

City of Milwaukee
Office of Environmental Sustainability

Milwaukee Shines Solar PACE Loan Program
PROGRAM MANUAL



U.S. DEPARTMENT OF
ENERGY



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Executive Summary

The *Milwaukee Shines* Solar PACE Loan Program directly addresses the barrier of a high upfront cost of installing energy savings improvements. Given the current economic conditions in the United States, it may be difficult for homeowners to obtain private capital. This revolving loan fund allows homeowners to voluntarily attach 100% of the approved expenses of installing solar energy to their property tax bill. Homeowners can pay on a monthly basis if they have a property tax escrow account with their mortgage lender or through the traditional 10 month, interest free installment plan available through the City of Milwaukee Treasurer's Office.

This innovative property assessed clean energy (PACE) financing mechanism attaches the obligation to repay the cost of energy improvements to the property, not the individual borrower. As the average homeowner moves every 5 – 7 years, the improvements stay with the property even if the property is sold by the original borrower. This revolving loan program is modeled after the City's "special improvements" charges. Special charges for street improvements, for example, are assessed against the property and may be paid over time on the property tax bill.

In the event that the special charge is not paid, the City of Milwaukee has the right and ability to foreclose on the delinquent property in the same manner as for the nonpayment of taxes.

State of Wisconsin Enabling Statute: 66.0627(8)

City of Milwaukee File: 090376. Energy Efficiency Improvement Fund. This ordinance establishes an energy efficiency improvement fund and loan program to address the barrier of a high upfront cost of installing energy savings and renewable energy improvements.

The *Milwaukee Shines* Solar PACE Loan Program is funded by a start-up grant to the City of Milwaukee's solar energy program *Milwaukee Shines* by the local utility We Energies. Other aspects of the *Milwaukee Shines* program are funded by grants through the U.S. Department of Energy *Solar America Cities* program and local partner support and match. For more information on the *Milwaukee Shines* program and how the City of Milwaukee supports a solar sustainable economy, go to www.MilwaukeeShines.com

City of Milwaukee Legislative Sponsors: Alderman Tony Zielinski, Alderman Nik Kovac and Alderman Terry Witkowski.

Program Size: \$150,000. Of the \$150,000, \$15,000 is set aside in interest bearing account as a "bad debt" reserve and \$135,000 is available for loans. Fund set up to accept additional outside investment to supplement initial We Energies seed money.

Administrating Agency: City of Milwaukee and Neighborhood Improvement Development Corporation (NIDC will issue loans).

Number of Loans: 9 - 12. As loan repayments come in, more loans will be made. Loans may range from \$5,000 (min) to \$20,000 (max) and can be paid back in 5, 10 or 15 years depending on the size of the loan.

Background

The City of Milwaukee Office of Environmental Sustainability (OES) was first interested in launching an innovative financing mechanism for energy efficiency retrofits and renewable energy installations in 2007. We looked at utility bill and property assessed clean energy (PACE) financing models. After hundreds of hours of research and a handful of legal opinions in partnership with the Center on Wisconsin Strategies, it was determined that state legislation was needed to enable a PACE program. In early 2009, Governor Doyle signed an Executive Order which led to legislative passage under [Wisconsin Statutes 66.0627\(8\)](#)

The state legislation authorizes municipalities to: “make a loan to a resident of the political subdivision for making or installing an energy efficiency improvement or a renewable resource application to the resident’s residential property. If a political subdivision makes such a loan, the political subdivision may collect the loan repayment as a special charge under this section. Notwithstanding the provisions of sub. (4), a special charge imposed under this subsection may be collected in installments and may be included in the current or next tax roll for collection and settlement under ch. 74 even if the special charge is not delinquent.”

Council File 090376 is a local ordinance that reflects the state enabling statute. It would give Milwaukee the authority to launch a voluntary residential energy retrofit loan program with repayment on the property tax bill. This ordinance is necessary to launch a solar PACE loan program using nationally recognized best practices and lays the foundation for the larger Milwaukee Energy Efficiency (ME2) retrofit program to be launched later this year.

The White House Middle Class Task Force report entitled [“Recovery through Retrofit.”](#) encourages this type of municipal financing to improve energy efficiency and increase the use of clean energy sources on a larger scale. Repayment over time using the home as collateral makes energy efficiency and reduced energy use accessible to more people.

