



Façade Improvement Forgivable Loan

PROGRAM GUIDELINES AND APPLICATION



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Program Guidelines and Application

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Purpose

The Façade Improvement Forgivable Loan Program is part of Covington's Small Business Program. It is designed to revitalize severely distressed commercial buildings, stimulate the establishment of new businesses, and help existing businesses expand by offering property owners a 50% matching forgivable loan, up to \$10,000, to update their commercial building's façade. This program aims to enhance the appearance and condition of commercial and mixed-use structures by funding improvements such as lighting, windows, painting, signage, and other exterior enhancements visible from the street.

Applications are reviewed quarterly. All proposals are due by the final submission deadline and must have the required attachments to be considered. A Certificate of Appropriateness ("COA") is required for this program. To obtain a COA, Applicants must schedule a meeting with the City's Historic Preservation Specialist before submitting an application, even if the building is not historic or located in a Historic Preservation Overlay zone.

	Deadline to Meet with Historic Preservation Specialist	Final Submission Deadline
Round 1	July 24, 2026	August 7, 2026
Round 2	October 16, 2026	October 30, 2026
Round 3	January 22, 2027	February 5, 2027
Round 4	April 23, 2027	May 7, 2027

City staff will review all applications and recommend funding awards based on the criteria in the program guidelines and rating sheet. The application and rating sheet are attached to these guidelines as Exhibit A and B, respectively. If City staff recommends funding your project, the Program Administrator will present your project to the City of Covington Board of Commission for approval. Funding agreements will be executed following Commission approval. Please be aware that this process can take 6-8 weeks. Submission of an application is not a guarantee of funding.

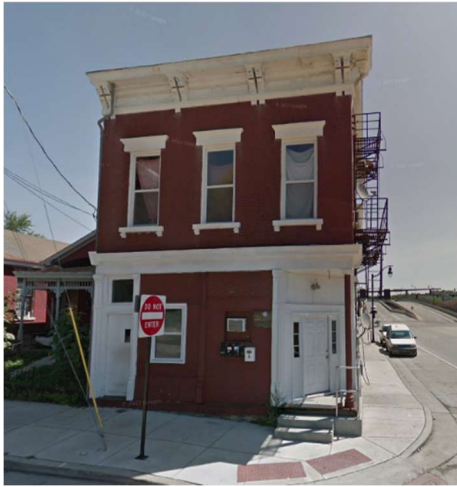
Submit Completed Application Packet to:

Patrick Duffy, Program Administrator
859.292.2141
PDuffy@covingtonky.gov
20 West Pike Street Covington, KY 41011

Recent Project Examples

1132 Banklick Street, Westside neighborhood – Completed 2024

Work included removing old wood and cinder blocks, reframing windows, installing glass, selective demo, painting, changing the wood fascia of front garage, and other restorative services.



Before



After

2120 Eastern Ave, Wallace Woods neighborhood – Completed 2020

Work included brick repair, replacing broken glass and reglazing windows, removing vinyl, new storefront lighting, painting, and reopening second floor porch.



Before



After

Eligibility

Applicants must meet all the following eligibility requirements.

1. Applicant must own the commercial property to apply for the Façade Improvement Program. Building cannot be owned by a public entity.
2. One façade incentive per parcel (PIDN) is eligible.
3. The proposed facade improvements must be consistent with city's historic design guidelines and be approved via a Certificate of Appropriateness (COA) by the City's Historic Preservation Specialist, even if the building is not historic or within a Historic Preservation Overlay.
4. If there is an active Rent Subsidy from the City at this PIDN, the Property Owner is not eligible to apply for the Façade Grant until the Rent Subsidy at this property has made its final rent subsidy draw request.
5. The property owner must be properly licensed to operate within the City of Covington, Kenton County and Commonwealth of Kentucky, and the property must meet all City of Covington zoning requirements and meet all local and state building and health code requirements where applicable. This includes having an up-to-date rental license with the City if there are leased residential units also in the property.
6. The property owner and any other associated legal entities who have received prior City funding must always, be in compliance with City of Covington Good Standing Ordinance. Pursuant to City of Covington Code of Ordinances § 35.003, applicants and affiliated persons and/or entities for this program must not have made or filed pending adverse claims against the City in the form of settlement demands and/or lawsuits; nor shall they be delinquent on their obligations to pay loans, fines, liens, or other obligations owed to the City (e.g. code violations, permit violation, liquor license, etc.).
7. In accordance with the City of Covington's Code of Ordinances Human Rights Commission requirements, § 32.040 et. seq., the Business shall not discriminate on the basis of any protected class, including but not limited to race, color, religion, sex, sexual orientation, gender identity, age, national origin, ancestry, marital status, parental status, familial status, place of birth, disability, or natural texture, color of hair, hair styles, or protective hair styles (including, but not limited to braids, locks, twists, and coverings).

