

Energy Efficiency Improvement Fund Key Points (File 090376)

- Home energy retrofits is a trifecta winner – creating long-lasting family-supporting green jobs; improving the energy efficiency of our housing stock; and improving the environment.
- This innovative program *catalyzes the private markets* for energy efficiency with no financial support from the general property taxpayer.
- File 090376 creates the legal framework for the city to create a revolving loan fund for residents to finance energy efficiency and renewable energy improvements to their home with limited up-front cost.
- Loans are amortized over a number of years through a voluntary special charge on the property tax bill. This overcomes a number of market barriers that have slowed widespread adoption of home energy efficiency and renewable energy.
- Homeowners can pay on a monthly basis if they have a tax escrow account with their mortgage lender or through the traditional 10 month installment plan available through the Treasurers Office.
- These types of loans have been encouraged by the White House Middle Class Task Force and the US Department of Energy.
- Adopting this ordinance will put Milwaukee in a very competitive position to receive additional federal funds.
- There are not enough tax dollars to do an energy retrofit to the scale we need to significantly change the course of this country's energy future and our local economic future. Smart policy, like the one included in this ordinance, will catalyze private markets for energy efficiency, without further burdening our local City budget.
- This ordinance lays the framework for a solar revolving loan program that can be launched in the next month. A \$135,000 contribution from We Energies as part of the Milwaukee Shines program will capitalize this revolving loan fund with enough funding for about 12 first-generation loans.
- The general city taxpayer is protected. In addition to the security of collecting a charge on the property tax bill, \$15,000 from We Energies plus a portion of the interest rate on the loans will be used for a bad debt reserve fund to make the City whole in the event of a tax foreclosure.
- A complete program manual has been developed by the Department of Administration based on national best practices. This manual creates a process to ensure that the city only finances solar projects that have been thoroughly vetted and correctly installed, and that the solar installers are properly certified.
- The program manual contains underwriting criteria to reduce the risk of loan default that are different than traditional bank loans.
- By starting small, the city can apply any lessons it learns before launching the larger-scale ME2 program.

Frequently Asked Questions

Question: Who do I contact if I have a question?

Answer: If you have not yet applied for a loan, contact *Milwaukee Shines*:

www.milwaukeeushines.com If you have applied for a loan, contact NIDC:

www.mkedcd.org/housing/nidc/TINs.html If you have questions about your property tax

payment, contact the City Treasures: www.city.milwaukee.gov/FrequentlyAskedQuest1999.htm

Question: When is my first payment due?

Answer: Property taxes are always due on January 31st of the following year. For example, if you are issued a loan in July of 2010, your property tax payment would be due January 31, 2011. Whether you pay in full or in installments is up to you.

Question: Why don't we use credit score to underwrite applications?

Answer: The underwriting criteria is tied to the property and its owners timely payment of the property tax bill, not to their personal credit history.

Question: What happens if I don't pay my property taxes?

Answer: Late payment fees will be assessed and if no payments have been received for three years the City of Milwaukee will enter into foreclosure proceedings.

Question: What effect does this program have on other taxpayers that are not participating in the program?

Answer: None. In the event of non-payment NIDC will reimburse the City for the defaulted amount. After three years, the City will foreclose on the home.

Question: Can I pre-pay my loan?

Answer: Yes. Please consult the City Treasurer if you are interested in paying off the loan prior to term expiration.

Question: Will my Mortgage Company allow this senior tax assessment?

Answer: The placement of senior special tax assessment liens is a common practice in the United States. All City of Milwaukee special assessments for sidewalks, streets, and water are senior to your mortgage and always have been.

Question: Is this program targeted to particular neighborhoods?

Answer: No. The solar PACE program is open to applicants across the city who qualify on a first come, first served basis.