Many design elements of Milwaukee’s program were directly informed by the White House’s PACE guidelines, “best practice” reports, and technical assistance provided by U.S. Department of Energy *Solar America Cities* advisors. Milwaukee’s program was also informed by monitoring the experiences of other cities that have launched PACE programs. For example, we learned from Berkeley, California that a small program has its advantages, as it allows the program to test some of the mechanics without impacting a larger group. Berkeley also taught us that energy efficiency should be part of the required underwriting criteria and that eligibility for the 30% Federal Investment Tax Credit depends on who is issued the loan. Similarly, we learned from Boulder, Colorado that it is important to include legislative language in our program design that allows participants to pre-pay their loans. Boulder also taught us that our program should not be designed in such a way that if one payment is missed the entire lien becomes immediately due. For Boulder, this has created unintended problems and conflicts with the White House guidelines on PACE best practices.

The purpose of this Program Manual is to walk potential Applicants and City of Milwaukee departments through the process of issuing PACE loans for solar energy projects.

Why PACE?

According to the White House PACE Policy Framework, if only 15% of residential property owners nationwide participated their greenhouse gas emissions reductions would contribute 4% of the savings needed for the U.S. to reach 1990 emissions levels by 2020.

PACE financing increases the accessibility and affordability of energy saving measures, consequently lowering residential energy bills and reducing the City's environmental footprint.

Some people may question why the City and the Federal government are interested in issuing property assessed loans as opposed to ordinary loans or home equity lines of credit (HELOC). Ordinary loans can support solar and energy efficiency improvements, but banks will rarely issue one without money down or in the case of a HELOC – a second lien on the property (but fully payable once the homeowner resells). Tying payment to the property solves credit and collateral issues for energy efficiency and renewable energy loans, reduces up-front installation costs and allows for both the payment and the value of the solar installation to be transferred from one owner to the next. Since solar arrays have an average 30 year lifespan and the average homeowner moves every 5 – 7 years, ordinary loans or HELOCs are not as practical.

PACE programs streamline financing of energy efficiency and renewable energy investments in three key ways:

1. Property tax special charges provide a secure, well-established payback mechanism that lead to lower borrowing costs. The security of the payback mechanism makes it possible for PACE financing to be offered with no money down.
2. The economies of scale from making PACE financing available to a large group of borrowers can reduce overhead and transaction costs.
3. Effective administration of Milwaukee's PACE program will create more consumer confidence in the economic value of energy efficiency and renewable energy investments.
4. The underwriting structure for a PACE loan is different than a traditional bank loan.

The *Milwaukee Shines* Solar PACE Loan Program is structured to address risks that could arise given that PACE special charges increase homeowner debt payment and take priority over private liens in the event of foreclosure by:

1. Making this an opt-in, voluntary program subject to strict underwriting.
2. Encouraging repayment through an escrowed account (when available) as it reduces the risk of non-payment of property tax assessed special charges.
3. Ensuring that the loan does not cause the homeowner to owe more on the property than the property is worth.

General Program Information

Program Size: \$150,000. Of the \$150,000, \$15,000 is set aside in interest-bearing account as bad debt reserve and \$135,000 is available for loans. Fund set up to accept additional outside investment to supplement initial We Energies seed money.

Administrating Agency: City of Milwaukee and Neighborhood Improvement Development Corporation (NIDC)

Participants: City of Milwaukee owner-occupied residential applicants only.

Number of Loans: 9 - 12. As payments come in, more loans will be made.

Type of Loans: Solar Electric and Solar Hot Water (note: solar space heating does not qualify).

Loans Size: \$5,000 (min) to \$20,000 (max)

Size of Solar Installation:

0.5 – 3 kW for solar electric

1 – 3 panels for solar hot water

Interest Rate: Prime +2%. This will help the fund revolve more quickly.

The +2% is made up of:

Loan Servicing Fees: 0.5% (NIDC will be paid this amount through a special appropriations fund)

Bad Debt Reserve: 1.5% (this will be added to the interest bearing account containing the \$15,000 initial set aside)

Application Processing Fee: \$50. This fee is non-refundable and payable upon application submission. Annual reviews will determine if the fee should be increased or decreased. The City will reserve program slots on a first-come first served basis to customers who meet the underwriting criteria. Application fees will not be accepted once program is full.

Penalty: There is no penalty for paying off the loan in advance. Prepayment can be made directly to the City Treasurer. Late payments are subject to interest and penalty charges and will be treated the same as other City of Milwaukee delinquent property taxes (1 ½ % per month back to February 1st of year tax is due).

Term: up to 15 years. Term will depend on size of loan.

Loan: less than \$7,000 will have 5 years to be paid off

Loan: between \$7,000 and \$10,000 will have 10 years to be paid off

Loan: greater than \$10,000 will have 15 years to be paid off

All repayments will be shown as a ‘special charge’ on the customer’s property tax statement and payment for the special charge should be made along with the property tax payment. Property taxes are due by January 31st of each year. Applicant may choose to pay in installments (option will be on property tax bill) or through their bank escrow payments. Coordinating escrow repayment plan with Mortgage Company is the responsibility of the Applicant.

