

Rent Subsidy Program

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 be catalytic for 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 in order to be considered.

| | Final Submission Deadline |
|----------------|----------------------------------|
| Round 1 | July 31, 2020 |
| Round 2 | October 30, 2020 |
| Round 3 | January 29, 2021 |
| Round 4 | April 30, 2021 |

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:
Ross Patten, Program Administrator
Phone: 859.292.2144
Email: rpatten@covingtonky.gov
Mail: 20 West Pike Street
Covington, KY 41011

B. Eligibility

Applicants must meet all of the following requirements in order 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: 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 6 months of the application date. 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.
 - An existing business may qualify for a rental subsidy incentive if they have been open for less than 120 days prior to application 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.
- d) 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 unless there will be a significant expansion of the business' operations.
 - 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.
 - An expanding business applicant must create at least one (1) additional full-time equivalent employee.

- e) The property owner and/or business must be properly licensed to operate within the City of Covington, KY, Kenton County and Commonwealth of Kentucky, must meet all City of Covington zoning requirements, and meet all local and state building and health code requirements where applicable.
- f) Must at all times be in compliance with the City of Covington Good Standing Ordinance. Pursuant to Commissioners' Ordinance O-11-06, 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.

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 of business. 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 for the rent payment to the landlord in order 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 of 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 is required should the business choose to relocate outside the City of Covington.

E. The Application Process

- 1) **Schedule:** After submitting an application, applicants will hear back from the Project Administrator within three weeks 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 a month and a half after submitting an application for the approval process.

- 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 multi-year commercial lease agreement.
 - Available funds/bank letter for full start-up costs.
 - Business plan, including an executive summary, market study, three-year financial projections of revenues and expenses.
 - Resumes of business owners, including qualifications, experience and track record of applicant(s) as business owners.
 - A copy of all business and occupational licenses, including a copy of the corporate documents with the KY Secretary of State.
 - Completed W-9
 - Evidence of women, minority, or veteran-ownership, if applicable.
 - Support letter from a neighborhood community council/business association (optional, but encouraged)
 - i. Center for Great Neighborhoods – greatneighborhoods.org
 - ii. Covington Business Council – cbcky.com
 - iii. Latonia Business Association – latoniabusinessassociation.org
 - iv. Mainstrasse Village Association - facebook.com/MainStrasseVillage/
 - v. Renaissance Covington – rcov.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.

- 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 |
|---|---------|-------|
| 1. Strong financial documentation (7 points possible) <ul style="list-style-type: none">Executed lease in place (1 point)Available funds/bank letter for full start-up costs (1 point)Maximizes city payroll (1-5 points) | = | _____ |
| 2. Strength of business plan (7 points possible) <ul style="list-style-type: none">Positive pro forma (1 point)Market Study supports business plan (1 point)Strength of business plan & commitment to the Cov (1-5 points) | = | _____ |
| 3. Impact on unused or underutilized property (4 points possible) <ul style="list-style-type: none">Filling a vacancy after <3 months (1 point)Filling a vacancy after 3-6 months (2 points)Filling a vacancy after 6-12 months (3 points)Filling a vacancy after > 1 year (4 points) | = | _____ |
| 4. Visibility of business (4 points possible) <ul style="list-style-type: none">Highly visible location, ex. corner store (2 points)Catalytic location: ability to spur additional investment in district (2 points) | = | _____ |
| 5. FTE jobs created in 1 year <ul style="list-style-type: none">New FTE jobs (1 point for each new job)Hiring Plan includes recruiting Covington residents (2 points) | = | _____ |
| 6. Type of product or service (5 points possible) <ul style="list-style-type: none">Complements district's mix (2 points)Demonstrated need or desire within district (2 points)Support letter from neighborhood community council (1 bonus point) | = | _____ |
| 7. Women, Minority, or Veteran-owned businesses (5 bonus points) <ul style="list-style-type: none">Evidence of women, minority, or veteran-ownership attached. | = | _____ |
| TOTAL SCORE: | | _____ |



Rent Subsidy Program

FY21 Application

Business Name (D/B/A if applicable): _____

Covington Business Address: _____

Applicant Name: _____

Applicant Mailing Address: _____

New Covington Business: Yes | No

Existing Covington Business: Yes | No

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

Previous Business Address (if applicable): _____

Square footage of existing location: _____ Square footage of new location: _____

Type of Business: _____ Service/Product: _____

Phone: _____ Email: _____

Business Occupational License: _____ Business IRS Tax EIN: _____

Hours of Operation: _____

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

Please describe your business:

Property Information:

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

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

When will you open for business? _____

How long has the property been vacant? _____

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



Rent Subsidy Program

FY21 Application

Landlord Information

Landlord's Name: _____

Landlord's Email Address: _____

Employment Data:

Existing jobs: _____ Projected New Jobs (List Below): _____

Estimated New Annual Payroll: \$ _____ /year

| New Positions – Short Description | Number of Jobs | Hourly Pay | Hours |
|-----------------------------------|----------------|------------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Will your hiring plan include a preference to hiring Covington residents? _____

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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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

FY21 Application

Supporting Documentation Checklist

Application packets must include the following documentation:

- Completed and signed application
- A copy of executed or proposed multi-year commercial lease agreement.
- Bank statement or letter showing available funds for full start-up costs.
- Business plan, including an executive summary, market study, and three-year financial projections of revenues and expenses (The Kentucky SBDC provides no-cost services to help businesses do this! - <https://www.ksbdc.org/highland-heights>)
- Resumes of business owners, including qualifications, experience and track record of applicant(s) as business owners.
- A copy of all business and occupational licenses, registration with the KY Secretary of State.
- Completed W-9
- Evidence of women, minority, or veteran-ownership, if applicable.
- Support letter from a neighborhood community council/business association (optional, but encouraged)
 - Center for Great Neighborhoods – greatneighborhoods.org
 - Covington Business Council – cbcky.com
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