

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	July 27, 2010	AGENDA NO.:	67.2
SUBJECT:	a) Receive a status report on recent action by federal agencies with regard to Property Assessed Clean Energy (PACE) Programs; b) Adopt a Resolution to support congressional action to authorize legislation allowing PACE programs; c) Direct the Director of Building Services to submit a letter (Exhibit B) to Congress on behalf of the Board in support of legislation that guarantees local government the right to establish clean energy programs. d) Direct the Director of Building Services to submit a letter (Exhibit C) to the California Energy Commission (CEC) on behalf of the Board in support of the continued financial support of the CaliforniaFIRST PACE program.		
DEPARTMENT:	RMA – Building Services Department		

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a) Receive a status report on recent action by federal agencies with regard to Property Assessed Clean Energy (PACE) Programs;
- b) Adopt a Resolution to support congressional action to authorize legislation allowing PACE programs;
- c) Direct the Director of Building Services to submit a letter (Exhibit B) to Congress on behalf of the Board in support of legislation that guarantees local government the right to establish clean energy programs.
- d) Direct the Director of Building Services to submit a letter (Exhibit C) to the California Energy Commission (CEC) on behalf of the Board in support of the continued financial support of the CaliforniaFIRST PACE program.

SUMMARY

The Federal Housing Finance Agency (FHFA) recently issued a statement that has effectively frozen residential Property Assessed Clean Energy (PACE) Programs across the country. In response, PACEnow, a national coalition of PACE advocates and stakeholders, has launched a campaign to engage local government partners across the country, calling for immediate congressional action to approve legislation allowing PACE to continue. To that end, on July 15, 2010, the PACE Assessment Protection Act of 2010 was introduced to Congress as legislation. PACEnow has requested that local government partners immediately send letters of support to enable Congress to act prior to their recess after the first week of August.

The California Energy Commission will meet on July 28, 2010 to consider making revisions to the State Energy Program including PACE programs. Revisions may include alternative financing mechanisms in addition to the PACE programs unless other options are authorized.

Immediate action is necessary for our opinions to be heard in both Congress and the California Energy Commission meeting.

DISCUSSION

On May 5, 2010, Fannie Mae and Freddie Mac issued Lender Letters that stated "PACE loans generally have automatic first lien priority over previously recorded mortgages. The terms of the

Fannie Mae/Freddie Mac Uniform Security Instruments prohibit loans that have senior lien status to a mortgage.” Fannie Mae and Freddie Mac are regulated by the Federal Housing Finance Agency (FHFA). On July 6, 2010, the FHFA posted a statement reaffirming that a senior PACE lien is in violation of any Fannie Mae or Freddie Mac mortgage contract. PACEnow, a nationwide PACE coalition is working to take legislative action that will correct this issue. The coalition has asked all jurisdictions to sign letters to their congressional representatives and pass resolutions in support of PACE (Exhibit B). For additional information about the benefits of PACE, please refer to the “PACE Finance Summary Sheet,” (Exhibit A).

Additionally, on July 28, 2010 the California Energy Commission will be meeting to consider amending the guidelines for the State Energy Grant fund allocation under Program Opportunity Notice (PON) No. 400-09-401, from which we were awarded \$16.5 million as part of a 14 county collaborative proposal. The amendment to be discussed is the possible adoption of resolution to cancel and amend PON No. 400-09-401 (Municipal Financing Program), and the Notice of Proposed Awards, in response to direction of the United States Department of Energy (DOE). The DOE directed the states to consider financing options in addition to Property Assessed Clean Energy (PACE) financing and issued this direction in response to regulatory uncertainty created by the Federal Housing Finance Agency (FHFA) affecting PACE financing. As this PON solicitation only allowed for financing through first-priority liens, such as PACE, the addition of other financing mechanisms is prudent. Please see letter of support attached as Exhibit C.

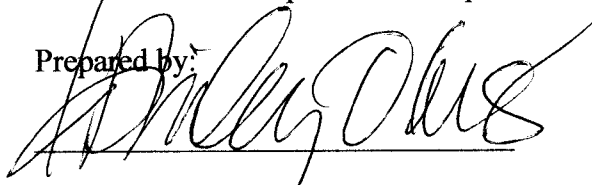
OTHER AGENCY INVOLVEMENT

The Board Committee on Alternative Energy and Environment concurred with staff recommendations after receiving the presentation of this information at their regular meeting on July 22, 2010 and advised adding this item to the supplemental agenda for the July 27, 2010 meeting of the Board of Supervisors.

FINANCIAL

There will be no impact to the Department's Fiscal Year 2010-11 budget as a result of this action.

Prepared by:



Karen Riley-Olms
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Approved by:



Timothy P. McCormick, P.E. & C.B.O.
Director of Building Services

Attachments: Board Order, Resolution, Exhibit A, Exhibit B, Exhibit C.