



2015

# Incentive Policies for Housing and Economic Development

## Incentive Policy Introduction

Since 1939, Memphis Light, Gas and Water (MLGW) has met the utility needs of Memphis and Shelby County residents by delivering reliable and affordable electricity, natural gas and water service. MLGW offers some of the lowest combined utility rates in the United States. While we are proud of this achievement, what we prize most is the satisfaction and approval of our customers. With this in mind, all of our work revolves around enhancing our community and ‘being the best utility for our customers.’ MLGW charges Developers and Builders for the installation of utilities to serve their projects. In an effort to keep these installation costs low, MLGW makes a contribution toward the installation cost based on the size of the development. This Incentive Policy is an effort to communicate these contributions that are available from MLGW to help Developers and Builders with their utility installation cost.

To facilitate new development within the MLGW service territory, MLGW will entertain a proposal from customers that fall outside approved policy.

This Incentive Policy allows for discretion regarding the existing approved Electric, Gas and Water Service Policy.

With the recommendation of the Manager of Customer Relations and approval of the President/CEO and Vice-Presidents of Operations & Engineering, Construction & Maintenance and Customer Care, exceptions can be made to the provisions of the Electric, Gas and Water Service Policy.

All recommendations approved and implemented shall be reported to the Board of Commissioners on a quarterly basis.

### Subdivision Developments

Electric\* - \$350/lot  
Gas - \$200/lot

### Condominium Developments

Electric (Overhead or Underground Primary) - \$275/unit  
Gas (Applied to the Gas Main Cost only) - \$100/unit

### Apartment Developments

Electric (Overhead or Underground Primary) - \$175/unit  
Gas (Applied to the Gas Main Cost only) - \$100/unit  
(Electric Apartment developments that can demonstrate a construction design that will meet or exceed the energy savings of MLGW's EcoBuild standards will qualify for a gas credit of \$100/unit)

### Utility Extensions required to serve Houses not in a Subdivision

Electric – based on consumption  
Gas – (Applied to the gas main cost only) – based on consumption

\*Underground Primary and Overhead Primary on the Front Property Line

Note: All of the electric per lot and per unit cost are based on providing electric and natural gas services.

**MEMPHIS LIGHT, GAS, AND WATER DIVISION**  
**Affordable Housing Additional Lot Allowance Incentive**

**DEFINITION**

Additional lot allowance for customers developing new subdivisions intended for affordable housing.

**PURPOSE**

Promote development of lots for affordable housing.

**INCENTIVE**

Apply an additional 50% lot allowance over MLGW's standard policy.

**REQUIREMENTS**

- ✓ The developer must submit documentation proving that the particular development is recognized as a low income development by the appropriate non-profit or government agency.
- ✓ At least fifty percent (50%) of the homes in the development must meet affordable housing criteria.
- ✓ Homes must meet EcoBuild criteria.
- ✓ Homes shall not exceed \$140,000 in price.

**MEMPHIS LIGHT, GAS, AND WATER DIVISION**  
**Affordable Apartment Rental Additional Unit Allowance Incentive**

**DEFINITION**

Additional unit allowance for customers developing new apartments intended for affordable rental housing.

**PURPOSE**

Promote development of apartments for affordable rental housing.

**INCENTIVE**

Apply an additional 50% unit allowance over MLGW's standard policy.

**REQUIREMENTS**

- ✓ The developer must submit documentation proving that the particular apartment development is recognized as a low income development by the appropriate non-profit or government agency.
- ✓ The builder must enroll the apartment development in MLGW's EcoBuild program.

**MEMPHIS LIGHT, GAS, AND WATER DIVISION**  
**Affordable Homes Waiver of Connect Fees Incentive**

**DEFINITION**

Waiver of connection fees for new affordable homes in subdivisions. This policy should apply to residential single family or duplex lots that have an existing underground electric handhole or transformer, a gas 'T' located at the property line and a future use connection for water that were installed by an approved MLGW subdivision design.

**PURPOSE**

Promote non-profit and governmental agency efforts to produce affordable dwelling units.

**INCENTIVE**

Waiver of utility connection fees as defined in MLGW's current Schedule of Charges.

**REQUIREMENTS**

- ✓ The builder submits proof of the home's certification from a non-profit or government agency that the home is eligible for "affordable" incentives at the time the service request is made.
- ✓ The builder must enroll the home in MLGW's EcoBuild program.
- ✓ Home must be an individual single-family home or duplex.
- ✓ The maximum sale price shall be \$140,000.

**MEMPHIS LIGHT, GAS, AND WATER DIVISION  
Infill Residential Utility Service Assistance Incentive**

**DEFINITION**

To provide assistance with utility cost for single-family residences and duplexes on infill lots already having provisions for utilities adjacent to the property. An infill home will be defined as a residential single family home or duplex that will be built on a lot that has existing electric, gas and water utilities adjacent to the lot or in the street fronting the property, where the original service has been **removed/abandoned**. This policy does not apply to lots where electric primary or gas/water mains need to be extended.

