Please respond to the following questions on a separate piece of paper.

1. Goals & Objectives of Program

Hotels were obviously one of the first impacted industries at the beginning of Covid once conventions began cancelling and business travel came to a halt in early March. In the immediate aftermath of the State of Illinois going into a “stay-at-home order,” hotel owners were struggling with short-term cash flow in order to make payroll and pay for essential expenses. While we awaited federal action, which eventually resulted in the PPP’s formation, IHLA immediately proposed to the State of Illinois that they step in to provide emergency funding for hotel owners statewide. It was a tough sell, given Illinois’ financial situation – even before Covid. The state’s Department of Commerce and Economic Opportunity was receptive to our argument but asked us to identify where the funding would come from. We worked with them to identify a pot of money that was dedicated to workforce development and tourism promotion initiatives that were put on hold as a result of the stay-at-home order and was clear that they would not be used by the end of the fiscal year on June 30. Eventually, we were able to create the Hospitality Emergency Grant Program which provided $14 million in total grant funding to both restaurants and hotels – with hotels receiving $8 million in dedicated funding. IHLA was tasked with creating the criteria to register for these direct grants, which we set at a revenue threshold of less than $8 million in revenue in 2019 and each hotel was eligible for up to $50,000 in grants. Grants could be used for any operational cost including payroll, mortgage payments, property taxes, etc. The goal of the program was to provide a lifeline in the extreme short-term while we awaited federal action on the PPP, CARES Act and other financial assistance programs, while leveraging state funds that we knew would not be used for the duration of the fiscal year.

1. Target Audience

We were aiming to assist the smaller hotel owners that were most vulnerable to short-term cash flow drying up. Our larger hotels located in downtown Chicago, most of whom are owned by REITs, were excluded from the program to avoid any blowback about larger companies receiving aid. Given the relatively small amounts of each grant, we also wanted to make sure it would actually have an impact. We originally started talking with the Governor’s Office about this proposal in the very early days of Covid, even before the stay-at-home order was issued. Conversations accelerated once the lockdown began and the structure of the program itself, including eligibility criteria and the application process, was created with the Department of Commerce and Economic Opportunity and several IHLA member hotels in a matter of 12 hours, once we were informed that the funding was indeed available.

1. Results of Program

250 hotels (out of a total 1,500 – some of which were not eligible to apply because of size) received a grant from this program. Grants were awarded via a lottery system from eligible applicants and the size of the grant was dependent on the size of the hotel. The average grant given was $30,000 to each hotel. Many of our hotel members reached out to us immediately thanking us for our swift and innovative thinking to provide this lifeline to them.

It is important to note that this effort was separate from a subsequent grant program that IHLA helped create using CARES Act funding. This program dedicated ***a minimum*** of $15 million for hotels in the form of grants up to $150,000 but the amount of total funding available in the program was $220 million (the larger pot of funds was available for all businesses but hotels received prioritized review of their applications above other segments of businesses). This program did not utilize a lottery process and instead awarded grants based on the level of need/lost revenue from 2019 figures.

1. Evaluation Measures

More than half of Illinois hotels have already received direct financial assistance as a result of IHLA’s advocacy, with more still being considered. In total, over 80% of our total hotels statewide are eligible to receive funding under these State of Illinois grant programs that we helped establish. While it pales in comparison to the lost revenue that hotels have had to endure over the past year, it provides a critical lifeline to hotel owners to hopefully avoid foreclosures and mitigate layoffs of our colleagues.

The feedback from our members was overwhelmingly positive and we have had requests from other states to provide the framework so that they can stand up similar grant programs. We have even had multiple hotel properties join IHLA as new members as a result of our involvement in this program and the publicity it provided us.

1. How was the program presented to the Target audience?

Since early March, before Illinois and other states shut down, IHLA began advocating for assistance to hotels as we begun seeing large events and conventions cancelling and our business crashing. As we spoke with legislators, the Governor’s Office, and our Department of Commerce and Economic Opportunity, we made clear that our top priority was securing direct financial assistance to soften the blow that our hotel owners were facing (of which we had no way of estimating how bad it would eventually be that early in March). We knew that it would take some time to pass a federal stimulus package and that we would need financial support in the meantime which is why we prioritized that ask in our conversations with elected officials

Our president and CEO, Michael Jacobson, joined Governor Pritzker on March 25 at a press conference televised on every major television network throughout the state, to announce the Hospitality Emergency Grant program. Naturally, this generated a wide range of media coverage across the state that assisted in getting the message out. We sent out a series of messages to our members and hosted a dedicated webinar to explain the eligibility criteria and hold “office hours” to answer any questions and assist owners in their application process.

1. Additional information

While Illinois has seen some permanent closures of hotel properties already, to date we are not aware of any permanent closure for a hotel who received a Hospitality Emergency Grant or Business Interruption Grant. We are hopeful that our work on these two programs plays a role in the long-term survival of many of our hotel properties statewide. And even if recipients are not currently IHLA members, we hope to be able to capitalize on our success in developing these grant programs to be able to recruit recipient hotels into membership once Covid subsides and the financial situation becomes more positive.