



City of Tucson

Business Incentive Program

Application Narrative Instructions

Thank you for your interest in the City of Tucson's Business Incentive Program. In order to be formally considered for one of our many incentives you must submit an application narrative to the Economic Development office. Please contact us prior to starting your application so we can discuss the available incentives and determine initial eligibility. Application narratives should be sent in PDF format to camila.bekat@tucsonaz.gov

In general, an eligible project must have direct financial benefit to the community through additional jobs and/or increased revenues and trigger spin-off benefits for other properties or businesses. The project must also involve a significant capital investment by the applicant.

Application Narrative – Please address each of the topics below:

1. Project Description (Include: nature of project, location, square footage, new build, renovation, expansion)
2. Incentive Requested (see complete list at <http://cms3.tucsonaz.gov/business>)
3. Details of other funding sources, pro forma financial statements
4. Anticipated Capital Investment in Project
5. Site Control
6. Project Implementation/ Timeline
7. Organization/ Applicant Capacity (detailed information on company history and size)
8. Employment Impact (include specific detail on types and number of jobs, average salary by department)
9. Increased Revenue to the City of Tucson
10. Economic Benefits to the Community
11. Local Contractor and Sub-contractor Engagement
12. Summary

❖ **If applying for a HUD 108 Loan the following must also be included in the Application Narrative:**

- A. Project location census tract. To locate go to <http://www.ffiec.gov/geocode/>
- B. Loan information
 - a. Section 108 Loan Amount
 - b. Section 108 Term
 - c. Proposed Collateral

Economic Development Office

Chris Kaselemis – Program Director
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- d. Value of Collateral
- e. Other Credit Enhancement
- f. Loan Guaranteed
- g. Loan Guarantor
- h. Total Development Cost
- i. Sources of funds
- j. Uses of 108 funding
- C. Net Operating income
 - a. Debt service superior to HUD 108 loan
 - b. Debt Service on HUD 108 Loan
 - c. Total debt service
 - d. Debt service coverage ratio

Next Steps: Proposal Analysis and Due Diligence.

An internal City team will review your application and make a determination regarding whether to move the request forward to the Mayor and Council for review. Upon direction from the Mayor and Council to proceed, the applicant will pay an application fee of \$5,000 to the City and the City may request clarification or further explanation of items in the Application Narrative. *For the Primary Jobs Incentive Program, the economic impact analysis will be conducted by TREO without cost to the applicant.*

The City will commission an Independent Financial and Economic Analysis of the project to determine the economic impact and to what degree the City will receive direct benefits from the project. City staff will review the financial analysis and forward a recommendation to the Mayor and Council. If Mayor and Council approve the incentive request, they will direct staff to return to Mayor and Council with an agreement formalizing the incentive in a development agreement or lease.

Incentive Specific Eligibility Criteria:

Primary Jobs Incentive Program

- Employer invests at least \$5 million in new or expanded facilities within the City limits.
- Employer creates a minimum of 25 new, primary, non-retail jobs that pay average wages of at least 150% of mean annual earnings for the Tucson MSA and at least 51% of all local company employees earn at least this wage.
- Employer pays 75% of employee health premiums.

Government Property Lease Excise Tax (GPLET)

- Location within Central Business District.
- City must take ownership of the property.
- Improvements result in an increase in property value of at least 100 percent.

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- Independent analysis determines that the economic and fiscal benefit to government exceed the benefits received by the private lessee.

Economic Development Tax Incentive agreements

- The proposed tax incentive agreement must raise more revenue than the value of the incentive.
- In the absence of the incentive, the business would not locate in the City in the same time, place or manner.
- With certain exceptions, the economic benefits of the incentive must be confirmed by an independent third party, who cannot be selected or financed by the applicant.

HUD Section 108 Loan Program (See flow chart for process)

- Low-interest loan fund for projects to be used to benefit low-to-moderate income individuals through job creation or the prevention and elimination of urban flight.
- At least one permanent full-time equivalent (FTE) job should be created or retained for each \$35,000 of funds loaned and at least 51% of the jobs created must be held by or made available to low-to-moderate income persons.
- An additional \$5,000 underwriting fee is required for this program, payable to the IDA and submitted at time of full 108 application ('Part 2')

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