



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 11, 2016

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Request From Councilmembers Dominguez And White Regarding Staff Review Of The Property Assessed Clean Energy Program

RECOMMENDATION:

That Council consider the request from Councilmembers Dominguez and White regarding staff review of the Property Assessed Clean Energy (PACE) Program.

DISCUSSION:

Attached is a memorandum from Councilmembers Dominguez and White requesting that staff review the PACE Program and bring recommendations to Council.

ATTACHMENT: Memorandum From Councilmembers Dominguez and White

PREPARED BY: Nicole Grisanti, Administrator's Office Supervisor

SUBMITTED BY: Paul Casey, City Administrator

APPROVED BY: City Administrator's Office



City of Santa Barbara
City Administrator's Office

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AUG 2 2016

CITY ADMINISTRATOR'S OFFICE
SANTA BARBARA

Memorandum

DATE: Tuesday, August 02, 2016

TO: Paul Casey, City Administrator

FROM: Jason Dominguez, Councilmember
Bendy White, Councilmember *Jason Dominguez*
Bendy White

SUBJECT: Councilmembers Dominguez and White ask Staff to review PACE program and bring recommendations to Council

Pursuant to Council Resolution 05-073 regarding the Conduct of City Council Meetings, we request that an item be placed on the Santa Barbara City Council Agenda to refer to Ordinance Committee a staff review of benefits and implementation of PACE (Property-Assessed Clean Energy) programs.

PACE programs have been adopted by municipalities throughout the nation and California, including many tri-county cities and involves public private partnerships in which private companies supply 100% of the initial funding for improvements to homes that can conserve water and reduce utility bills and greenhouse gas emissions.

We are requesting that this be scheduled in October, 2016 or at the earliest convenient Council meeting.

cc: Mayor and Council
Ariel Calonne, City Attorney



REVIEW OF PACE FINANCING

Request From Councilmembers Dominguez And White Regarding Staff Review Of The Property Assessed Clean Energy Program (PACE)

What is PACE?

Property-Assessed Clean Energy

- Financing mechanism for energy efficiency, renewable energy, water conservation and seismic retrofits
- Loan is tied to the property itself, not the borrower – the assessment stays with the beneficiary (property owner)
- Payments are made through a special assessment on the property tax bill

How Does PACE Work?

City or county creates type of land-secured financing district or similar legal mechanism



