



2025

Incentive Policies for Housing and Economic Development

Notice of Revision

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I. Purpose and Objectives

This Incentive Policy describes the contributions available from MLGW to help developers and builders with their utility installation costs.

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 facilitates development in its service territory to enhance and expand utility availability, housing quality, and economic growth.

MLGW may, under certain conditions, make a contribution toward the utility installation charges and costs incurred by developers and builders to further these objectives.

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 Policies for Housing and Economic Development or enter into alternative arrangements unless specifically authorized to do so by the Board of Commissioners of MLGW.

II. Definitions

“Allowance” means reduction in charge for installation of utilities to residential lots.

“Apartment” means a multi-family building or development containing three or more attached rental units.

“Condominium” means a multi-family building or development containing three or more attached individually owned units.

“Connection Fee” means amount listed in the Schedule of Charges for connecting homes to MLGW electric, gas or water services.

“Developer” means person, company or party legally responsible for assembling property, construction of buildings on property, and selling or leasing all or portions of the property.

“EcoBUILD” means the voluntary program created by MLGW to promote energy-efficiency and environmental sustainability in single-family and multi-family home construction.

“Estimated Annual Revenue” means estimated bill amount for twelve months of electric, gas or water service.

“Gross Margin Allowance” means Estimated Annual Revenue minus any power, gas or water costs incurred by MLGW.

“House” means single-family home or duplex.

“Infill” means a single lot within a subdivision intended for one single-family or duplex residential development where existing provisions for electric, gas and water utilities are located adjacent to the property or in the street, but original services have been abandoned or removed.

“Refund” means amount to be repaid to the developer once prescribed conditions are met.

“Schedule of Charges” means published list of approved fees, charges and allowances related to obtaining electric, gas and/or water service from MLGW.

“Service Area” means entirety of Shelby County for electricity, gas and water provision, with the exception of Bartlett, Collierville, Germantown and Millington which provide their own water services.

“Subdivision” means a parcel of land divided into multiple development lots.

III. General Provisions

Five incentive provisions are available for possible application depending on development scenarios.

The Residential Revenue Per Lot Construction Allowances are reductions in charges for installation of joint trench utilities to residential Subdivision, Condominium and Apartment development projects.

The Affordable Housing Refund Incentive for Apartments and Subdivisions provides an additional lot allowance for developers building new multifamily developments and residential Subdivisions intended for affordable housing.

The Affordable Housing Refund of Connection Fees Incentive for Houses in Subdivisions provides for a refund of connection fees for builders building new, affordable homes in Subdivisions.

The Infill Residential Utility Service Assistance Incentive provides financial assistance for single-family or duplex residential lot development where existing provisions for electric, gas and water utilities are located adjacent to the property or in the street, but original services have been abandoned or removed.

The Core City Economic Development Incentive provides additional investment allowance for developers building in the Extended Downtown Memphis area or other areas designated by the City of Memphis as targets for promoting neighborhood economic vitality.

With the exception of the standard Residential Revenue Per Lot Construction Allowances and Core City Economic Development Incentive, all incentive provisions require the project, development or structure to meet EcoBUILD standards.

A. Residential Revenue Per Lot Construction Allowances

a. Incentive Description

The Residential Revenue Per Lot Construction Allowances are reductions in charges for installation of utilities to residential Subdivision, Condominium and Apartment development projects.

Current allowances can be found in the most up-to-date Memphis, Light, Gas and Water Schedule of Charges.

b. Eligibility

Planned underground electric primary must be located at the front of the property line for Subdivisions.

Gas heating must be provided to all units. Electric heat pump designs are only acceptable in areas with no gas availability.

Gas allowances do not apply to gas yard service costs.

All of the electric per lot and per unit allowances are based on providing electric and natural gas services with gas heat, unless approved by EcoBUILD standards for an electric-only design. No allowances shall be given for any project using electric resistance as the primary space heating source.

