Exhibit "A"

BACKGROUND

The Neighborhood Transformation Initiative Program Statement and Budget describes the programs and activities that the City will fund using bond proceeds issued under the previous Administration's Neighborhood Transformation Initiative and the interest earned on those bond proceeds.

The Neighborhood Transformation Initiative (NTI) was created in 2001 to rebuild and restore Philadelphia's neighborhoods. Funding for NTI came from three primary sources: tax-exempt bonds, taxable bonds and qualified redevelopment bonds (QRBs) that totaled $296 million. These bonds were all issued by the Redevelopment Authority (RDA). See Figure 1 for details.

Figure 1

Sources

	May 2002	March 2005	TOTAL
Tax-Exempt	$ 124,100,000	$ 83,400,000	$ 207,500,000
Taxable	$ 18,500,000	$ 25,000,000	$ 43,500,000
Qualified Redevelopment	$ -	$ 45,000,000	$ 45,000,000
TOTAL	$ 142,600,000	$153,400,000	$ 296,000,000

Note: These amounts reflect the face value of the bonds and not their ultimate sales price. See Figure 4 for that detail.

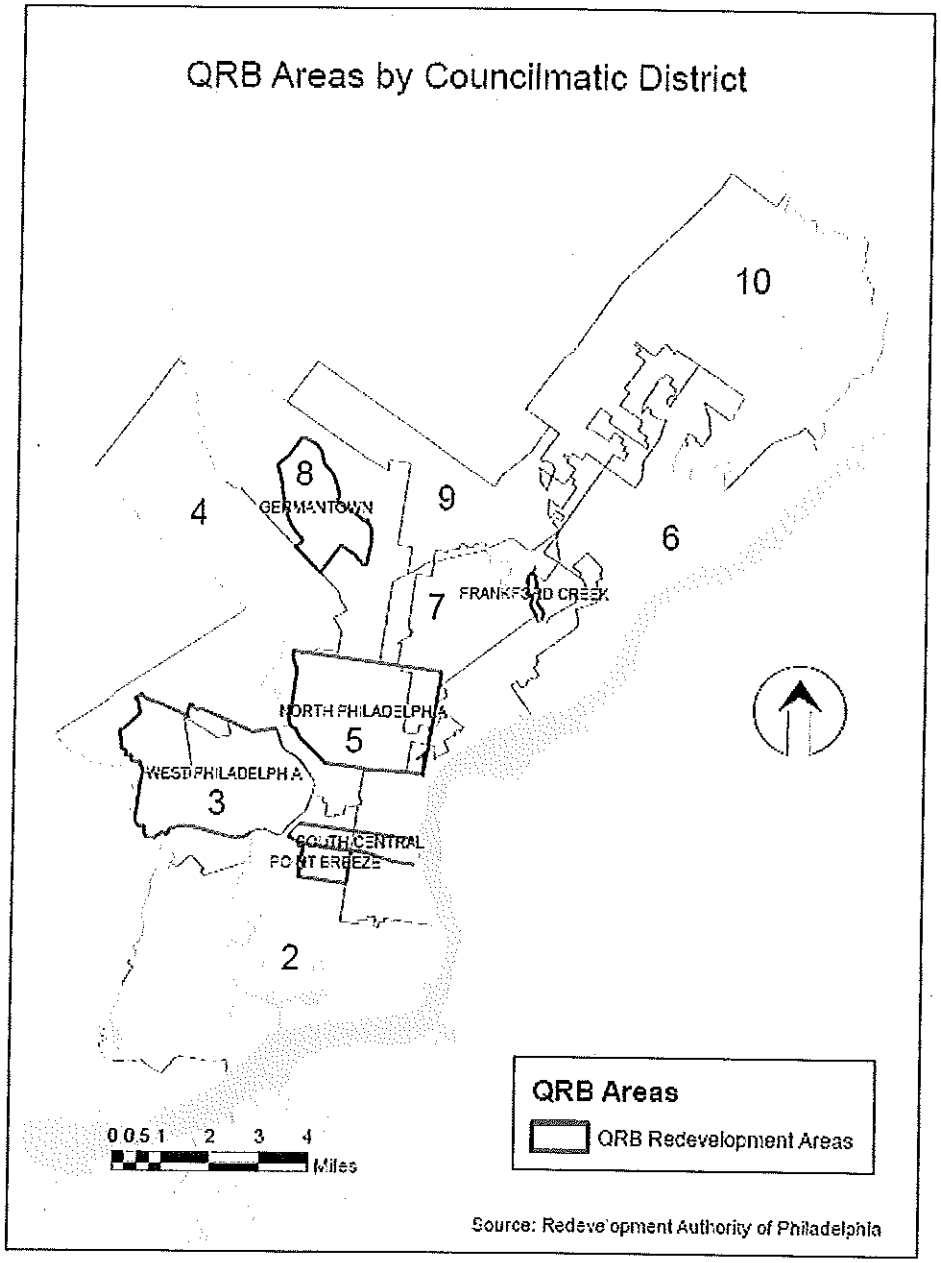
When it issued the tax-exempt and Qualified Redevelopment bonds, the RDA agreed to follow specific usage requirements that would give the bonds a lower interest rate and ensure the bondholders that the bonds would retain their tax-exempt status. The agreed upon usage requirements follow as does a description of how the taxable bonds are to be used. (Note: any interest earned on the bonds carries with it the same restrictions as the original bond proceeds.)