Property owners voluntarily sign up for financing and install energy projects



The lender* provides funds to property owner to pay for energy project

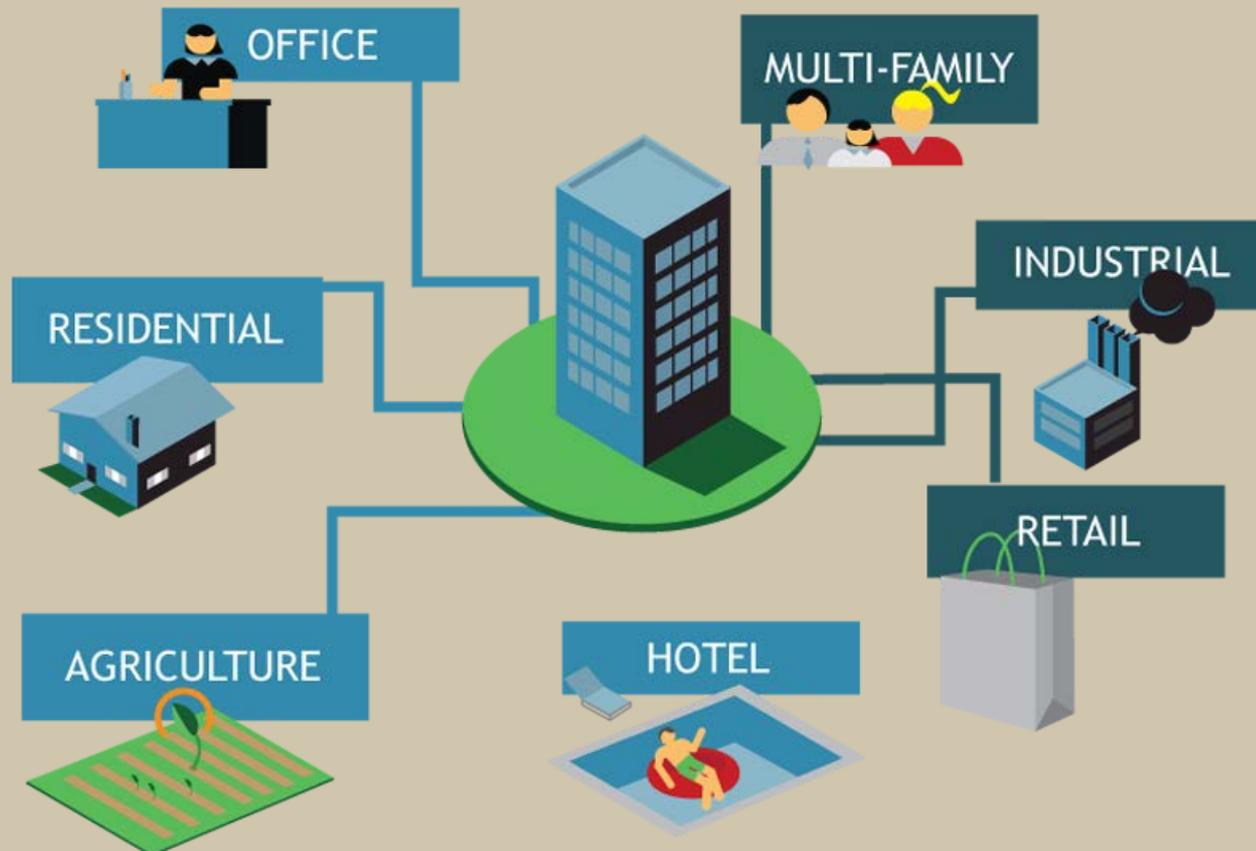


Property owner repays bond through property tax bill (up to 20 years)