Electric-only developments are ineligible with the exception of Apartment projects that can demonstrate a design that meets or exceeds the energy savings of MLGW's EcoBUILD standards.

c. Project Initiation

- i. Developer locates the Subdivision/Apartment Application at mlgw.com/builders/residentialengineering.
- ii. Developer submits completed Subdivision/Apartment Application to MLGWRESENG@mlgw.org with required supporting documents listed in the application.
- iii. Developer obtains utility design estimates from MLGW which shall include applicable allowances and incentives.
- iv. Developer contacts 901-528-4188 to schedule a meeting with MLGW Energy Services and receive an EcoBUILD application package, if an electric-only design.

d. Incentive Award, Evaluation & Compliance

The Standard Lot Allowance will be applied when utility design estimates are created and expressed in a quote letter, unless an electric-only development.

If electric-only development, on-site EcoBUILD inspection shall be scheduled by developer before drywall installation and again upon building completion. Electric-only projects will be deemed in-compliance when Energy Services provides EcoBUILD Certification. EcoBUILD certification will be forwarded to MLGW Economic & Business Development for final review and approval prior to request for refund of applicable allowances to developer to be made by MLGW General Accounting.

B. Affordable Housing Refund Incentive for Apartments and Subdivisions

a. Incentive Description

The Affordable Housing Refund Incentive for Apartments and Subdivisions provides an additional lot allowance for developers building new multifamily developments and residential subdivisions intended for affordable housing.

Qualified developers may receive an additional refund of a portion of the utility installation costs in an amount equal to 50% of the standard lot allowance defined in the Memphis, Light, Gas and Water Schedule of Charges.

Refund allowance shall be calculated as follows:

Standard Lot Allowance X 0.5 = Additional Incentive Refund

(see example in Appendix).

The Standard Lot Allowance will be applied when utility design estimates are created.

The Additional Incentive Refund will be granted when affordable housing and EcoBUILD certifications are forwarded to Builder Developer Liaison.

b. Eligibility

Developer shall present documentation from a non-profit or government agency certifying that at least 50% of the housing units in the development meet affordable housing criteria.

Development costs of apartments and sales price of single-family homes shall not exceed HUD (Housing and Urban Development) value limits updated annually as 95% of median purchase price for Shelby County based on FHA (Federal Housing Administration) single family mortgage program data for new construction.

All housing units in the development shall meet MLGW's EcoBUILD standards (see Appendix).

c. Project Initiation

- i. Developer locates the Subdivision/Apartment Application at mlgw.com/builders/residentialengineering.
- ii. Developer submits completed Subdivision/Apartment Application to MLGWRESENG@mlgw.org with required supporting documents listed in the application.
- iii. Developer obtains utility design estimates from MLGW which shall include applicable allowances and incentives.
- iv. Developer contacts 901-528-4188 to schedule a meeting with MLGW Energy Services and receive an EcoBUILD application package, if an electric-only design.

d. Incentive Award, Evaluation & Compliance

Developer shall receive applicable incentive refunds once the following requirements are met:

- i. Certification of affordable housing criteria, development costs and sales price submitted to the MLGW Builder Developer Liaison for final review and approval.
- ii. On-site EcoBUILD inspection shall be scheduled by developer before drywall installation and again upon building completion then certifications will be forwarded to MLGW Economic & Business Development for final review and approval.
- iii. MLGW Builder Services shall send a request for refund to developer with corroborating documentation to MLGW General Accounting.

C. Affordable Housing Refund of Connection Fees Incentive for Houses in Subdivisions

a. Incentive Description

The Affordable Housing Refund of Connection Fees Incentive for Houses in Subdivisions provides an opportunity for a refund of electricity, gas and/or water connection fees for builders constructing new, affordable homes in subdivisions.

Qualified developers may receive a refund of connection fees as defined in the Memphis, Light, Gas and Water Schedule of Charges.

b. Eligibility

Single-family or duplex residential lots with existing underground electric hand hole or transformer, a gas T located at property line, and a future-use connection for water installed per an approved MLGW subdivision design shall be eligible.

Developer shall present documentation from a non-profit or government agency certifying homes meet affordable housing criteria.

Sales price of homes shall not exceed HUD (Housing and Urban Development) value limits updated annually as 95% of median purchase price for Shelby County based on FHA (Federal Housing Administration) single family mortgage program data for new construction.

