

GUIDELINES AND CRITERIA
FOR STIMULATING RESIDENTIAL DEVELOPMENT
WITHIN THE CITY OF ALICE

SECTION I - General Purpose

The City of Alice, Texas, is committed to the promotion of residential development in all parts of the City and to an ongoing improvement in the quality of life for the citizens residing within the City. The City recognizes that these objectives are generally served by enhancement and expansion of the local economy and tax base. The City will, on a case by case basis, give consideration to providing economic incentives, as authorized by Vernon's Texas Codes Annotated (VTCA), Local Government Code, Chapter 380, as stimulation for residential development within the City of Alice. It is the policy of the City that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Local Government Code.

Nothing contained herein shall imply, suggest or be understood to mean that the City is under any obligation to provide economic incentives to any applicant and adoption of these Guidelines and Criteria for Stimulating Residential Development within the City of Alice (these "Guidelines") shall not create any property, contract, or other legal right to any person to have the Governing Body of the City consider or grant a specific application or request for economic incentives. With the above rights reserved all applications for economic incentives will be considered on a case by case basis.

SECTION II - Definitions

As used within these Guidelines and Criteria, the following words or phrases shall have the following meaning:

A. Program Time Limit: Residential Development Agreements may be approved by the Governing Body of the City of Alice for a period not to exceed the lesser of:

1. 5 years; or
2. until such time as 200 new single family residential lots have been platted, constructed and sold.

B. Agreement Time Limit: An applicant for a Residential Development Agreement shall have all single family residential Facilities completed and ready for sale within three years of the date of filing of the Plat.

C. Economic Incentives: The City of Alice will either:

1. Provide the manpower and equipment (but not the materials) necessary to stub water and sewer service into each platted lot from the point at which such existing services enter the RDA Subdivision Plat or from the point of last extension, or

2. Reimburse the Owner annually on November 1 of each year for a three year period beginning with the first year during which property taxes are assessed on Facilities constructed in connection with an approved Residential Development Agreement pursuant to the schedule set forth below for the indicated portion of the Owner's costs incurred to provide water and sewer connections to the RDA Real Property.

<u>Facility Sales Price</u>	<u>Annual Reimbursement Amount</u>
\$ 80,000 to \$109,999	\$200
\$110,000 to \$149,999	\$275
\$150,000 and above	\$375

The option of incentive 1 or 2 above shall rest with the City Council of Alice and shall be determined at the time the application for a Residential Development Agreement is approved by the City.

D. City: The City of Alice, a municipal corporation, located within the city limits of City of Alice, Texas.

E. Residential Development Agreement: A contract between an Owner and the City for which Economic Incentives are to be provided by the City.

F. Improvements to Real Property or Improvements: The construction and completion of any Facility located upon, or to be located upon RDA Real Property.

G. Owner: The record title owner(s) of Real Property intended for inclusion in a Residential Development Agreement.

H. RDA Real Property: The land situated or to be situated within the city limits of the City intended for single family residential development purposes as designated in a Residential Development Agreement or an Application therefore.

I. RDA Subdivision Plat: A map identifying the RDA Real Property showing the location and boundaries of individual parcels of land subdivided into lots, with streets and easements, etc., drawn to scale by a Registered Professional Land Surveyor.

J. Facility: A single family residential unit erected on the Real Property.

K. Living Space: The area of a Facility that is heated and/or cooled.

SECTION III - Intent of Criteria and Guidelines

The intent of the guidelines, as herein set forth, is to establish the minimum standards which an applicant for Economic Incentives must meet in order to be considered for such status by the City. By providing Economic Incentives, the City will reduce the construction costs of the Facilities, thereby enabling an enhanced return on investment by the Owner, affording a lower sale price so that the citizens of Alice benefit in the final analysis.

SECTION IV - Criteria and Guidelines for Economic Incentives

RDA Real Property will be eligible for Economic Incentives consideration provided such property meets the following guidelines and criteria:

A. Economic Incentives may only be granted for new platted single family residential lots that result in the development of Facilities with a minimum of 1,100 square feet of living space and additional assessed property tax values within the City. Each facility must also incorporate masonry exterior features equal to 25% of its exterior walls.

B. If the water and sewer infrastructure extensions from existing City service to the boundary of the RDA Real Property must pass undeveloped or developed property to reach the RDA Real Property, the Owner must pay 100% of the cost for that section of infrastructure and may seek pro-rata reimbursement (including carrying costs) from the future developer of such undeveloped or developed property, as per the off-site utilities extension policy. Notwithstanding the foregoing, the Owner may negotiate with the City or other entities to share in the infrastructure cost.

C. The following types of property shall be ineligible for Economic Incentives:

1. manufactured homes;
2. modular homes;
3. homes built with open foundations;
4. apartments;
5. duplexes, triplexes and quadraplexes;
6. hotel accommodations;
7. motel accommodations;
8. retail or commercial businesses;
9. property owned by the State of Texas or any State agency; and
10. property owned or leased by a member of the City Council of the City.