Eligible Costs

Any construction expense incurred prior to execution of an agreement with the City is not eligible for reimbursement. However, at the owners' risk, materials purchased prior to an executed agreement are eligible for reimbursement if the applicant is awarded funding (if application isn't awarded funding, any incurred costs would be the owner's responsibility). All costs and invoices must be constructed, billed, and submitted for reimbursement within the contract's term.

1. The maximum forgivable loan is \$10,000 and can be used in one of two ways.
 - a. **Exterior Only:** This 50/50 match option maximizes exterior improvement. The forgivable loan will reimburse the investment made by the building owner on a \$1 to \$1 basis up to \$20,000 in total project cost. City funds can only be used on the street facing façade. However, the other non-street facing sides can be counted towards the match if exterior work is being done on them.
 - b. **Interior & Exterior:** If a commercial building is vacant and needs to be white boxed to attract a commercial tenant, this 50/50 option allows the private match to go towards interior renovation to prepare a space for rent. The forgivable loan will reimburse the investment made by the building owner on a \$1 to \$1 basis up to \$20,000 in total project cost.
 - i. City funds will be spent exclusively on exterior improvements (up to \$10,000), but the property owner can document up to \$10,000 worth of interior improvements to be eligible for a full forgiveness of the loan.
 - ii. "White Box" is a term used in commercial real estate for a renovation with an unfinished interior and does not include interior walls (other than code required restrooms), wall coverings, paint, flooring, plumbing fixtures (other than code required restrooms and drinking fountains), upgraded electrical fixtures, and upgraded code required restroom fixtures. A white box is ready for tenant improvements which are to be completed once the lease agreement has been negotiated and executed.
 - iii. The Interior & Exterior option will only be available if agreed upon by City prior to entering into the Façade Loan Agreement. All approved interior expenses shall be listed in the Agreement. No prior interior improvements are eligible to be counted toward the private match before the contract's execution.
2. Eligible façade improvements include material and labor expenses related to the painting of the façade, restoring storefronts, improving exterior lighting, windows, signage or awning, tuck-pointing, and cornice repairs, etc. Roofs are not an eligible

expense. This program is designed to encourage improvements to the overall appearance and condition of commercial and mixed-use structures, and although new or enhanced signage may be included, projects which are exclusively focused on signage or awnings are not eligible under this program. Public funds should not be spent on easily removable fixtures.

3. After approval and contract execution, approved participants will oversee the entire construction process. Applicants must complete construction, pay all contractors, and submit for reimbursement within 12 months after the contract's execution to be eligible for reimbursement. A request for a contract extension based on a reasonable delay must be submitted to the Project Administrator 60 days prior to end date of executed contract.
4. Applicants will submit one pay application requesting reimbursement for eligible expenses, which will include:
 - a. A signed "Project Completion Certification" form certifying that the expenses were incurred and were in accordance with the agreement
 - b. All contractor invoices submitted for reimbursement should be dated and itemized so staff can review all expenses (materials vs labor) at the property.
 - c. Canceled checks or digital proof for all payments made to contractors.
 - d. Before and after photo documentation of the façade work.

Program Requirements

1. Source of Funds: All sources of funds for the project must be identified when the application is submitted to the City and in place at the time of the award agreement.
2. Vacant Properties: Applications involving vacant properties should demonstrate that the improvements will help attract a commercial tenant within the next 12 months and that the future user will diversify the business district's commercial offerings and create jobs in the neighborhood. The owner must agree to actively market all vacant spaces, including creating a free listing on the City's Zoom Prospector commercial database, installing a "for lease" sign in each vacant commercial space, signing up for the City's real estate leads email blast, and make reasonable accommodations to show the property to all qualified commercial prospects.
3. Construction: Applicants will oversee the entire construction process. Applicants will be required to comply with the City's "Good Neighbor" guidelines regarding minimizing construction interference on the public. Applicant must utilize professional contractors, and work cannot be done "in house" using applicant's own employees. In order to be eligible for reimbursement, applicants shall ensure that: construction is completed; all contractors are paid; Applicant's contractor(s) have paid all applicable

City taxes and occupational licenses fees relating to the work; and Applicant has submitted a final pay application to the City for reimbursement within 12 months after the contract's execution.

