

## **CITY OF IRVING, TEXAS**

### **COMPREHENSIVE POLICY STATEMENT ON LOCAL ECONOMIC DEVELOPMENT AND BUSINESS STIMULATION INCENTIVES<sup>1</sup>**

Chapter 380.001(a) of the Texas Local Government Code states: The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.

#### **PART ONE**

##### **I. General Purpose and Objectives**

The City of Irving is committed to the promotion of high quality development and retention of its business, commercial, and manufacturing businesses in all parts of the City, and to an ongoing improvement in the quality of life for all of its citizens. The City of Irving has previously developed an economic development program designed to encourage high quality business, to locate within the corporate limits of Irving by adopting a tax abatement program. Now the City of Irving desires to enhance the economic development program by creating incentives designed to retain high quality jobs in retail, commercial and manufacturing businesses including the target industries described in the City's Economic Development Strategic Plan. Insofar as these objectives are generally served by attraction of new as well as retention of major corporate businesses through lowering the ad valorem tax burden on certain inventory, by lowering the ad valorem tax burden on certain real and personal property, by constructing or funding construction of certain infrastructure improvements, and by providing sales tax rebates when certain criteria are met, the City of Irving adopts this policy which contains incentive guidelines and criteria. Pursuant to the City's overall economic development plan and program, the City of Irving will, on a case-by-case basis, give consideration to providing economic incentives to businesses meeting the criteria and guidelines contained in this document, as authorized by Chapter 380 of the Texas Local Government Code, as from time to time amended. It is the policy of the City of Irving that said consideration will be provided in accordance with the guidelines, criteria and procedures outlined in this document. Nothing herein shall imply or suggest that the City of Irving is under any obligation to provide economic incentives to any applicant. All applicants shall be considered on a case-by-case basis.

##### **II. Criteria**

A request for economic development incentives shall be submitted to the Irving Economic Development Partnership (IEDP) for review and recommendation to the City Council. The applicant will address the following criteria and provide any other relevant information in a format prescribed by the application materials provided by the IEDP. In responding to the following

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<sup>1</sup> Guidelines and Criteria, Acts 1989, 71st LEG., CH. 555, codified as Chapter 380 Texas Local Government Code

questions, the applicant should indicate the appropriate time frames in which the proposed events and/or resulting impacts will occur, where applicable. The applicant should endeavor to provide the most accurate estimates possible based upon available information, as these will be used to determine the minimum eligibility requirements of the tax abatement agreement, if approved. The applicant may be asked to describe the methodologies utilized to respond to the questions and to supply supporting documentation. The IEDP application forms may include additional questions deemed necessary by the City.

1. Employment Impact

How many new jobs will be created in Irving? How many existing jobs will be retained in Irving? What percentage of new employees will come (a) from outside the City of Irving and (b) from outside the State of Texas? What types of jobs will be created? Are these full or part-time positions? What will be the total projected annual payroll of the newly created jobs? What will be the average annual salary per employee?

2. Proposed Improvements

Identify and describe the kind, number and location of all proposed improvements to the property and discuss the development schedule of the proposed improvements. What infrastructure construction will be required to serve the proposed project and what is the cost of said construction? Include a legal description of the property on which the project will occur, and the location of the company's current operations.

3. Fiscal Impact

How much real and personal property value will be added to the tax roll? What will be the payroll of the employees located in the structure within the City of Irving? How much direct sales tax will be generated, if any? How will this proposed project affect existing businesses and/or other facilities in the City of Irving? What will be the additional cost, if any, to the City of Irving to provide municipal services to the proposed project?

4. Community Impact

What will be the impact on the City of Irving? What involvement will your business have, or continue to have with not-for-profit organizations in Irving, (including school districts)? What will be the M/WBE participation goal, if any, be for the project? The criteria outlined in this section will be used by the City Council to determine whether or not it is in the best interest of the City of Irving to recommend that incentives be offered to a particular applicant. Specific considerations will include the degree to which the individual project furthers the goals and objectives of the community, as well as the relative impact of the project on the community.

### **III. Procedural Guidelines**

Any person, partnership, organization, corporation or other entity requesting that the City of Irving consider providing economic development incentives to encourage the location, expansion or retention of operations within the city limits of Irving shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that Irving is under any obligation to provide incentives in any amount or value to any applicant.