D. In order for a Facility to qualify for economic incentives, all of the following conditions must apply:

1. The RDA Real Property must be titled in one Owner;
2. The Real Property must be located in the city limits of the City or within the ETJ of the City providing that a request for voluntary annexation is made within 30 days of the date a Residential Development Agreement is approved by the City; and

3. All property taxes on the RDA Real Property must be current at the time an Application for a Residential Development Agreement is filed.

4. The Applicant shall submit to the City, no later than the date the Residential Development Agreement is approved by the City Council, a cash bond/performance bond or irrevocable letter of credit in the amount of 105% of the cost of the economic incentives, from a surety authorized to do business in the State of Texas. The bond or irrevocable letter of credit shall be valid for a period of no less than three years from the date that the application is submitted to the City Council for approval. The bond or irrevocable letter of credit shall provide, but not be limited to, the following condition; there shall be recoverable by the City, jointly and severally, from the principal and surety any and all financial loss, or costs suffered or incurred by the City in connection with Applicant's development within the city. The bond or irrevocable letter of credit shall contain the following endorsement; 'It is hereby understood and agreed that this bond/irrevocable letter of credit may not be canceled by the surety company until 60 days after receipt by the City, by registered mail, or written notice of such intent to cancel or not to renew the rights to the City with respect to the bond/irrevocable letter of credit are in addition to all other rights of the City and no action, proceeding or exercise of a right with respect to such bond/irrevocable letter of credit shall affect any other rights of the City.

Notwithstanding anything contained to the contrary, the Residential Development Agreement shall not be effective unless, and until, a copy of the Agreement, signed by an authorized officer of the Owner, and the bond or irrevocable letter of credit have been filed with the City Clerk.

E. The Applicant shall submit to the City an Application for Residential Development Agreement in substantially the same form as the attached Appendix "A".

F. No property shall be eligible for economic incentives unless such property meets the requirements of VTCA, Local Government Code, Section 380 et seq.

SECTION V - Miscellaneous

A. Any notice to be given in connection with these Guidelines shall be given to the Owner or to the City by written notice hand delivered or by Certified Mail sent to the address appearing in the Residential Development Agreement.

B. Following the approval and execution of a Residential Development Agreement, and expiring upon issuance of the certificate of occupancy, appropriate employees of the City shall have access to the RDA Real Property to ensure compliance with the Residential Development Agreement.

C. A Residential Development Agreement may be assigned to a new Owner, but only after written consent has been obtained from the City.

D. These Guidelines become effective upon the date of their adoption by the City Council of the City of Alice and shall remain in force for the Program Time Limit defined in Section II above.

E. These Guidelines and Criteria once adopted by the City, may be amended or repealed by a vote of three-fourths of the members of the City Council during the term in which they are effective.

F. Notwithstanding anything contained herein to the contrary, any Residential Development Agreement shall not become effective unless and until a copy of the agreement, signed by an authorized officer of the City, and the Applicant or Owner, has been filed with the City Clerk.

G. These guidelines are to be used in conjunction with current City ordinances regarding platting, zoning, and off-site utilities extension. These guidelines are not intended to supersede any of these ordinances.

VI. Recapture

In the event that any type of Residential Development begins, but subsequently discontinues for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other event beyond the reasonable control of Applicant or Owner for a period of 180 days during the term of a Residential Development Agreement, then in such event the Residential Development Agreement shall terminate and all economic assistance shall likewise terminate. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given during the calendar year in which termination takes place. These funds shall be payable to the City no later than January 31st of the following year. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given in years prior to the year of termination and said payment shall be payable to each the City within 60 days of the date of termination.

The burden shall be upon the Applicant or Owner to prove to the satisfaction of the City that the discontinuance of residential development was as a result of fire, explosion, or other casualty or accident or natural disaster or other event beyond the reasonable control of Applicant or Owner. In the event the Applicant or Owner meets this burden and the City is satisfied that the discontinuance of the development was the result of events beyond the reasonable control of the Applicant or Owner, then such Applicant or Owner shall have a period of one (1) year in which to resume the residential development.

In the event that the Applicant or Owner fails to resume the residential development within one (1) year, the Residential Development Agreement shall terminate, and the City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given by the City. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given during the calendar year in which termination takes place, and said payment shall be payable to the City by no later than January 31st of the following year. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given in years prior to the year of termination and said payment shall be payable to the City within 60 days of the date of termination. The one

(1) year time period, hereinabove mentioned, shall commence upon written notification from the City to the Applicant or Owner.

In the event that the Applicant or Owner has entered into a Residential Development Agreement to make improvements to real property, but fails to undertake or complete such improvements, then in such event the City shall give the Applicant or Owner 60 days notice of such failure. The Applicant or Owner shall demonstrate to the satisfaction of the City, that the Applicant or Owner has commenced to cure such failure within the 60 days above- mentioned. In the event that the Applicant or Owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Residential Development Agreement shall terminate and all economic incentives shall likewise terminate. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty), for assistance given during the calendar year in which termination takes place and said payment shall be payable to the City by no later than January 31st of the following year. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given in years prior to the year of termination shall be payable to each the City within 60 days of the date of termination.

