



Rent Subsidy Incentive

PROGRAM GUIDELINES AND APPLICATION

Revised 6/8/2026



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Program Guidelines and Application

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Purpose

The Rent Subsidy Incentive is part of Covington's Small Business Program, designed to stimulate the establishment of new businesses and help existing businesses expand. It offers financial assistance in the form of reimbursement of rent payment, up to half of the business's monthly rent or \$500 per month (whichever is less). This incentive is available for up to twelve months, within the first eighteen months of business. The goal is to support small business growth, create jobs, leverage private investment, and have a catalytic effect on the community.

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	August 7, 2026
Round 2	October 30, 2026
Round 3	February 5, 2027
Round 4	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 for 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



Eligibility

Applicants must meet all the following eligibility requirements.

1. Applicant must be a corporation, firm, partnership, limited liability company, sole proprietorship, or similar entity engaging or intending to engage in commercial activity.
2. The following business types are not eligible.
 - a. Businesses who are renting in a publicly owned building
 - b. Check cashing
 - c. Home businesses
 - d. Vape shops
 - e. Businesses who do not report employee's wages to the City of Covington
 - f. Businesses where the ownership also owns the real estate at the property
 - g. Businesses not allowable by zoning requirements
 - h. Operators and tenants of accelerators, incubators and co-working spaces
 - i. However, tenants which move to a brick-and-mortar location upon exiting the accelerator, incubator or co-working space will be exempt from the program's 120-day requirement (defined in 6(a) below)
3. 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.
 - a. Rents must not exceed the fair market rent for the area and quality of the space.
 - b. Businesses must establish, keep, and contractually agree to regular, set, operating hours that are equal to or greater than 30 hours per week.
4. 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. A position occupied by the owner may count as the one required job position.
 - b. If any employees are 1099, business must 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.
5. 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 project is complete, the business may apply

for a rent subsidy in the subsequent round. Staff may give permission to waive this requirement if, by not applying in this round, the business falls outside of the eligibility requirement of being open less than 120 days prior to application deadline.

6. Applicant must be a new commercial enterprise or a substantial expansion of an existing commercial enterprise.
 - a. A new business is eligible if they have been open for less than 120 days prior to application deadline and meet all requirements herein.
 - b. 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 is a significant expansion of the business's operations.
 - c. 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
 - i. Have tenant improvement expenses in excess of \$5,000. Verification of this threshold must be provided in the application package; and
 - ii. Create at least one (1) additional full-time equivalent employee.
7. The property owner must be properly licensed to operate within the City of Covington, Kenton County, and Commonwealth of Kentucky; meet all City of Covington zoning requirements; and meet all local and state building and health code requirements where applicable.
8. The property owner and associated entities who have received prior City funding must be in compliance with City of Covington Good Standing Ordinance. Pursuant to City of Covington Code of Ordinances § 35.003, applicants and affiliated 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.).
9. 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).

Rent Reimbursement

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

1. The maximum total benefit per business is \$6,000. This program offers financial assistance in the form of reimbursement of rent payments of up to half of the business's monthly rent or \$500 per month (whichever is less). Eligibility for assistance is up to twelve months, anytime within the first eighteen months after the landlord has leased the property to the tenant. A business will be eligible starting the second month of operation.
2. After approval, business 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.

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. 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.
3. 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.
4. Discontinuation of Payment: The receipt of past payments is no guarantee of future payments. The City of Covington retains the right to discontinue incentive payments at any time if the business ceases to comply with program requirements.
5. Repayment terms: The monitoring period is 2 years. Full repayment of the rent incentive is required should the business choose to relocate outside the City of Covington within 2 years.
6. Ribbon cutting: Ribbon Cuttings are a great way to celebrate and bring attention to your business. These can be coordinated with the City through our Administrative Assistant, Katie Keene: katie.keene@covingtonky.gov



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. Please be aware that this process can take 6-8 weeks.
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.

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859.292.2141

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20 West Pike Street Covington, KY 41011



Exhibit A – Application

Rent Subsidy Incentive Application

APPLICANT INFORMATION

New or Existing Covington Business? _____

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

Doing Business As: _____

Business Address (may be project address): _____

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

Covington Occupational License # (if available): _____

Applicant Name: _____ Phone: _____

Email: _____

BUSINESS INFORMATION

Does business have other Covington
locations, if so where and since when: _____

Number of existing Covington employees: _____

Type of Business or NAICS code: _____

Service/Product: : _____

Hours of Operation: _____



Briefly describe your business, service/product, vision, and what drew you to the location & to Covington (this is your grant pitch, please attach additional details if needed).

UNDERUTILIZED PROPERTY INFORMATION

Property Address for which this application is being made: _____

How long has the commercial space been vacant? _____

Square Footage: _____

Expected Opening Date: _____

FINANCIAL INFORMATION

Do you have a two or more year executive lease agreement? _____

Length of lease: _____

Monthly Rental Rate: \$ _____

Landlord Name & Email: _____

Total Private Start-Up Investment (do not include rent): \$ _____

Have these funds been spent? _____

EMPLOYMENT

Estimated New Annual Payroll at project site: \$ _____

Number of New Employees: _____

Does your hiring plan include a preference for hiring Covington residents? _____



Supporting Documentation Checklist

Please EMAIL your application packet with the following documentation.

- Completed and signed application
- A copy of an executed or proposed commercial lease agreement with a minimum two-year term
- 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](#)
- Business plan
 - For startups, an executive summary and three-year financial projections of revenues and expenses (including estimated payroll)
 - For expanding businesses, an executive summary and prior three-year financials
- Resumes of business owners, including qualifications, experience, and track record
- Completed W-9

Optional

- Bonus: Letter from either the KY Small Business Development Center or the African American Chamber of Commerce stating that applicant has met with them and reviewed current business plan
- Bonus: Support letter from a neighborhood community council/business association
 - [The Center for Great Neighborhoods](#)
 - [Covington Business Council](#)
 - [Latonia Business Association](#)



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
Impact on Vacant or Underutilized Property		
2 points if filling a vacancy between 6 months-1 year	6	
4 points if filling a vacancy between 1-2 years		
6 points if filling a vacancy after 2 years		
Job Creation over 2-year period		
1 point per Full-Time Equivalent (FTE) employee up to 5 points. Divide all hours worked by all employees in a year by 1,560 (30 hrs/week = 1 FTE for purposes of this application)	5	
Bonus: 1 point for good-faith effort to hire Covington residents	1	
Strength of Business Plan		
For startups, attach executive summary and three-year financial projections of revenues and expenses (including estimated payroll)	3	
For expanding businesses, attach executive summary and prior three-year financials		
Bonus: 1 point for verification that applicant has met with KY Small Business Development Center, Aviatra Accelerators, Blue North, African American Chamber of Commerce, or other small business support organization	1	
Alignment with City’s Economic Strategy (5 points max)		
Up to 2 points if business falls within City’s targeted industries	2	
Up to 2 points if location of business complements the area's current mix of businesses	2	
Bonus: 1 point for support letter from neighborhood community council	1	
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