


Effective Date: 6/1/16
Approval: 

**CITY OF LEWISVILLE
POLICY STATEMENTS**

TOPIC: 1.0 – ADMINISTRATION
REFERENCE: SECTION V – ECONOMIC INCENTIVE

I. ECONOMIC INCENTIVES

A. Purpose

The City of Lewisville is committed to promoting economic growth, redevelopment and community improvement through the use of local planning tools, such as economic incentives. In order to create a guiding framework for decisions regarding the use of public resources to stimulate economic activity, the City of Lewisville has established this policy to ensure consistency with the City’s strategic priorities and objectives and to provide a return on investment to the community.

B. Obligation

While this policy will be proactively used in the process of granting incentives, nothing in this document implies that the City of Lewisville is under any obligation to provide an incentive. Further, while these guiding criteria provide a framework for evaluation, every prospect will be considered on a case by case basis by the City Council. All incentives are subject to availability of funding.

C. Applicability

Any Project requesting incentives in Lewisville will be given consideration under the provisions of this policy. As a rule, Projects are evaluated with regard to their economic efficiency; and return on investment to the City of Lewisville. This may mean addition of quality jobs, ad valorem tax value, sales tax or any other significant public benefit.

D. Public Accountability & Performance Measures

Every incentive agreement that the City of Lewisville enters into is considered an investment for the public benefit. Each incentive application is considered with regard to its merit to the community at large, and its potential to create a multiplying economic effect. Performance measures will be established based on the Project profiles provided. Should an applicant be unsure of projected performance

indicators, utilizing conservative estimates with contingency options are encouraged to prevent default.

1. Compliance/Quality
 - a. Each year, compliance reporting must be completed by incentive recipients prior to receipt of incentives. Projects that are not in compliance with performance measures are subject to recapture of a portion or all of the incentive value.
 - b. Should an incentive recipient fail to meet compliance measures and to perform under the prescribed cures, incentives are subject to repayment to the City of Lewisville.
 - c. Generally, any Project receiving an incentive under the provisions of this policy shall exceed the minimum requirements of development quality prescribed in the Lewisville Code of Ordinances as determined by a staff evaluation of proposed facility designs. Such designs will be included as compliance measures in an incentive agreement.

E. Definitions

1. Agreement – A contract between an Incentive recipient and the City clarifying the terms, performance measures and obligations of parties.
2. Assessed Value – The appraised value of a property after any exemptions have been applied.
3. Base Year Value – The Assessed Value of all property subject to a Tax Rebate in the year preceding execution of an Agreement.
4. Business Personal Property – Shall mean property associated with a Project other than Real Property and excluding inventory.
5. Compliance Measures – Economic performance indicators for a Project established by Agreement and reported to the City annually or as otherwise prescribed by Agreement.
6. Default – An event in which a party to an Agreement has failed to meet Compliance Measures and to perform under prescribed cures.
7. Expansion – An investment in fixed assets that will result in an increase in occupied building area, increased employment or higher Assessed Value of Real Property by a firm already located in the City.

8. Facility – Combined Real and Business Personal Property Improvements that house an economically purposeful activity.
9. Improvement – A building, structure or fixture erected on or affixed to land.
10. Incentive – Is any inducement for economic activity given by a governmental entity (in this case the City of Lewisville) such as a Rebate, Freeport Exemption, tax increment financing, bond financing, participation in infrastructure costs, waiver of fees or development requirements only as allowed by law, or any other incentives not prohibited by state or federal law.
11. Job – A permanent, full-time employment position that has provided or will result in employment of at least 1,820 hours per position in a year; Part-time positions may be aggregated to create a full-time position for consideration in this policy.
12. Modernization – The replacement and upgrading of existing facilities which increases the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery, or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing, or completion of deferred maintenance.
13. Project – The combination of proposed investment, improvements and economic activity that is submitted in an application for an economic incentive.
14. Real Property – Shall mean land or an improvement affixed thereto.
15. Reinvestment Zone – A geographic area designated as blighted and in need of revitalization for the purpose of granting incentives as authorized by law.
16. Tax Rebate – The full or partial reduction of municipally imposed tax liability.

