

COVID-19 Localized Economic Relief for Small Business Owners

As Michigan's economy continues to wrestle with the severe negative impact of the COVID-19 pandemic and mandated adjustments from Governor Whitmer's Executive Orders, local organizations and municipal governments have announced plans to provide fiscal relief for affected small businesses. On March 17, 2020, the Michigan Economic Development Corporation ("MEDC") [announced](#) its plan to partner with local small business support networks through its [Small Business Relief Program](#) (the "Program"). Oakland, Macomb, Wayne, Washtenaw, and Livingston counties have since announced fiscal plans for assisting small businesses operating within their municipalities.

MEDC Small Business Relief Program

The MEDC's Program is providing \$20 million of grants and loans beginning April 1, 2020. The Program consists of \$10 million in small business grants and \$10 million in small business loans to support businesses facing drastic reductions in cash flow and continued support of their workforce. The full list of statewide MEDC Program community partnerships can be found [here](#).

A. MEDC Program Grants

The Program's [grants](#) provides up to \$10 million in grant funding to one or more local economic development organizations or nonprofit economic development organizations (each, an "EDO"). The EDO recipients will then provide grants of up to \$10,000 each to support small businesses that have realized a significant financial hardship due to the COVID-19 outbreak. The amount an EDO partner receives will be determined based on potential impact per region. The grants may be used for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or similar ordinary business expenses.

For eligibility as a grantee, small businesses must meet the following criteria:

1. The business is in an industry outlined in [Executive Order 2020-9](#), or [subsequent Executive Orders](#) of similar intent ("EO"), or demonstrates it is otherwise affected by the COVID-19 outbreak, that meets one or more of the following: (a) provides support to impacted employees, (b) is located in a downtown district or high impact corridor or has 50 or fewer employees, or (c) is a business that provides services to the businesses outlined in an EO and requires additional employees to support businesses or employees impacted by an EO;
2. The business has 50 or fewer employees;
3. The business needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or similar ordinary business expenses; and
4. The business is able to demonstrate an income loss due to an EO or the COVID-19 outbreak.

B. MEDC Program Loans

The MEDC Program's [loans](#) provide up to \$10 million to one or more Community Development Financial Institutions ("CDFI") or licensed SBA not-for-profit institutions ("Eligible SBA Non-Profit"), or directly from the Michigan Strategic Fund to eligible borrowers. These loans will be used to provide further low-interest loans with flexible repayment terms to support certain small businesses that have realized a significant financial hardship due to the COVID-19 outbreak. Loans to eligible small business borrowers will be at least \$50,000 and capped at \$200,000.

The terms of the small business loans will consist of the following:

- *Interest Rate:* 0.25% per annum;
- *Term:* Interest only for 60 months following loan closing followed by a fully-amortizing 60 month term; and
- *Repayment Terms:* Repayment terms will be determined based on business need and are anticipated to be monthly interest only payments for the first 60 months following closing. Payments made in excess of interest due will be applied to principal. Once principal is repaid, it may not be redrawn. Payments of principal and interest will begin at 61 months following closing and will be paid monthly with all principal due to be repaid no later than 120 months following closing.

For eligibility as a loan recipient, small businesses must meet the following five criteria:

1. The business is in an industry outlined in an EO, or demonstrates it is affected by the COVID-19 outbreak, or is a business that provides goods and services to businesses to the aforementioned;
2. The business has fewer than 100 employees;
3. The business needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business;
4. The business can demonstrate that it is unable to access credit through alternative sources; and
5. The business can demonstrate an income loss due to an EO.

For more information on the Program, see <https://www.michiganbusiness.org/covid19/>.

Oakland County Stabilization Fund

On March 26, 2020, the Oakland County Executive and Board of Commissioners announced a \$3 million "[Stabilization Fund](#)" for small businesses impacted by the COVID-19 pandemic. This announcement from Oakland County came one day after the county received notice that the MEDC's Program will award \$1.15 million to the county. Oakland County is expected to receive the MEDC funds on April 1, 2020, which will be further dispersed to county small businesses via grants and loans.

