



2017

Incentive Policies for Housing and Economic Development

Notice of Revision

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 reflects the contributions that are available from MLGW to help developers and builders with their utility installation costs.

To facilitate new development within the MLGW service territory, MLGW will entertain proposals from developers and builders outside of the approved policy. Exceptions can be made to the provisions of the Electric, Gas and Water Service Policy with the recommendation of the Manager of Customer Relations and approval by the President/CEO, Vice Presidents of Operations & Engineering, Construction & Maintenance and Customer Care. All recommendations approved and implemented shall be reported to the Board of Commissioners on a quarterly basis.

Residential Revenue per Lot / Construction Allowances

Subdivision Developments

Electric: \$350/lot

NOTE: Overhead primary or underground primary located at the front property line

Gas: \$200/lot

Condominium Developments

Electric (overhead primary or underground primary): \$275/unit

Gas (applied to the gas main cost only): \$100/unit

Apartment Developments

Electric (overhead primary underground primary): \$175/unit

Gas (applied to the gas main cost only): \$100/unit

NOTE: Electric apartment developments that can demonstrate a construction design that will meet or exceed the energy savings of MLGW's Energy Advantage Apartments standards (see p. 9) 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

NOTE: All of the electric per lot and per unit allowances are based on providing electric and natural gas services with gas heat, or if electric only, heat pumps. No allowances shall be given for any project using electric resistance as the primary space heating source.

Affordable Housing Additional Lot Allowance Incentive

Incentive Details:

An additional lot allowance for developers building new subdivisions intended for affordable housing.

Qualified developers may apply an additional 50% lot allowance above the standard MLGW policy.

Requirements:

Developer must submit documentation proving the development is recognized as a low-income development by the appropriate non-profit or government agency.

At least 50% of the homes in the development must meet affordable housing criteria.

Homes must meet MLGW's EcoBUILD standards (see Appendix p. 11).

Price of homes cannot exceed \$140,000.

Affordable Apartment Rental Additional Unit Allowance Incentive

Incentive Details:

An additional unit allowance for developers building new apartments intended for affordable rental housing.

Qualified developers may apply an additional 50% unit allowance over the standard MLGW policy.

Requirements:

Developer must submit documentation proving the apartment development is recognized as a low-income development by the appropriate non-profit or government agency.

Apartments must meet MLGW's EcoBUILD standards (see Appendix p. 11).

Affordable Housing Refund of Connection Fees Incentive

Incentive Details:

Refund of connection fees for developers building new, affordable homes in subdivisions.

MLGW will refund utility connection fees (as defined in the current MLGW Schedule of Charges) for qualified developers.

Requirements:

Developer must submit certification from a non-profit or government agency proving the homes are eligible for affordable incentives at the time the service request is made.

Homes must meet MLGW's EcoBUILD standards (see Appendix p. 11).

Homes must be residential, single-family homes or duplex lots that have an existing underground electric hand hole or transformer, a gas T located at the property line and a future-use connection for water that was installed per an approved MLGW subdivision design.

Price of homes cannot exceed \$140,000.

Infill Residential Utility Service Assistance Incentive

Incentive Details:

Assistance with utility costs for developers building on infill lots. Infill lots are defined as residential, single-family homes or duplexes that already have existing provisions for electric, gas and water utilities located adjacent to the property or in the street where the original services have been removed or abandoned.

Qualified developers will be granted:

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

NOTE: This incentive policy does not apply to lots where primary electric or gas/water mains need to be extended.

Requirements:

No revenue has been generated at the premises for at least five (5) years.

The provisions for utility services must be in place and located adjacent to the lot or in the street fronting the property (on either side of the street). Provisions for utility service are defined as follows:

- **Electric** – The electric primary and/or secondary distribution facilities are located adjacent to the property or in the 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.

Developers must submit certification from a non-profit or government agency proving the homes are eligible for affordable incentives at the time the service request is made.

Homes must meet MLGW's EcoBUILD standards (see Appendix p. 11).

Price of homes cannot exceed \$140,000.

Core City Economic Development Incentive

Incentive Details:

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

Qualified developers may apply an additional 50% construction allowance above the standard MLGW policy.

Requirements:

The revenue extension will only be granted within the following locations:

The area within the boundaries as shown on the Extended Downtown Memphis Area map (see Appendix p.13)

Areas of focus within designated boundaries by the City of Memphis



Certification (Individual Homes)

Incentive Details:

MLGW does not charge an EcoBUILD participation fee for builders who construct homes at a higher energy-efficiency standard and hire sub-contractors or use MLGW services to perform the required testing (heat loss/heat gain analysis, ductwork design and blower door/duct blaster testing).

MLGW will provide EcoBUILD certification for qualified builders. MLGW will also refund utility connection fees for qualified builders.

Requirements:

Homes must be built to meet EcoBUILD standards (see Appendix p. 11) as outlined in the *EcoBUILD Single Family Residential Application and Rating Sheet*.

Builder must retain a qualified sub-contractor to perform analysis in accordance with the Air Conditioning Contractors of America (ACCA) Manual J and Manual D calculations or comparable analysis.