F. Application Process

1. Application Required:
 - a. In order to ensure accountability, fairness and compliance with all applicable regulations, every incentive request must proceed through a uniform application process.
 - b. Process Steps Include:

- (1) Pre-Application Conference with Economic Development Staff
- (2) Submission of Application
- (3) Application Review and Analysis by Economic Development Staff
- (4) Preparation of Executive Session Presentation to City Council
- (5) City Council Recommendation & Offer
- (6) Pre-Design Conference with Economic Development & Planning Staff
- (7) Staff Review of Design
- (8) Incentive Agreement Drafting & Revision
- (9) Applicant Submission of Signed Agreements
- (10) Public Hearing and/or City Council Approval*

*All prospects remain confidential as allowed under state law until this point, unless otherwise arranged between the City and the applicant

G. Tax Abatement/Rebate

1. Incentive Description

- a. Tax Abatements or Rebates are utilized to reduce the municipal property tax liability for economically valuable Projects. The City of Lewisville will consider use of a Tax Abatement or Rebate for both firm based and development based incentives on a case by case basis according to the merits of each Project. Tax Abatements shall be available for both new facilities and structures and for the expansion or modernization of existing facilities and structures.
- b. If utilized, Tax Abatements or Rebates are subject to a maximum term of 10 years, cannot be applied to existing value, and the value of land. Projects requesting a Tax Abatement or Rebate are evaluated based on the increase in Assessed Value over the Base Year Value.

2. Minimum Qualifications for Consideration

A Project requesting a Tax Abatement or Rebate must meet at least one of the following minimum qualifications in order to be considered:

- a. Jobs – 200
- b. Average Salary – \$45,000
- c. Payroll – \$4,000,000
- d. Real Property – \$5,000,000
- e. Personal Property – \$200,000
- f. Redevelopment Site – Designated Site

3. Redevelopment Site Priority

Projects selecting a location that is a City designated redevelopment site, may receive additional priority consideration in the tax liability reduction process, which may include, but is not limited to, the addition of weighted points in the evaluation matrix for the Project.

4. Exporting Entity Priority

Projects involving a company with more than 50% of its products or services being sold to international markets shall receive additional priority consideration in the tax liability reduction process, which may include, but is not limited to, the addition of weighted points in the evaluation matrix for the Project.

5. Firm Based Incentive Evaluation Method:

Project Indicator	Base	Additional Point Increment	Point Increase Per Increment
Jobs	200	100	1
Facility Square Footage	0	50,000	1
Average Salary	\$45,000.00	\$5,000.00	1
Payroll	\$4,000,000.00	\$500,000.00	1
Real Property	\$5,000,000.00	\$500,000.00	1
Personal Property	\$1,000,000.00	\$1,000,000.00	1
Sales Tax	\$0.00	\$1,000	1
Annual Visitors	0	25	1

International Exporter (Y/N)	Under 50% of products sold	Over 50% of products sold	15
Redevelopment Site	N	Y	15

The total points for each Project will be multiplied by .03 in order to calculate the level of incentive that could be apportioned over a 10 year timeframe. This amount can be adjusted to provide more benefit at the early stages of a Project by shortening the term and increasing the percentage of the Tax Abatement/Rebate.

6. Development Based Incentives

a. Speculative Projects

Projects that are built on a speculative basis, but will suit future use by tenants typically exhibiting high indicators in any of the Firm Based Incentive Evaluation Method categories, may apply for a speculative incentive. The maximum amount of a speculative incentive is 75% of real and personal property for a period of 5 years. Renegotiation of such incentive shall only be considered if a single tenant purchases or leases for occupancy more than 90% of the facility or will maintain a personal property or inventory value of \$15 million. In such instance, a renegotiated incentive agreement will be made with the occupant of the building. In any instance, the extension of benefits or negotiation of incentive involving an occupant or tenant shall be subject to approval by the City.

b. Public-Private Master Planned Developments & Focus Area Projects

Projects that are initiated in conjunction with any City of Lewisville Master Plans or excel in any of the City's Focus Areas outlined in the General Provisions section may be considered for a Tax Abatement/Rebate on a case by case basis.