#### Application Steps

1. Applicant shall submit a complete application on forms provided by the IEDP and pay a filing fee of \$1,500.00 to cover publication, notice costs and staff time to review and process. The application shall address all criteria questions outlined in Section II above, and a complete legal description of the real property (metes and bounds) shall be provided.
2. The City may request that the applicant provide substantiation of the economic feasibility of the overall project to assist in determining the long term benefit to the City.
3. The applicant shall complete all forms and provide information detailed in this policy and submit them to the Irving Economic Development Partnership (IEDP).
4. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
5. The application will be distributed to the appropriate City departments for internal review and comments. Additional information may be requested as needed.
6. Copies of the application package and staff comments may be provided to the City Council.

#### Consideration of the Application

1. The City Council will consider the application at meetings conducted pursuant to the Open Meetings Act. Additional information may be requested as needed.
2. The City Council may consider adoption of a resolution which approves the terms and conditions of an agreement between the City and the applicant, and governs the provision of the incentive.

### **IV. Certification by Owner**

During the term of such agreement, the owner will submit a statement annually on or before January 31, for the calendar year just concluded, certifying compliance with the applicable minimum eligibility requirements of the agreement. In the event, the owner does not timely submit the annual certification, there shall be no economic development incentives allowed that year. The City shall have the right, if it deems necessary to examine the Owner's appropriate books and records, to verify information provided by Owner's statement.

## **PART TWO**

### **V. Small Business Expansion Incentive Program**

Financial incentives may be available to commercial citizens expanding their operations in Irving if they meet the guidelines and criteria set out in this section. These incentives are intended to provide a positive cash-flow for expanding business entities by minimizing the amount of out-of-pocket for the first year of increased city property tax associated with that expansion. As an additional incentive, the usual application fee is waived under this section of the policy.

#### **Minimum Eligibility Requirements**

1. To be eligible for a grant under this section, the applicant must first have made application to the City of Irving for an incentive pursuant to the guidelines and policy adopted by the City Council.
2. After following and complying with all statutory and other requirements and after the required determinations are made that a grant could be awarded to the applicant under this section of the policy, the value will be determined within the following guidelines and the applicant will be notified of the amount of the grant, if any.

#### **Criteria**

In addition to meeting the above eligibility requirements, the applicant must:

1. Expand or make real property improvements to facilities already existing in Irving.
2. Have a real property improvement taxable assessed value of less than \$5,000,000 prior to expansion.
3. Invest at least \$100,000, but less than \$1,000,000 in the improvements.
4. Have been located in and doing business in the City of Irving for at least 5 years.
5. Paid ad valorem taxes to the City of Irving for at least 5 years.
6. Not be currently delinquent, and not have been delinquent within the most recent two years, in payment of ad valorem taxes due to the city.
7. Employ at least 5 and no more than 100 employees in the City at the time of application.
8. Have no outstanding code enforcement violations or any history of repeated violations within the most recent 2-year period.
9. Not have received a Small Business Expansion Incentive Program grant from the City within the last 5 years.

## **Incentive**

An application for incentive under this section of the policy will be reviewed by at least one designated employee of the Economic Development Division of the Greater Irving Las Colinas Chamber of Commerce and at least one designated employee of the City of Irving. All applications will be considered on a case-by-case basis. Once a determination has been made that all criteria have been met and that a financial incentive should be recommended, the proposed Small Business Expansion Incentive shall be calculated as follows:

1. Thirty percent of the City ad valorem taxes that would be assessed on the expansion or improvements in the first year following the investment, plus
2. An additional percentage of the City ad valorem taxes that would be assessed on the expansion or improvements in the first year following the investment, based on one-half of the percentage increase in the taxable value of the property due to the expansion or investment, plus
3. An additional percentage of the City ad valorem taxes that would be assessed on the expansion or improvements in the first year following the investment, based on one-quarter of the percentage increase in number of employees employed by the applicant coincident with the expansion or investment, plus
4. An additional percentage of the City ad valorem taxes that would be assessed on the expansion or improvements in the first year following the investment, based on the longevity of the business in Irving. Each year of longevity will represent one point and each four points of longevity will equate to one percentage point, plus
5. An additional 15 percent of the City ad valorem taxes that would be assessed on the expansion or improvements in the first year following the investment, if the business is located and expanding or investing in South Irving (generally defined as south of Northgate Drive or its equivalent) or other targeted markets as might be defined in the future by the City Council.

