

RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY FINANCING (R-PACE)

Presentation to the County Board of Supervisors
January 15, 2019



Agenda

- Background
- Potential Benefits & Concerns
- Recent Legislation
- Provide Staff Direction

What is PACE?

- Allows property owners to finance cost of energy efficiency, water efficiency and renewable energy projects (e.g. solar panels, windows) and repay costs over time through an assessment lien on the property
- Considered “super-priority liens” and take priority over existing mortgages
- External third-party administrators operate the majority of PACE programs
- PACE requires County approval and administration
- R-PACE programs are typically driven by home improvement contractors

Board Action Related to PACE

JUNE
2010

FHFA issues
statement relaying
R-PACE concerns

JULY
2010

Board adopts
resolution halting
PACE program

JULY
2010

FHFA reiterates
stance on R-PACE

JUNE
2016

Board approves
C-PACE program

APRIL
2018

County completes
steps to launch PACE
program

R-PACE Projects

- City of Santa Barbara: 0 projects
- City of Lompoc: 17 projects
- Statewide: 145,450 projects

Potential Benefits

- Increased deployment of renewable energy, water efficiency and energy efficiency projects
- Reduction in GHG emissions
- 100% financing with no upfront out-of-pocket costs
- Improved property value
- Job creation/economic development

Potential Concerns

- Some homeowners unable to sell home without paying off R-PACE lien
- Predatory lending practices
- Failure to screen low-income homeowners for free or low cost energy services
- Ability of PACE providers to foreclose on property
- Represented as a “government sponsored” program
- Uses local government resources to perform private services

Recent Legislation

- AB 1284 and SB 242 signed into law in 2017 to provide consumer protections
- Concerns regarding loopholes in legislation, specifically vagueness in sections on income and the ability-to-pay analysis
- SB 1087 and AB 2063 passed by legislature in 2018 to clarify and correct certain provisions in AB 1284 and SB 242
- New legislation has had little time to take effect

Recommended Actions

- Direct staff to:
 - Not pursue implementation of an R-PACE program further at this time; OR
 - Pursue implementation of a third-party R-PACE program; and
- Determine that the recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA)

QUESTIONS?