Taxable Bonds: Taxable bond money, which can be used for many NTI programs with few restrictions, has been spent on programs such as the PHIL Loan, the Targeted Basic Systems Repair, and the Home Ownership Rehabilitation Loan programs. In addition, more than $29 million in taxable bond funds was spent on land acquisitions.

Tax-Exempt Bonds: Bond proceeds may only be used for activities that protect the health, safety and welfare of the public. Most of the tax-exempt money spent to-date has been on the demolition, stabilization and encapsulation of vacant, dangerous buildings. These funds may also be used to repair publicly-owned facilities.

Qualified Redevelopment Bonds: Spending is restricted to specific activities (land acquisition, site preparation, rehabilitation and relocation expenses) in designated geographic areas. These city areas were agreed to by City Council before the bonds were issued in March 2005. (See Figure 2) Any property purchased using this money must then be disposed of at fair market value (unless the purchaser is a government entity).

Figure 2


QRB Areas by Councilmatic District
10
8
4
GERMANTOWN
9
6
7
FRANKFORD CREEK
NORTH PHILADELPHIA
5
WEST PHILADELPHIA
3
SOUTH CENTRAL
POINT BREEZE
2
0 0.5 1 2 3 4
Miles
QRB Areas
QRB Redevelopment Areas
Source: Redevelopment Authority of Philadelphia

In June 2010, City Council approved the FY11 Program Statement and Budget. Figure 3 represents that budget, as adjusted herein for discrepancies noted below.

Figure 3 FY11 Program Budget—Passed by City Council

NTI Bond Proceeds Activity	FY11 Budgeted Bond Amounts	Cumulative Draw Downs	NTI Bonds Remaining for Drawdown
Demolition			
Demolition	142,736,192	(142,466,692)	269,500
Vacant Property Stabilization	5,892,855	(2,428,000)	3,464,855
Land Acquisition	79,660,995	(34,640,507)	45,020,488
Housing and Neighborhood Preservation			
Retaining Wall Reconstruction	2,420,000	(2,180,783)	239,217
Expanded Home Rehabilitation Program	6,000,000	(6,000,000)	0
Philadelphia Home Improvement Loan Program	3,800,000	(3,800,000)	0
Anti-Predatory Loan Program	931,967	(653,834)	278,133
Employer Assisted Housing- HomeBuy Now	2,560,944	(1,635,000)	925,944
Targeted Basic System Repair Program	3,300,000	(3,000,000)	300,000
Basic System Repair Program	30,775,000	(30,775,000)	0
SHARP Home Repair Program	525,000	(525,000)	0
Settlement Grant Assistance	4,300,000	(3,700,000)	600,000
Historic Property Repair Program	1,707,500	(1,457,500)	250,000
Adaptive Modification Program	11,750,000	(10,050,000)	1,700,000
Affordable Rental Development	250,000	(250,000)	0
Housing Trust Fund	1,500,000	(1,500,000)	0
Equitable Development Strategy	163,221	(163,221)	0
Commercial Corridor Support Initiative	1,953,861	(1,953,861)	0
Homelessness Prevention Program	1,600,000	(1,600,000)	0
Vacancy Prevention (Tangled Title Program)	100,000	(50,000)	50,000
Foreclosure Prevention	2,000,000	(546,629)	1,453,371
Management Information Systems			
Land Tracking System	1,005,012	0	1,005,012
Vacant Property Management Information System	5,700,000	(5,700,000)	0
Unified Land Records System	3,095,133	(3,095,133)	0

There are a number of differences between this budget and the bonds and interest that remain available to be drawn down. The FY2010 Program Statement and Budget adopted by City Council on April 29, 2010, reflected these available dollars, specifically:

- $1,102,924 in tax-exempt bond interest was added to the Basic System Repair Program, creating a total budget of $31,877,924.
- $300,000 was decreased from the Targeted Basic System Repair Program, leaving a balance of $3,000,000
- $1,500,000 in tax-exempt bond interest was used to create an NSP-Enhancement Basic Systems Repair line item totaling $1,500,000.

These amounts are reflected in the starting balances of the Administration's Proposed FY2012 budget (see below).

From 2002 until May 2011, the City of Philadelphia drew down $269 million worth of bonds and interest earned on those bonds to spend on a variety of NTI-related programs (See Figure 4). These draw downs are reflected in both Figure 4 and Figure 6.

It should be noted that the bond amounts stated in Figure 4's "Deposits to Trustees" reflect the bonds' actual sale price. When bonds are issued, they often command a market price that is higher or lower than their face value—this occurred with three of the NTI bond issuances and the amount of money deposited with the Bond Trustee differed from the face value.

As of 5/31/11, just under $48.5 million worth of bonds and interest remain to be drawn down. The FY12 budget reflects these additional funds.

