



City of Santa Barbara

Office of Mayor

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Helene Schneider

Mayor

City Hall

735 Anacapa Street

Santa Barbara, CA

93101-1990

October 12, 2016

Honorable Chair Peter Adam & Members
of the Santa Barbara County Board of Supervisors
105 E. Anapamu Street
Santa Barbara, CA 93101

RE: Property Assessed Clean Energy (PACE) Financing

Dear Chair Adams & Members of the Board:

Mailing Address:

P.O. Box 1990

Santa Barbara, CA

93102-1990

I am writing on behalf of the Santa Barbara City Council to update you on the City Council's action taken at our meeting of October 11th to urge the Board to support both commercial and residential PACE programs in the County.

Tel: 805.564.5323

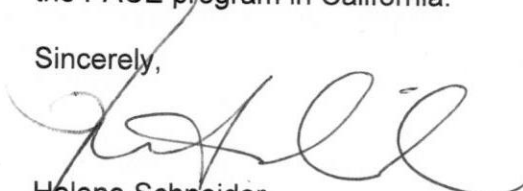
Fax: 805.564.5475

Access to financing for property owners to complete energy upgrades is a critical component of the City's climate action plan, as it is for other agencies along the central coast. To that end, we have directed City staff to bring back options for the Council to adopt a PACE program in the City. However, currently, the County Auditor Controller's Office continues to be opposed to commercial and residential PACE programs in the county due to the concerns raised by the Federal Housing Finance Agency's (FHFA). Specifically, it is believed that residential PACE financing could pose a risk for Fannie Mae and Freddie Mac because PACE assessments are first-priority liens and are paid first in cases of foreclosure.

In response, Governor Brown signed SB 96 in 2013, which created a \$10 million PACE Loss Reserve in California and makes PACE more attractive than prior to the creation of the Loss Reserve. This Loss Reserve makes first mortgage lenders whole for any direct losses incurred due to the existence of a PACE lien on a property. Additionally, Governor Brown recently signed Assembly Bill 2693, which creates an industry-wide framework for PACE financing loans that aims to educate consumers on terms while helping them reduce utility bills and greenhouse gas emissions.

As you can readily see, much has changed since the PACE program began and more safeguards are now in place. We urge you to reconsider the Board's previous position on PACE and take action to allow for PACE assessments to be placed on the tax rolls for *City and County* residents. Let's join the 45+ counties in the state who have already adopted a mechanism for the PACE program in California.

Sincerely,


Helene Schneider
Mayor



Please consider the environment before printing this letter.