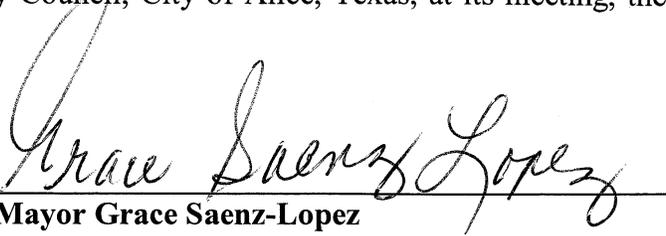
In the event that the City determines that the Applicant or Owner is in default of any of the terms or conditions contained in the Residential Development Agreement, then in such event the City shall give the Applicant or Owner 60 days written notice to cure such default. In the event such default is not cured to the satisfaction of the City within the 60 days notice period, then the Residential Development Agreement shall terminate and all economic incentives shall likewise terminate. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given during the calendar year in which termination takes place and said payment shall be payable to the City by no later than January 31st of the following year. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given in years prior to the year of termination and said payment shall be payable to each the City within 60 days of the date of termination.

The date of termination as that term is used in this document shall, in every instance, be the 60th day after the day the City sends notice of default, in the mail to the address shown in the Residential Development Agreement to the Applicant or Owner. Should the default be cured by the Owner or Applicant within the 60 day notice period, the Owner/Applicant shall be responsible for so advising the City, failing in which, the Residential Development Agreement remains terminated and the economic incentive provided by the City must be reimbursed. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given during the calendar year in which termination takes place and said payment shall be payable to the City by no later than January 31st of the following year. The City shall be reimbursed 100% of its expended costs to date (plus a 5% penalty) for assistance given in years prior to the year of termination shall be payable to each the City within 60 days of the date of termination.

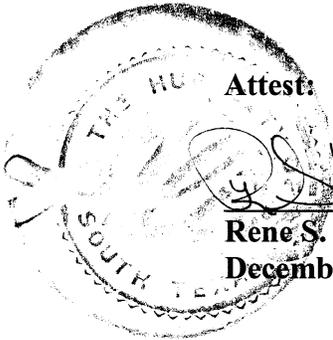
In the event that a Residential Development Agreement is terminated for any reason whatsoever and economic incentives are not paid within the time period herein specified, then in such event, the city may seek recourse by filing suit in a court of competent jurisdiction in Jim Wells County, Texas.

If the completion of the project is delayed due to the fault of the City, then the Agreement time Limit will be extended by an equivalent amount of time.

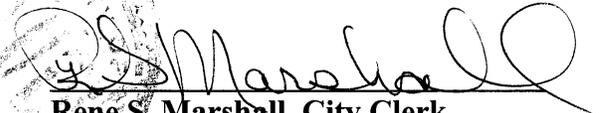
The foregoing Guidelines and Criteria for Stimulating Residential Development within the City of Alice adopted by the City Council, City of Alice, Texas, at its meeting, the 11th day of December, 2006.



Mayor Grace Saenz-Lopez



Attest:



Rene S. Marshall, City Clerk
December 11, 2006

Appendix "A"

GUIDELINES AND CRITERIA FOR STIMULATING RESIDENTIAL DEVELOPMENT WITHIN THE CITY OF ALICE

Any owner of taxable property located within the City of Alice, which has no liens on the property, may apply for economic incentives by filing an application with the City of Alice and by paying an application fee of \$500.00 at the time of filing said application.

Please provide the following information to facilitate consideration by the Alice City Council of a Residential Development Agreement in connection with the development and construction of a single-family home subdivision within the City of Alice:

1. Please describe and attach a map or plat indicating the land and approximate location of improvements on the land intended for development into at least 20 single-family homes within the City of Alice, Texas.
2. Please indicate your intention to utilize the City's Planned Unit Development Guidelines or adhere to standard city codes for subdivision development.
3. Provide a general description of the improvements to be undertaken including home sizes, construction features, anticipated selling prices and number of homes anticipated in each price range.
4. Provide proposed time schedule for initiating and completing the proposed improvements.
5. Provide background information on the intended owner(s) of the property to be the subject of the Residential Development Agreement, their expertise in the industry, financial background and intended financing for the project.
6. Indicate your preference for the economic assistance through in-kind assistance from the City with regard to installation of water and sewer connectivity or reimbursements following completion of the homes.
7. Add any other explanatory descriptions, pictures, rendering or notes which you feel will facilitate the City's understanding of the proposed development.

Please submit the above information to City Manager, City of Alice.

Note: Any and all information that is provided to the City of Alice in connection with an application or request for Residential Development Economic Incentives and which describes the specific plans for single family residential units to be constructed on the property for which Economic Incentives are sought is confidential and not subject to public disclosure until the Residential Development Agreement is executed. Information in the custody of the City after a Residential Development Agreement is executed will no longer be confidential.