

# More Local and Federal COVID-19 Dollars Pour In; Boston Launches Small Business Relief Fund

While the Federal Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) garnered much media attention and interest from the small business community, certain municipalities and states have launched their own financial assistance programs targeting small businesses impacted by the COVID-19 pandemic.

## ***Boston’s Small Business Relief Fund***

On Monday, April 6, 2020, the City of Boston began accepting applications for a program called the Small Business Relief Fund (“SBRF”). This program is separate from the federal Paycheck Protection Program (“PPP”), part of the CARES Act, and eligible businesses can pursue funding from both programs. The SBRF will distribute cash payments in the form of grants – not loans – to businesses based on their annual revenue and number of employees. Grant sizes vary from \$2,500 (for businesses with 0-5 employees or less than \$250,000 in annual revenue) to \$10,000 (for businesses with 15-34 employees or up to \$1.5M of annual revenue). The program was initially funded with block grants from the US Department of Housing and Urban Development and a contribution from the Massachusetts Attorney General’s Office. Future stimulus funds from the Federal Government should supplement the SBRF.

To be eligible for a SBRF grant, a small business must:

1. Provide proof of a Boston business address (evidenced by a signed lease or home-office documentation);
2. Earn less than \$1.5 million in annual revenue;
3. Have less than 35 employees;
4. Be in good standing with the City of Boston (both the business and its owners);
5. Provide its most recent fiscal year tax return; and
6. Provide proof of payroll (if it has more than 2 employees).

Assuming all these conditions are satisfied, any type of business is eligible regardless of industry. However, the City says it will prioritize grants for “industries most directly affected by closures, policies, or general loss of revenue” stemming from the crisis, such as restaurants, lodging, cleaning services, funeral homes, hair/beauty shops, small constructions firms, arts/entertainment/recreation businesses, and retail stores. Due to the limited amount of funding in

the program, all eligible businesses are encouraged to apply as soon as possible.

Grant proceeds may be used by a small business to meet payroll, satisfy fixed costs or accounts payable, account for lost sales or lost opportunities, or address other working capital expenditures that would not have otherwise surfaced if not for the COVID-19 pandemic.

All applications are filed online at the City of Boston website (applicants must have or create a Google account to submit the application). The City will alert applicants of their approval via phone or email within 3 business days, and funds should be delivered within 7-10 business days.

The Commonwealth of Massachusetts launched the Small Business Recovery Loan Fund. This program provides loans up to \$75,000 to Massachusetts based businesses with under 50 full and part time employees, including non-profit corporations. Payments on principal and interest are suspended for the first six months. The Massachusetts Growth Capital Corporation is administering the program.

### **NYC's Small Business Community Loan Fund and Employee Retention Grant Program**

New York City launched both the NYC Small Business Community Loan Fund and NYC Employee Retention Grant Program. Due to

overwhelming interest both programs have been suspended and are no longer accepting applications. For now, New York-based small businesses must look to the PPP, part of the CARES Act, for direct financial aid.

Interest in these programs is high. Even though many programs have exhausted their original resources efforts at Federal, State and City levels are ongoing to obtain additional funding from the government and private foundations.

### **Federal Reserve's Main Street Lending Program**

Yesterday, April 9, 2020, the Federal Reserve announced the Main Street Lending Program ("MSLP"), which offers 4 year loans to companies employing up to 10,000 workers or who generate up to \$2.5 billion dollars in annual revenue. Principal and interest payments are deferred for one year. MSLP loans are originated by banks within the Federal Reserve system, and can either be new loans or added to existing credit facilities. Borrowers must make "reasonable efforts to maintain payrolls and retain workers". Additionally, borrowers must follow compensation, stock repurchase and dividend restrictions that apply to direct loans funded under the CARES Act. Companies that have obtained PPP Loans may also apply for an MSLP loan.

*This advisory is for information purposes only, and does not constitute legal advice. If you would like to discuss the impact of COVID-19 on you or your business, please contact Joe Laferrera, Aaron Kriss, or Sean Gilligan at (617) 350-6800, or email them at [joe.laferrera@gesmer.com](mailto:joe.laferrera@gesmer.com), [aaron.kriss@gesmer.com](mailto:aaron.kriss@gesmer.com), or [sean.gilligan@gesmer.com](mailto:sean.gilligan@gesmer.com).*

