



COUNCILMAN BILL GREEN

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“FIRST Philadelphia Program” Fact Sheet

On April 23, 2009, Council members Bill Green, Blondell Reynolds Brown, and Curtis Jones, Jr. introduced legislation creating the “Financing Investments in Residences and Small-Businesses Throughout Philadelphia” loan program (“FIRST Philadelphia Program”).

Program Goals

- To help Philadelphia achieve its goal of becoming the “Greenest City in America” through the provision of up-front capital needed to make comprehensive energy-efficiency improvements to residential and commercial real estate in Philadelphia;
- to fill the gap of federal and state subsidies for weatherization and solar energy projects that are either unavailable to middle-income residents or insufficient to allow property owners to undertake the full range of renovations and repairs;
- to protect Philadelphia homeowners and small-businesses from significant price increases when utility rate caps expire in 2011;
- to preserve Philadelphia’s existing residential and commercial real estate stock;
- to create well-paying “green jobs” and to help build a workforce that possesses the transferable skills needed for sustained employment in the 21st Century economy; and
- to help stimulate the local economy

Program Overview

- The City will authorize the Philadelphia Authority for Industrial Development (“PAID”) to issue a series of bonds to provide funding for the FIRST Philadelphia Program.

- The City will make the necessary appropriations from the General Fund each year to pay the service fee and any other amounts due under the agreement with the funding entity. These expenditures will be recouped in their entirety through a special tax assessment levied on property owners participating in the FIRST Philadelphia Program.
- In order to receive funding from the FIRST Philadelphia Program, property owners must agree to pay a special assessment for a term of twenty (20) years on their property taxes to cover the City's costs. The special assessment rate will be based upon: (1) the cost of the repairs; (2) the interest rate paid by the City on the bonds; and (3) administrative charges incurred by the City or the Entity related to the program.
- Designing the repayment mechanism as a special assessment, rather than a traditional loan, provides the City with additional security that it will recoup its expenditures in the event of a default by the property owner. Not only will the City take first lien position, but under the assessment model, the obligation to pay the special assessment stays with the property in the event that the property is transferred or sold during the repayment period.
- Within each FIRST Philadelphia Program bond issuance, the bond proceeds shall be allocated into the following four tranches and disbursed on a first-come, first-serve basis within each tranche:
 - 10% to homeowners with household income of up to 50% of area median income (AMI);
 - 60% to homeowners with household income of 50-150% AMI;
 - 10% to homeowners with household income over 150% AMI; and
 - 20% to small-business owners (employing fewer than 100 full-time employees) who own their business locations.
- The maximum funding amount per homeowner will be \$25,000.
- The maximum funding amount per small businesses will be \$35,000.
- Recipients of FIRST Philadelphia funding will be required to select from a list of approved, certified contractors to perform the energy-efficiency improvements.

Summary of Eligibility Requirements

- Applicants will be required to apply for all available state, federal and utility company funding sources for energy-efficiency improvements, including energy audits, at the time they apply for FIRST Philadelphia Program funding.
- Residential homeowners:
 - Individual applicant must be owner-occupant of home containing three or fewer units, be current on mortgage and property taxes and not have been subject to a tax lien within the past two (2) years;
 - energy assessment/audit of the property must demonstrate that the repairs proposed to be performed with FIRST Philadelphia Program funding will reduce the applicant's energy costs by an amount satisfying the "performance standards" developed by Department of Environmental Protection for "consumer energy conservation projects;" and
 - applicant must agree to sign utility bill release form at the time of loan origination in order to enable the Entity to measure the impact of the program on reducing energy usage and costs.
- Small-business owners: The eligibility criteria will mirror those for DEP's "Small Business Energy Efficiency Grant Program" and include, inter alia, that:
 - The annual energy savings for the project must be at least 20% of the annual energy costs for the system being replaced, or 20% of the business' total energy consumption, and the project must save the business at least \$1,000 per year in energy costs;
 - the use of Energy Star rated equipment is required for all installations covered under the Energy Star program; and
 - that all applications for projects involving insulating energy-efficient improvements – i.e., windows, doors, roofs, and insulation – include an energy assessment of the property that projects the anticipated energy savings from the planned work, such assessment to be performed by a qualified professional.