



2022

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.

With the exception of the President/CEO, or his designee, no officer, employee or agent of MLGW has authority to waive the provisions of the Incentive Policy for Housing and Economic Development unless specifically authorized to do so by the Board of Commissioners of Memphis Light, Gas and Water.

Residential Revenue per Lot/Construction Allowances

Subdivision Developments

Electric: allowance/lot (see Schedule of Charges)

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

Gas: allowance/lot (see Schedule of Charges)

Condominium Developments

Electric (overhead primary or underground primary): allowance/unit (see Schedule of Charges)

Gas (does not apply to the gas yard service cost – see Electric, Gas and Water Service Policy): allowance/unit (see Schedule of Charges)

Apartment Developments

Electric and Gas Design

Electric: allowance/unit (see Schedule of Charges)

Gas (does not apply to the gas yard service cost – see Electric, Gas and Water Service Policy): allowance/unit (see Schedule of Charges)

Electric Only Design

Electric apartment developments that can demonstrate a construction design that will meet or exceed the energy savings of MLGW's EcoBUILD standards (see Appendix) will qualify for a gas credit (see Schedule of Charges)

Utility Extensions Required to Serve Houses Not in a Subdivision

Electric: based on consumption

Gas (does not apply to the gas yard service cost – see Electric, Gas and Water Service Policy): 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 Refund Incentive for Apartments and Subdivisions

Incentive Details:

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

Qualified developers may receive a refund of a portion of the utility installation costs in an amount equal to 50% of MLGW's standard lot allowance. (See Schedule of Charges).

The developer will receive any applicable refunds after the following requirements have been met.

Requirements:

- Documentation from the appropriate non-profit or government agency partner proving the development is a low-income development.
- At least 50% of the units or homes in the development must meet affordable housing criteria (see Appendix).
- Apartments or homes must meet MLGW's EcoBUILD standards (see Appendix).
- Price of homes cannot exceed \$140,000.

Affordable Housing Refund of Connection Fees Incentive for Houses in a Subdivision

Incentive Details:

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

The builder will receive any applicable refunds after the following requirements have been met.

Requirements:

- Documentation from the appropriate non-profit or government agency partner proving homes are eligible for affordable incentives.
- Homes must meet MLGW's EcoBUILD standards (see Appendix).
- 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 builders 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 builders 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 partner 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).
- 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.

The purpose of this incentive is to promote Economic Development and re-use of MLGW's existing infrastructure in core city areas of Memphis.

Qualified developers/builders may be allotted additional 50% allowance above the standard MLGW policy.

Requirements:

The additional allowance will only be granted within the following locations:

- The area within the boundaries as shown on the Extended Downtown Memphis Area map (see Appendix)
- Areas of focus within designated boundaries by the City of Memphis

Appendix



What is EcoBUILD?

EcoBUILD is a voluntary "green building" program created by MLGW to stimulate awareness and market demand for more energy-efficient, environmentally sustainable single-family and multi-family home construction. Many builders invest in visible upgrades such as flooring, countertops and cabinets, rather than focusing on energy-saving opportunities to reduce monthly utility bills. EcoBUILD offers a solution. Our prescriptive standards include materials, techniques, inspections and performance testing to deliver a home that uses 30% less energy than homes built to current codes and local building practices – which helps reduce utility costs, improve occupant comfort and minimize environmental impact.

How does EcoBUILD work?

EcoBUILD standards are updated as energy codes change, currently reflecting a 30% improvement over the 2015 IECC adopted by the State of Tennessee on 1/1/2019. Participating builders submit an application package (including the EcoBUILD rating sheet, 2 sets of plans, site plan showing solar orientation and materials specifications) and then follow EcoBUILD guidelines to meet key energy and environmental goals. Each qualified home is then EcoBUILD-certified, enabling builders to show proof of their efforts to build sustainably.

Dwellings built to current EcoBUILD standards feature:

- Properly sized air conditioners rated at 14 SEER, not the minimum 13 SEER, to reduce cooling costs.
- Hard sheet metal ductwork that has been sealed with mastic compound or mastic-rated tape and performance tested by MLGW. (Builders are allowed to use minimal amounts of flexible ductwork with individual runs not longer than 3 feet.
- Duct leakage of 5% or less.
- Low-e windows with superior energy ratings to minimize heat gain and reduce UV damage to floors and furnishings.
- Wall cavity insulation of R-15 (or R-13 walls with R-4 slab insulation) to reduce air movement.
- Caulk or foam sealing of all wire and piping penetrations 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 reduce the use of virgin materials and help, keep construction materials out of the landfills.
- Interior finishes - such as paints and stains with low levels of volatile organic compounds (VOC), those "new smell" gases that can cause respiratory problems.
- Native or adapted plants to reduce landscape watering.

EcoBUILD dwellings 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 901-528-4188.

DOWNTOWN MEMPHIS AREA

EXTENDED DOWNTOWN MEMPHIS