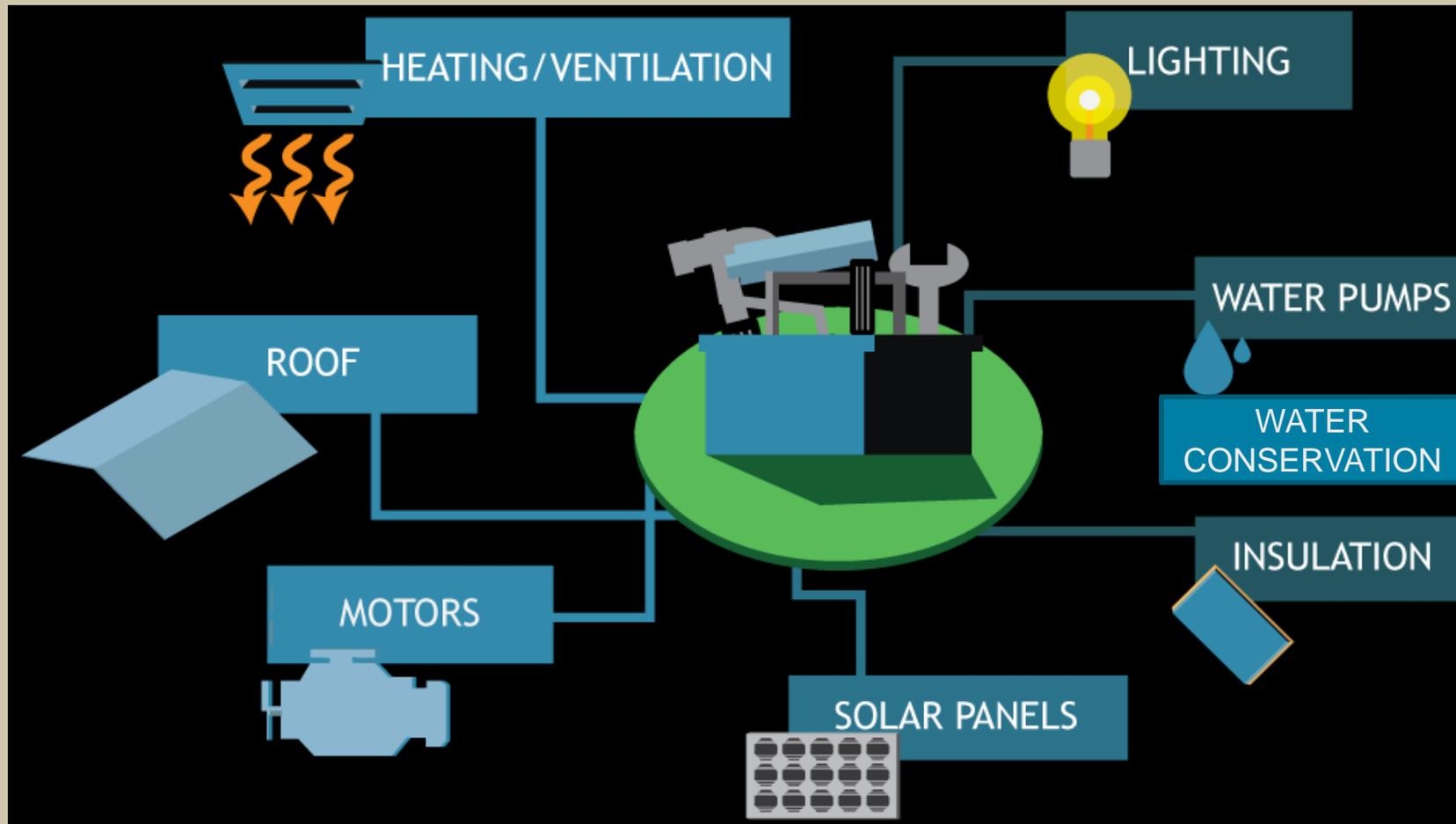


Graphic from Energy.gov

Property Owners are Eligible



Which Type of Projects are Financed?



California Third-Party Programs

- **California Statewide Communities Development Authority (CSCDA)**

- Alliance NRG, <https://www.alliancenerg.com>
- California First, <https://californiafirst.org/>
- PaceFunding, <https://www.pacefunding.com/>
- CleanFund, <http://www.cleanfund.com>

- **Largest CA PACE Programs**

- **THE HERO PROGRAM**, 362 communities within 37 counties
- **YGRENE**: 200+ communities, within 41 counties
- **CALIFORNIA FIRST**: Over 300 communities, within 44 counties

Enabling Legislation in California

Year	Legislation	Result
2008	<u>AB 811</u>	Amended City Charter Authority
2007	<u>AB 474</u>	Added Water Efficiency
2009	<u>AB 279</u>	Enabled Special District Assessment
2010	<u>SB 77</u>	Established CA PACE Loss Reserve
2011	<u>SB 555</u>	Further defines PACE via amendments to Mello Roos Act of 1982
2016	<u>AB 2693</u>	Requires consumer protections and disclosures associated with PACE financing

California PACE Loss Reserve

- Makes first mortgage lenders whole for any direct losses incurred due to the existence of a PACE lien on a property during a foreclosure or forced sale.
- The Reserve covers the following losses:
 - PACE payments paid while a first mortgage lender is in possession of a foreclosed home.
 - Any losses to the first mortgage lender up to the amount of outstanding PACE assessments in a forced sale for unpaid taxes or special assessments.

Process for Adoption

- Staff Report and Resolution is all that is required for Council adoption.

City of Santa Barbara Actions

- 2010 Approved participation in County EmPower program (which at that time was a PACE-model).
- 2012 Adopted City Climate Action Plan (PACE identified as strategy for GHG reduction)