

# emPowerSBC Status Report

Board of Supervisors  
October 26, 2010



# PACE is on hold

- FHFA statements created lasting uncertainty for PACE
- Federal action is likely to take longer than hoped
- Several jurisdictions still offer PACE, but most are developing alternative financing strategies
- PACE policy debate has raised national awareness, generating an influx of resources and ideas to stimulate building retrofits



# PACE delay and emPowerSBC

- On July 13, the Board directed staff to wait to make residential applications available until federal concerns are resolved.
  - Delay is still in effect, but work on program has continued
- PACE delay affects one financing option for emPowerSBC, but there are other options that can achieve similar outcomes
- Locally, grant funding of over \$3.2 million is not affected by the postponement of PACE



# emPowerSBC Grants

- \$773,000 grant from the CA Energy Commission specifically for emPowerSBC administration
- \$2.4 million competitive award from the DOE through the BetterBuildings program
  - One of 35 innovative programs in the nation selected
  - No County match
  - Board to consider authorizing acceptance today
  - Important to accept now; DOE alerted staff that emPowerSBC is at risk of losing funds if we fail to begin drawing down soon
- Given PACE status, CEC and DOE encourage modified program design to drive demand for retrofits



# The emPowerSBC Challenge

- Community demand for cost effective ways to retrofit their homes and businesses remains high
- Since early stages of development, emPowerSBC was designed to address two main barriers for consumers:

1. Access to capital
2. Market complexity



# Addressing the Challenge

- The County has an opportunity to address these barriers through a re-envisioned program that **further** limits County risk and encourages community participation
- 4 Principles of a re-envisioned emPowerSBC:
  - Focus on public private partnerships
  - Comprehensive program design
  - Local participation, local control and local results
  - Sustainable program funding



# Addressing the Challenge

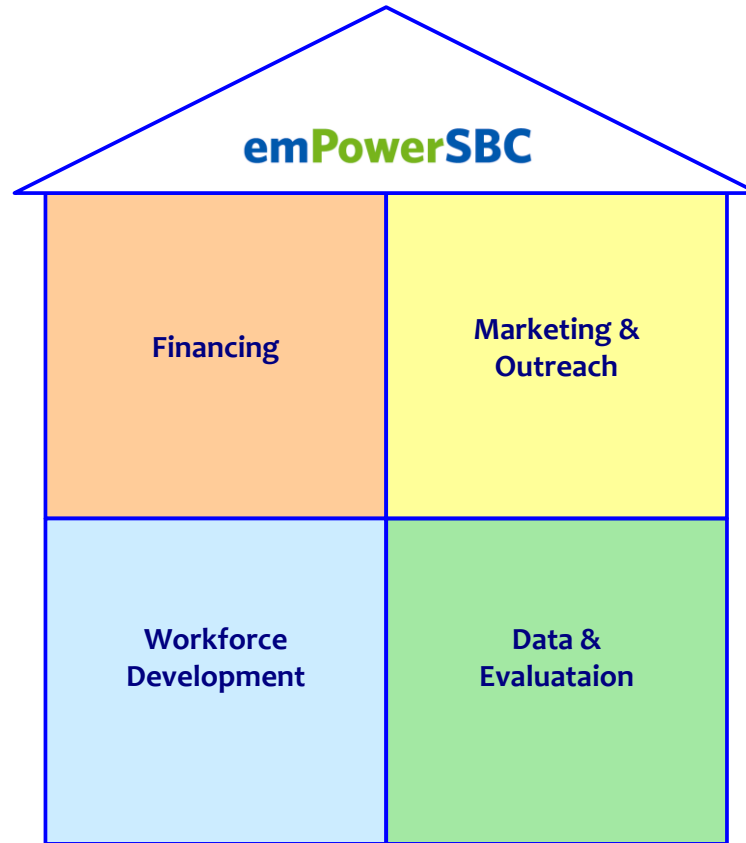
## Focus on public-private partnerships:

- Engage the local lending community by pairing County credit enhancements with private capital
- Advantages:
  - Credit enhancements leverage resources to generate greater impact  
*Example: \$2m loan loss reserve generates \$40m in loans (20:1)*
  - Reduces County risk by avoiding direct lending and underwriting
  - Creates loan product that is more accessible, cheaper and more attractive than what currently exists for consumers



# Addressing the Challenge

## Comprehensive program design:





# Addressing the Challenge

## Local participation, local control, local results:

- Create opportunities that work for Santa Barbara
- Local investment leads to local jobs and other outcomes
- Continue strong partnerships with broad range of stakeholders
- Collaborate with new Energy Upgrade CA “turn-key” program to leverage resources, but customize to meet local needs



# Addressing the Challenge

## Sustainable Program Funding

- emPowerSBC must be self sufficient beyond the 3 year pilot funded by State and federal grant funding
- Staff is exploring several revenue generation options to capitalize on emPowerSBC's value-added services
  - Partnership agreements with lenders
  - Partnership programs for contractors and vendors
  - Additional funding from state and federal agencies



# Addressing the Challenge

- Different strategies can produce similar outcomes:
  - Create local jobs
  - Stimulate the local economy
  - Put money back in the pocketbooks of participants
  - Improve regional building stock and quality of life
  - Improve countywide resource efficiency
  - Decrease GHG emissions and reliance on traditional energy sources.

***PACE was never the goal. It was an attractive tool to achieve the goal, of which there are others.***



# Next Steps

- Board authorize acceptance of \$2.4m DOE grant
- Staff will continue working with DOE on a revised financing plan
- Complete RFP process with local financial institutions
- Request Board direction to pursue proposed financing plan in December
- Implement comprehensive pilot program with grant dollars
- After pilot, identify sustainable program revenue or consider termination



# Recommendations

- Receive and file a presentation on the status of emPowerSBC resulting from Federal Housing Finance Authority guidance and ongoing Federal policy deliberations about the future of Property Assessed Clean Energy (PACE) programs.
- Authorize the Director of Housing and Community Development (HCD) to accept a competitive ARRA Energy Efficiency and Conservation Block Grant from the US Department of Energy in the amount of \$2,401,309 awarded to the County of Santa Barbara to support emPowerSBC program administration.
- Direct HCD staff to return to the Board on December 14, 2010 to present a financing implementation plan proposal for emPowerSBC, inclusive of residential and commercial energy efficiency, water conservation, and renewable energy retrofit financing options beyond PACE.