Figure 4

	Tax-Exempt	Taxable	QRB	Total
Deposits to Trustee				
2002 Series	$125,228,569	$18,185,700		$143,414,269
2005 Series	$83,371,915	$25,000,000	$45,000,000	$153,371,915
Interest Earned	$13,190,767	$2,172,275	$5,028,155	$20,381,314
2003A Issuance Cost				($300,000)
Cumulative Draw Downs	($212,357,200)	($45,174,447)	($11,662,042)	($269,493,689)
Bond Funds Remaining	$9,434,051	$183,528	$38,366,113	$47,983,632

DECLARATION OF TAKING OBLIGATIONS

In 2008, City Council requested an audit of the NTI land acquisition funds to determine how money

had been spent to-date and how much money remained for future property purchases. Despite having spent or committed tens of millions of dollars from 2002 to 2008 on land acquisition projects, the prior administration had never detailed to City Council how those monies had been specifically spent.

In the summer 2008, the City Controller's office, with support from the accounting firm of WithumSmith+Brown, began to examine the accounting and property transaction records maintained by the Philadelphia Redevelopment Authority (RDA). The Controller's Office issued its final report on October 14, 2009.

The audit found that the RDA needed to pay nearly $13 million to Municipal Court to satisfy land acquisition obligations that it had made prior to June 30, 2008.

Over FY 2011, the RDA made a number of payments into court, leaving an obligation of $4,740,517 at 3/31/11. It anticipates that the final payments into court will be made over the next few months. In addition, the RDA must keep on-hand contingency funds totaling approximately $3.9 million in the event that a former property owner makes a legal claim that he is owed more money for a property acquired by the RDA using NTI dollars.

PROPOSED FY2012 BUDGET

Since the FY2011 Program Statement and Budget was approved by City Council, a number of acquisition requests have been received by district council members and payments into court have been made by the RDA. Tax-exempt dollars have also been spent on programs such as Basic Systems Repair and Adaptive Modification. Finally, $94,842 in taxable bond funds were drawn down to cover local banks' exposure on defaulted loans made under the Philadelphia Home Improvement Loan Program.

The following interest was earned last year: $2,156 (tax-exempt bonds), $237 (taxable), $7,667 (QRBs). These dollars have been allocated as follows: $2,156 to Retaining Wall Reconstruction and $7,904 to land acquisition.

The Nutter Administration proposes the following budget for FY2012.

Figure 5 – Cumulative NTI Drawdown and Proposed FY2012 Budget

NTI Bond Proceeds Activity	FY11 Budgeted Bond and Interest Earned Amounts	Cumulative Draw Downs	NTI Bonds and Interest Remaining for Drawdown
Demolition			
Demolition	142,736,192	-142,466,692	269,500
Vacant Property Stabilization	5,742,855	-2,428,000	3,314,855
Land Acquisition	79,668,899	-41,302,549	38,366,350

Housing and Neighborhood Preservation			
Retaining Wall Reconstruction	2,422,156	-2,180,783	241,373
Expanded Home Rehabilitation Program	6,000,000	-6,000,000	0
Philadelphia Home Improvement Loan Program	3,800,000	-3,800,000	0
Anti-Predatory Loan Program	931,967	-748,676	183,291
Employer Assisted Housing- HomeBuy Now	2,560,944	-2,560,944	0
Targeted Basic System Repair Program	3,000,000	-3,000,000	0
NSP—Enhancement Basic Systems Repair	1,500,000	0	1,500,000
Basic System Repair Program	31,877,924	-31,877,924	0
SHARP Home Repair Program	525,000	-525,000	0
Settlement Grant Assistance	4,300,000	-3,700,000	600,000
Preservation Development Initiative	250,000	-250,000	0
Adaptive Modification Program	11,750,000	-10,900,000	850,000
Historic Property Repair Program	1,457,500	-1,457,500	0
Affordable Rental Development	250,000	-250,000	0
Housing Trust Fund	1,500,000	-1,500,000	0
Equitable Development Strategy	1,600,000	-1,600,000	0
Commercial Corridor Support Initiative	1,953,861	-1,953,861	0
Homelessness Prevention Program	1,600,000	-1,600,000	0
Vacancy Prevention (Tangled Title Program)	100,000	-50,000	50,000
Foreclosure Prevention	2,000,000	-546,689	1,453,311
Management Information Systems			
Land Tracking System	1,005,012	0	1,005,012
Vacant Property Management Information System	5,700,000	-5,700,000	0
Unified Land Records System	3,095,133	-3,095,133	0
Other	150,000		150,000
Totals	317,477,443	269,493,751	47,983,692

Demolition and Vacant Property Stabilization

The City of Philadelphia's Department of Licenses & Inspections manages NTI-related residential demolitions.

The demolition and vacant property stabilization budget allocations by City Council District are described in Figure 6. These commitments will be fulfilled using tax-exempt bond funds remaining to be drawn down ($3,369,500 total) and money previously drawn down and not yet spent by L&I.

The Administration is committed to working with City Council on NTI's demolition activities. District councilpersons will continue to have the opportunity to:

- Review, comment and participate in the selection and prioritization of dangerous and vacant properties for demolition bid packages and stabilization work within the districts;
- Participate as one of the City's representatives during pre-bid inspection tours and conferences with contractors and vendors for demolition and stabilization work;
- Review and comment on any relocation plans, except in those cases where an emergency relocation is required due to dangerous conditions; and,

- Review, comment and recommend interim treatments of vacant properties after demolition.

L&I staff have been meeting with City Council District representatives to develop a list of properties that should be demolished. However, since last July, no district council demolition money has been spent.

