



# Covington Small Business Program Guidelines

## RENT SUBSIDY

### A. Introduction

The **Small Business Program** is designed to stimulate the establishment of new Covington businesses and help existing Covington businesses expand. Our competitive program awards funding to projects that support small business growth, create jobs, leverage private investment, and will have a catalytic effect on our community.

The rent subsidy incentive offers financial assistance in the form of reimbursement of rent payment of up to half of the business's monthly rent or \$500.00 per month (whichever is less). Eligibility for assistance is up to twelve months, anytime within the first eighteen months of business. The business must sign at least a two-year lease and create at least 1 Full Time Equivalent job.

Applications are reviewed quarterly. All proposals are due by the final submission deadline and must have the required attachments to be considered.

	Final Submission Deadline
Round 1	July 19, 2024
Round 2	October 11, 2024
Round 3	January 31, 2025
Round 4	May 9, 2025

City staff review all applications and recommend funding awards based on the criteria in the program guidelines and rating sheet. City staff will evaluate the strength of an application based on the Rating Sheets attached as Exhibit A. Depending upon funding availability and the strength of individual applicants using the evaluation criteria, City staff can choose to recommend applicants to City Commission for final approval. If City staff recommend funding for your project, the Program Administrator will then present your project to Commission for final approval. Funding agreements will be executed following Commission approval. Submission of an application is not a guarantee of funding.

#### **Submit applications to:**

Patrick Duffy, Program Administrator

Phone: 859.292.2141

Email: [PDuffy@covingtonky.gov](mailto:PDuffy@covingtonky.gov)

Mail: 20 West Pike Street Covington, KY  
41011

## B. Eligibility

Applicants must meet all the following requirements to be considered eligible to receive a rent subsidy incentive under the Small Business Program:

- a) Applicant must be a corporation, firm, partnership, limited liability company, sole proprietorship, or similar entity engaging or intending to engage in commercial activity.

Excludes: Businesses who are renting in a publicly-owned building, Check cashing, home businesses, business who do not report employee's wages to the City of Covington, businesses where the ownership also owns the real estate at the property, and businesses not allowable by zoning requirements.

Other: Accelerators, incubators, and co-working spaces may constitute a single BUSINESS for the purpose of applications and agreements under this chapter.

- b) Applicant must have an executed multi-year lease for its business enterprise (two- year minimum) or be able to execute the lease within 3 months and open for business within 3 months of when the landlord made the property available to the tenant. Please note that the City reserves the right to include a deadline in the program agreement which sets a date by which the Business must be open and operational. If applicant is approved by Commission and a prospective business does not meet these deadlines, allocated funding will be released and the City will move onto the next qualified applicant.

- Rents must not be in excess of the fair market rents for the area and quality of the space.
- Businesses must establish, keep and contractually agree to regular, set, operating hours that are equal to or greater than thirty (30) hours per week.
- A new business may qualify for a rental subsidy incentive if they have been open for less than 120 days prior to application deadline and meet all requirements herein.

- c) Applicant must employ a minimum of one (1) full-time equivalent employee whose wages are reported to the City of Covington (and subject to the City's payroll tax), Commonwealth of Kentucky and federal government.

- A position occupied by the business owner may count as the one required job position.
- If any employees are 1099, applicant business are required to complete the 1099-SF City form to disclose 1099 payments they made so that the City can ensure all of the entities that received those payments have filed a net income tax return.

- d) Unless given permission before applying, applicant CANNOT apply for a Rent Subsidy if there is an active Façade Incentive that has yet to be completed at the same PIDN where the business is locating. Once the façade has reached project completion (you can confirm with City Staff on certifying project is complete), Business may apply for a rent subsidy in the subsequent round. (Note: Staff may give permission to waive this requirement if by not applying in this round, the Business would fall outside of the eligibility requirement of being open less than 120 days prior to application deadline)

- e) Applicant must be a new commercial enterprise or a substantial expansion of an existing commercial enterprise.

- Assistance may not be provided to a business that is relocating its operations from one commercial space to another within the city of Covington unless there will be a significant expansion of the business' operations.
- To qualify as a "substantial expansion", an existing business must:
  - Expand to occupy more than one hundred fifty percent (150%) of its current space and have tenant improvement expenses in excess of

\$5,000. Verification of this threshold must be provided in the application package; and  
Create at least one (1) additional full-time equivalent employee.

- f) The property owner and/or business must be properly licensed to operate within the City of Covington, KY, Kenton County and Commonwealth of Kentucky [Note: All entities conducting business in the Commonwealth of Kentucky are required to file annual reports with the KY SOS's Office by June 30 of each year], must meet all City of Covington zoning requirements, and meet all local and state building and health code requirements where applicable.
- g) 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.
- h) 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).

### C. Eligible Costs

Expenses incurred prior to execution of an agreement with the City **are not eligible** for reimbursement.