4. Site Visits: City staff will conduct a site visit before payments begin in order to verify that the business is in operation. Staff may also conduct unannounced site visits periodically in order to ensure compliance with the terms of the agreement.
5. Repayment terms: The monitoring period is 3 years. Full repayment of the façade incentive is required should the property owner sell the property within 3 years.
6. Façade Contractors: Part of the City's rating sheet criteria is the preference for using local Covington contractors. The City does not recommend specific companies, however, a list of local contractors who have asked to be on a reference list is available upon request. Please be aware that substitution for non-local Covington Contractor's after an application has been approved may result in a 50% reduction of the eligible reimbursement amount.

Targeted Corridor Enhanced Incentive

In 2024 Southbank Partners and Downtown Strategies completed the Route 16 corridor assessment which identified the need for additional retail-ready commercial space and enhanced storefront activation at Ritte's Corner. The study concluded that improvements to building facades, storefronts, lighting, signage and outdoor activation would strengthen the pedestrian environment, encourage private investment, and support business attraction efforts.

To enhance these recommendations, the City of Covington has established an enhanced façade incentive for eligible commercial properties located within the targeted Ritte's Corner corridor. Eligible projects may receive up to \$15,000 in forgivable loan assistance, subject to available funding and program requirements. The enhanced corridor included street facing businesses along the following corridor. See "Exhibit C" for an official map.

- KY Rt.16 (Decoursey and Winston Ave.) between 34th Street and 40th Street
- Southern Avenue between the intersection of Caroline Avenue and Katie O'Donnell Way
- Decoursey Avenue from the Ritte's Corner Intersection to Church Street

Application Process

1. Pre-Submittal Meeting: All applicants must meet with the Historic Preservation Specialist to review their project and receive a Certificate of Appropriateness (“COA”) before submitting an application. Applicants must provide current photos of the façade and, if available, drawings of the proposed alterations or signage. To schedule a meeting, please call Kaitlin Bryan, Historic Preservation Specialist at (859) 292-2171 or email at Kaitlin.Bryan@covingtonky.gov at least one week prior to the submission deadline. Please, no drop-ins.
2. Application: Due to the competitive nature of this program, the City will not accept incomplete applications. Please see required documentation checklist in attached application.
3. Application Evaluation Criteria: Applicants should review the rating sheet and demonstrate why their project should receive city funding. This is your opportunity to stand out from the crowd. City Staff reserves the right to recommend applicants to City Commission for final approval based on the strength of individual applications.
4. Appeals: If an applicant is not recommended for funding, applicants may appeal their request directly to the City Manager, who has final determination. The City Manager’s review shall be limited to the materials submitted in the applicant’s application.
5. Conflict of Interest: Applicants shall ensure a conflict of interest does not exist. A conflict of interest exists if an applicant is an employee, agent, consultant, officer, elected or appointed official to the City of Covington; and if the applicant exercises or has exercised any functions or responsibilities with respect to funds for this program, or participates in the decision-making process related to funds for this program, or is in a position to gain inside information with regard to program activities. If a conflict of interest exists, the applicant may not obtain assistance under this program. If there is any doubt of the conflict of interest, a written waiver may be obtained from the City of Covington. Additionally, the prohibition against conflicts of interest, gratuities and kickbacks in KRS 45A.455 are specifically incorporated herein.

