



INCENTIVES FOR DEVELOPMENT

The City of Covington has a number of incentive programs available for small businesses and all types of development projects - new construction, rehab, residential, commercial, and industrial. The programs are summarized below.

Small Business Revolving Loan

Funds are available to loan to small businesses for working capital, inventory, leasehold improvements, or fixed asset purchases. To be eligible, a business must create new jobs, increase the City's tax base or eliminate blight. Terms are negotiable and available for commercial projects only.

Vacant Property Tax Reimbursement Program

Property owners who rehabilitate vacant property for commercial reuse are eligible to apply. 50% of the 2.5% payroll tax collected from the new jobs created in the previously vacant building is paid annually to the property owner for a period of five years. 25% of the 2.5% payroll tax collected from any existing Covington jobs relocated to the previously vacant building also qualifies for the reinvestment program. This reimbursement will be paid for five years. The property must have been substantially vacant for the previous 36 months and be at least 50 years old.

Grow Covington Fund

The Grow Covington Fund is designed to provide financing for small businesses that need expansion capital. This fund is a unique partnership between the City of Covington and the Grow America Fund, Inc, the non profit lending arm of the National Development Council. The Grow Covington Fund can make loans ranging from \$35,000 to \$2 million at or below market rates, for terms up to 25 years depending on proposed use of funds. All loans must be adequately collateralized. This program does not fund start up businesses.

Arts & Technology District Small Business Loan Program

This program is designed to encourage the growth and development of arts and technology related small businesses. Existing and start up businesses located within the Arts & Technology District Loan Zone are eligible to apply. All projects must result in the retention and/or creation of jobs for persons of low and moderate income households. Loan funds may be used for equipment, inventory, leasehold improvements, and real estate improvements. The City can loan up 50% of the total project costs, not to exceed \$25,000. All loans must be adequately collateralized.

Arts District New Home Owner Rehabilitation Loan Program

The Arts District New Home Owner Rehabilitation Loan Program is administered by the City of Covington's Housing Development Department. Under this program households purchasing residential or mixed use structures for use as their primary residence are eligible for a cash incentive of up to \$6,000. This incentive is available only in the Arts District.

Architectural Assistance Grant

A \$2,000 grant is available to pay for the assistance of a registered architect in mixed-use buildings located in downtown Covington. Architectural assistance should address obstacles related to converting upper floors of downtown commercial buildings for residential use. Available for mixed-use projects.

Assessment Moratorium (Property Tax Freeze)

Covington will freeze City property taxes at the pre-rehab level for a period of five years. Applications must be made 30 days before any work has begun on a building. The program is available for the repair, rehabilitation or restoration of existing commercial and residential buildings 25 years or older.

Investment Tax Credits

A 20% Federal Investment Tax Credit is available for substantial rehabilitation of certified historic buildings that are income producing (either commercial, industrial, or rental residential). The project must meet the Secretary of the Interior's Standards for Rehabilitation and then be certified through the State Historic Preservation Office and the National Park Service. A 10% credit is available for buildings built before 1936 that are not certified as historic. This credit is also available for income producing properties.

The State of Kentucky also offers a 30% credit against state income tax liability for the rehabilitation of historic owner-occupied residential and a 20% tax credit for the rehabilitate of other properties. Eligible projects must meet the Secretary of the Interior's Standards for Rehabilitation and other program requirements.

Community Development Block Grant (CDBG)

The CDBG program provides funds for the rehabilitation of both owner-occupied and investor-owned property. The City has various rehabilitation programs as well as the capacity to design special loans to specific projects with City Commission approval. All projects must benefit low and moderate income citizens or eliminate blight. Supportive public improvements and acquisition of real estate may also be funded through this program. Available for residential projects only.

HOME

The HOME program provides funds to assist in the development and maintenance of low and moderate income housing. Funds may be used for acquisition, rehabilitation, and new construction. A first time homebuyer's program is a feature of the program. Available for residential projects only.

Other Incentives

More specialized incentives are available for certain projects. These include:

- Kentucky Development Finance Authority Loan
- Small Business Administration Loans
- Covington Jobs Development Incentive (minimum new payroll of \$2.0 million)

**For additional information contact:
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