H. Grants & Rebates

1. Incentive Descriptions

- a. Under state law, the City of Lewisville is authorized to provide grants or loans of funds to stimulate investment. The potential for cash driven incentives is limited. Incentives of this type are considered for focus area Projects, often on a reimbursement basis. This encompasses requests regarding construction costs, infrastructure, inventory tax, sales tax and fees.

b. Focus Areas

In order to be considered for a grant, a Project must fall in one of the following focus areas:

- (1) Mixed-Use/Transit-Oriented Projects
- (2) Sustainable Development/Green Building Projects
- (3) Shopping Center Redevelopment
- (4) Destination Retail/Entertainment Venues
- (5) Brownfield Redevelopment

I. Retail Redevelopment Grant

1. The Retail Redevelopment Matching Grant program is a performance based incentive intended to stimulate conversion and redevelopment of outmoded commercial properties in the City of Lewisville. This grant is a reimbursement payment made after completion of improvements to a Project site.

a. Eligibility

- (1) At least 15 years of age at the time of application
- (2) Minimum Project site of 3 acres unless otherwise approved by the City
- (3) Property must rezone to MU-SC or MU-30

b. Eligible Improvement

A proposed Retail Redevelopment Matching Grant Project must:

- (1) Exceed all applicable development standards
- (2) Adhere to the suggested design practices recommended by the OED for retail and mixed-use development
- (3) Incorporate all of the following improvements:
 - Façade Renovations
 - Landscaping Improvements
 - Signage Renovations

- (4) In addition to any one of the following:
 - Incorporation of mixed use components
 - Incorporation of common areas/pedestrian plazas
 - Public art installations
- (5) Improvements made prior to approval of an incentive agreement are not eligible for reimbursement under this program.

c. Zone Funding

(1) Properties meeting the above listed criteria, with a proposed Retail Redevelopment Matching Grant Project will be considered on a tiered priority basis.

(2) Priority 1 Zones:

(a) Projects proposed along the commercial corridors listed below will be given priority consideration for funding.

(i) Main Street Corridor: FM 1171 from Interstate 35E to Garden Ridge Boulevard

(ii) Central Interstate 35E Corridor: Interstate 35E from Main Street to Bellaire Boulevard

(iii) Business 121 Corridor: Business 121 from Valley Ridge Boulevard to Corporate Drive

(b) Funding for Priority 1 Zones

(i) 50% matching grant

(ii) \$100,000 per acre limitation

(iii) Not to exceed \$500,000 total

d. Funding for All Other Retail Zones

(1) Projects proposed along other commercial corridors may qualify for a Retail Redevelopment Matching Grant subject to the following limitations:

(a) 25% matching grant

- (b) \$50,000 per acre limitation
 - (c) Not to exceed \$250,000 total
- e. Special Consideration for Major Investment Projects

Special consideration may be given to Projects within any zone with a proposed investment of over \$2,500,000.
- f. Special Application Procedures Apply
 - (1) A pre-submission conference must be held for each applicant to review proposed improvements, discuss design guidelines, and review the incentive and development procedures applicable to the Project.
 - (2) Each application package must contain the following:
 - (a) Project narrative demonstrating:
 - (i) How the Project will improve the tenancy of the development
 - (ii) How the Project will serve the needs of the surrounding community
 - (b) Conceptual site plan
 - (c) Renderings and proposed elevations
 - (d) Proposed budget for major improvements (including funding sources)
 - (e) Project timetable
 - (3) Staff will review each application and return comments and recommendations for any needed changes to the applicant prior to a final submission for consideration by the City Council.
 - (4) At the time that a complete application is submitted, staff will schedule a consultation with the City Council in Executive Session regarding the development proposal.
 - (5) Upon expression of a desire to pursue the Project from the City Council, staff will draft an incentive agreement outlining

performance measures and an incentive amount for the Project.

- (6) Upon receiving a signed agreement from the owner, staff will submit the agreement for approval by the City Council.
- (7) At such time that the City Council approves the agreement, the applicant is authorized to begin work on the Project.