Solar Energy incentives currently available:

- Focus on Energy (FOE): up to 25% (rebate based on system performance and home energy efficiency) for both solar hot water and solar electric. And \$100 rebate for solar site assessment.
- We Energies (WE): 30% of Focus on Energy’s cost share for solar hot water. 0% for solar electric.
- Federal Investment Tax Credit (ITC): 30% for both solar electric and solar hot water.

It is the Applicant's responsibility to determine if they qualify for Focus on Energy and We Energies incentives. It is also the Applicant's responsibility to determine if they qualify for the Federal ITC. If in doubt, Applicants should consult a tax advisor. Neither the City nor NIDC provide tax advice to residents.

Loans are issued on a first-come, first-serve basis. The number of loans is limited. If NIDC receives an abundance of applications, the City will consider a larger program to accommodate demand. Some applications will wait in the queue until 2nd, 3rd or 4th generation loans are available. Site assessments and structural analyses do not expire and can be used if future City financing opportunities become available.

The City is not responsible for costs incurred by the Applicant for obtaining a solar site assessment or structural analysis. Average cost for a residential solar site assessment is approximately \$300. Focus on Energy provides \$100 rebate for solar site assessments. It is the Applicant's responsibility to apply for the rebate. There is no guarantee that an application received by NIDC will be funded.

The City reserves the right to decline an Applicant if any of the application or underwriting requirements are not met, if the funds are exhausted, or if the program slots are filled.

City provides no warranties; customer must repay loan even if system fails before loan is repaid. City encourages the purchase of extended equipment warranties when possible.

In the event that a Participant sells his or her house before the loan is paid back in full, the loan stays with the property.

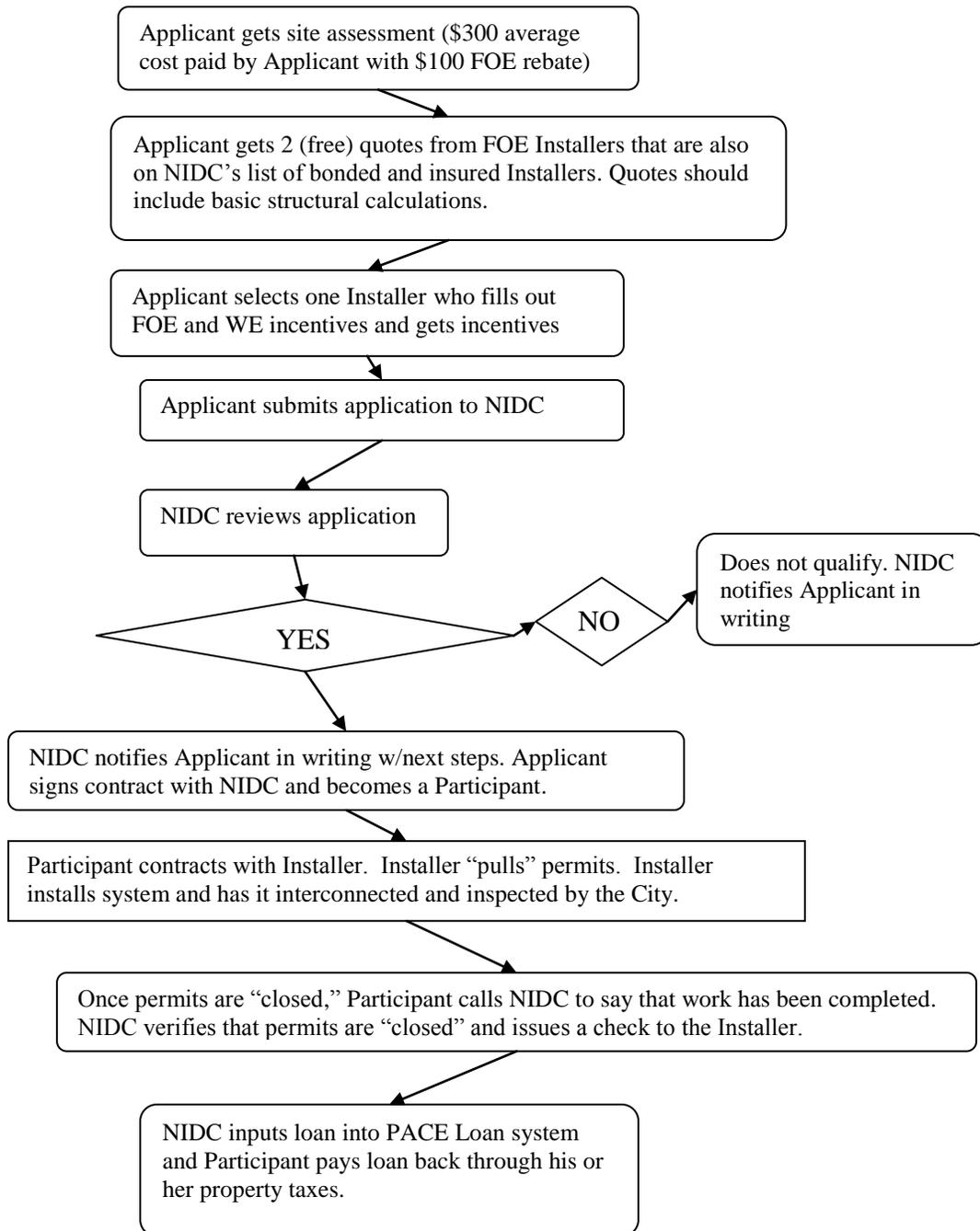
Failure to repay loans through the property assessed special charge could result in the default and foreclosure of the property.

