



# TIRZ INCENTIVE POLICY



## BACKGROUND

To encourage revitalization and infill development of properties which fall within the TIRZ (Tax Increment Reinvestment Zone) area, the City of San Angelo offers many unique incentives. The TIRZ is divided into two areas, TIRZ - North and TIRZ - South, as illustrated on page 5. Contact the Economic Development Department for more information at (325) 653-7197.

The incentives are part of an overall strategy to leverage investment, lower the cost of doing business and incentivize property owners choosing to improve commercial / retail properties in the target area. They are also intended to preserve the architectural and historic character of buildings and corridors within the TIRZ - North and TIRZ - South. The Downtown Master Development Strategic Plan, adopted by the City Council in late 2013, looked at the market realities of developing within the Downtown Development District, which encompasses much of the TIRZ - South and key corridors within the TIRZ - North. Based upon the market study and the key economic drivers, three key areas of development demand were identified which the market can adequately absorb and support.

CATEGORY A - OFFICE/WORKFORCE	Demand for this type of development shows that the downtown area can support 8,646 new jobs, and 220,936 sf of office space.
CATEGORY B - RESTAURANT	Demand for this type of development shows that the downtown area can support 6 additional restaurants.
CATEGORY C - HOUSING/HOTEL	Demand for this type of development shows that the downtown area can support 613 multi-family housing units.

## ELIGIBILITY

### General Eligibility Information

Beginning in FY2015, incentive "targets" for the TIRZ - North and TIRZ - South areas are as follows, meaning that the goal is to fund projects that bring new business - and large impacts - to this central area in an aggressive way, while still providing funding for smaller projects (less than \$10,000 total). The funding structure shown below is congruent with goals for FY2015; however, the TIRZ board may at any time fund projects with a modification to these goals, for ultimate flexibility. This policy will be updated each fiscal year, to reflect the goals set at that time.

CATEGORY A - OFFICE/WORKFORCE	Goal: \$138,623	80% (\$110,898) for projects from \$10,000 to \$75,000, total  20% (\$27,724) for projects up to \$10,000, total
CATEGORY B - RESTAURANT	Goal: \$138,623	80% (\$110,898) for projects from \$10,000 to \$75,000, total  20% (\$27,724) for projects up to \$10,000, total
CATEGORY C - HOUSING/HOTEL	Goal: \$138,623	80% (\$110,898) for projects from \$10,000 to \$75,000, total  20% (\$27,724) for projects up to \$10,000, total

Unless specifically exempted, all projects seeking incentives must meet current building standards, codes and permitting requirements as well as be current on all taxing obligations. All incentives are subject to funding availability and final approval by the City of San Angelo/Tax Increment Reinvestment Board.

**Submittal Window & Award Schedule for Proposed Projects**

For FY2016:

Window 1:

November 1st, 2015 - January 31, 2016

Window for submittal of proposals & complete application packages, formulation of FY2015 TIRZ board subcommittee

February 1st - February 28, 2016

Review & evaluation/scoring of all applications; presentation of proposals to TIRZ board subcommittee for applications not administratively eligible

March 1st - March 31st, 2016

Awards made & letters to proceed issued to selected projects; any necessary agreements drafted & submitted for legal review

Window 2:

May 1st – July 31st, 2016

Window for submittal of proposals & complete application packages, formulation of TIRZ board subcommittee

August 1st – August 31st, 2016

Review & evaluation/scoring of all applications; presentation of proposals to TIRZ board subcommittee for applications not administratively eligible

September 1st – September 30th, 2016

Awards made & letters to proceed issued to selected projects; any necessary agreements drafted & submitted for legal review

**Applications, Letter to Proceed, & Evaluation Criteria**

For all projects - receipt of a complete application package by the Economic Development Department - and issuance to the applicant of a Letter to Proceed - is required before work can begin. The Letter to Proceed will include the deadline for completion of the project - two years from the issuance of this letter. If an extension past two years is requested, it must be presented to the TIRZ board for determination. In determining whether or not to fund a project, City staff and TIRZ board members will utilize the following criteria, some of which are contained within the recommendations of the Downtown Master Development Strategic Plan as recommended items for investment in order to realize the potential of the district, and others which were identified in the adopted River Corridor Master Development Plan and TIRZ Project Plan.

Proposed projects submitted during the window identified above will be ranked and the highest ranked will be considered for funding first. Rankings will be determined in review utilizing: a) application of the criteria below, b) the project fulfilling one or more of Categories A-C on page 2, c) the appearance of the proposed project, d) the location of the proposed project, and e) the level of investment planned / overall fiscal impact, as well as any other information determined pertinent by the group.