MLGW must deem the builder's sub-contractor meets all qualifications to perform the analysis and testing.

Builder or sub-contractor must notify MLGW when testing is scheduled

Builder or sub-contractor must allow MLGW on the property during testing to provide results of the Manual J and Manual D analysis to ensure accuracy and effectiveness.



Certification (Multi-Family Homes)

Incentive Details:

MLGW does not charge an EcoBUILD participation fee for builders who construct multi-family homes at a higher energy-efficiency standard and hire sub-contractors or use MLGW services to perform the required testing (heat loss/heat gain analysis, ductwork design and blower door/duct blaster testing).

MLGW will provide EcoBUILD certification for qualified builders.

Requirements:

Multi-family units and common facilities must be built to meet EcoBUILD standards (see Appendix p. 11) as outlined in the *EcoBUILD Multi-Family Residential Application and Rating Sheet*.

Builder must retain a qualified sub-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 floor plan at each major solar orientation and design efficient duct systems for each unit and share results with MLGW.

MLGW must deem the builder's sub-contractor meets all qualifications to perform the analysis and testing.

Builder or sub-contractor must notify MLGW when testing is scheduled

Builder or sub-contractor must allow MLGW on the property during testing to provide results of the Manual J and Manual D analysis to ensure accuracy and effectiveness.

Energy Advantage Apartments

The Energy Advantage Apartments (EAA) Certification program ensures that newly constructed apartments in Shelby County are as energy efficient as dwellings built to MLGW's EcoBuild standards for homes. MLGW works with apartment developers to simulate energy usage given specifications on heating and cooling equipment, windows, building envelope, and other equipment in the units. If the simulation shows efficiency equal to or greater than current EcoBuild standards, the complex can qualify. To attain certification, MLGW technicians will monitor the construction and inspect the units to make sure the specified equipment was all properly installed.

EAA Incentives

EAA Certification qualifies all electric apartment projects to receive the same MLGW construction incentives as apartments that utilize gas for heat. This incentive would be applied to MLGW construction costs, and would come in the form of a refund or charges already paid after EAA certification.

Appendix



What is EcoBUILD?

EcoBUILD is a voluntary "green building" program created by MLGW to stimulate energy and environmental awareness through the promotion and use of energy-efficient and environmentally-friendly technology, materials and techniques in new-home construction. Many advances have occurred in the home-building industry that can help minimize energy waste in new homes and save money on MLGW bills.

How does EcoBUILD work?

MLGW developed a voluntary set of EcoBUILD construction standards that exceed the 2003 International Energy Conservation Code (IECC) and common building practices. By following these guidelines, builders can construct single-family and multi-family homes that use 30% less energy while providing greater occupant comfort and other environmental benefits.

As of January 1, 2009, the State of Tennessee has adopted the 2003 IECC replacing the previous code adopted in 1992. Also, a number of improvements have taken place in the manufacture and availability of building materials to increase energy efficiency. Most builders typically invest in upgrades such as flooring, countertops and cabinets rather than focusing on energy-saving opportunities to reduce monthly utility bills. EcoBUILD offers the solution. A home built to EcoBUILD standards is designed to be 30% more energy efficient than typical residential construction in Shelby County. Participating builders follow EcoBUILD guidelines to meet key energy and environmental goals. Homes built to current EcoBUILD standards feature:

- Air conditioners rated at 14 SEER, not the minimum 13 SEER.
- Hard sheet metal ductwork that has been sealed with mastic compound or mastic-rated tape and performance tested by MLGW.
- Duct leakage cannot exceed 10%. (Builders are allowed to use minimal amounts of flexible ductwork, with individual runs not longer than 10 feet.)
- Low-e windows with superior energy ratings to minimize heat gain and reduce UV damage to floor coverings and furnishings.
- Wall cavity insulation of R-15 to reduce air movement (or R-13 walls with R-4 slab insulation).
- All wire and piping penetrations sealed with caulk or foam to block air flow.
- Radiant barrier to reduce heat gain through the roof, lowering attic temperatures.
- Recycled materials - such as roof decking, trim board or cellulose insulation to keep construction materials out of the landfills.
- Interior finishes - such as paints and stains with low volatile organic compounds (VOC), those "new smell" gases that can cause respiratory problems.
- Native or adapted plants to reduce landscape watering.

EcoBUILD homes are inspected twice by MLGW to ensure compliance with guidelines. An on-site inspection is performed before the drywall is installed to verify that air sealing, insulation, mechanical systems and other behind-the-wall measures are in place. A second inspection is performed at building completion. During this inspection, all EcoBUILD components are verified and the heating, ventilation and air conditioning (HVAC) system is tested for air tightness.

For more information, visit mlgw.com/about/ecobuildaboutsection or call 901-528-4887.

**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 will only be granted within the following locations:

The Downtown Memphis Area (see Appendix p.13)

Areas of focus within designated boundaries by the City of Memphis

DOWNTOWN MEMPHIS AREA