As a reminder, starting in FY08, the budget allocations and money available for targeted residential demolitions, large vacant building demolitions and vacant property stabilization became fungible. These dollars may also be used to renovate or do site work at publicly-owned facilities.

Figure 6

Demolition & Vacant Property Stabilization Budgets by Council District

Council District	Total Budget	Total Spent	Total Available
1	$ 11,344,393	$ (8,680,451)	$ 2,663,942
2	$ 10,822,810	$ (10,635,865)	$ 186,945
3	$ 12,872,078	$ (12,717,184)	$ 154,894
4	$ 6,720,724	$ (6,508,546)	$ 212,178
5	$ 23,237,357	$ (23,228,144)	$ 9,213
6	$ 808,733	$ (192,644)	$ 616,089
7	$ 12,511,709	$ (12,250,453)	$ 261,256
8	$ 12,337,363	$ (12,337,363)	$ -
9	$ 4,600,875	$ (4,397,100)	$ 203,775
10	$ 410,000	$ (45,145)	$ 364,855
		TOTAL AVAILABLE	$ 4,823,147

Land Acquisition

The RDA uses bond funds and NTI-related land sales proceeds to acquire land for development projects. Those projects must fall squarely within the principles that have guided NTI for the past seven years and will continue to do so going forward.

Acquisition requests are evaluated by an Interagency Acquisition Review Team (IART) to ensure they are consistent with NTI's principles. Using criteria created when IART was first created in 2004, proposals are evaluated favorably if the development projects:

- Conform with strategic neighborhood plans supported by the City Planning Commission;
- Facilitate economic growth by building on market strengths and encouraging market-rate investments;
- Leverage City resources to the fullest extent possible by maximizing private investment, minimizing public subsidies and making investments that are linked to other public and private investments in an area; and
- Comply with the legal and financial requirements of the funding source, particularly when Qualified Redevelopment Bonds are used.

When evaluating requests for acquisition funds to support specific development projects, the IART also considers criteria such as the developer's capacity and track record; the project's feasibility,

budget and timeline; the source and amount of public subsidy, if any; leverage; and neighborhood context (e.g., consistency with neighborhood plans, suitable strategic reuse of the site, and likelihood of stimulating investment activities by others).

The RDA is responsible for permanent relocations due to land acquisition and redevelopment activities. The RDA adheres to and abides by all federal and state relocation statutes, regulations and standards, and offers residents all relocation benefits to which they are entitled. In addition, the RDA will collaborate with the Housing Support Center, the Office of Housing and Community Development (OHCD), District Council staff and others as needed to enhance community outreach, notification and relocation support. Recognizing the disruption of lives and the high costs associated with relocation, every effort is made to keep relocations to a minimum.

Land acquisition funds are also used for the following activities: advertising for public hearings, title searches, appraisals, and relocation costs.

Role of City Council
The acquisition and disposition of vacant property is carried out in accordance with applicable federal, state and local laws, including, but not limited to: Section 5-900 of the Philadelphia Home Rule Charter, Section 16-400 of the Philadelphia Code, the Urban Redevelopment Authority Law and Redevelopment Cooperation Law, and the Uniform Relocation Act.

Because the highest concentration of vacant properties is located in certified urban renewal and redevelopment areas, the aggregation of land for redevelopment will be subject to City Council review. For example, in order for the RDA to exercise its powers of eminent domain, the Urban Redevelopment Law requires City Council approvals for the following:

- Creation or modification of Redevelopment Areas;
- Redevelopment Proposal Plans to support condemnation of the property by the RDA, including the number of properties that will be condemned and the proposed reuse;
- Selling, leasing or transferring of any real property in a Redevelopment Area to a developer, regardless of the means of acquisition by the RDA.

Over the past year, the RDA and Office of Housing and Community Development (OHCD) have met with each District Councilperson to discuss the land acquisition funds available for their district. District Council members have submitted acquisition requests to IART that have been reviewed and, in a number of cases, have been approved. Once approved by IART, the proposed budget is sent to the City Councilperson for approval.

Interagency Acquisition Review Team (IART)
The IART process was established to create a systematic method of reviewing and approving requests for land acquisition. This process, which evaluates requests for acquisition funds using the criteria listed above, helps to ensure the limited acquisition funds are spent in a manner that brings the highest value to the City. The inter-departmental team includes staff from the Philadelphia Redevelopment Authority, the Office of Housing and Community Development, the Philadelphia Housing Development Corporation, the Philadelphia Housing Authority, Finance Department, Commerce Department, Planning Commission, and Mayor's Office.

The process follows these steps:

1. Councilperson completes a Land Acquisition application that asks for information such as the nature of the proposed development project, the street addresses of the parcels of land that need to be purchased, the name of the proposed developer, and other sources of funding for the project.
2. RDA staff prepare an acquisition budget.
3. Council members are invited to present their proposed projects at monthly IART meetings.
4. IART meets privately to review project based upon above criteria and decides to approve, disapprove or place on hold until questions about the project have been answered.
5. RDA prepares an acquisition budget using formal appraisals.
6. The IART decision is communicated to City Councilperson. If IART has recommended the project, the Councilperson must approve its moving forward.
7. The Chief of Staff approves the project.
8. If appraisals yield a higher budget for the project, this information is communicated to IART and the Councilperson who have the ability to pull the project before a Council resolution authorizing acquisition is introduced.
9. Councilperson introduces resolution authorizing RDA to purchase the property.