**PURPOSE**

Promote building and rehabilitation on lots where MLGW has an existing investment in the infrastructure.

**INCENTIVE**

The builder will be granted:

- ✓ Two (2) times the estimated annual revenue (EAR) will be applied against the electric cost.
- ✓ Five (5) times the estimated annual gas gross margin allowance (GMA) will be applied against the cost of any gas main construction, gas street service and meter cost. Builder will pay 100% cost of gas yard service.
- ✓ No allowance will be granted for water service.

**REQUIREMENTS**

- ✓ No revenue has been generated at the premise for at least five (5) years.
- ✓ Provisions for utility services must be in place and adjacent to the lot or in street fronting the property (either side of the street). Provisions for utility service are defined as follows:
  - Electric** - The electric primary and/or secondary distribution facilities are adjacent to the property or in street fronting the property.
  - Gas** - A gas main exists in the street on which the property fronts.
  - Water** - A water main exists in the street on which the property fronts.
- ✓ Affordable home builders submits proof of the home's certification from a non-profit or governmental authority that the home is eligible for "affordable" incentives at the time the service request is made and enroll the home in MLGW's EcoBuild program. The maximum sales price of the affordable home shall be \$140,000.

**MEMPHIS LIGHT, GAS, AND WATER DIVISION**  
**Economic Development Core City Incentive**

**DEFINITION**

Additional investment allowance for customers locating in the downtown area and areas designated by the City of Memphis as targets for promoting neighborhood economic vitality.

**PURPOSE**

Promote Economic Development and re-use of MLGW's existing infrastructure in core city areas of Memphis.

**INCENTIVE**

Apply an additional 50% construction allowance over MLGW's standard policy.

**REQUIREMENTS**

The revenue extension must be to a location within the downtown area bounded by Chelsea Ave, Danny Thomas Blvd., Crump Blvd and the Mississippi River; or the location must be within the designated boundaries of the areas of focus by the City of Memphis.





**MEMPHIS LIGHT, GAS, AND WATER DIVISION  
Waiver of Participation Fee Incentive (Individual Homes)**

**DEFINITION**

Waiver of EcoBUILD participation fee for builders who independently hire sub-contractors or use MLGW's services to perform heat loss/heat gain analysis, ductwork design, and conduct blower door/duct blaster testing.

**PURPOSE**

Encourage builders to construct homes at a higher energy efficiency standard by participating in EcoBUILD.

**INCENTIVE**

Waive entire EcoBUILD participation fee.

**REQUIREMENTS**

- ✓ Builder must retain qualified contractor to perform analysis in accordance with the Air Conditioning Contractors of America (ACCA) Manual J and Manual D calculations or comparable analysis and share results with MLGW.
- ✓ MLGW must deem that the builder's sub-contractor meets qualifications to perform analysis and testing.
- ✓ Builder and/or sub-contractor must allow MLGW's presence on the property during testing to ensure effectiveness.
- ✓ Homes must meet EcoBUILD standards as outlined on the *EcoBUILD Single-Family Residential Application and Rating Sheet*.
- ✓ Sub-contractor or builder must notify MLGW when testing is scheduled in order to provide results of Manual J and Manual D analysis.
- ✓ If the home fails to pass either EcoBUILD inspection after the third attempt, the builder will be charged a penalty fee of \$150 for each subsequent inspection.



**MEMPHIS LIGHT, GAS, AND WATER DIVISION  
Waiver of Participation Fee Incentive (Multi-Family Homes)**

**DEFINITION**

Waiver of EcoBUILD participation fee for builders who independently hire sub-contractors or use MLGW's services to perform heat loss/heat gain analysis, ductwork design, and conduct blower door/duct blaster testing for multi-family projects.

**PURPOSE**

Encourage builders to construct multi-family homes at a higher energy efficiency standard by participating in EcoBUILD.

**INCENTIVE**

Waive entire EcoBUILD participation fee.

**REQUIREMENTS**

- ✓ Builder must retain qualified contractor to perform analysis in accordance with the Air Conditioning Contractors of America (ACCA) Manual J and Manual D calculations or comparable analysis, to determine heating and cooling load for each unit's floorplan at each major solar orientation, and design efficient duct systems for each unit and share results with MLGW.
- ✓ MLGW must deem that the builder's sub-contractor meets qualifications to perform analysis and testing.
- ✓ Builder and/or sub-contractor must allow MLGW's presence on the property during testing to ensure effectiveness.
- ✓ Multi-family units and common facilities must meet EcoBUILD standards as outlined on the *EcoBUILD Multi-Family Residential Application and Rating Sheet*.
- ✓ Sub-contractor or builder must notify MLGW when testing is scheduled in order to provide results of analysis.
- ✓ If the home fails to pass either EcoBUILD inspection after the third attempt, the builder will be charged a penalty fee of \$150 for each subsequent inspection.