Step-by-Step Process

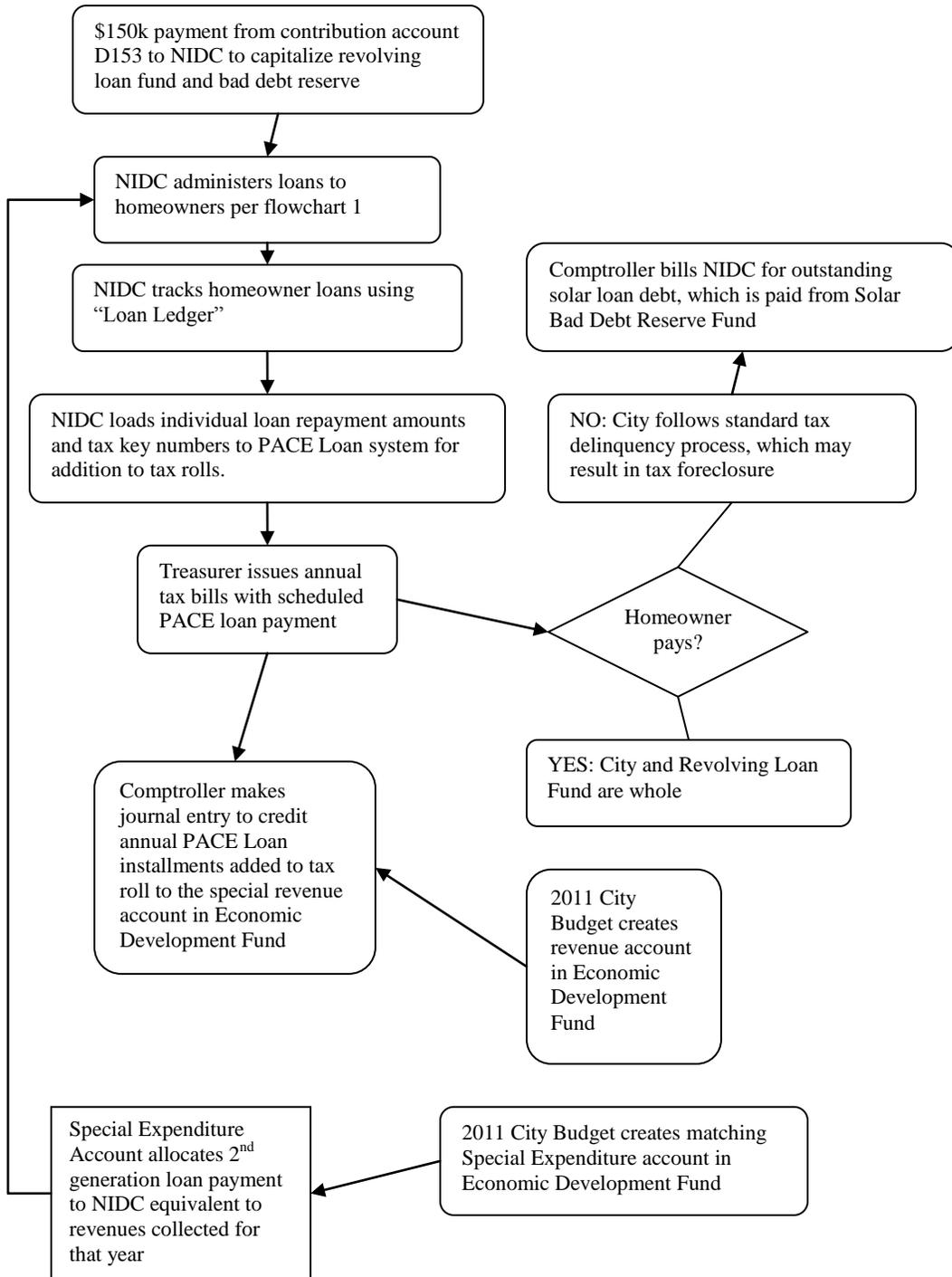
1. Marketing will occur on the *Milwaukee Shines* website, Midwest Renewable Energy Association (MREA)/Milwaukee website, Focus on Energy website, We Energies website, and NIDC website. If questions arise about the pre-application process, *Milwaukee Shines* staff will be available. The *Milwaukee Shines* website will provide guidance on the application process and a list of certified site assessors and installers.
2. Applicant gets site assessment to determine if house is an appropriate candidate for solar by certified site assessor. A list of certified site assessors is currently available on the MREA website:
http://www.mreacsa.org/index.php?option=com_content&task=view&id=31&Itemid=43&state=WI Average cost of a residential solar site assessment is \$300. The Applicant is responsible for this cost, but can apply for the \$100 Focus on Energy rebate.
3. Applicant gets at least two installation “cost quotes” from installers on the Focus on Energy list. *Milwaukee Shines* will provide the list of Focus on Energy installers on its website. From the two installer quotes, the Applicant selects one Installer. The selected Installer’s quote must contain:
 - a. Total cost of the project, value of the Focus on Energy incentive, and total cost to the customer after deducting the incentive. The quote must be accompanied by a pre-approval letter from Focus on Energy that confirms the installation incentives amount.
 - b. Basic structural calculations and other information about the project as prescribed by the Department of City Development. This information is necessary for the department to conduct a necessary plan review of the project. Required information is outlined in the “Special Section for Installers” on page of 16 of this manual. This information will be available on the *Milwaukee Shines* website.
4. Applicants submit the site assessment, their selected Installer’s quote with supporting information (see above 3a. and 3b.), proof that home is energy efficient (outlined in the “Required Underwriting Criteria” section of this manual on page 13), letter from Mortgage Company showing how much is still owed on the home, We Energies utility bill, loan application form, and non-refundable loan application processing fee of \$50 to NIDC.
5. NIDC reviews the application and all supporting documentation according to the Required Underwriting Criteria on Page 13 of this manual.
6. NIDC cross references application with “Application Checklist” – See checklist on page 15 of this manual.
7. If Applicant does not qualify – they are declined in writing by NIDC.
8. If Applicant meets all underwriting criteria and loan is approved by NIDC internal loan committee (ARC), NIDC will notify Applicant in writing. (If the Applicant decides to drop out, the City is not liable for any expenses incurred along the way.) If the Applicant chooses to proceed, the Applicant contacts NIDC to make appointment to finalize loan process.