All housing units in the development shall meet MLGW's EcoBUILD standards (see Appendix).

c. Project Initiation

- i. Developer contacts MLGW Builder Services at 901-729-8630, option 1 or online at www.mlgw.com to submit a work order for electric, gas and/or water utilities.
- ii. Developer obtains utility design estimates from MLGW which shall include applicable standard allowances only.
- iii. Developer contacts 901-528-4188 to schedule a meeting with MLGW Energy Services and receive an EcoBUILD application package.

d. Incentive Award, Evaluation & Compliance

Developer shall receive applicable refunds once the following requirements are met:

- i. Certification of affordable housing criteria, development costs and sales price submitted to the MLGW Builder Developer Liaison for final review and approval.
- ii. On-site EcoBUILD inspection shall be scheduled by developer before drywall installation and again upon building completion then certifications will be forwarded to MLGW Economic & Business Development for final review and approval.
- iii. MLGW Builder Services shall send a request for refund to developer with corroborating documentation to MLGW General Accounting.

D. Infill Residential Utility Service Assistance Incentive

a. Incentive Description

The Infill Residential Utility Service Assistance Incentive provides financial assistance in the form of a refund for single-family or duplex residential lot development where existing provisions for electric, gas and water utilities are located adjacent to the property or in the street, but original services have been abandoned or removed.

Qualified developers may be granted two (2) times the estimated annual Gross Margin Allowance (GMA) applied against the electric cost and/or five (5) times the estimated annual 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, nor does this incentive apply to lots where primary electric, gas mains or water mains need to be extended.

b. Eligibility

Single-family or duplex residential lots with provisions for utility services in place and located adjacent to the lot or in the street fronting the property on either side of the street as defined below:

- i. The electric primary and/or secondary distribution facilities are located adjacent to the property or in the street fronting the property.
- ii. A gas main exists in the street on which the property fronts.
- iii. A water main exists in the street on which the property fronts.

No utility revenue has been generated at the premises for five years or more prior to construction.

Sales price of homes shall not exceed HUD (Housing and Urban Development) value limits updated annually as 95% of median purchase price for Shelby County based on FHA (Federal Housing Administration) single family mortgage program data for new construction.

Developer shall present documentation from a non-profit or government agency certifying homes meet affordable housing criteria.

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

c. Project Initiation

- i. Developer contacts MLGW Builder Services at 901-729-8630, option 1 or online at www.mlgw.com to submit a work order for electric, gas and/or water utilities.
- ii. Developer obtains utility design estimates from MLGW which shall include applicable standard allowances only.
- iii. Developer contacts 901-528-4188 to schedule a meeting with MLGW Energy Services and receive an EcoBUILD application package.

d. Incentive Award Refund, Evaluation & Compliance

Developer shall receive applicable Gross Margin Allowance Agreement once the following requirements are met:

- i. Certification of affordable housing criteria, development costs and sales price submitted to the MLGW Builder Developer Liaison for final review and approval.
- ii. On-site EcoBUILD inspection shall be scheduled by developer before drywall installation and again upon building completion then certifications will be forwarded to MLGW Economic & Business Development for final review and approval.
- iii. MLGW Builder Services shall send a request for refund to developer with corroborating documentation to MLGW General Accounting.

E. Core City Economic Development Incentive

a. Incentive Description

The Core City Economic Development Incentive provides additional investment allowance for developers building in the Downtown Memphis area or other areas designated by the City of Memphis as targets for promoting neighborhood economic

vitality and the re-use of MLGW's existing infrastructure in core city areas.

Qualified developers may receive an additional allowance of a portion of the utility installation costs in an amount equal to 50% of the standard allowance as defined in the MLGW Schedule of Charges and/or the MLGW Service Policy.

Additional allowance shall be calculated as follows:

Allowance X 0.5 = Additional Incentive Allowance

(see example in Appendix).

- b. Eligibility
The project must be located within the boundaries of the Extended Downtown Memphis Area map (see Appendix) or within an area of focus within the City of Memphis as defined by the Memphis and Shelby County Division of Planning and Development.
- c. Project Initiation
 - i. Developer contacts MLGW Builder Services at 901-729-8630, option 1 or online at www.mlgw.com to submit a work order for electric, gas and/or water utilities.
 - ii. Developer locates the Subdivision/Apartment Application at mlgw.com/builders/residentialengineering.
 - iii. Developer submits completed Subdivision/Apartment Application to MLGWRESENG@mlgw.org with required supporting documents listed in the application.
 - iv. Developer obtains utility design estimates from MLGW which shall include applicable allowances and incentives.
- d. Incentive Award, Evaluation & Compliance
MLGW Engineering Areas shall apply the appropriate incentive allowance.

