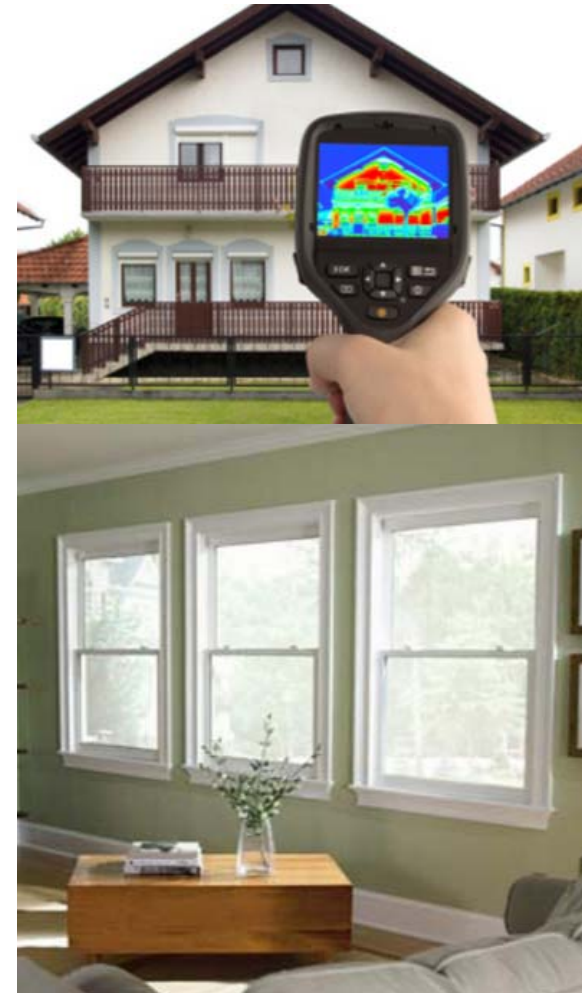

PROPERTY ASSESSED CLEAN ENERGY (PACE)

CITY COUNCIL MEETING – JUNE 6, 2017



WHAT IS PACE FINANCING?

- Loan for energy efficiency, water efficiency, renewable energy, and seismic retrofits
- Special assessment that is repaid with property tax bill; takes “senior” position to other loans
- Stays with the property
- Interest rates and term of loan can vary

