



Legislation Text

File #: 19-0028, **Version:** 2

Recommendation to request City Manager and City Attorney to prepare a report on the state of residential Property Assessed Clean Energy (PACE) programs in California, including impacts of recent state legislation and existing programs in Long Beach, to be brought back within 45 days;

Request City Manager and City Attorney to review and bring back for potential adoption within 45 days a resolution consenting to the Inclusion of Properties within the City's Incorporated Area in Golden State Finance Authority (GSFA) Community Facilities District No. 2014-1 (Clean Energy) to Finance Renewable Energy Generation, Energy Efficiency, Water Conservation and Electric Vehicle Charging Infrastructure and Other Authorized Improvements; and

Request City Manager and City Attorney to review and bring back for potential adoption within 45 days a resolution consenting to inclusion of Residential Properties within the City's Incorporated Area in the GSFA PACE Program to Finance Renewable Energy Generation, Energy and Water Efficiency Improvements, Electric Vehicle Charging Infrastructure, and Other Authorized Improvements.

BACKGROUND

On April 5, 2016, the Long Beach City Council approved a resolution consenting to the inclusion of commercial, industrial, and agricultural properties within the City's jurisdiction in the California Home Finance Authority (CHF) Community Facilities District No. 2014-1 (Clean Energy) to finance renewable energy improvements, energy efficiency and water conservation improvements, and electrical vehicle charging infrastructure, and approving related Associate Membership in the Joint Exercise of Powers Authority (JPA).

The Council also approved a resolution consenting to inclusion of commercial, industrial and agricultural properties within the City's jurisdiction in the CHF Property Assessed Clean Energy Program (PACE) to finance renewable energy generation energy and water efficiency improvements and electrical vehicle charging infrastructure and Associate Membership in the related JPA.

Golden State Finance Authority ("GSFA"), which was formerly known as the California Home Finance Authority, is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Act") and the Joint Power Agreement entered into on July 1, 1993, as amended from time to time (the "Authority JPA").

The primary mission of GSFA is to develop and administer financing programs to provide a source of financing for individuals and families to make energy efficiency improvements to their homes or properties. GSFA established its Property Assessed Clean Energy ("PACE") financing programs for residential, commercial, industrial and agricultural properties to address high up-front costs for property owners who wish to improve their properties through installation of measures that will generate renewable energy, reduce their energy and water use, seismic strengthening, and other authorized improvements. By offering low cost financing, GSFA's PACE programs allow construction of these projects to proceed and, in the process, stimulate building activity and the overall local economy, reduce peak energy demand, increase property values, and generate savings on utility bills for property owners.

GSFA contracts with Ygrene Energy Fund CA LLC (Ygrene) to serve as the program administrator and to operate the Ygrene PACE financing program. Ygrene provides residential, multifamily and commercial PACE financing for properties throughout the country. Specifically, the Ygrene Works program provides financing for energy efficiency, renewable energy, and in certain locations, water conservation, electric vehicle charging stations and seismic upgrades.

In 2016, the City of Long Beach formally approved the option for use of Ygrene financing for commercial, agricultural and industrial properties in the City. As a City approved program administrator, Ygrene offers financing for commercial, agricultural and industrial properties and requests City Council approval for expansion of their current operations to include residential properties in the City. Adding the GSFA PACE programs, to be administered by Ygrene, will provide additional financing options for City residential property owners.

As the City continues to pursue opportunities for the development of renewable energy generation and energy efficiency improvements, expansion of Ygrene's current operation to include residential properties will allow property owners to achieve energy efficiency and water conservation and other authorized improvements at their place of residence and will provide opportunities that may otherwise not be available or affordable. Expansion of the GSFA / Ygrene program will also help the City with GHG reduction, environmental equity and enhanced quality of life for homeowners as well as creating economic development opportunities.

On April 5, 2016, the City Council authorized GSFA to offer its PACE programs to commercial, industrial, and agricultural properties within the City's jurisdiction. GSFA and its administrator, Ygrene, are now seeking the Council's approval to include residential properties in the PACE program.

The City of Long Beach already participates in two other comparable PACE programs, Renovate America and California First, through a JPA with the County of Los Angeles. The addition of GSFA and its administrator Ygrene, who already operate commercial PACE in Long Beach would bring an additional residential PACE option.

Following are additional PACE program considerations:

- Supports development of renewable energy sources, installation of energy and water efficiency improvements, reduction of greenhouse gases, and protection of the environment.
- Only property owners who voluntarily choose to participate in the program will be subject either to assessments or special taxes.
- Program financing provides for an affordable method for many property owners to reduce their energy costs and improve their properties.
- Because program financing can be readily transferred upon sale, even owners who are planning to sell have the ability to make responsible and beneficial improvements to their property.
- Property owners can choose to pay off the program financing in whole or in part at any time without penalty.
- The City incurs no financial obligations as a result of program participation.
- The City incurs no costs by expanding the program to include residential properties, and no staff time is required for administration or funding of the PACE program.

There are no fiscal impacts associated with the recommended actions. The City incurred no cost by opting into the PACE commercial programs previously authorized and will incur no cost by adding residential to the programs described in this report. The City has no administrative responsibilities, marketing obligations, or financial obligations associated with the PACE program. Ygrene assumes all costs associated with program implementation, including staffing and marketing, and provides all project funding.

Approve recommendation.

JEANNINE PEARCE
COUNCILMEMBER, SECOND DISTRICT