- a) The maximum total benefit per business is \$6,000.00. Rent Subsidy offers financial assistance in the form of reimbursement of rent payment of up to half of the business's monthly rent or \$500.00 per month (whichever is less). Eligibility for assistance is up to twelve months, anytime within the first eighteen months after the landlord has delivered the property to the tenant. A business will be eligible starting the second month of operation.
- b) After approval, businesses must sign and submit a monthly reimbursement request (attached as an exhibit to their contract) and attach a canceled check or digital proof of payment for the rent payment to the landlord to be reimbursed.

### D. General Program Requirements

- ❖ 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.
- ❖ Open & Operational: The business owner is responsible for the first month of rent once the business is open and operational. Once an application is approved, rent incentive

payments are eligible to be requested during the second full month a business is open for business, operational, and meets all the criteria of the Rent Subsidy Incentive.

- ❖ **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.
- ❖ **Discontinuation of Payment:** The receipt of past payments is no guarantee of future payments. The City of Covington retains the right to discontinue rent incentive payments at any time if the business ceases to comply with program requirements.
- ❖ **Repayment terms:** The monitoring period is 3 years. Full repayment of the rent incentive is required should the business choose to relocate outside the City of Covington within 3 years.
- ❖ **Ribbon cutting:** MUST be coordinated with the City through our Business Attraction Manager Susan Smith: [susan.smith@covingtonky.gov](mailto:susan.smith@covingtonky.gov)

## E. The Application Process

- 1) **Schedule:** After submitting an application, applicants will hear back from the Project Administrator within three weeks of the round's application deadline about whether they have been recommended for funding or not. If an applicant has been recommended for funding, their application will be forwarded to City Commission for final approval. Altogether, it takes about two months after the application deadline for the approval process to be completed.
- 2) **Application:** Due to the competitive nature of this program, the City will not accept incomplete applications. The required checklist is below:
  - Completed and signed application.
  - A copy of executed or proposed two or more years commercial lease agreement.
  - Available funds/bank letter for full start-up costs.
  - Business plan, including at a minimum, an executive summary and three-year financial projections of revenues and expenses (including estimated payroll) OR if you've run a similar business for two or more years outside of Covington, you need to provide your most current two years of financials from that business. Sample Business Plan Template: [Write a Business Plan \(ky.gov\)](#)
  - Resumes of business owners, including qualifications, experience, and track record of applicant(s) as business owners.
  - Letter from either the SBDC (114 W Pike) or NKU Collaborative (112 W Pike) stating that applicant has met with them and reviewed current business plan (optional, but encouraged)
  - A copy of all business and occupational licenses, including a copy of the corporate documents with the KY Secretary of State. <https://www.sos.ky.gov/bus/business-filings/Pages/Annual-Reports.aspx>
  - Completed W-9
  - Evidence of 50%+ women, minority, LGBTQ+, Covington Police/Fire Employee (or spouse), or veteran-ownership, if applicable
  - LGBTQ+ owners may self-identify

- Support letter from a neighborhood community council/business association (optional, but encouraged)
  - i. Center for Great Neighborhoods – [greatneighborhoods.org](http://greatneighborhoods.org)
  - ii. Covington Business Council – [cbcky.com](http://cbcky.com)
  - iii. Latonia Business Association – [latoniabusinessassociation.org](http://latoniabusinessassociation.org)
- 3) **Application Evaluation Criteria:** This is a competitive incentive program. 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. Submission of an application is not a guarantee of funding. The City’s Incentive Review Group will evaluate the strength of an application based on the Rating Sheets attached as Exhibit A. Depending upon funding availability and the strength of individual applicants, The City’s Incentive Review Group can choose to recommend applicants to City Commission for final approval.
- 4) **Appeals:** If an applicant is not recommended for funding, applicants may appeal their request directly to the City Manager, who has the 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.

#### **F. Program Agreement**

An executed agreement between the applicant and the City is required in order for the applicant to receive fund disbursements.

**The City of Covington, Kentucky is an affirmative action/equal opportunity employer and encourages the participation of minority and female business enterprises (M/WBE) and Section 3 entities.**

