



County of San Diego

BOARD OF SUPERVISORS

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COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

2011 SEP 8 AM 10 56

THOMAS J. PASTUSZKA
CLERK OF THE BOARD
OF SUPERVISORS

AGENDA ITEM

DATE: September 13, 2011

TO: Board of Supervisors

SUBJECT: **REVIVING AFFORDABLE ROOFTOP SOLAR: SUPPORT FOR THE PACE ASSESSMENT PROTECTION ACT OF 2011(HR 2599)**

SUMMARY:

Overview:

Property Assessed Clean Energy (PACE) programs allow residential and commercial property owners to spread the cost of rooftop solar over 20 years via property tax bills. This innovative funding mechanism is among the most promising ways that San Diegans can spur the economy and lessen the nation's dependence on foreign oil. At the direction of Supervisors Jacob and Slater-Price, San Diego County enrolled in a statewide PACE effort known as CaliforniaFIRST. The program was set to launch in August of 2010.

Unfortunately, the Federal Housing Finance Agency (FHFA) ordered Fannie Mae and Freddie Mac to stop underwriting mortgages with PACE assessments, wrongly characterizing the PACE assessments as loans. FHFA's flawed position stalled PACE efforts across the nation, including ours, and stranded hundreds of millions of dollars in public and private investment.

Bipartisan federal legislation, the PACE Assessment Protection Act of 2011 (HR 2599), was introduced to undo the logjam created by the FHFA. HR 2599 requires that PACE assessments be treated the same as other property tax assessments, such as assessments for fire districts and hospitals. The bill also establishes national PACE program standards to limit financial risk to Fannie Mae and Freddie Mac. Today's action would lend our County's formal support to HR 2599 and bring us closer to reactivating San Diego County's PACE program, CaliforniaFIRST.

Recommendation

SUPERVISORS JACOB AND SLATER-PRICE:

Direct the CAO to draft a letter for the Chair's signature to the appropriate members of the United States Congress and the federal Administration indicating San Diego County's support for HR 2599.

SUBJECT: SUPPORT FOR THE PACE ASSESSMENT PROTECTION ACT OF 2011 (HR 2599)

Advisory Board Statement

None

Fiscal Impact

There is no fiscal impact associated with this recommendation.

BACKGROUND:

Property Assessed Clean Energy (PACE) programs allow residential and commercial property owners to spread the cost of rooftop solar over 20 years via property tax bills. This innovative funding mechanism is among the most promising ways that San Diegans can spur the economy, create jobs and lessen the nation's dependence on foreign oil. At the direction of Supervisors Jacob and Slater-Price, San Diego County enrolled in a statewide PACE effort known as CaliforniaFIRST. The program was set to launch in August of 2010.

Unfortunately, the Federal Housing Finance Agency (FHFA) ordered Fannie Mae and Freddie Mac to stop underwriting mortgages with PACE assessments, wrongly characterizing these assessments as loans. FHFA's flawed position stalled PACE efforts across the nation, including ours, and stranded hundreds of millions of dollars in public and private investment.

Bipartisan federal legislation, the PACE Assessment Protection Act of 2011 (HR 2599), exists to undo the logjam created by the FHFA. HR 2599 requires that PACE assessments be treated the same as other property tax assessments, such as assessments for fire districts, hospitals and underground utilities

In fact, PACE assessments are *not* loans and should never have been viewed by the FHFA as such. Rather, they are property tax assessments that stay with a property in the event of a sale, just like existing assessments. If a foreclosure were to happen, only delinquent payments would be due— not the entire multi-year assessment. This reduces the risk to lenders to close to zero.

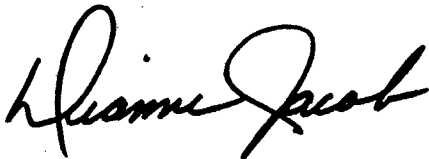
HR 2599 also establishes national PACE program standards to limit financial risk to Fannie Mae and Freddie Mac. These standards will help local governments like ours ensure that homeowners can afford PACE assessments and protect Fannie and Freddie from potential losses.

Today's action would lend our County's formal support to HR 2599 and bring us closer to reactivating San Diego County's PACE program, CaliforniaFIRST.

**SUBJECT: SUPPORT FOR THE PACE ASSESSMENT PROTECTION ACT OF
2011 (HR 2599)**

Public interest in PACE financing has been extraordinary. In San Diego County alone, homeowners in 13 cities and unincorporated communities stand to benefit from the County's participation in the CaliforniaFIRST effort. We believe rooftop solar and other green energy projects have the very real potential to make the nation's economy robust again. We thank you for your support of this bill that will bring us closer to that goal.

Respectfully,



DIANNE JACOB
Supervisor
Second District



PAM SLATER-PRICE
Supervisor
Third District