9. Participant comes into NIDC's office to finalize contract. Before signing the contract, NIDC staff will provide all loan information consistent with Federal lending guidelines; this includes an amortization schedule. The Applicant will be notified that their annual property taxes will increase by the amount of the special charge, and will be notified that the City has the right to foreclose on the property in the event of default. If the Applicant agrees to the terms, he or she will sign a program contract, the loan amount will be encumbered (reserved) and the Applicant becomes a Participant. The contract will state that NIDC will not cut a check to the Installer until the installation was inspected and approved by the City Inspectors and approved by the Participant.
10. Once contract is signed, Participant enters into contract with Installer and Installer will:
 - a. "Pull" permits – DNS will provide NIDC with copy for NIDC file
 - b. Install system
 - c. Arrange for We Energies to interconnect solar electric systems
 - d. Arrange for City Inspectors to inspect installation
 - e. Ensure that City permits are "closed"
 - f. Submit Notice of Installation Form to Focus on Energy
 - g. Receive final confirmation from Focus on Energy regarding incentives
 - h. Receive final work approval from the Participant
11. Participant calls NIDC to confirm that the installation is complete and approves that the check is paid to the Installer. While on the phone, NIDC confirms (via DNS computer system) that permits are "closed."
12. NIDC inputs the loan to the City of Milwaukee's PACE Loan computer system and cuts a check to the Installer. (NOTE: Starting February 1, 2010 Focus on Energy may reimburse their incentives to the Installer. The significance of this change for this program is that the City can issue a loan for the total installation cost MINUS the Focus on Energy incentive amount. Thus, allowing NIDC to issue more loans.)
13. Participant repays the loan. Annual PACE loan installments are added to the property tax roll as a 'special charge' by NIDC. All PACE loan repayments will be shown as a 'special charge' on the customer's property tax statement and payment for the special charge should be made along with the property tax payment. There are two repayment options:
 - i. Participant makes arrangements with their Mortgage Company to add loan to escrowed amount and makes monthly payments to them.
 - ii. Participant is responsible for paying property taxes to City Treasurer once a year on or before January 31st or in ten monthly installments each year.
14. Participant receives annual statement of loan balance and interest paid from NIDC.
15. Repayments can be used to issue more loans. NIDC will be credited with PACE Loan amounts added to the tax roll. If PACE Loan special charge goes delinquent, the City of Milwaukee will treat it as it would any other delinquent tax. In the event of non-payment for three sequential years, the City typically begins foreclosure proceedings. Once property is foreclosed upon, NIDC will reimburse the City for all delinquent payments that have already been billed on the property tax statements and went uncollected. This reimbursement will come out of NIDC's bad debt reserve, which consists of the original \$15,000 plus 1.5% of each loan amount. NIDC will manually track repayments twice a year to anticipate potential repayment issues.

