



Date: July 27, 2017
To: Mayor and Members of the City Council
From: Patrick H. West, City Manager *T.H.W.*
Subject: Update on Energy Efficient Mortgage Program Development

On May 9, 2017, the City Council requested the City Manager to return on August 8, 2017 with a report on how to promote, incentivize, and encourage the use of Energy Efficient Mortgages (EEM) and other home energy efficiency financing options. This memo is a status update on staff's efforts.

Energy Efficient Mortgages

EEMs were created in 1980, but a lack of awareness has meant they have been vastly underutilized. EEMs allow homebuyers and refinancing homeowners to add 5 to 15 percent of their home value to their mortgage to finance energy efficiency upgrades. EEMs also allow homebuyers to add this 5 to 15 percent to purchase an already energy efficient home, increasing a home buyer's purchasing power.

Potential Benefits

Long Beach has an aging housing stock with more than 80 percent of owner-occupied units built before 1970. Home energy efficiency improvements can create a 25 percent reduction in energy usage and make homes more comfortable for their residents. Approximately 3,000 homes were sold in Long Beach in 2016. If only 20 percent of those used an EEM to increase energy efficiency in their homes, it would save over 1,000 metric tons of CO2 emissions per year. That is the equivalent of removing 240 cars from the road.

In addition to these environmental benefits, greater usage of EEMs would also create health and economic dividends. Energy efficient homes are also healthier homes with better indoor air quality and climate control. EEMs can be combined with rebates, grants, and other financing options to make home improvements and home ownership more accessible and affordable to lower income residents. Greater usage of EEMs locally would also provide an economic boost and create more green jobs in construction, green energy, and energy efficiency assessment.

Program Development

The Office of Sustainability has been working with Stellar Development (Stellar) to evaluate current efforts to promote EEMs and to determine strategies for the City to assist with promoting existing programs. Staff is currently working with Stellar to design a six-month pilot program, within existing staff and fiscal resources, to promote energy efficiency financing and educate potential homebuyers. The goal of the program is to create and distribute educational material that groups can distribute during, and after, the pilot program. The core of the program is a series of educational workshops that will be held at different locations throughout the City to

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teach homebuyers how to take advantage of EEMs, rebates, and other financing options. Workshops will be marketed through targeted outreach and digital media to reach Long Beach residents (or future residents) looking to buy a home in the City. Workshop participants will receive resources on how to take advantage of the options that appeal to them, and additional incentives will be used (such as giveaways and prizes) to maximize attendance.

At the end of the six months, the pilot program will be evaluated to determine its usefulness to participants and its potential impact on City emissions. The program could be a useful tool for the City to meet state emissions goals and the goals to be set out in Long Beach's upcoming Climate Action and Adaptation Plan.

Timing and Next Steps

Additional time is needed to design the pilot program and identify resources, within existing budget and staffing, to support this effort. It is currently anticipated that the pilot program would return to the City Council for consideration in early October 2017.

If you would like any further information, please contact Larry Rich, Sustainability Coordinator, at (562) 570-5839 or via email at larry.rich@longbeach.gov.

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