Submit Completed Application Packet to:

Patrick Duffy, Program Administrator
859.292.2141

PDuffy@covingtonky.gov

20 West Pike Street Covington, KY 41011



Exhibit A – Application

Facade Improvement Forgivable Loan Application

APPLICANT INFORMATION

Applicant Name: _____

Applicant Phone: _____

Applicant Email: _____

Applicant Mailing Address: _____

Applicant Occupational License Number: _____

PROJECT INFORMATION

Property Owner Name (KY SOS): _____

Project Address: _____

Business Tenant Name (if applicable): _____

Will Business Tenant be adding jobs due to project? If so, describe type of jobs and estimated number of new jobs:

Description of the proposed building improvements (attach separate page if necessary):

How will the improvements benefit the current tenant, future tenant, and/or the business district:



Is the property vacant? If so, for how long: _____

Approximate square footage of commercial space: _____

PROJECT COSTS

Cost of Exterior Improvements

Windows	\$ _____
Painting	\$ _____
Lighting	\$ _____
Signage	\$ _____
Rebuild Storefront	\$ _____
Cornices	\$ _____
Other	\$ _____
Describe Other	_____
<u>Total Exterior Cost</u>	\$ _____

Cost of Interior Improvements (if applicable): \$ _____

TOTAL PROJECT COSTS (Exterior + Interior): \$ _____

SOURCE OF FUNDS (City will reimburse 50% up to \$10,000 of total eligible costs)

Private Funds \$ _____

City's Contribution \$ _____

TOTAL SOURCES \$ _____

TIMING

Estimated Project Construction Start Date: _____



Estimated Completion Date: _____

OTHER

Are you planning on using Covington-based contractors to complete the project? If so, please list:

Did you incorporate any recommendations from the Historic Preservation Specialist?

Date Applicant met with Historic Preservation Specialist: _____

Are you receiving grant assistance from any other governmental agencies? If yes, list any additional grant sources and amounts:

Other Legal Entities associated with Property Owner who've received prior City funding:

Supporting Documentation Checklist

Please EMAIL your application packet with the following documentation.

- Complete and signed application (signature on following page)
- Attach all contractor quotes / bids and any drawings of proposed improvements
- Attach proof of financing/equity equal to the total project cost
- Attach completed W-9 for the property owner
- Attach the "Before" photo
- Verification of Approved Certificate of Appropriateness
- List of other Associated Legal Entities who have received prior City funding (please include Entity's Occupational License #s)



CERTIFICATION AND WAIVER OF PRIVACY

I, the undersigned, applicant(s) certify that all information presented in this application, and all of the information furnished in support of the application, is given for the purpose of obtaining a grant or forgivable loan under the City of Covington Small Business Program, and it is true and complete to the best of the applicant(s) knowledge and belief. The applicant(s) further certifies that he/she is aware of the fact that he/she can be penalized by fine and/or imprisonment for making false statements or presenting false information.

I understand that this application is not a guarantee of grant assistance. Should my application be approved, I understand that the City of Covington may at its sole discretion discontinue subsidy payments or reimbursement at any time for cause. I hereby give my consent to the City of Covington, its agents and contractors to examine any confidential information given herein. I further grant permission, and authorize any bank, employer or other public or private entity or agency to disclose information deemed necessary to complete this application.

I understand that this grant agreement is subject to conditions in the attached Small Business Guidelines and dependent on an executed contract with the City of Covington.

I understand that if this application and the information furnished in support of the application are found to be incomplete, it will not be processed.

Applicant Signature: _____

Printed Name: _____

Title: _____

Date: _____

Exhibit B – Rating Sheet

Applicant: _____ **FOR REFERENCE ONLY – DO NOT FILL OUT** _____

Project Address: _____ Neighborhood: _____

	Max Score	Score
Project Readiness		
1 point for evidence of availability of funds or bank letter (1 point)	1	
Up to 3 points for all quotes and selected contractors identified	3	
Bonus: 1 point per Covington based contractor (max 3)	3	
Matching façade investment ratio (Private: City)		
<2:1 = 1 point	4	
2:1 = 2 points		
3:1 = 3 points		
>4:1 = 4 points		
Impact on unused or underutilized property		
Commercial vacancy between 6 months-1 year (1 point)	3	
Commercial vacancy between 1-2 years (2 points)		
Commercial vacancy after 2 years (3 points)		
Neighborhood Impact		
Up to 2 points for neighborhood’s need for investment	2	
Up to 2 points for highly visible location e.g. corner store	2	
Project in a targeted corridor	2	
Existing State of Façade		
Up to 6 points; 1=minor distress, 6=extreme deterioration	6	
	26	

Exhibit C – Enhanced Corridor Map