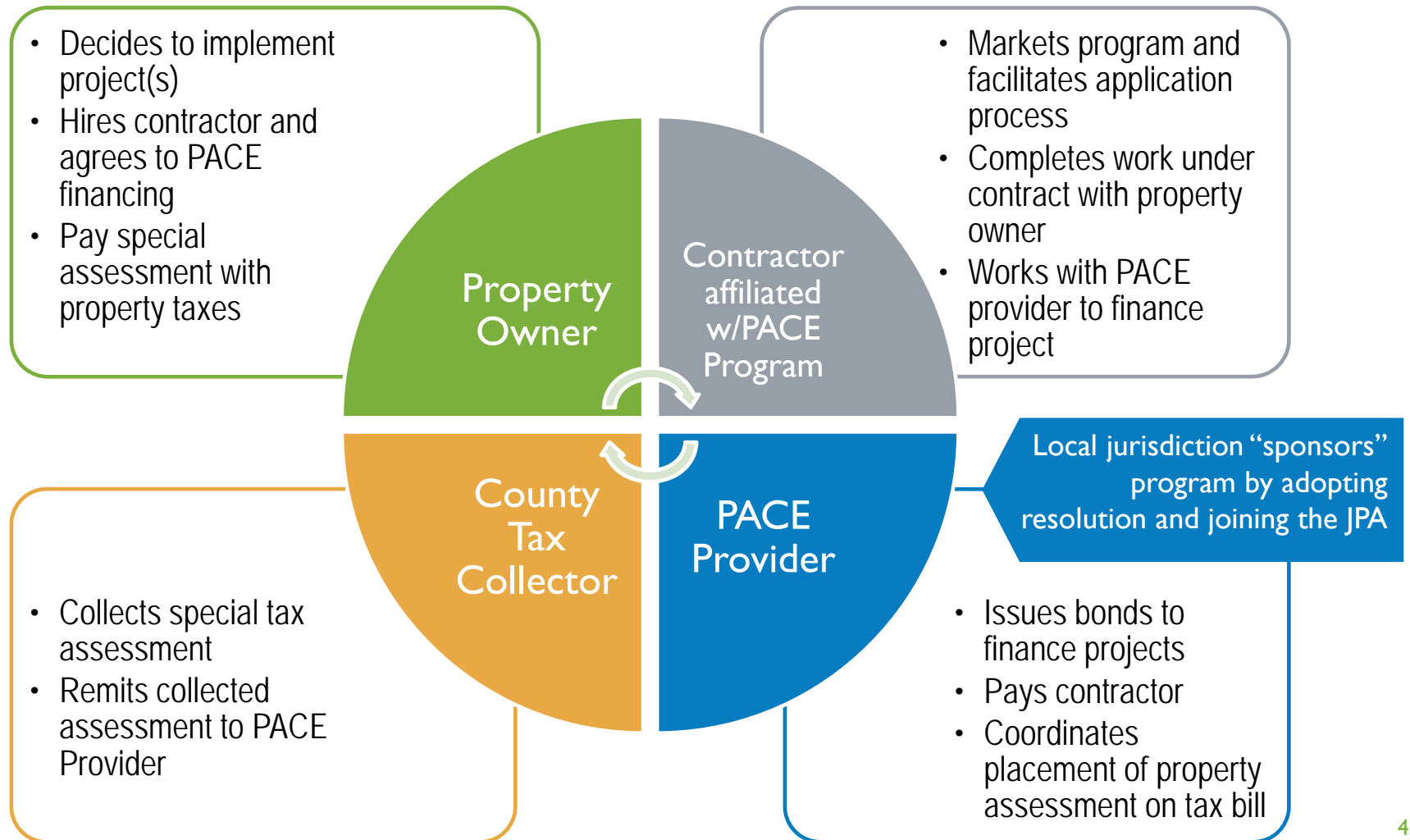


ENERGY EFFICIENCY FINANCIAL INCENTIVES

- State rebates (Energy Upgrade CA)
- Tax incentives
- Utility rebates
- In Sunnyvale –
 - Energy Efficiency Matching Grant Program
 - Housing Rehabilitation Loan Program



HOW PACE WORKS



CUSTOMER RISKS

- Federal Housing Finance Agency position:

PACE type assessments pose unusual and difficult risk management challenges for lenders, servicers and mortgage securities investors

- Freddie Mac and Frannie Mae will not purchase mortgages subject to PACE obligations that provide First Lien priority
- Property owners may have to pay-off assessment at time of resale or refinance
- Contractual subordination of assessments may be acceptable to some lenders

PROPOSED SUNNYVALE OPERATING CONDITIONS

- Offer Contractual Subordination
- No penalties for early pay-off
- Disclosure of mortgage risks and FHFA position
- Signed ABAG Regional Agreement

ABAG REGIONAL COLLABORATIVE SERVICES AGREEMENT

Ensures consistent application of key programmatic elements important to local governments

Consumer Protections

- Contractor and project quality assurance
- Specifies certain disclosures

Local Government Transparency

- Indemnifications
- Performance tracking, data, and reporting
- Co-marketing of programs

PACE PROGRAM ADMINISTRATORS

- Several program administrators
- Serve residential, commercial, or both
- Partnered with different JPAs



RECOMMENDATION

That City Council:

- (1) Approve the proposed operating conditions and establish these conditions as requirements for PACE providers to operate in Sunnyvale
- (2) Authorize the City Manager to execute the Adoption of the ABAG Regional Collaborative Services Agreement
- (4) – (7) Adopt resolutions and execute documents to sponsor FigTree, Ygrene, and CSCDA OpenPACE (for providers that sign LOA and ABAG Regional Agreement)
- (8) Find that actions are exempt from CEQA