entrepreneurs. Funding is for new or enhanced consulting and training services to small businesses, with emphasis on new or enhanced services to underserved small business owners, including women, people of color and veteran-owned businesses and businesses in low-wealth, rural and disaster-impacted communities