The total grant may not exceed 80 percent of the first year of City ad valorem taxes that would be assessed on the expansion or investment amount with a minimum grant of \$500. As an example of the grant calculation, assume a business that has been located in South Irving for 40 years, has 10 full time employees and a current taxable value of property of \$4,000,000, applies for a Small Business Expansion Investment Incentive with a proposed investment of \$500,000 and an increase of 2 full time employees. The grant would be calculated as follows:

1. Initial percentage of taxes	30.00%
2. Percentage based on increase in taxable value (\$500,000 / \$4,000,000 * ½)	6.25%
3. Percentage based on increased employment (2 / 10 * ¼)	5.00%
4. Percentage based on longevity in Irving (40 / 4)	10.00%
5. South Irving Premium	<u>15.00%</u>
<b>Total Percentage of first year taxes</b>	<b><u>66.25%</u></b>
Total first year City ad valorem tax assessed on expansion or investment assuming the City tax rate at the time of adoption of this policy (\$500,000 * .5479)	\$2,739.50
<b>Total incentive available based on example (\$2,739.50 * 66.25%)</b>	<b>\$1,814.92</b>

### Payment of Grant

After receiving a recommendation from the designated staff members of the Chamber and the City, the Mayor will be authorized to execute an agreement with the applicant by approval of this policy by the City Council. Upon completion of the expansion or investment, as stated in the application, the business will be required to certify same along with the number of employees added due to the expansion. The City will issue a check to the applicant for the appropriate grant amount during the December immediately following initial assessment of ad valorem taxes on the improvements. If the applicant fails to pay the total ad valorem tax assessed that year on its property, at the location of the improvement, the applicant will be required to refund the grant amount to the City plus interest accrued at the same rate as interest accrues on the delinquent tax.

### VI. Corridor Enhancement Incentive Program<sup>2</sup>

The Corridor Enhancement Incentive Program is a matching grant program to encourage private investment in the renovation and rehabilitation of existing building sites along the city's corridors. The program will provide financial assistance in the form of a grant to non-residential property owners for improving the street-side appearance of their existing buildings and site features to enhance corridor appearance, attract new business activity and foster new employment opportunities.

All applications will be considered on a case-by-case basis and are subject to available funds. Applicants receiving notice of award through this program will execute an agreement with the city on a form prepared by the city attorney's office.

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<sup>2</sup> Adopted by Ordinance No. ORD-2009-9137 on December 3, 2009, amended by Ordinance No. ORD-2013-9531 on December 12, 2013, as amended by Ordinance No. ORD-2018-10086 on July 19, 2018, as amended by Ordinance No. ORD-2020-10301 on January 16, 2020, as amended by Ordinance No. ORD-2020-10313 On February 13, 2020

- Program Eligibility - Applicants may be either owners or current tenants (with landowner's consent) of existing non-residential developed properties fronting on a roadway corridor in the city.
- Current or proposed use of the property must conform to applicable zoning regulations. Non-conforming uses are not eligible.
- Applicant shall not be in arrears in taxes or have any outstanding debt to the city.

#### Eligible Expenses

All contractor expenses incurred by the applicant for material, labor, overhead, testing, permits and inspections for architectural, structural, mechanical, electrical and plumbing renovations to the building exterior and site are eligible for reimbursement. The finished product must match the drawings and materials submitted by the applicant and approved by the city. Partial or uncompleted work is not eligible for reimbursement. Fees paid by the applicant for architects and other design professionals involved with the project are not eligible for reimbursement.

#### Award/Reimbursement Procedures

- All applications will be considered on a case-by-case basis and are subject to available funds. For projects with a matching grant amount less than \$50,000, award will be made through the city's administrative award process; matching grants of \$50,000 or greater will be submitted for full council consideration and approval.
- Applicants receiving notice of award through this program will execute an agreement with the city on a form prepared by the city attorney's office.
- Project scope, cost and proposed building elevations/materials and site improvements must be approved in advance by the city.
- Only one (1) award will be made per owner or tenant within a twelve month period per platted lot.
- Award will be made on a dollar-for-dollar basis with regard to the total eligible approved project amount.
- Payment will be made by the city within forty-five (45) days after completion of the project and city approval of applicant's written request for reimbursement.
- Project must be completed within 180 days of notice of award. The City Council may adjust the completion time period in the grant Agreement.
- Applicant agrees to maintain all façade improvements in "like new" condition for a period of five (5) years after completion of the work.

## VII. Downtown Façade Enhancement Incentive Program<sup>3</sup>

The Downtown Façade Enhancement Incentive Program is a reimbursement program to assist retail and commercial property owners in restoring and enhancing the façade of their existing buildings in the downtown area. The focus of the program is to promote private investment in the street-side appearance of the existing shops, restaurants and businesses to improve downtown appearance, attract more business activity, promote tourism and bring building façades into code compliance.