Oakland County has also announced that \$700,000 of the Stabilization Fund will be used to encourage businesses to shift their manufacturing capabilities to the manufacturing of personal protective equipment for hospitals and healthcare workers. The protective equipment will include face masks, gowns, and other needed items. Oakland County will have a panel of downtown development authorities, local communities and area chambers of commerce review applications and make recommendations to the county.

A. Stabilization Fund Grants

Small business owners may apply for a Stabilization Fund grant in an amount capped at \$10,000. To qualify for a grant, a business must satisfy the following four requirements:

1. The business is in an industry outlined in [EO 2020-20](#) or any subsequent EO of similar intent, or demonstrates it is otherwise affected by the COVID-19 outbreak, as well as meeting additional criteria yet to be specified;
2. The business has 50 or fewer employees;
3. The business needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and

4. The business can demonstrate an income loss due to an EO or the COVID-19 outbreak.

B. Stabilization Fund Loans

Eligible small businesses may apply for a Stabilization Fund loan for an amount range of \$50,000 to \$200,000. While Oakland County has not published the exact terms of the loans, it is likely that the Stabilization Fund terms will replicate the MEDC Program's loan terms as stated above.

To qualify for a loan, a business must meet the following four requirements:

1. The business requires working capital to support payroll expenses, rent, mortgage, utility, or similar ordinary expenses;
2. The business, including the owner, must have 100 or fewer employees as of March 16, 2020;
3. The business is able to demonstrate an inability to access credit through alternative sources; and
4. The business is able to demonstrate an income loss as a result of the COVID-19 outbreak or related EOs.

Applications for Stabilization Fund grants and loans are now available at www.OakGov.com/COVID.

Macomb County Small Business Relief Fund

Macomb County's Planning and Economic Development ("MCPED") division has partnered with the MEDC to provide county businesses with financial aid under its "Small Business Relief Fund" (the "SBR Fund"). MCPED received \$800,000 from the MEDC Program, with an additional cash match of up to \$100,000 from First State Bank and \$30,000 from MCPED's internal resources to assist county businesses. Similar to the MEDC Program, the SBR Fund offers applicants the option of applying for either a grant or loan, in accordance with each option's respective eligibility requirements:

A. SBR Fund Grants

To be eligible for a SBR Fund grant, Macomb County businesses must meet the following criteria:

1. The business is in an industry outlined an EO or demonstrates it is affected by the COVID-19 outbreak, and meets one or more of the following: (a) provides support to impacted employees; (b) is located in a downtown district or high impact corridor or has 50 or fewer employees; or (c) is a business that provides services to businesses outlined in an EO and requires additional employees to support to businesses or employees impacted by an EO;
2. The business has 50 or fewer employees;
3. The business needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or similar ordinary business expenses; and
4. The business can demonstrate an income loss as a result of an EO; and
5. The business requires a grant amount between \$5,000 and \$10,000.

B. SBR Fund Loans

MCPED has additionally made SBR Fund loans available for county businesses with fiscal needs greater than \$10,000. These loans are also available for county businesses that may not satisfy the criteria for a SBR Fund grant, such as businesses which do not reside within the downtown districts or high impact corridors.

The terms of the SBR Fund loans consist of the following:

- *Interest Rate:* 0.25% per annum;
- *Term:* Interest only for 60 months following loan closing followed by a fully-amortizing 60 month term; and
- *Repayment Terms:* Repayment terms will be determined based on business need and are anticipated to be monthly interest only payments for the first 60 months following closing. Payments made in excess of interest due will be applied to principal. Once principal is repaid, it may not be redrawn. Payments of

principal and interest will begin at 61 months following closing and will be paid monthly with all principal due to be repaid no later than 120 months following closing.