Flow Chart 1 – Application Process



Flow Chart 2 – City of Milwaukee/NIDC Cash Flow Process



Sample Estimated Payment Schedule

	Average Installed Cost	Focus on Energy Incentives (Paid to Installer)	We Energies Incentives (Paid to Participant)	Federal Tax Credit (Paid to Participant)	Loan <u>MINUS</u> Focus Incentives	Interest 4.0% Admin 0.5% Bad Debt 1.5%	Term in Years	Monthly Payment Based on Term	Average Monthly Energy Savings	Average Monthly Energy Savings After 10 Years (Given 6% Rate Increase/Year)
Solar Electric										
1 kW	\$8,000	Up to 25%	none	30%	\$6,000	6%	10	\$68	\$13	\$23
2 kW	\$16,000	Up to 25%	none	30%	\$12,000	6%	15	\$124	\$25	\$35
3 kW	\$24,000	Up to 25%	none	30%	\$18,000	6%	15	\$154	\$38	\$48
Solar Hot Water										
2 residents (needs 40 sq feet of roof space)	\$7,000	Up to 25%	30% of FOE award	30%	\$5,250	6%	5	\$104	\$6	\$10
3 residents (needs 80 sq feet of roof space)	\$10,000	Up to 25%	30% of FOE award	30%	\$7,500	6%	10	\$85	\$10	\$15
4 residents (needs 120 sq feet of roof space)	\$14,000	Up to 25%	30% of FOE award	30%	\$10,500	6%	10	\$119	\$13	\$17

Required Underwriting Criteria

The following criteria must be met in order for an Applicant to qualify:

- Residential only.
- House is owner-occupied.
- Applicant has no outstanding and unsatisfied tax liens on the property.
- Applicant has no overdue property taxes.
- Applicant has no notices of default or other evidence of property-based debt delinquency for the lesser of the past three years or the property owner's period of ownership.
- Property is current on all mortgage debt.
- Applicant has no overdue municipal services charges.
- Applicant has clear and undisputed title to the home. Applicants must prove that they are the legal owners of a property, unanimous approval of property-holders is required, and the title should be clear of easements or subordination agreements that conflict with the special charge.
- Applicant is We Energies customer.
- The assessed value of the home is equal to or greater than 110% of the outstanding mortgage(s) and solar loan amounts. For example, if the Applicant has a remaining mortgage of \$55,000, a home equity line of credit for \$10,000 and a solar loan application for \$10,000, the assessed value of the home must be at least \$93,500.
Equation: $\text{Home value} \geq \text{total property debt} \times 110\%$. NIDC will access property tax bill to determine assessed value of property taxes and calculate the recommended special charge amount.
- Energy Efficiency measures in place/meets benchmark.
 - Starting Feb. 1, 2010 Focus on Energy solar incentives will be tiered so that houses that have undergone more energy efficiency measures will be better incentivized. To qualify for higher incentives home must meet Focus on Energy benchmarks.
 - It is neither the site assessors nor the Installer's job to determine whether energy efficiency benchmarks have been met. Applicants will need to do it themselves working with Focus on Energy and submit the documentation to NIDC. For example, the Applicant (or in the rare case, NIDC) can call Focus on Energy and Focus on Energy can verify where the home is at regarding benchmarks 2, 3, and 4 (see below).
 - **FOUR BENCHMARKS:**
 1. If Applicant submits their energy bills for the last 12 months and NIDC and qualify them based on:
 - Annual electric usage when offsetting electricity of 6,500 kWh or less for the last 12 months of usage
 - Annual gas usage when offsetting gas of 700 therms or less for the last 12 months of usage
 2. If Applicant can prove that they live in a Wisconsin Energy Star Home.