Appendix

Incentive Calculation Summary

To be updated by MLGW Staff periodically as Schedule of Charges change.
Developers should consult most current Schedule of Charges to confirm amounts.

Residential Revenue Per Lot Construction Allowances					
Standard Allowance or Charge Reduction Per Lot					
Subdivision Electric	\$350.00				
Subdivision Gas	\$200.00				
Condominium Electric	\$275.00				
Condominium Gas	\$100.00				
Apartment Electric	\$175.00				
Apartment Gas	\$100.00				
Affordable Housing Refund Incentive for Apartments and Subdivisions					
Standard Allowance or Charge Reduction Per Lot		Incentive Allowance or Additional Reduction Per Lot		Total Incentive Allowance or Charge Reduction Per Lot	
Subdivision Electric	\$350.00	Subdivision Electric	\$175.00	Subdivision Electric	\$525.00
Subdivision Gas	\$200.00	Subdivision Gas	\$100.00	Subdivision Gas	\$300.00
Condominium Electric	\$275.00	Condominium Electric	\$137.50	Condominium Electric	\$412.50
Condominium Gas	\$100.00	Condominium Gas	\$50.00	Condominium Gas	\$150.00
Apartment Electric	\$175.00	Apartment Electric	\$87.50	Apartment Electric	\$262.50
Apartment Gas	\$100.00	Apartment Gas	\$50.00	Apartment Gas	\$150.00
Affordable Housing Refund of Connection Fees Incentive for Houses in Subdivisions					
Electric, Gas and Water Connection Fees Eligible for Refund					
Underground Electric Connection Fees for Subdivisions					
<i>4/0 Triplex Service</i>					
Fee charged for the electric service connection of residential homes in a subdivision. The Fee includes an S-1 Pedestal.				\$465.00	
Fee charged for the electric service connection of residential homes in a subdivision. The Fee includes an S-2 Pedestal.				\$602.00	
Normal connection fees are estimated assuming a service distance of no more than 60'. This Fee (per foot) is charged for any service over 60' in length.				\$7.69	
<i>350 MCM Triplex Service</i>					
Fee charged for the electric service connection of residential homes in a subdivision. The Fee includes an S-2 Pedestal.				\$891.00	
Underground Electric Connection Fees Per Service for Apartments and Mobile Homes					
Fee charged for the electric service connection of residences in an apartment complex or a mobile home. This Fee is for a 350 MCM Triplex Service.				\$373.00	
Gas Connection Fees for Subdivisions					
<i>This fee includes connecting at the existing gas tee, up to 60 feet of 5/8" service, and a 250, 400 or 630 meter, including all fittings, an excess flow valve, and regulator.</i>					
250 Meter				\$724.00	
400 Meter				\$891.00	
630 (675) Meter				\$1,465.00	
<i>This fee includes connecting at the existing gas tee, up to 60 feet of 1" service, and a 250, 400 or 630 meter, including all fittings, an excess flow valve, and regulator.</i>					
250 Meter				\$826.00	
400 Meter				\$992.00	
630 (675) Meter				\$1,565.00	
Water Connection Fees for Subdivisions					
3/4" Meter				\$587.00	
1" Meter				\$677.00	
Infill Residential Utility Service Assistance Incentive					
Two x Gross Margin Allowance for electric costs as estimated by MLGW Builder Services					
Five x Gross Margin Allowance for gas costs as estimated by MLGW Builder Services					
Core City Economic Development Incentive					
0.5 x Gross Margin Allowance as estimated based on project parameters = Additional Incentive					



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 16 SEER, not the minimum 14 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-19 or R-20 (or R-13 plus R-5ci 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.

