



NEW BUSINESS RENTAL INCENTIVE PROGRAM

POLICY AND GUIDELINES

The New Business Rental Incentive Program seeks to reduce area vacancies and facilitate the establishment of new businesses in previously underutilized areas of the City. The intent of the program is to facilitate business growth and expansion by assisting businesses in leasing space. The resulting benefits of the Rental Incentive Program include:

- Reduced vacancy rates
 - Increased employment
 - Increased number of businesses
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Assistance:

All grant award decisions of the Tomball Economic Development Corporation (TEDC) Board of Directors are discretionary and final. Through the Program, the TEDC will provide up to 25% of the base monthly rent for the first year of operation only, not to exceed \$10,000 per business.

Eligibility and Criteria:

- This Program is limited to businesses locating within the corporate city limits of Tomball.
- The proposed lease space may not be occupied by the business, with or without a lease, prior to approval under the Program.
- The program is not available for existing signed leases.
- The lease space must be currently vacant.
- ~~Property owners are not eligible to lease space from themselves, relatives or related business entities.~~
- The business must be in operation a minimum of 40 hours per week and open to the general public to qualify for the subsidy.
- The business must employ two (2) or more full-time equivalent W-2 employees (may include business owner) whose wages are reported to the state and federal government.
- A minimum 3-year lease with acceptable market or below market monthly lease rate is required.
- The business must be properly licensed and approved by the City of Tomball, as applicable.
- Only for-profit businesses are eligible for assistance.
- Landlord must be current in all municipally applied taxes, utility bills, etc.

- Rental subsidy will not be paid if tenant discontinues the business, moves the business, reduces employment to less than two positions, breaks any provisions of the lease agreement, or fails to comply with any and all building, fire, health or zoning codes or regulations applicable to the business.
 - Rent subsidies are paid after the completion of the first full year of operation. Subsidies will not accrue during renovations or construction.
 - A business that receives grant funding during a fiscal year shall be prohibited from making subsequent applications for funding in following years.
 - The responsibility for all rental payments is between the contracted parties to the lease, the tenant and the landlord. As grantor of the rent subsidy, the TEDC neither bears nor accepts any responsibility for payment of rent at any time, nor penalties incurred for the late arrival of payments by any party.
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Selection Criteria:

The Program is intended to attract new businesses that provide a significant and unique enhancement to the area to which it is locating. Applicants for rental subsidies will be evaluated by the Tomball Economic Development Corporation Board of Directors on the following criteria:

- Degree to which the business provides an economic and added value
 - Qualifications and track records of business owners or managers
 - Potential for long-term viability
 - Acceptable demonstration of financial need
 - Hours of operation
 - Extent of customer base
 - Investment of business owner
 - Jobs created
 - Availability of funds
 - Sector of market served
 - Square footage of retail space
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Application Requirements:

- Completed application
- Copy of Proposed Lease*
- Copy of Proof of Ownership from Property Owner/Landlord

All requests for rental assistance must be accompanied by a Proposed Lease agreement that defines the landlord-tenant relationship and includes the following:

- a description of the space being rented;
- utilities included and not included;
- rental rate and deposits required, along with terms of lease and methodology for rent increases;
- responsibility for interior and exterior repairs and/or improvements;
- insurance requirements;
- abilities to terminate, and;
- consequences of default.

*Executed leases and space occupied by a business intending to make application do not qualify for the Program.

Incentive Disbursement:

Rent subsidies are paid after the completion of the first full year of operation. Subsidies will not accrue during renovations or construction. The TEDC will distribute grant funds to the business within thirty (30) days of receipt of a letter from the business requesting such payment, which letter shall also include: (a) a copy of the City's occupancy permit for the property; (b) proof that the business has maintained the minimum number of employees on the property, as evidenced by copies of Texas Workforce Commission form C-3 or Internal Revenue Service Form 941; (c) verification from the City acknowledging that all necessary permits, plats, plans, and specifications have been received, reviewed, and approved; (d) verification that any improvements have been constructed in accordance with the approved plans and specifications; (e) an affidavit stating that all contractors and subcontractors providing work and/or materials in the construction of any improvements have been paid and any and all liens and claims regarding such work have been released; and, (f) an affidavit from the landlord of the property stating that all rents have been paid in accordance with the terms of the lease agreement for the first twelve consecutive months of operation.