3. If Applicant can prove that they went through the Home Performance with Energy Star program and meet the requirements (a Home Performance Consultant at Focus on Energy will help the Applicant with that)
 4. If Applicant can prove that they have undergone a certain number of HVAC type measures that Focus on Energy funded. (Applicant can call Focus on Energy to confirm)
- NOTE: For the *Milwaukee Shines* Solar PACE Loan Program, loans cannot cover the costs of both energy efficiency improvements and solar. If the program is successful, a larger program that includes both energy efficiency and solar energy may be rolled out.

Application Checklist for NIDC

Date of Application:	
Name of Applicant:	
Address where Solar will be installed:	
Tax Key #:	
Loan Request Amount:	
Type of Solar:	
Installer Name:	
Name of Mortgage Company (if escrow):	

- Site assessment received by certified site assessor?
(If site assessment says it is not an appropriate site – NIDC contacts *Milwaukee Shines*)
- YES NO
- Installer quote with structural calculations and plan review received?
(NIDC will pre-approve plan review)
- YES NO
- Installer is bonded and insured?
(NIDC will cross-reference with list)
- YES NO
- Focus on Energy and We Energies incentives are pre-approved?
- YES NO
- House is owner-occupied?
- YES NO
- Owner has no overdue property taxes?
- YES NO
- Owner has no overdue municipal services charges?
- YES NO
- Applicant is We Energies customer?
(Utility bill submitted)
- YES NO
- Home value \geq total property debt x 110%?
(Letter from Mortgage Company is submitted and cross-referenced with City's assessed value)
- YES NO
- Applicant meets 1 of 4 energy efficiency benchmarks?
(Proof is submitted)
- YES NO

Installer Qualifications

- Applicant selects Installer off of Focus on Energy’s list of Installers. (In the future, we may require that the Installers are NABCEP certified, but not for this initial program.)
- Contractors must hold city Home Improvement Contractor License (HICL) and state Dwelling Contractor (DC) and Dwelling Contractor Qualifier (DCQ) credentials. The City of Milwaukee requires a license for any home improvement contractor. This includes, but is not limited to, roofing, walls, siding, windows, doors, floors, HVAC, electrical, plumbing, concrete, painting and sheet metal. DCD has a list of contractors that meet these criteria that NIDC can cross reference.
- Bonded and Insured – Installers on Focus on Energy list are not required to be bonded and insured, but the City requires it as part of program underwriting. Since most Installers in Milwaukee are bonded and insured, it should not be an obstacle for the City to require it. New Installers would obtain insurance when the first job arises. This should be a point of clarification on the Applicant’s end when obtaining bids. At the point of application NIDC will cross reference the Applicant’s chosen Installer with the internal list of bonded and insured Installers. NOTE: This list will not be difficult for the City to generate, as a letter will go out to all the Installers informing them of the *Milwaukee Shines* Solar PACE Loan Program and asking them to submit their documents. (Once this program is approved by the Common Council, the letter to the Installers will be sent out.)
- NOTE: Davis Bacon wages are not required since funding is not funded through the American Recovery and Reinvestment Act. This has been confirmed with the U.S. Department of Energy.

Special Section for Installers

To participate as an Installer under the *Milwaukee Shines* Solar PACE Loan Program he or she must:

- Be able to front the cost of the equipment as he or she will not be paid until after the installation has passed City inspection.
- Be able to provide basic structural calculations. Workshops for Installers on what to look for and how to do simple calculations to be used in the plan review process will be conducted.
- Complete pre-approval incentives paperwork for Applicant in the beginning and “Notice of Installation” paperwork once installation is completed.
- Complete and submit applications for relevant permits.
 - Building alteration permits will be issued AFTER the plan receives a favorable review, and in the case of a historically designated property, when a Certificate of Appropriateness (COA) has been issued.
 - Fee will be charged for permit at current rate of 1% of the cost of construction or less (to be determined by DNS).
 - Before any work can commence, all related permits must be issued (i.e. construction, electrical, plumbing, HVAC)
 - On the City’s website there is guidance for solar hot water/plumbing Installers. <http://www.city.milwaukee.gov/FORMS3705.htm#PlumbingBond>