From July 1, 2010 to March 31, 2011, IART has reviewed and approved $16,099,459 worth of proposed acquisitions (see Chart 7 below).

Community Outreach, Notification and Relocation Services

Over the past five years, the City strengthened the review process for projects seeking condemnation assistance. For example, it revised the letters sent by the RDA to those owners who would be potentially relocated and changed its outreach strategy to include personal visits to each residence at the beginning of the process. In addition to the public notification requirements mandated in the federal Uniform Relocation Act, the RDA has worked closely with District Council members to engage and alert residents far in advance of the City Council public hearings. Efforts include meetings that included the directly affected residents, RDA staff and the District Council member to discuss the proposed project and the rights of the individual or household in the relocation process. Through these meetings a working relationship was established between the City and neighborhood residents so that accurate information about the relocation process could be provided.

The City also ensures that non-English speaking, Braille-reading and Signing residents have accurate information about relocations and access to the public process. To reach the Latino community, the RDA has hired two bilingual relocation specialists and translated all its letters, brochures and print materials relating to relocation into Spanish. In addition, RDA legal notices pertaining to acquisition and planning processes are published in a Spanish-language newspaper. The following OHCD-funded translation services are also available:

- Interpreters to provide simultaneous verbal translation at community meetings;
- Translated acquisition and relocation materials as needed.

Acquisition Recycling Fund & Land Sales
Pursuant to a July 2005 agreement among the City, RDA and then-existing NTI office, an Acquisition Recycling Fund was established to leverage the NTI bond funds used to finance land assembly activities. Most of the property that the RDA condemns is tax delinquent and/or has other municipal liens recorded against it. When the RDA settles with an owner or in the case of abandoned property, the RDA pays the "just compensation" or the appraised value of the real estate into Court. The City then collects the outstanding municipal liens it is owed (the School District also receives a portion of the collected liens based upon an agreed upon formula), up to the appraised value of the real estate and deposits these proceeds into the Acquisition Recycling Fund.

On an annual basis, the Administration includes as part of the City's operating budget an amount equal to the share of delinquent real estate taxes and other municipal liens that will be collected from the Court. Liens are then made available to the Office of Housing and Community Development through a year-end transfer ordinance. Finally, the RDA invoices OHCD, which transfers the funds to RDA for future land acquisitions. The originating City Council district or City Significant is "credited" the amount of the lien.

An agreement is also in place that allows land sales proceeds to be similarly credited to either the originating Council district or City Significant.

As of March 31, 2011, $453,184 in recycled liens and $5,203,523 in land sale proceeds have been allocated back to individual Council district and City Significant budgets. It is important to note, however, that some of these proceeds have already been used for additional land acquisitions in the associated Council District and for City Significant projects.

Acquisition Budget
In FY05, the land assembly budget was increased using funds derived from Community Development Block Grant ($10 million) and the Pennsylvania Department of Community and Economic Development ($5 million). As of 3/31/11, $2.56 million in CDBG proceeds and $2.55 million in DCED funds remained for future land purchases and commercial corridor work. These funds are embedded in Figure 8 and broken out in Figure 9.

The DCED funds can only be spent on projects for which there is a redevelopment plan and all acquisition proposals must be approved by the Pennsylvania Department of Community and Economic Development. All funds must be spent by June 30, 2013.

City Significant Projects
To facilitate land assembly for large scale—or City Significant—projects, $37 million was allocated from the NTI bond proceeds between FY03 to FY07. In FY08, this amount was increased by $1,176,418 using interest earnings from NTI bond proceeds. $670,517 in taxable bond proceeds have been drawn down and spent. The remaining balance, $505,911 will be drawn down from QRB proceeds. This interest allocation brought the total City Significant budget to $38,176,418. In FY10, additional QRB interest was added to the City Significant budget ($5,020,488 minus the $505,911 already allocated).

