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Restaurants riled over state's distribution of COVID-19 grants

More than \$290 million was awarded to about 9,000 businesses through the program, but 50,000 applied at the state's encouragement, owners say.

ALLY MAROTTI

Monteverde in the West Loop

Anthony Tahlier Photography

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Corrected

The state has run out of money for its Business Interruption Grant program, which aimed to help small businesses walloped by COVID-19, and some restaurant operators are not happy.

The program launched over the summer and supplies federal funds from the CARES Act. The Illinois Department of Commerce & Economic Opportunity administered the first round of grants in August and started distributing a second round in the fall.

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The department received 50,000 applications. Ultimately, it awarded more than \$290 million to about 9,000 businesses. Thousands of applicants were told last week whether they would be receiving a grant.

Restaurant operators that were not chosen said they are frustrated with the state. They were encouraged to apply, and some operators said that led them to believe they were likely to receive a grant.

“The communications were utterly, utterly botched,” said Pat Doerr, managing director of the Hospitality Business Association of Chicago. “They kept on saying, ‘Apply, apply, apply,’ especially after the mitigations were ratcheted up statewide in early November.”

Indoor dining has been shuttered across the state for roughly two months, and restaurants are grasping for revenue streams to keep their businesses afloat. According to the National Restaurant Association, 58 percent of Illinois operators say their restaurants likely won't survive another four to six months.

Sheldrick Holmes, owner of the Grail Café in the South Loop, said he applied for the grant in early November. He hoped to use the funding to open a satellite kitchen in Avondale.

The one-year-old café is [struggling mightily](#), and Holmes said he has applied for multiple grants during the pandemic.

"Every one I apply for I need," he said. "What I have to do now is call all my vendors again and tell them, 'Please believe in me again. Please know I'm going to fight and not give up.'"

Operators also say they are upset that the money wasn't divvied up more evenly and that some grants appear to have gone to businesses that closed.

For example, Michelin-starred Acadia received a \$150,000 grant through the program, according to the state's website. The fine-dining restaurant has been closed throughout the pandemic. Owner Ryan McCaskey, who recently has faced a court battle and harassment allegations, reportedly moved to Maine.

Grant recipient Linda Sandoval, who owns Louie's Pub on North Avenue with her mom and sister, said she felt the state was very communicative. She was notified in early December that her bar would receive \$120,000 through the program, and she said the process was "a heck of a lot easier" than other loans she is seeking.

Sandoval and her husband Abram, who is general manager, said they plan to use the funds to add a kitchen at the bar, as well as pay rent, taxes and other expenses. Abram Sandoval said they would have had to sell without the grant. "There was no contingency plan," he said. "Nothing was coming in and nothing is. . . .COVID would have done us in for sure."

The Department of Commerce & Economic Opportunity says it has been communicative regarding the grant application process and availability. The grants were aimed specifically at small businesses that the pandemic hit hardest, and the department partnered with grant administrators to provide technical assistance to applicants.

More than 80 percent of the awards went to businesses with annual revenues of less than \$1 million, according to the department. It said in a statement that the Pritzker administration "worked quickly" to make relief available.

"While we hoped additional federal funding would extend this program, we have worked to maximize every dollar we had," the statement reads. "The administration continues to advocate for additional federal funding for businesses which have yet to receive assistance."

The grants varied in size, but the average was \$30,000. The maximum was \$150,000. The money can be used for operational expenses, such as rent and payroll.

The statement also said 40 percent of the grants went to minority-owned businesses, a "stark contrast" to the awards made through the federal Paycheck Protection Program. More than 46 percent went to restaurants and taverns.

It was a good effort, said Illinois Restaurant Association President Sam Toia. However, plenty of restaurants, bars and caterers are still suffering. Toia said every little bit helps, but no grant thus far is enough to replace a restaurant's depleted revenue stream.

Meg Sahs, co-owner of Monteverde in the West Loop, said she wasn't surprised when she got the email informing her the West Loop Italian restaurant did not receive a Business Interruption Grant. Her hopes hinge instead on the next round of PPP loans, to which restaurants will be given [enhanced access](#).

"The PPP is way more of a support for us, just because it can really impact our ability to employ people, which is what we're trying to do," she said.

Other operators are optimistic the incoming Biden administration could do more for restaurants. Still, some worry what will happen in the meantime.

All of Fifty/50 Restaurant Group's locations, including Roots Handmade Pizza, Berkshire Room, West Town Bakery and more, had grant applicants denied in the program's second round, said co-owner Scott Weiner. Two of the group's locations are splitting a \$20,000 grant from the first round.

His company has lost roughly \$600,000 over the past three months, and every location is closed this week in an attempt to stop the hemorrhaging. Weiner is also hoping for PPP loans. Without them, the company's restaurants will likely shut down until late spring.

"It's pretty desperate right now," he said. "Even to just be able to pay one month's rent from this thing would have been such a load off my shoulders."

Editor's note: A previous version of this story misstated the total amount of money awarded to restaurants under the program.

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