

California Assembly Bill 811

California Programs Respond

More Ways To Borrow Money??





What Is It?

- Provides financing to make water and energy efficiency improvements as well as power generation improvements such as solar photovoltaic for property owners
- The financed amount is amortized and the annual amount due is added to your property tax bill each year until paid in full
- If the property is sold, the unpaid amount stays on the property tax bill and the new owner assumes payment of the balance on the property tax bill each year
- Must be improvements permanently attached to the property
- In case of foreclosure, loan has priority position over mortgage – MAYBE??



Qualifications

- Applicants must be the legal owner of the property
- Property must be developed (new construction is not eligible)
- Property owner must be current on property tax payments for the past three years
- Property owner must be current on mortgages with no notice of default for the last five years
- Property owner must not have a record of bankruptcy for at least five years prior to application
- Property cannot be subject to bankruptcy
- Property cannot have any involuntary liens
- Lender approval required
- Financing amounts cannot exceed 10% of property value plus improvements and cannot exceed the property equity.
- Most improvements do not trigger a reassessment for property tax purposes



Details

- Fixed rate charged (7 – 7.25%)
- Application process
- Project cost assessed – a reality check
- Must get permit and inspections
- Cities may charge fees for these services
- Must be current with property tax
- May be property assessments
- No personal credit checks
- Loan = project cost – any utility rebates



End Game

- Program (county, city or JPA) bundles loans and sells to the private bond market
- Has not happened to date
- Great uncertainty – how will private investors respond?
- Bond sales replenish the loan pool
- If bonds are not sold, the city/county/JPA is now in the loan business



Measures

- Some “efficiency before PV” language
- Must use a program defined list of energy and water efficiency measures
- Measures defined by program administrator
- Measures may be added to the program over time as demand changes



Issues

- Legal Validations
 - Does the loan really have a priority first place over the mortgage?
- REC, Water and Energy Savings Benefits
 - Who owns: program, utility, or customer?
- Impacts on:
 - Property sales?
 - Property owners?
- Costs
 - Local agency must charge to stay financially whole for services provided

Who's Doing It?



Berkeley FIRST:
\$2m



City of Palm Desert:
\$12m



County of Sonoma:
\$103m



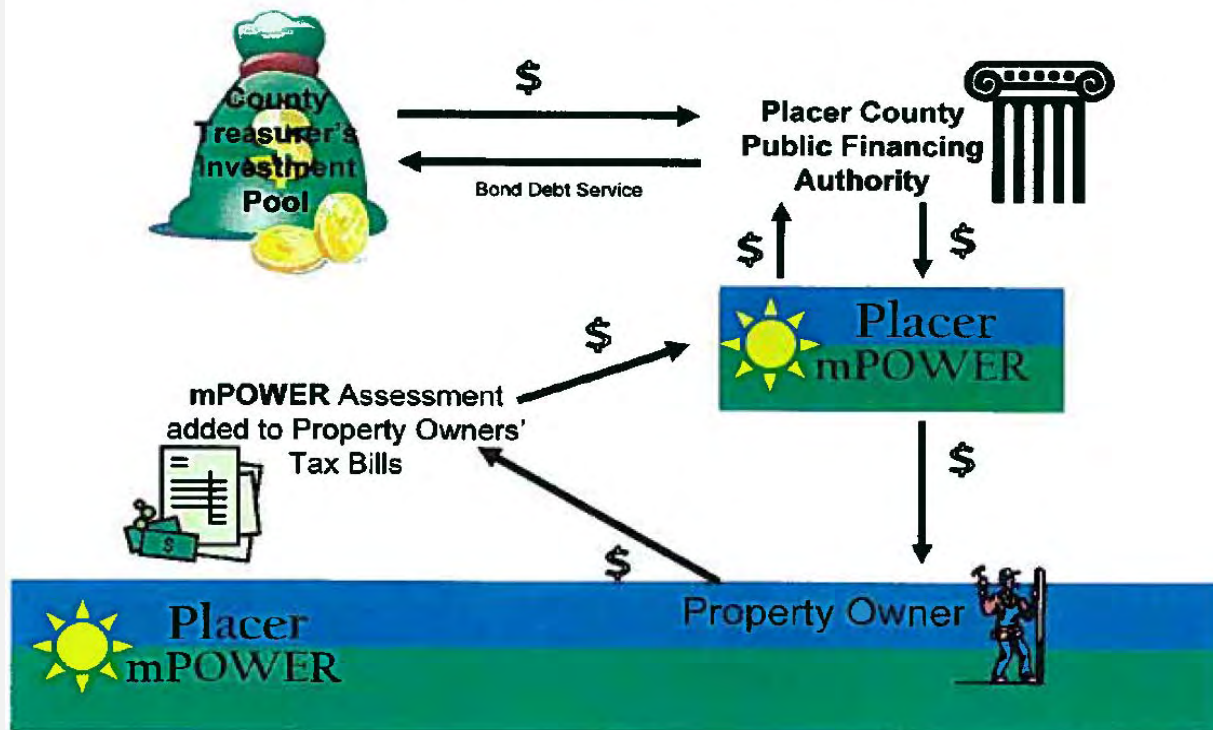
Placer County:
\$33m



California
Communities:
Still in development

How Does It Work – Placer Co. Example

\$33 Million Financing Plan





- <http://www.mpowerplacer.org/index.html>
- <http://www.cityofpalmdesert.org/Index.aspx?page=484>
- <http://www.berkeleyfirst.renewfund.com/>
- <http://www.cacommunities.org/>
- <http://www.sonomacountyenergy.org/>

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