- Licensed electricians in Milwaukee must have the state certification, pay a fee and provide proof of insurance - but no additional testing is required. Once the new state law takes effect in 2013, municipal licensing requirements will end.
- **For Building Alteration Permit Provide:**
 - Section of the existing roof showing the attachment and existing structure
 - Catalog cut sheet of the solar device with the weight
 - Structural calculations that are performed by a knowledgeable person
 - Site plan and placement plan showing the location of the solar energy system on the lot and the design of the solar energy system. Placement plan should include any improvements, landscaping or other features on adjoining lots that impacts the location of the solar system being proposed
- **For Homes with Local Historic Designation Provide:**
 - Certificate of Appropriateness (COA)
The Milwaukee Historic Preservation Commission (HPC) is responsible for designating historic landmarks and historic districts and for approving applications for permission to alter historic buildings. No changes which require a building permit may be made to the exterior unless the owner first obtains a Certificate of Appropriateness from the Historic Preservation Commission. Projects that require full review by the HPC may take 6-8 weeks to obtain a determination. Staff can review some projects without full HPC review. Contact the HPC office at (414) 286-5712 for additional information.
- **For Plan Review:**
 - Installers will submit permit application and plan materials to the Development Center. Applications can be mailed or contractors may contact a plan examiner at (414) 286-8210 to make an appointment. No fee will be charged for plan review for projects participating in the *Milwaukee Shines* Solar PACE Loan Program (this is subject to change).
- Installer is responsible for contacting inspector to arrange for inspections

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.milwaukeeeshines.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 Treasurers: 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 2010 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 are tied to the property and its owner's 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 consisting of 1% interest and ½ % penalty back to February 1st of the year the tax was due 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 lien?

Answer: The placement of senior special tax liens is a common practice in the United States. All City of Milwaukee special charges 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 *Milwaukee Shines* Solar PACE Loan Program is open to Applicants across the city who qualify on a first come, first served basis.

Question: Is my loan payment tax-deductible?

Answer: There is a principal and interest portion to each payment and interest payments may be tax deductible. The City of Milwaukee and NIDC cannot provide tax assistance. For more information, please consult a tax advisor.

Acknowledgments

The *Milwaukee Shines* Solar PACE Loan Program was initiated and designed by the City of Milwaukee - *Milwaukee Shines* through the Office of Environmental Sustainability. On behalf of the Office of Environmental Sustainability, we would like to thank Mayor Tom Barrett for his leadership on green job creation and our City sponsors Alderman Zielinski, Alderman Kovac and Alderman Witkowski for their support. Their determination in making clean energy accessible through innovative financing proves that Milwaukee is on the cutting edge.

Additionally, we would like to thank our local *Milwaukee Shines* partners and the U.S. Department of Energy *Solar America Cities* program (especially Jason Coughlin/DOE Tiger Team) for their generous funding and technical assistance for the *Milwaukee Shines* program. Without We Energies' significant contribution, this program would not have the capital to support it. And without Focus on Energy's incentives, we would not be able to issue as many loans. Thank you to Joel Rogers and the Center on Wisconsin Strategy for their valuable research on PACE programs and the ME2 model.

Last but not least, thank you to the City Departments for their invaluable suggestions and for demonstrating coordination, flexibility, and a willingness to try something new. Without the support of Maria Prioletta, James Sayers, Suzanne Hanson and the staff at NIDC, Jim Klajbor and the City Treasurer's staff, the Assessors Department, Beverly LaFlex and John Egan in the Comptrollers Office, Nancy Olson and Bob Herzfeld in ITMD and Rich Watt in LRB, this program could not exist.

Erick Shambarger
Acting Director
Office of Environmental Sustainability
City of Milwaukee
www.ci.mil.wi.us/greenteam

Andrea Luecke
Milwaukee Shines Project Manager
Office of Environmental Sustainability
City of Milwaukee
www.MilwaukeeShines.com

Resources for More Information

White House Policy Framework for PACE programs:

www.whitehouse.gov/assets/documents/PACE_Principles.pdf

Vice President Biden's PACE Announcement:

www.pacenow.org/documents/VICE%20PRESIDENT%20BIDEN%20ANNOUNCEment.pdf

PACE Local Government's Guide: www.pacenow.org/documents/FullerKunkelKammen-MunicipalEnergyFinancing2009.pdf

Response to Regulatory Agency: www.pacenow.org/documents/Legal_Finance_Q&A.pdf

PACE Now Website www.pacenow.org

Vote Solar Website: www.votesolar.org

Wisconsin Statutes 66.0627: www.legis.state.wi.us/statutes/Stat0066.pdf

Center on Wisconsin Strategy ME2 program: www.cows.org/collab_projects_detail.asp?id=54

Berkeley FIRST Website: www.berkeleyfirst.renewfund.com/

Solar America Cities Website: www.solaramericacities.energy.gov/

City of Milwaukee Treasurers FAQs: www.city.milwaukee.gov/FrequentlyAskedQuest1999.htm

Milwaukee Shines: www.MilwaukeeShines.com

Focus on Energy: <http://www.focusonenergy.com/>

We Energies: <http://www.we-energies.com/>

Midwest Renewable Energy Association: <http://www.the-mrea.org/>

NIDC website: <http://www.mkedcd.org/housing/nidc/index.html>