J. Broker Redevelopment Commission

1. The Broker Redevelopment Commission incentive is a grant available to any buyer's agent that causes the sale of a City designated blighted or underutilized property for redevelopment or land banking/consolidation purposes. A percentage of the broker's commission will be matched by the City, with certain guarantees that the redevelopment/consolidation of the blighted property will occur.
2. Projects that meet the following criteria are eligible for funding:
 - a. Site must be in a City designated redevelopment area
 - b. Concept development plan, with near term (24 month) feasibility
 - c. Sale must take place after the approval of an incentive agreement with the City
3. In addition to the above listed conditions, if the current land use or zoning of the site conflicts with the concept development plan, the property may be required to enter into an agreement to re-zone and amortize said use.
4. All Projects are subject to the following limitations for funding purposes
 - a. Limited to one grant per Project site as determined by the City
 - b. Maximum of 50% of commission amount or \$50,000, whichever is least
 - c. Preference will be given to sites with larger acreage and/or a high level of potential for initiating a stimulus effect on surrounding properties

K. Brownfields Redevelopment

1. Priority is given to eligible properties creating the greatest potential for community benefits and cleanup and redevelopment of abandoned or idled

sites. In addition to standard incentives, the City may assist Brownfields projects with tools that include but are not limited to the following:

- a. Tax credit based on voluntary cleanup costs
 - b. Bonus tax credit for job creation
 - c. Financial assistance for purchase of liens, tax certificates or other claims
 - d. Sales tax credit for purchase of building materials
 - e. Liability protection for lenders and redevelopers
 - f. City funded Phase I and Phase II Environmental Site Assessments
2. Properties must meet the following criteria in order to be considered a Brownfield Site:
- a. Property must be identified as underutilized by the City of Lewisville;
 - b. Redevelopment of property must have near-term economic viability;
 - c. Property must have real or perceived environmental contamination challenges or concerns;
 - d. Property must not be under any Federal or State enforcement actions;
 - e. A site reuse plan must be developed;
 - f. Site must not be a Resource Conservation and Recovery Act (RCRA) permitted or interim-status facility;
 - g. Site must not be listed on the Environmental Protection Agency (EPA) National Priority List (NPL);
 - h. Owner must authorize, in writing, permission to allow City to designate property as a Brownfield and grant access to conduct the assessment; and
 - i. Applicant is willing to consider entering into Texas Voluntary Cleanup Program (VCP).

3. Property will be ranked based on the following criteria:
 - a. Presence of a potential purchaser
 - b. Site location relative to City revitalization plans
 - c. Condition of site
 - d. Site ownership & cooperation
 - e. Transportation access
 - f. Perceived degree of contamination
 - g. Quality/value of redevelopment plan

L. Residential Development

1. The City will consider incentives for residential development that brings a unique or significantly higher value housing product than the average product available on the local market.
2. Projects must meet the following minimum standards to be considered:
 - a. Single-family residential subdivision of more than five lots and not exceeding fifty lots
 - b. Minimum taxable improvement value of \$250,000 per dwelling unit
 - c. Minimum 2,500 square feet living area per unit
 - d. Product design must include architectural design that is reviewed and approved by staff
3. Established rebates or waiver of fees shall be determined at the sole discretion of the City Council based upon the merits of the Project. Incentives shall be made at the time of Certificate of Occupancy and not before sixty percent of the residential units in the approved development have been issued a Certificate of Occupancy.

M. Intergovernmental Support

1. The City actively supports certain incentive requests made to government entities having jurisdiction in Lewisville. While the City will partner with these Projects for support, the applicant remains responsible for completing the prescribed processes and, if applicable, paying the necessary fees for

requesting such incentives. The City is not responsible for ultimate decisions to grant incentives by other governmental bodies.