For eligibility as a loan recipient, small businesses must meet the following five criteria:

1. The business is in an industry outlined in an EO, or demonstrates it is affected by the COVID-19 outbreak, or is a business that provides goods and services to businesses to the aforementioned;
2. The business has fewer than 100 employees;
3. The business needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or similar ordinary business expenses;
4. The business can demonstrate that it is unable to access credit through alternative sources; and
5. The business can demonstrate an income loss due to an EO.

For more information on the SBR Grant, visit <https://business.macombgov.org/business-Macomb-Small-Business-Relief>.

Wayne County Programs

Small businesses within Wayne County have two primary sources for receiving additional funding due to impact of COVID-19: (1) Wayne County's "Small Business Relief Loan Fund" (the "SBRL Fund") and (2) the Detroit Economic Growth Corporation's small businesses relief grants (the "DEGC Grants").

A. Wayne County's SBRL Fund

Wayne County has partnered with TCF Bank to provide microloans under the SBRL Fund for small businesses that are struggling with the economic effects of COVID-19. The SBRL Fund's loans are for a term of twelve (12) months with interest rates of 2% or less, with the first six (6) months consisting of interest-only payments, amortizing payments during the second six (6) months, and a balloon payment at the end of the full twelve (12) months. Available loan amounts range from \$5,000 to \$50,000 depending on number of employees, and the loans are secured by business collateral with guaranties provided by individuals with at least 20% ownership in the grantee's business.

For eligibility as a loan recipient, small businesses must meet the following four criteria:

1. The business has been established for at least 1 year;
2. Credit approval guidelines are met;
3. The business is: (a) identified as a small business, which is a business that employs fewer than 100 employees or has revenue of approximately \$1 million or less; (b) located in a low income census tract; and (c) in good standing with Wayne County and the State of Michigan, and is not in delinquency with creditors, prior to COVID-19 emergency; and
4. The business has suffered substantial hardship (at least 25% loss of revenue) due to COVID-19 emergency and will use proceeds to assist with that hardship.

For more information on the SBRL Fund, including the application process and local Banking Center Manager contacts, visit <https://www.tcfbank.com/waynecounty>.

B. DEGC Grants

The Detroit Economic Growth Corporation, the City of Detroit, and the MEDC have coordinated their relief efforts towards Detroit's small businesses by facilitating the [DEGC Grants](#) under the MEDC's Program. The DEGC Grant program is currently in development, but eligible applicants will be able to apply for grants in an amount capped at \$10,000.

To be eligible for a DEGC Grant, small businesses must satisfy the following four requirements:

1. The business is among the type outlined in an EO and demonstrates a negative impact resulting from COVID-19;
2. The business has 50 or fewer employees;
3. The business requires working capital to support payroll expenses, rent, mortgage payments, utility expenses, or similar ordinary business expenses; and
4. The business can demonstrate an income loss due to an EO or the COVID-19 outbreak.

For more information on the DEGC Grant, including the application once available, visit <http://www.degc.org/local-business-support-for-covid-19/>.

Washtenaw and Livingston Counties

The MEDC and Ann Arbor SPARK have [partnered together](#) to provide fiscal relief for small businesses within Washtenaw and Livingston counties (the “SPARK Grants”). The SPARK Grants serve as the MEDC Program’s available grant funding for eligible small businesses within the counties, and consequently are also capped at \$10,000 per grant.

Eligible small businesses for the SPARK Grants must satisfy the following criteria, which are more restrictive than similar grants from other counties:

1. The business is affected by EO 2020-9 or EO 2020-21;
2. The business has fewer than 50 employees;
3. The business needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and
4. The business is able to demonstrate an income loss as a result of the above EOs or the COVID-19 crisis.

Applications for a SPARK Grant are [now available](#), and please note that the **application period will close on April 4, 2020**.

The information included in this article is current as of **April 1, 2020**, and all program details are subject to change. We hope you found this information helpful. Please contact us if you have any questions.

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