Does the proposed project:

- Provide connections between activities?
- Improve pedestrian & vehicular infrastructure?
- Provide or reinforce usable & defined open space?
- Strengthen the focus area's identity?
- Support the goals of making the area a cultural, leisure, and tourist destination?
- Improve the utilities and/or drainage infrastructure?
- Remediate environmental deficiencies or enhance public safety?
- Promote mixed-use development?
- Utilize architectural styles that compliment to historic areas already in existence?
- Help to mitigate or eliminate undesirable views or outside storage?
- Reduces the visual impact of parking areas?
- Preserve or provide natural landscaping?
- Implement environmentally-friendly features, such as green building materials, rainwater harvest, or low-energy heating and cooling?
- Include an aggressive match by the applicant, in excess of what is minimally required?

Specific to Category A, does the proposed project:

- Attract energy sector employers to the district?
- Utilize existing buildings already equipped for infill development?
- Generate activity on north side of downtown and around rail line?

Specific to Category B, does the proposed project:

- Provide a type of cuisine not already provided in the district?
- Generate daytime - as well as nighttime - activity?
- Provide unique dining experiences that not only provide a service, but act as a draw for tourism?

Specific to Category C, does the proposed project:

- Utilize public-private financing?
- Enhance the historic features of adjacent areas?
- Provide connections from downtown to Arts/Historic District?

### **TIRZ - North Eligibility Area**

The map on page 7 highlights the eligibility area for the TIRZ - North, within which the incentives outlined within this policy are available.

### **TIRZ - South Eligibility Area**

The map on page 8 highlights the eligibility area for the TIRZ - South, within which the incentives outlined within this policy are available.

## **INCENTIVE TYPES**

As part of the application, the applicant will provide key information about the elements and scope of the proposed project, including but not limited to:

1. a brief narrative illustrating how this project meets the criteria outlined on the previous page,
2. elevation drawings of the proposed work,
3. a W-9,
4. a completed application,
5. and substantiation of the need for funding requested via a proposed project budget (Worksheet A).

Unlike in previous incentive policies for the TIRZ, applicant will not be required to submit bids for work. Rather, the applicant will provide the total cost of the project via an overall scope and project budget, and demonstrate how they will meet the required match, with the remaining cost constituting the request for funding. The request for funding must be composed of one or more of

the eligible incentive types, and substantiated with a cost estimate, estimated budget, or other means of documentation. Approval of proposals for funding purposes does not replace required approval by the Design and Historic Review Commission, the Planning Commission, or any other entity.

The maximum request for funding will be considered; however, the request may be: denied for funding, partially funded, or fully approved for funding, based upon how well the proposed project meets the criteria outlined on page 2. In addition, when the current year of funding is exhausted, the TIRZ board may elect to fund additional projects when funding is available, by approving the project to begin and making reimbursement - subject to all restrictions outlined in the agreement - in the following fiscal year. In no circumstance shall an existing TIRZ board make funding commitments more than one cycle in the future.

Total cost < \$10,000 <i>(Administratively awarded by Economic Development Department staff)</i>	No minimum match required	Maximum award of \$10,000
Total cost = \$10,000 or more <i>(Initial reviews by TIRZ board sub-committee; final award approval by TIRZ board)</i>	Minimum 25% match required	Maximum award of \$75,000

Each project award may be issued as follows:

1. For projects < \$10,000: once funding has been authorized, an agreement will be prepared which will outline the requirements of this policy and include recapture provisions in the event the project is not completed, not completed within the maximum two year period, or not completed in accordance with the approved drawings and agreement. The agreement must be executed before work may begin. Upfront payment to the applicant for 10% of the approved funds will occur once the agreement is executed; the remaining 90% will be remitted once the project is complete and deemed compliant with the approved drawings and agreement.
2. For projects = \$10,000 or more: once funding has been authorized, an agreement will be prepared which will outline the requirements of this policy and include recapture provisions in the event the project is not completed, not completed within the maximum two year period, or not completed in accordance with the approved drawings and agreement. The agreement must be executed before work may begin. Upfront payment to the applicant for 10% of the approved funds will occur once the agreement is executed; the remaining 90% will be remitted once the project is complete and deemed compliant with the approved drawings and agreement.