Figure 7 Schedule of Available Land Acquisition Funds as of March 31, 2011

District	Original Allocated Funds (NTI, CDBG, DCED)[1]	Reallocations/ Adjustments	Amended Allocated Funds	Expended as per GL	PIC Obligations	Contingency for DOT-related obligations	IART Approved Projects[3]	Balance (amended allocated funds minus expended & DOT/PIC estimated obligation)	Liens	Land Sales/ relocation notes revenue as per GL	Max. Total Funds Available
1	$7,025,000.00	$0.00	$7,025,000.00	$2,305,405.00	$713,300.00	$0.00	$0.00	$4,006,295.00	$7,205.00	$810,054	$4,823,554
2	7,025,000.00	0.00	7,025,000.00	3,593,841.00	64,900.00	1,272,250.00	46,975.00	$2,047,034.00	54,744.00	964,048	$3,065,826
3	7,025,000.00	0.00	7,025,000.00	3,552,181.00	179,100.00	14,600.00	280,020.00	$2,999,099.00	86,248.00	546,059	$3,631,406
4	3,475,000.00	-900,000.00	2,575,000.00	609,759.00	188,500.00	101,100.00	387,830.00	$1,287,811.00	17,471.00	0.00	$1,305,282
5	7,025,000.00	800,000.00	7,825,000.00	3,682,679.00	929,900.00	700,700.00	305,055.00	$2,206,666.00	150,473.00	187,444	$2,544,583
6	1,450,000.00	-1,000,000.00	450,000.00	217,360.00	0.00	0.00	0.00	$232,640.00	0.00	0.00	$232,640
7	7,025,000.00	-1,000,000.00	6,025,000.00	1,868,772.00	265,900.00	185,800.00	785,790.00	$2,918,738.00	36,478.00	188,790	$3,144,006
8	7,025,000.00	0.00	7,025,000.00	3,051,547.00	404,575.00	320,785.00	309,715.00	$2,938,378.00	252.00	66	$2,938,696
9	3,475,000.00	0.00	3,475,000.00	638,041.00	98,000.00	55,500.00	0.00	$2,683,459.00	1,753.00	0.00	$2,685,212
10	1,450,000.00	-1,450,000.00	0.00	0.00	0.00		0.00	$0.00	0.00	0.00	$0
City Significant	42,175,995.00	4,100,000.00	46,275,995.00	23,562,257.00	1,896,342.00	1,270,852.00	13,984,073.00	$5,562,471.00	98,560.00	2,507,062	$8,168,093
Subtotal	**94,175,995**	**-**	**94,725,995**	**43,081,842**	**4,740,517**	**3,921,587**	**16,099,458**	**$26,882,591.00**	**453,184**	**5,203,523**	**$32,539,298**
NTI General Unallocated[2]	$0.00	2,719,989	2,727,893	906,047	$0.00	$0.00	$0.00	$1,821,846.00	$0.00	$0.00	$1,821,846.00
Grand total	**94,175,995**	**-**	**97,453,888**	**43,987,889**	**4,740,517**	**3,921,587**	**16,099,458**	**28,704,437**	**453,184**	**5,203,523**	**34,361,144**

1 Total under 'Funding Sources-Starting Allocations shifted from $94,691,005 to $94,175,995 as the original DCED total allocation was less than $5M. To reflect change in Council District chart, reduced the City Significant Original Balance by $515,010.

2 Includes NTI General revenue and expenditures: general expenditures of $906,047 (audit, market studies, IT, non-project specific acquisition activity); pending further direction on where they should be allocated; revenue=$2,719,989 ($856,619 taxable bond interest, $487,370 QRB bond interest, $1.376 million reallocation non-acquisition funds)

3 Includes projects that have been approved by IART but may or may not have yet been approved by the District Councilperson or Chief of Staff; no declaration of taking has been filed

Figure 8 Remaining Funds by Source

Fund Type	Starting Allocations[1]	Bond Interest	Reallocations/ Adjustments	Amended Allocated Funds	Expended as per GL[4]	PIC Obligations	Contingency for DOT-related obligations	Committed Projects	Balance (amended allocated funds minus expended & DOT/PIC obligation& Contingency for DOT)	Reallocations[3] (Land Sales/ relocation notes revenue/ Liens)	Max. Total Funds Available
Taxable Bonds/ Land Sales	$29,670,507	$856,856	1,126,000	31,653,126	32,670,100	950,842	397,514	77,650	(2,442,980)	5,203,523	2,760,780
QRB[6]	$50,020,488	$495,037	0	50,507,858	7,506,893	1,821,550	2,149,952	13,010,608	26,018,855	$0	26,026,522
CDBG	$10,000,000	$0	800,000	10,800,000	2,098,568	1,748,625	1,374,121	3,011,200	2,567,486	$0	2,567,486
DCED	$4,485,000	$0	0	4,485,000	1,712,328	219,500	-	-	2,553,172	$0	2,553,172
Liens					-					453,184	453,184
Grand total	**94,175,995**	**1,351,893**	**1,926,000**	**97,445,984**	**43,987,889**	**4,740,517**	**3,921,587**	**16,099,458**	**28,696,533**	**5,656,707**	**34,361,144**

Figure 9

District	Revised Land Sales	Liens	CDBG	DCED	QRB	TOTAL
1	$577,471.00	7,205.00	$0.00	$300,000.00	$3,938,878.00	$4,823,554.00
2	720,015.00	54,744.00	0.00	$300,000.00	$1,991,067.00	$3,065,826.00
3	341,803.00	86,248.00	0.00	$300,000.00	$2,903,355.00	$3,631,406.00
4	0.00	17,471.00	150,000.00	$200,000.00	$937,811.00	$1,305,282.00
5	0.00	150,473.00	0.00	$300,000.00	$2,094,110.00	$2,544,583.00
6	0.00	0.00	232,640.00	$0.00	$0.00	$232,640.00
7	88,405.00	36,478.00	500,000.00	$300,000.00	$2,219,123.00	$3,144,006.00
8	0.00	252.00	137,811.00	$300,000.00	$2,500,633.00	$2,938,696.00
9	1,033,086.00	100,313.00	1,547,035.00	$4,778.00	$0.00	$2,685,212.00
10	0.00	0.00	0.00	$0.00	$0.00	$0.00
City Significant	0.00	$0.00	0.00	$548,394.00	$7,619,699.00	$9,989,939.00
Subtotal	$2,760,780.00	$453,184.00	$2,567,486.00	$2,553,172.00	$24,204,676.00	$34,361,144.00

Retaining Wall, Alley Driveway, Curbs & Sidewalk Repair and Reconstruction

Retaining walls are private property or "private infrastructure." Property owners are responsible for their maintenance, repair or reconstruction costs. Retaining walls, which are used to provide lateral support for land of higher elevation, vary in type, size and composition. Consequently, the cost of retaining wall repairs is highly variable. In some instances, commonly shared retaining walls had deteriorated to the point that they represent a threat to the public safety.