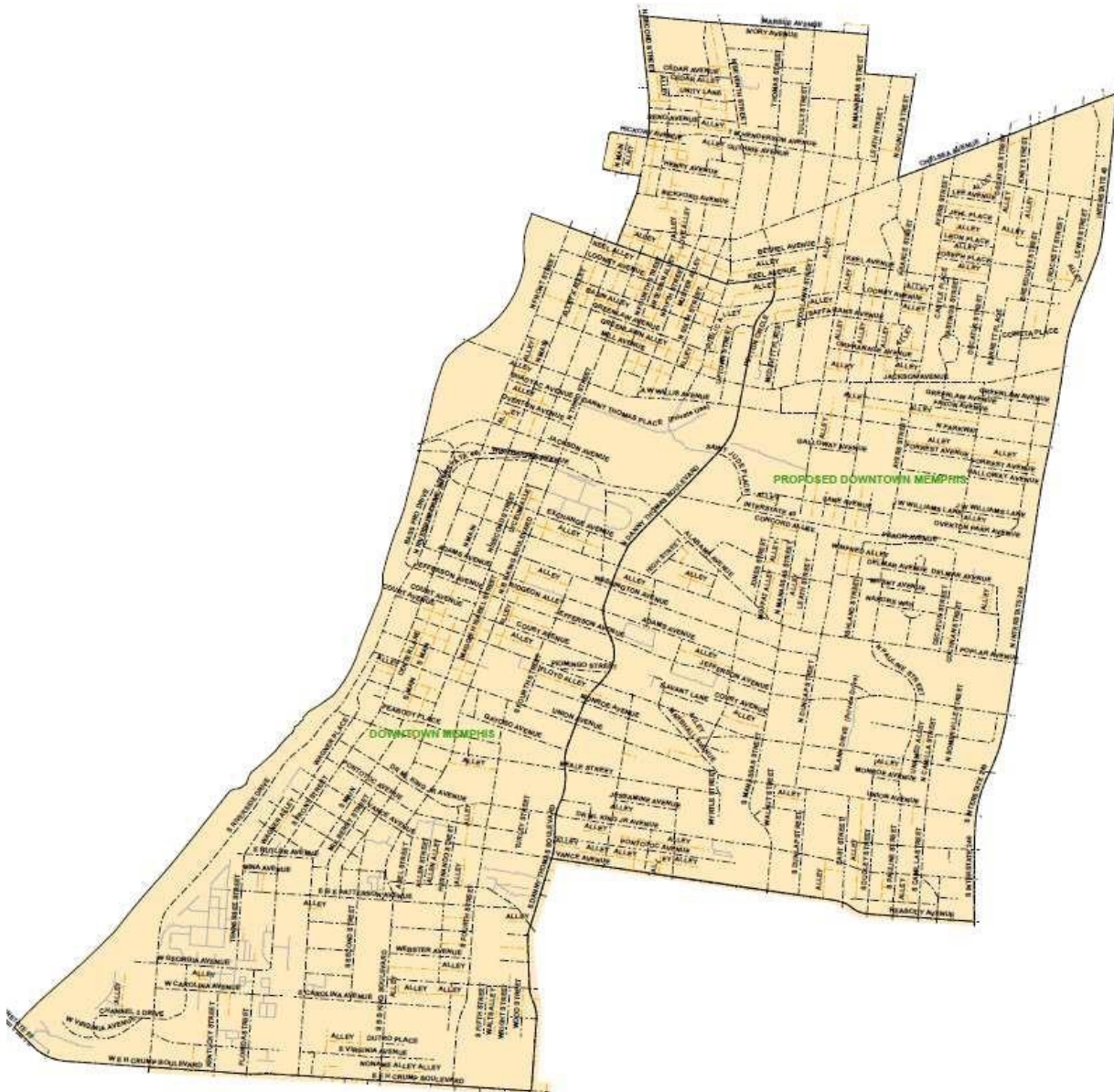
For more information, visit mlgw.com/about/ecobuildaboutsection or call 901-528-4188.

Home Cost Limit to Qualify as Affordable

To be updated by MLGW Staff periodically as HUD and FHA update data and adjust limits.

Based on 2024 HUD (Housing and Urban Development) value limits updated annually as 95% of median purchase price for Shelby County based on FHA (Federal Housing Administration) single family mortgage program data for new construction, affordable homes cannot exceed a cost of \$259,000.

Extended Downtown Memphis Area



City of Memphis Focus Area Map

To be inserted and then updated by MLGW Staff periodically as directed by the Memphis and Shelby County Division of Planning and Development.