The funding approved for the project will be composed of one or more of the following incentive areas, as deemed appropriate for the project by the review of the scope and expenditures outlined in the proposal. The package must include a proposed budget, illustrating how the amount requested by the applicant will be applied to one or more of the following areas, including documentation explaining how those figures were determined - by way of bid, certification from a design professional, or other substantiation.

Sales Tax - as part of the funding package, TIRZ funds could cover the sales tax on locally-purchased construction materials and equipment used on an approved project.

Development Fee Reductions - as part of the funding package, TIRZ funds could cover development fees, including:

- Preliminary Plat, Final Plat, Amended Plat and Replat application fees;
- Abandonment of public right-of-way application fees;
- Application fees for release of easements;
- Dedication of a public right-of-way or easement;
- Special Use, Conditional Use or Zone Change application fees;
- Building Permit fees;
- Off-site sign demolition permit fees (removal of billboards);
- Permit fees for demolition of any non-historic building or structure;
- Water tap fees.

Secondary Egress - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the installation of additional exits *if required* by International Fire or Building codes. Written verification by the Fire or Building Code Official that the additional exit(s) are required must be provided.

Asbestos Abatement - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the abating of asbestos *if required* by International Fire or Building codes.

Sprinkler & Monitored Smoke Alarm System - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the installation of a sprinkler or monitored smoke alarm system if required by International Fire or Building Codes. Written verification by the Fire or Building Code Official that the system is required to be provided.

Paving - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in paving if required by City Code or International Fire or Building Codes. This includes parking areas, driveways, sidewalks, and curbing. Review and approval of the proposed signage design will be based upon the design standards outlined in the River Corridor Master Development Plan.

Outside Storage Screening - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the screening of outside storage areas. Review and approval of the proposed signage design will be based upon the design standards outlined in the River Corridor Master Development Plan.

New Sign Installation - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in new exterior signage for approved projects. Review and approval of the proposed signage design will be based upon the design standards outlined in the River Corridor Master Development Plan.

Landscape Installation - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in new landscaping for approved projects. Review and approval of the proposed landscaping design will be based upon the design standards outlined in the River Corridor Master Development Plan & plant selection as outlined in the Drought Tolerant Plantings Guide.

Facade Improvement - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in facade improvements on existing buildings which are part of approved projects. Review and approval of the proposed facade design will be based upon the design standards outlined in the River Corridor Master Development Plan. For buildings identified as resources within the 2006 or 2009 Historic Resources Surveys, or which are historically designated, review and approval of the proposed design will also be based upon the design standards outlined in the Central Business/Old Town Historic District Design Guidelines. Buildings identified as resources in the 2006 and 2009 Survey are strongly encouraged to apply, at no cost to the applicant, for a Historic Overlay through the Design and Historic Review Commission.

**OTHER INCENTIVES AVAILABLE**

Property Tax - in addition to the funding package, TIRZ funds could cover a portion of property taxes - specifically, the increment between the original tax amount and the new tax amount following improvements - beginning with the year a Certificate of Occupancy is granted, in accordance with this schedule. These requests will also be evaluated based upon the criteria outlined on pages 2 & 3.

YEAR	1	2	3	4	5	6	7	8	9	10
REBATE	80%	90%	100%	90%	80%	70%	60%	50%	40%	30%

**JOB CREATION INCENTIVES**

This incentive policy does not preclude or serve as a guide for any incentives that may be granted based upon job creation by the San Angelo Development Corporation (SADC). For more information about incentives possible from this source, contact the Economic Development Department at (325) 657-7197 or visit their offices at 69 N Chadbourne.

**CODE BENEFITS FOR OLDER BUILDINGS**

**International Existing Building Code:** The City of San Angelo has adopted the 2009 edition of the International Existing Building Code, a developer-friendly code that allows for improvements that consider the design limitations of older buildings to encourage adaptive reuse by allowing different levels of modification to existing structures. Contact the Permits Division at (325)657-4210 for further information regarding questions about the International Existing Building Code.

## **VARIANCES**

Based on availability of funding and administrative approval, a variance for projects started or completed between the dates of November 1, 2013 and November 1, 2014 may be requested, to obtain reimbursement of work not currently covered by an active application or agreement. For a total project budget of less than \$10,000, such requests for variance may be approved administratively. For budgets over \$10,000, such requests for variance may be approved by the TIRZ board. All application requirements must be met in order to be eligible for the maximum reimbursement amounts.

## **APPEALS**

An appeal of any administrative decision can be made to the TIRZ board.