In FY03, the Streets Department surveyed more than 60 retaining walls in need of repair citywide. The Streets Department provided cost estimates and developed a priority repair list based on the level of danger posed by the wall. The City then committed tax-exempt bond funds for the repair of the most dangerous walls. By law, abutting property owners are required to pay back a portion of the repair costs over four years, while the City pays for the balance.

Of the $2,670,000 budgeted for this purpose, $2,180,783 has been drawn down and $250,000 was transferred to the Historic Property Repair Program in FY11. $239,217 remains to be drawn down for the repair of retaining walls in FY12.

Anti-Predatory Lending Program

Of the $1,560,000 budgeted for this work, $278,130 in taxable bond funds remain available at the fiscal agent for this program. These funds must be retained as a loan loss reserve to cover possible delinquent loans that originated with participating banks under the Mini PHIL & PHIL Plus Programs. In FY11, $93,591 in taxable bonds were drawn down to reimburse local banks for defaulted loans made through this program.

HomeBuy Now – Employer Assisted Housing

One way to stimulate investment in neighborhoods and aid community economic development is to involve local employers in providing new homeownership opportunities for their employees. HomeBuy Now, the NTI Employer Assisted Housing (EAH) program, encourages businesses to become active investors in Philadelphia neighborhoods by offering a City match of housing benefits that participating businesses provide to their employees.

HomeBuy Now benefits are generally in the form of settlement and down payment assistance, although the funds can also be used for housing counseling for program participants. HomeBuy Now can also be used in conjunction with the Pennsylvania Housing Finance Agency's (PHFA) Employer Assisted Housing program, which will match up to $2,000 of an employer's contribution. Currently, 36 employers participate including the University of Pennsylvania, University of the Sciences, Temple University, P. Agnes Construction, The Neat Company, AugustaWestland, and New Courtland Elder Services.

Since HomeBuy Now's began in 2004, $2,560,944 has been allocated to the program. Results to date include 211 employee-purchased houses, leveraging $780,486 from the participating employers and approximately $15.2 million in mortgage financing.

No funds remain to be drawn down.

Neighborhood Stabilization Targeted--Basic Systems Repair Program
In FY10, the Nutter Administration requested and City Council approved the allocation of $1.5 million in previously unallocated Tax-Exempt bond interest be directed at neighborhoods that have applied for Neighborhood Stabilization Program (NSP) funds from HUD. This would enable the City to maintain values of existing homes where HUD is providing funding for construction of affordable housing. No additional funds have been budgeted to this program for FY12.

Basic Systems Repair Program
The Basic Systems Repair Program (BSRP) helps maintain stable neighborhoods by providing homeowners with urgent repairs and needed improvements. The City will use tax-exempt government purpose bonds proceeds to fund this activity.

The BSRP provides two principal levels of repair services to low-income homeowners. The Tier I services consist of the Emergency Repair Hotline Program and Emergency Heater Hotline. These programs give the City an emergency response capability through which qualified contractors are assigned to complete needed basic systems repairs requiring relatively low expenditures of grant funds. Tier II provides up to $12,500 of rehabilitation assistance. Typical Tier II repairs include heating system replacement, plumbing and drainage system replacement, wiring, roof replacement and structural systems repairs (floors, ceilings, walls, etc.) Eligible homeowners receiving Tier II services may also receive up to $2,000 per property in weatherization assistance.

Since FY06, the City has allocated a total of $30,775,000 for BSRP activities. In FY10, it increased the funding by $1,102,924 using previously unallocated tax-exempt bond proceeds. Those dollars were drawn down in FY11 and no additional increases are being requested in FY12.

Settlement Grant Assistance
Helping more families to become homeowners has a stabilizing effect on neighborhoods. The aim of the settlement grant program is to lower the barriers to homeownership for low- and moderate-income families. The City uses tax-exempt government purpose bonds and interest from those bonds to fund this activity.

Since 2004, the City's Settlement Assistance Grant Program has provided nearly 5,300 settlement grants to low- and moderate- income first time homebuyers. The $800 grants are available to homebuyers that earn 80 percent or less of the area median income or $57,700 for a family of four. Recipients of settlement grants complete pre-purchase housing counseling at an OHCD-funded housing counseling agency.

In FY08, NTI increased the Settlement Assistance Grant budget by $600,000 to a total allocation of $3.7 million. That amount increased again in FY09 by an additional $600,000. Those funds remain to be drawn down and used in FY12.

Adaptive Modifications Program
The Adaptive Modifications Program (AMP) provides low-income Philadelphia residents with

permanent physical disabilities with increased mobility within, as well as access to their homes. The City will use tax-exempt government purpose bonds to fund this activity.