2. Applicants may request City support for Denton or Dallas County incentives. The following is a brief listing of the process:
 - a. Applicant must provide a Project profile to the City's OED
 - b. The OED will review the Project for its benefit to the local economy (This may coincide with review for City incentives)
 - c. If the OED finds the Project to be locally beneficial, the City will provide a briefing (in addition to the required notifications) to the respective county official having jurisdiction in Project's location

3. Applicants may request City support for applications to the State of Texas or the United States Government for certain incentive programs such as Texas Enterprise Zone, Texas Enterprise Fund or Foreign Trade Zone designation. In order for the City to provide support for the application, the following must be provided:
 - a. Project profile to be reviewed by the OED (this may coincide with review for City incentives)
 - b. Description and program overview of the state incentive
 - c. Appropriate agency contact for application review and letters of support

N. Special Financing Initiatives & Other Incentives

1. The City of Lewisville, as other municipalities in Texas, has the capability of leveraging certain tax tools such as low or no interest loans, revenue bonds or sales tax increments. Utilization of these types of incentives is a time consuming process with substantive public involvement required, and shall be reserved for Projects of the highest caliber. Applicants that intend to request these types of incentives should submit a narrative Project plan to the City of Lewisville OED.

2. Applications shall provide an overview of the following factors:
 - a. Size and Location of the proposed Project site
 - b. Proposed Project plan
 - c. Proposed financing plan

- d. Degree to which the Project conforms with City of Lewisville strategic priorities and goals
 - e. Degree to which the Project promotes any applicable Master Planning initiatives sponsored by the City
 - f. Market and financial feasibility for the development
 - g. Potential for the Project to catalyze private development offsite
- O. Old Town Lewisville Incentives
- 1. Specialized incentives are available in Lewisville's Old Town district. Generally, these incentives are available within the boundary of the Tax Increment Finance District #1, with the exception of the Rear Façade Improvement program that is applicable only within the Old Town Center planning district.
 - 2. Specialized incentives for the Old Town district are administered on a cost reimbursement basis and are subject, unless otherwise stipulated by agreement, to a one year performance window in which all work and payments must be completed. Projects involving aesthetic, architectural or design stipulations will be subject to limitations on alterations, maintenance and subsequent changes to elements covered by the provisions of the agreement. Review and approval by Lewisville Economic Development and Planning staff will be required under such circumstances.
 - 3. Incentives
 - a. Aesthetic Improvement and Beautification
 - (1) This program is available to projects involving significant improvements to the architectural design and character of the built environment or public amenities in the Old Town area.
 - (2) Projects must include exterior improvements deemed significant enough to have spill-over benefits. Interior renovation or improvement projects are not eligible for funding under this program. Examples of eligible projects elements are as follows:
 - (a) Building rehabilitation
 - (b) New construction

- (c) Site redevelopment
 - (d) Public art installations
 - (e) Landscaping and lighting
 - (f) Water features
 - (g) Seating, benches or pedestrian amenities
- (3) Level of incentive will be determined according to the level of investment involved in the project, assessed spill-over benefits and perceived public benefits. Project funding will be administered in the form of a cost reimbursement grant.
- b. Historic Preservation & Commercial Façade
- (1) The Façade Improvement Program involves real property improvements to the exterior of buildings in the Old Town area. This includes Historic Preservation Grants to spur visitation to the downtown.
 - (2) Eligible projects include those making alterations to building exteriors which enhance its appearance and character in a manner that is harmonious with the design principles of the Old Town Development Ordinance. Examples of eligible improvements are as follows:
 - (a) Brick repair
 - (b) Awning replacement
 - (c) Sign removal or replacement
 - (d) Window replacement or restoration
 - (e) Replacement or restoration of cornices
 - (f) Removal of non-historic or architecturally inappropriate alterations
 - (g) Other aesthetic/architectural improvements as approved
 - (3) Projects will be funded on a cost-reimbursement basis, and subject to the following limitations:

