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Financing the Future of Residential Energy Efficiency

By Sophie Braccini

On April 1st, Contra Costa County Climate Leaders (4CL), held a workshop for local governments to help them better understand the implementation of Assembly Bill 811 and "California First." Taken together, they represent a new and innovative strategy that helps homeowners improve the energy efficiency of their homes through the use of "contractual assessments" on the owners' annual property tax bill. Representatives of Lafayette, Moraga and Orinda attended the meeting with the intent of gathering information on what is, at first glance, both an interesting and potentially complex idea.

Sam Sperry, Esq., opened the meeting with a presentation on the conceptual framework of the program. It allows owners of residential property in participating cities and counties to finance green energy, energy efficiency and/or water conservation projects. One of the essential benefits of the program is that when owners decide to sell their home, they can either repay the loan or transfer it forward to the next property owner. Sperry explained that the initial AB 811 program was too consuming of staff time for small government jurisdictions to consider managing. As a result, the concept of California First was born.

California First relieves cities and towns from managing the application process, making it more likely for Lamorinda to be able to join in. Renewable Funding is the company that provides the turnkey administration and financing. Kelly McKenna, from Renewable Funding, explained that the plan calls for counties to "opt in" first, then cities can follow. Homeowners identify the work to be done, choose a pre-qualified contractor and apply for financing through a web portal handled by Renewable Funding.

The amount of money available is quite significant. "Each county jurisdiction that participates in California First has the initial capacity to finance up to $1 billion in projects, based on the structure of the program," said Renewable Funding Regional Program Manager Mike Marcus, "Once that cap is met, it can be easily increased by means of a simple Resolution passed by the California Statewide Communities Development Authority (CSCDA)." To put this in context, assuming an average finance amount of $18,000 per project, a $1 billion cap allows for the financing of roughly 55,556 projects within one county alone.

"The first phase of the program has already been completed and 14 counties have opted in," said McKenna (Contra Costa County is not one of them), "In Sonoma County, where the program is already in place, jobs in construction have increased by 8.4%, compared to 1% in other jurisdictions." Sperry indicated additional economic benefits that accrue from the program - where the program's already in place, the largest investment in new projects is air conditioning, followed by energy efficient pool pumps and solar systems.

Jason Crapo, Deputy County Administrator for Contra Costa County, presented the County's perspective. "I expect that the County will choose to participate in the next round," said Crapo, who indicated that the measure would have to be approved by the Finance Committee before the Board of Supervisors votes on the matter. Gayle Uilkema, Supervisor for District II, said that she had not yet made a decision. "We have not considered it yet and when it comes I will study it," she said, adding that funding factors would have to be taken into consideration.

The one time total cost paid to Renewable Funding for the County and all its municipalities is $75,000. In Alameda, the county dedicated its Energy Efficiency Conservancy Block Grant (EECBG) money for this purpose. Otherwise, each municipality that joins pays its share until the $75,000 is reached. For Lamorinda communities, the amount would be about $10,000 each and for the County itself $20,000.

Monica Pacheco, Assistant to the Orinda City Manager who was present at the meeting, said she was a bit nervous because of the County's financial situation. "Orinda has received a few calls of interest for residential solar financing options," she said. In other towns where interest is high, Councils are considering passing resolutions to encourage the County to join the program. The City of Richmond was the first to do so. "The Council has not yet had the opportunity to review a proposed resolution to encourage the County to join California First," said Pacheco, "but staff is preparing one to send to council soon."

According to Ann Merideth, Community Development Director for Lafayette, that city has not discussed whether it was interested in such a program yet. "The purpose for a staff person to attend the meeting was to bring back information for the City Manager to evaluate," said Merideth.

"From what I know so far, it is a good idea, but we need to find source of financing for the $10,000 joining fee and be sure that the impact on staff is minimal," said Moraga Mayor Ken Chew.

In the meantime, 4CL is working on a new workshop to identify sources of financing for the upfront cost to join California First.

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