



Property Assessed Clean Energy (PACE) Report

Riverside Public Utilities

Utility Services / Land Use / Energy Development Committee
May 12, 2016

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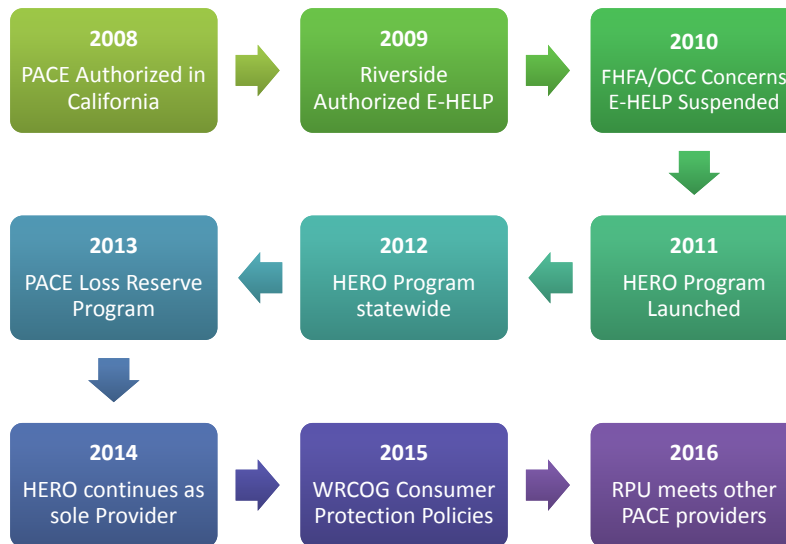
What is PACE?

1. Stands for Property Assessed Clean Energy
2. Legislation to allow PACE in California
 - A. AB 811, AB 474, SB 555
3. Financing mechanism for property owners:
 - A. Energy Efficiency (EnergyStar A/C, Windows, Insulation)
 - B. Water Efficiency (Waterwise landscaping)
 - C. Renewable Generation (Solar)
4. Repay loan through property taxes

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Timeline of PACE



Energy High Efficiency Loan Program (E-HELP)

1. Riverside's E-HELP Program was anticipated to start July 1, 2010
2. July 2010: Federal Housing Financing Agency (FHFA) directs Fannie Mae and Freddie Mac to examine PACE programs
3. August 2010: Fannie and Freddie issue statements that PACE assessment must be paid off prior to selling or refinancing
4. City suspended E-HELP program due to increased risk
5. No loans were made under E-HELP
6. WRCOG's HERO program continued to move forward
7. City continued offering energy and water efficiency rebates

WRCOG – HERO Program Background

1. HERO: Home Energy Renovation Oppportunity
2. April 2011: Riverside adopted Resolution of Participation and Implementation Agreement
3. AB 811 & AB 474 based programs
4. Program is completely implemented and controlled by WRCOG
5. Renovate America provides financing and program administration
6. Completed \$50M in residential projects in Riverside since 2011

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Other PACE Financing Programs

1. **CaliforniaFIRST**
2. **Alliance NRG**
3. **PACE Funding**
4. **Spruce Finance**
5. Figtree Energy Financing
6. Ygrene Energy Fund
7. Energy Efficient Equity (E3)

CSCDA
Open PACE
Model Providers

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PACE Provider Matrix – Open PACE Model

Policy	California FIRST	Alliance NRG	PACE Funding	Spruce Finance
Legislative Origin & Authorization	AB 811 AB 474	AB 811 AB 474	AB 811 AB 474	AB 811 AB 474
Government Entity / JPA	California Statewide Communities Development Authority (CSCDA)	California Statewide Communities Development Authority (CSCDA)	California Statewide Communities Development Authority (CSCDA)	California Statewide Communities Development Authority (CSCDA)
Local Participating Jurisdictions	Anaheim Colton Moreno Valley Riv. County Rancho Cucamonga	Colton Moreno Valley Riv. County Rancho Cucamonga	Colton Moreno Valley Riv. County Rancho Cucamonga	N/A
Number of Years	7 years	N/A	N/A	First Year
Financed Projects	<u>Residential</u> : 6,000 <u>Commercial</u> : 23	<u>Residential</u> : N/A <u>Commercial</u> :	<u>Residential</u> and <u>Commercial</u> : <u>Multifamily</u> :	<u>Residential</u> : 0 <u>Commercial</u> : 0
Interest Rates & Terms	<u>Residential</u> : 6.75% - 8.39% for 5-25 yr. <u>Commercial</u> : varies	<u>Residential</u> : <u>Commercial</u> :	<u>Residential</u> : <u>Commercial</u> :	<u>Residential</u> : 5-30 yrs. <u>Commercial</u> : 5-30 yrs.
Disclosure	Yes	Yes	Yes	Yes

PACE Provider Matrix

Policy	Open Pace (CalFirst, Spruce, AllianceNRG, PACE Finance)	Figtree Energy Financing	Ygrene Energy Fund	Energy Efficient Equity (E3)
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Number of Years	7 years	5 years	6 years	5 years
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PACE Pros/Cons

Pros	Cons
Assists in financing energy/water efficiency improvements	FHFA regulatory concerns with lien status superior to mortgages on property
Stimulates economic growth through construction	Problem for homebuyers, lender and real estate agents at time of sale or refinance
Seeks to encourage energy efficiency goals in buildings under SB 350	Providers may not have local presence
No impact to personal credit scores	PACE contractors using aggressive tactics to contact customers and sell program

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PACE Program Alternatives

1. Continue with status quo (HERO exclusive)
2. Allow all PACE providers into the City
3. Allow only PACE provider(s) that meet certain criteria set by City (i.e. experience, loan fee sharing)
4. Defer further consideration until FHFA concerns are remedied
5. Issue a Request for Service (RFS) requiring PACE providers to apply through competitive process

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Recommendations

That the Utility Services, Land Use, and Energy Development Committee:

1. Receive an analysis on the potential impact of allowing additional PACE program providers to offer PACE financing in the City; and
2. Provide policy direction to staff regarding allowing additional PACE program providers to operate within the City of Riverside

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