- (a) \$16 per square foot of façade space along City streets
 - (b) A maximum of 40% reimbursement of private costs
 - (c) A maximum of \$40,000 total per location
- c. Rear Façade
- (1) The Façade Improvement Program involves real property improvements to the exterior of buildings in the Old Town area. This includes Historic Preservation Grants to spur visitation to the downtown.
 - (2) Only property within the Old Town Center District shall be eligible for Rear Façade program funding. Eligible projects include those making alterations to building exteriors which enhance its appearance and character in a manner that is harmonious with the design principles of the Old Town Development Ordinance and adjacent public improvements. Examples of eligible improvements are as follows:
 - (a) Brick repair
 - (b) Awning replacement
 - (c) Sign removal or replacement
 - (d) Window replacement or restoration
 - (e) Replacement or restoration of cornices
 - (f) Removal of non-historic or architecturally inappropriate alterations
 - (g) Other aesthetic/architectural improvements as approved
 - (3) Projects will be funded on a cost-reimbursement basis, and subject to the following limitations:
 - (a) \$10 per square foot of façade space along City streets
 - (b) A maximum of 50% reimbursement of private costs
 - (c) A maximum of \$40,000 total per location

d. Old Town Retail Incentives: Interior Finish Program

- (1) This program is intended to assist with conversion of space to accommodate retail or restaurant uses by subsidizing certain eligible interior finish improvements.
- (2) Projects involving interior finish work to accommodate retail or restaurant uses within the Old Town district. Examples of eligible project elements are as follows:
 - (a) Lighting
 - (b) Plumbing and electrical work
 - (c) Wall removal and relocation
 - (d) Flooring
 - (e) Painting
 - (f) Appliances, equipment and fixtures necessary for operations
- (3) Items that would be considered removable décor shall not be considered for funding.
- (4) Projects will be funded on a cost-reimbursement basis, and subject to the following limitations:
 - (a) Maximum of \$12 per square foot of retail or restaurant floor space
 - (b) A maximum of 50% reimbursement of private costs
 - (c) A maximum of \$20,000 total per location

f. Old Town Retail Incentives: Retail or Restaurant Tax Rebate

- (1) This program provides for rebate of property, sales or mixed beverage taxes to retail or restaurant establishments making real property improvements in order to locate in the Old Town district.
- (2) In order to be considered eligible for the Retail or Restaurant Tax Rebate, the project must involve construction of new real

property improvements and directly generate economic activity taxes on an ongoing basis.

- (3) Projects will be funded on a reimbursement basis, and may include any of the following provisions:
 - (a) Rebate of up to 100% of the City of Lewisville's 1% increment of sales tax on eligible construction purchases in year one
 - (b) Rebate of up to 100% of the City of Lewisville's receipts from mixed-beverage taxes generated directly by the project
 - (c) Rebate of up to 100% of the City of Lewisville's 1% increment of sales tax on directly generated sales as a result of the project for up to a 3 year term

P. Property Enhancement Program

1. The Property Enhancement Program shall disburse City funds in the form of a matching grant to qualifying City residents who are owner-occupants of certain single-family or detached two-family residential dwelling units for the purpose of making essential exterior repairs that improve the quality of the dwelling unit, bring the dwelling unit back up to City standards, or repair or replace a private retaining wall adjacent to a thoroughfare.
2. The Property Enhancement Program, including the creation of specific guidelines, approval of applicants and projects, and disbursement of funds through grants, shall be administered by City staff.
3. The amount of funds available for the Property Enhancement Program shall be determined by the City Council through the City's annual budget process.
4. Eligible projects may be approved for a fifty-percent (50%) matching grant once in a 12-month time period, capped at the amounts listed below:
 - a. Low-to-Moderate Income – The City will match a homeowner's investment up to \$5,000 if his/her income is at or below the 80% Median Family Income (MFI) as provided in the current income limits established by the US Department of Housing and Urban Development (HUD) based on the Dallas, TX HUD Metro Fair Market Rent Area.

- b. Above Low-to-Moderate Income – The City will match a homeowner's investment up to \$1,000 if his/her income is above the 80% MFI as provided in the current HUD Income Limits.
 - c. Replacement of Private Retaining Walls on Thoroughfares – The City will match a homeowner's investment up to \$3,000 to repair or replace a private retaining wall adjacent to a thoroughfare, regardless of household income.
5. The Property Enhancement Program shall be exempt from the requirements of Section F of this policy.

II. GENERAL PROVISIONS

The City of Lewisville reserves the right to change, modify, amend, revoke or rescind all or part of this policy in the future.