Adopted: 7/19

Exhibit A

Small Business Program

Rent Subsidy Rating Sheet

Applicant: FOR REFERENCE ONLY – DO NOT FILL OUT

Address of Business (Location of Rented Space): \_\_\_\_\_

Business District / Neighborhood: \_\_\_\_\_

Project Rating Categories	Score =	TOTAL
<b>1. Impact on unused or underutilized property (4 points possible)</b> <ul style="list-style-type: none"><li>• Filling a vacancy after &lt;3 months (1 point)</li><li>• Filling a vacancy after 3-6 months (2 points)</li><li>• Filling a vacancy after 7-12 months (3 points)</li><li>• Filling a vacancy after &gt; 1 year (4 points)</li></ul>	=	_____
<b>2. Strong financial documentation (7 points possible)</b> <ul style="list-style-type: none"><li>• Executed lease in place (1 point)</li><li>• Available funds/bank letter for full start-up costs (1 point)</li><li>• Maximizes city payroll (Up to 5 points)</li></ul>	=	_____
<b>3. Strength of business plan (7 points possible)</b> <ul style="list-style-type: none"><li>• Positive projected 3 year financials (1 point) OR Profitable financials for two years from a prior business if applicable (1 point)</li><li>• Strength of overall business plan &amp; commitment to the Cov (Up to 4 points)</li><li>• Letter documenting meeting with SBDC or NKU Collaborative (2 points)</li></ul>	=	_____
<b>4. Visibility of business (4 points possible)</b> <ul style="list-style-type: none"><li>• Highly visible location, ex. corner store (2 points)</li><li>• Ability to spur additional investment in district (2 points)</li></ul>	=	_____
<b>5. FTE jobs created in 1 year</b> <ul style="list-style-type: none"><li>• New FTE jobs (1 point for each new job)</li><li>• Hiring Plan includes hiring/recruiting Covington residents (2 points)</li></ul>	=	_____
<b>6. Type of product or service (5 points possible)</b> <ul style="list-style-type: none"><li>• Complements district's mix (Up to 2 points)</li><li>• Demonstrated need or desire within district (Up to 2 points)</li><li>• Support letter from neighborhood community council (+1 bonus point)</li></ul>	=	_____
<b>7. Women, Minority, LGBTQ+, Covington Police/Fire Employee, or Veteran-owned businesses (+5 bonus points)</b> <ul style="list-style-type: none"><li>• Evidence attached</li></ul>		_____

TOTAL SCORE: \_\_\_\_\_



Rent Subsidy Program

2024-2025 Application

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New Covington Business: Yes | No

Existing Covington Business: Yes | No

Legal Business Name (as registered with the KY SOS): \_\_\_\_\_

Doing Business As: \_\_\_\_\_

Other legal entities associated with business owner who've received prior City funding

\_\_\_\_\_

Proposed Business Address: \_\_\_\_\_

Covington Occupational License#: \_\_\_\_\_

Applicant's Name: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Applicant Mailing Address: \_\_\_\_\_

Women, minority, LGBTQ+, Covington Fire/Police, or veteran-ownership?: \_\_\_\_\_

Was/is this business located at another Covington site: Yes | No Dates: \_\_\_\_\_

Previous Business Address (if applicable): \_\_\_\_\_

Square footage of old location (if applicable): \_\_\_\_\_

# of existing Covington employees: \_\_\_\_\_

Type of Business: \_\_\_\_\_ Service/Product: \_\_\_\_\_

Hours of Operation: \_\_\_\_\_

Please describe your business, service/product, vision, what drew you to the location & Covington, business' commitment to the Cov, neighborhood's need for your product, etc.:

(This is the bulk of your grant pitch, so please attach additional details if you wish!)

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**\*\*SUBMISSION OF AN APPLICATION IS NOT A GUARANTEE OF FUNDING\*\***



**Rent Subsidy Program**

**Underutilized Property Information:**

How long has the commercial space been vacant? \_\_\_\_\_

Square footage of new location: \_\_\_\_\_

When do you expect to be open for business? \_\_\_\_\_

**Financial Information:**

Do you have 2 year or longer executed lease agreement? Yes | No

Length of New Lease: \_\_\_\_\_ Monthly Rental Rate: \$ \_\_\_\_\_

Landlord's Name & Email: \_\_\_\_\_

Total Private Start-up Investment (Do not include rent): \$ \_\_\_\_\_

Have those funds already been spent, or is it proposed? \_\_\_\_\_

Estimated New Annual Payroll: \$ \_\_\_\_\_/year

**Business Plan**

Does the business owner reside or have another business in Covington (or other City)? \_\_\_\_\_

Does your hiring plan include a preference for hiring Covington residents? \_\_\_\_\_

Do you have Projected New Jobs (List Below): \_\_\_\_\_

New Positions - Title/Description	Number of Jobs	Hourly Pay	Hours

Are you receiving grant assistance from any other governmental agencies?  Yes | No

If yes, list any additional grant sources and amounts: \_\_\_\_\_

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Rent Subsidy Program

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

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

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## Rent Subsidy Program

2024-2025 Application

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### Supporting Documentation Checklist

Application packets must include the following documentation:

- Completed and signed application
- A copy of executed or proposed two or more years commercial lease agreement.
- Bank statement or bank letter showing available funds for full start-up costs.
- A copy of all business and occupational licenses, including a copy of the corporate documents with the KY Secretary of State. <https://www.sos.ky.gov/bus/business-filings/Pages/Annual-Reports.aspx>
- Business plan, including at a minimum, an executive summary and three-year financial projections of revenues and expenses (including estimated payroll) OR if you've run a similar business for two or more years outside of Covington, you need to provide your most current two years of financials from that business (The Kentucky SBDC provides no-cost services to help businesses do this) - <https://www.ksbdc.org/covington>;
- Resumes of business owners, including qualifications, experience, and track record of applicant(s) as business owners.
- Completed W-9
- Bonus:** Evidence of women, minority, LGBTQ+, Covington Fire/Police, or veteran-ownership, if applicable.
- Bonus:** Letter from either the SBDC (114 W Pike) or NKU Collaborative (112 W Pike) stating that applicant has met with them and reviewed current business plan (optional, but encouraged)
- Bonus:** Support letter from a neighborhood community council/business association (optional, but encouraged)  
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