The Adaptive Modifications Program is available for homeowner-occupied and renter-occupied houses which need to be made accessible for people with disabilities with income up to 80 percent of median income requirements. Adaptive modifications must meet one or more of the following objectives:

- Improve the consumer's ability to enter and exit the home;
- Increase the consumer's ability to perform activities of daily living; and/or,
- Enable the consumer to remain in the home and/or prevent institutionalization.

Since 2004, 1,188 AMP cases had been completed at a cost of $14.48 million; 62 cases ($759,138) are currently under construction; and 90 properties ($1.15 million) are ready for assignment." In addition there are769 cases on the waiting list worth an estimated $3.11 million after attrition.

In FY08, NTI increased the budget by $800,000 for a total of $10.1 million allocated to this program. In FY10, the Nutter Administration proposed adding an additional $850,000 in previously unallocated Tax-exempt bond proceeds to the program. City Council approved this increase. $850,000 in bond proceeds remain to be drawn down. The Administration proposed no additional increases to this program this fiscal year.

Historic Property Repair Program

Philadelphia boasts architecture of historical significance throughout its neighborhoods. The Historic Property Repair Program, originally funded with NTI taxable bond funds and operated by the Preservation Alliance of Greater Philadelphia through the Office of Housing and Community Development, makes grant funds available to low-to-moderate income residents to enable them to make historically competent façade repairs.

Since implementation of the program in 2006, the Preservation Alliance has received 225 requests for applications. Of these applications, 65 were completed and 43 inspection site visits were completed. Twenty-four projects are completed, underway or about to start. The average repair is about $20,000 and the average homeowner contributes almost $5,000 toward the cost of the repairs.

In FY08, the Historic Property Repair Program and Preservation Development Initiative budgets became fungible and $207,500, allocated from tax-exempt interest earned on NTI bond proceeds, was added to the program. $250,000 was added to this program's budget in FY11 and those monies were spent during the year. No funds remain.

Vacancy Prevention (Tangled Title)

One half of the houses in Philadelphia are owned by people over 55 and data shows that 45 percent of older people have made no plans to either sell or transfer titles in their homes. Thus over the next 15 to 20 years, many houses in the city are at risk of abandonment. The Vacancy Prevention Program will address these issues.

The City has developed the HomeSMART (Start Managing Assets, Repairs, and Titles) Program. The activities include:

- A training program for housing counselors and senior service providers to help older homeowners understand the value of estate planning, how estate planning benefits them and the community
- The establishment of a tangled title fund to help resolve title problems which prevent occupants from obtaining loans and grants for repairs or the smooth transfer of title of residence.
- Although emphasis is on the elderly, all ages are eligible for grants up to $2,000.

$100,000 has been allocated to this program ($50,000 in FY08 and an additional $50,000 in FY09). $50,000 remains to be drawn down in FY12.

Foreclosure Prevention

To address the impact of the foreclosure crisis on Philadelphia homeowners and neighborhoods, in FY09, the Nutter Administration proposed utilizing NTI funds and other programs to assist homeowners facing foreclosure and to prevent others from reaching that point. Among other activities, the City will implement the new HERO Loan and Philadelphia Renovate and Repair Programs as a coordinated approach to foreclosure prevention. These programs will be augmented by additional funding provided to Community Legal Services and housing counseling agencies. It allocated $2.0 million for these mortgage foreclosure prevention programs and $1.453 million remains to be drawn down in FY12.

Program Descriptions

Homeowner's Equity Recovery Opportunity (HERO) (Foreclosure Prevention)

Homeowner's Equity Recovery Opportunity (HERO) is a new loan program designed to improve the financial situation of Philadelphians unable to afford their current mortgage payments and in danger of losing their homes to foreclosure. These vulnerable populations must have the terms of their mortgages modified in order to afford monthly payment obligations.

The HERO program will be implemented in partnership with the Pennsylvania Housing Financing Agency (PHFA) for borrowers not eligible for PHFA's REAL program (REfinance to an Affordable Loan) or another mortgage refinance product available in the general market due to credit issues or owing more than their home's current appraised value. The funding will leverage over $10M in state loans for City homeowners facing foreclosure.

Philadelphia Renovate & Repair Program (Foreclosure Prevention)

The Philadelphia Renovate & Repair Program will provide low-fee home improvement loans at reasonable interest rates of up to $35,000. Housing counseling will guide prioritization of home improvements and how to best spend funds. Administered by Pennsylvania Housing Financing Agency (PHFA), the program will provide financing for home repairs. PHFA will accept up to a third lien position.

Land Tracking System

One of the findings of the Controller's report was that "the procedures for compiling the

schedules of NTI land assembly activity are informal, undocumented and lack necessary resources, as well as checks and balances to ensure accurately prepared information." Information in the EXCEL spreadsheets used to track land assembly activities appeared to be "informally prepared and lacking in uniformity." Moreover, "no one had ever directed the RDA to dedicate someone full-time to coordinate and manage the accounting function over NTI land acquisition."

The Controller recommended that the RDA "develop an efficient and effective methodology to account for and report NTI land assembly activity....While developing the methodology, the RDA should evaluate the capabilities of its general ledger accounting system, and make any system upgrades and enhancements considered necessary."

The RDA has already hired WithumSmith+Brown and Public Financial Management to help it develop an internal accounting and reporting system that will accurately and efficiently track all land purchases. The FY12 budget shows just over $1 million remaining to be drawn down for this purpose.