### Program Eligibility

- Applicants can be either owners or current tenants of existing buildings that front on Irving Boulevard or Second Street from Sowers Road on the west to Strickland Plaza on the east including all connecting streets that run between these two roadways. The building must be occupied by an existing business or the owner must be seeking to attract a new business if the structure is currently vacant.
- Current or proposed use of the building must conform to applicable zoning regulations. Non-conforming uses are not eligible.
- Applicant shall not be in arrears in taxes or have any outstanding debt to the City.

### Eligible Expenses

- All contractor expenses incurred by the applicant for material, labor, overhead, testing, permits and inspections for architectural, structural, mechanical, electrical and plumbing renovations to the front building façade are eligible for reimbursement. The finished product must match the drawings and materials submitted by the applicant and approved by the City. Partial or uncompleted work is not eligible for reimbursement. Fees paid by the applicant for architects and other design professionals involved with the project are likewise not eligible for reimbursement.

### Award/Reimbursement Procedures

- All applications will be considered on a case-by-case basis and are subject to available funds.
- Applicants receiving notice of award through this program will execute an agreement with the City on a form prepared by the City Attorney's Office.
- Project scope, cost and proposed front building elevation/materials must be approved in advance by the City.
- Only 1 award will be made per owner or tenant within a 12-month period per platted lot.
- Award will be made for reimbursement of actual costs up to \$25,000. The overall façade improvement cost may exceed this amount but reimbursement for eligible expenses is capped at \$25,000.
- Payment will be made through the City's administrative award process within 45 days after completion of the project and City approval of applicant's written request for reimbursement.
- Project must be completed within 180 days of notice of award.
- Applicant agrees to maintain all façade improvements in "like new" condition for a period of 5 years after completion of the work.

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<sup>3</sup> Adopted by Ordinance No. ORD-2013-9422 on January 10, 2013, and amended by Ordinance No. ORD-2013-9520 on November 7, 2013



## VIII. Downtown Sign Enhancement Incentive Program<sup>4</sup>

The Downtown Sign Enhancement Incentive Program is a reimbursement program to assist retail and commercial property owners in removing existing pole signs and deteriorated wall, projecting or monument signs and replacing with new signs that meet city regulations and support the vision for the Heritage Crossing area. The intent is to improve the street-side appearance of the existing shops, restaurants and businesses to enhance downtown appearance, attract more business activity, foster new employment opportunities and promote tourism.

### Program Eligibility

- Applicants can be either owners or current tenants (with landowner's consent) of existing properties that front on Irving Boulevard or Second Street from Sowers Road on the west to Strickland Plaza on the east including all connecting streets that run between these two roadways.
- Current or proposed use of the property must conform to applicable zoning regulations.
- Applicant shall not be in arrears in taxes or have any outstanding debt to the city.

### Eligible Expenses

- All expenses incurred by the applicant for material, labor, overhead, permits and inspections for removal of existing sign(s) and installation of new sign(s) that meet city regulations are eligible for reimbursement. The finished sign(s) must match the drawings and materials submitted by the applicant and approved by the city. Partial or uncompleted work is not eligible for reimbursement.

### Award/Reimbursement Procedures

- All applications will be considered on a case-by-case basis and are subject to available funds.
- Applicants receiving notice of award through this program will execute an agreement with the city on a form prepared by the city attorney's office.
- Proposed work, cost and new sign rendering(s) must be approved in advance by the city.
- Only one (1) award will be made per owner or tenant within a twelve month period per platted lot.
- Award will be made for reimbursement of actual costs up to \$5,000. The overall sign improvement cost may exceed this amount, but reimbursement for eligible expenses is capped at \$5,000.
- Payment will be by made through the city's administrative award process within forty-five (45) days after completion of the project and city approval of applicant's written request for reimbursement.
- Project must be completed within ninety (90) days of notice of award.
- Applicant agrees to maintain all sign improvements in "like new" condition for a period of five (5) years after completion of the work.

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<sup>4</sup> Adopted by Ordinance No. ORD-2013-9526 on November 7, 2013

## **PART THREE**

### **IX. Other Incentives**

Each and every economic development situation is different and presents unique opportunities for the City to craft incentives that are beneficial both to the City and to the developer. This policy is intended to represent a set of somewhat flexible guidelines for granting economic development incentives. The City Council alone may consider and authorize incentive agreements from time to time that are not specifically outlined in this policy. The agreements will be for incentives similar in nature to the incentives detailed in this policy. The guidelines and criteria outlined in the individual agreements will be of the character of other incentive agreements approved by the City Council and will be in the spirit of the types of specific criteria outlined in the Policy.