



Regulations Governing Small Business Incentive Program

- I. Authority – The creation of regulations and an application relevant to the City of Crestview Hills (“City”) Small Business Incentive Program (“Program) is authorized by Section III of Ordinance 2024-02-01.
- II. Incentive Program Details -
 - A. Low-interest Loan: A low-interest loan shall not exceed \$10,000 per applicant, at an interest rate of 3% per annum. However, this rate may be adjusted by City Council periodically due to changing economic circumstances or other applicable factors. The loan repayment period shall be a maximum of 5 years.
 - B. Rent Subsidy: A rent/mortgage subsidy (“subsidy”) shall not exceed \$6,000 per applicant. Rent/mortgage subsidies shall be remitted as a reimbursement to the applicant upon presentation of proof of payment by the applicant.
 - C. Collateral Requirement: An applicant will be required to provide real property as collateral for the low-interest loan or repayment of a subsidy. City staff and/or City Attorney are authorized to determine the suitability of the collateral offered by the applicant and to place a lien on real property to protect the City’s interest in the collateral. The lien shall be released upon repayment of the loan or the expiration of the two year subsidy requirement.
 - D. Availability of Both Incentives: An applicant may apply for both the low-interest loan and subsidy; however, each incentive shall not be granted to that applicant more than once.
 - E. Disbursement of Funds: If the Incentive Review Committee determines that the applicant has met all applicable criteria, it shall approve disbursement of loan funds from the Program or authorize subsidies through a reimbursement process. Approved subsidy payments will be made on a quarterly or annual basis, which will be selected by the applicant. If the applicant chooses the quarterly payment option, the applicant will have 30 days following the end of each quarter to file a claim for the rent subsidy incentive not to exceed \$1,500 for that quarter and after the applicant provides the required proof of lease/rent payment(s). For the annual payment option, the applicant will follow the same guidelines for a quarterly payment with the exception that the applicant will have 30 days to file a claim following the end of the calendar year for up to \$6,000.

III. 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: Retail establishments (unless also a medical use), any business in which a Crestview Hills elected official or staff member or his/her spouse has an ownership interest, and sexually oriented/adult businesses. Accelerators, incubators, and co-working spaces may constitute a single BUSINESS for the purpose of this incentive.

- B. Applicant must have an executed multi-year lease or mortgage for his/her/its business enterprise (two- year minimum) within the last 90 days or be able to execute the lease or mortgage within 90 days and open for business within 90 days of when the landlord makes the property available to the tenant or ownership officially transfers to the applicant. 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 an applicant business does not meet these deadlines, allocated incentives will not be released until a date agreed upon by the City.

- i. Businesses must establish, keep and contractually agree to regular, set, operating hours.
- ii. Rents must not be more than the fair market rents for the area and quality of the space.

- C. For the rent subsidy incentive, the applicant business must have at least two (2) full time employees that are subject to the City's payroll tax/withholding and operate in Crestview Hills for at least two (2) years (starting from the date of the issuance of the first rental subsidy reimbursement). Any 1099/independent contractor employees must acquire a Crestview Hills Occupational License. Ceasing operations prior to the two-year period shall require immediate repayment to the City of 100% of the rent subsidy.

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

- i. A business relocating its operations from one commercial space to another within Crestview Hills will not qualify unless there is a significant expansion of the business' operations.
- ii. To qualify as a "substantial expansion", an existing business must create at least 2 additional full-time equivalent employees that are subject to the Crestview Hills payroll tax.
- iii. The property owner and/or business must be properly licensed to operate within the City of Crestview Hills, KY, Kenton County and Commonwealth of Kentucky, and current on any taxes or obligations owed to Crestview Hills, to receive an incentive payment. In addition, the applicant must meet all Crestview Hills zoning requirements, and must meet all local

and state building and health code requirements, where applicable.

- iv. The applicant, property owner (if applicable), and any other associated legal entities must be in compliance with all Crestview Hills ordinances and not owe taxes, fees, fines or any other financial obligation to the City of Crestview Hills.
- E. For the low-interest loan incentive, funds must be used for capital, tenant finish, or equipment purchases, and cannot be used to satisfy another loan, eliminate other debt, or to purchase or eliminate shares of another entity.

IV. Application Process -

A. Schedule: After submitting an application, applicants will receive communication from City staff on whether he/she/it has been submitted for approval for one or both incentives. If an applicant has been recommended for an incentive by City staff, the application will be forwarded to the Incentive Review Committee for final approval within the next 30 days or less.

B. Application: Crestview Hills will not accept incomplete applications. The required checklist is below:

- a. Completed and signed application.
- b. A copy of executed or proposed two or more years commercial lease agreement or mortgage.
- c. Available funds/bank letter for full start-up costs.
- d. Business plan, including at a minimum, an executive summary and three-year financial projections of revenues and expenses (including estimated payroll) OR if you have run a similar business for two or more years outside of Crestview Hills, you need to provide your most current two years of financials from that business.
- e. Resumes of business owners, including qualifications, experience, and history of applicant(s) as business owners.
- f. A copy of the Crestview Hills Business/Occupational License, including a copy of the corporate documents with the KY Secretary of State, if applicable.
- g. Completed W-9 (which may be provided after approval but will be necessary for issuance of incentive funds).
- h. Proof of ownership of collateral and available equity (if necessary).

C. Application Evaluation Criteria: Depending upon funding availability and the strength of individual applicants, the City's Incentive Review Committee will give final approval to granting incentives to the applicant.

D. Appeals: If an applicant is not recommended for funding, applicants may appeal their request to the Crestview Hills City Council, who has the final

determination.

- E. Conflict of Interest: Applicants shall ensure a conflict of interest does not exist, which would make him/her/it ineligible for incentives. A conflict of interest exists if an applicant is an employee, agent, consultant, officer, elected or appointed official of the City of Crestview Hills. If a conflict of interest exists, the applicant may not obtain any Crestview Hills incentives. Additionally, the prohibition against conflicts of interest, gratuities and kickbacks in KRS 45A.455 are specifically incorporated herein.