



James Johnson
City of Long Beach
Councilmember, Seventh District

R-14

Date: October 2, 2012

To: Honorable Mayor and Members of the City Council

From: Councilmember James Johnson, Seventh District
Councilmember Steven Neal, Ninth District *SA*

Subject: Supporting Energy Efficiency Programs for Our Residents

RECOMMENDATION:

Refer discussion of efforts by the City of Long Beach and Los Angeles County to implement AB 811 to the Environmental Committee, including consideration of whether private financing might be utilized to increase energy efficiency projects for Long Beach residents.

DISCUSSION

Under enacted State Assembly Bill 811 and related legislation, Los Angeles County residents are now able to finance energy efficiency projects through loans paid back through their property tax bill. For example, a homeowner who qualifies for the program may pay \$10,000 for an energy retrofit of his or her home, including projects such as insulation, double-paned windows, or tankless water heaters, and then pay back this \$10,000 over the next twenty years in semi-annual payments added to the property tax bill.

This method of financing has several advantages. First, residents are more likely to install such projects when they are financed, as they do not need to make a large upfront investment, and annual energy savings often outweigh the annual financed costs. Second, both the benefits and the costs of the improvements are borne by the homeowner, so if the house is sold the new homeowner bears both, incentivizing homeowners to do these improvements even if they plan on moving in a few years.

We recommend that the implementation of AB 811 by the City and County be discussed by the Environmental Committee, including any potential options for greater participation by residents by utilizing private financing.

FISCAL IMPACT

Energy efficiency projects are privately funded by residents, and so there is no significant fiscal impact to the City. However, residents participating in this program may realize significant financial savings from lower electricity bills over the long run. Additionally, reduced use of power would lead to environmental benefits stemming from the lessened use of fossil fuels to generate that power.