BayREN and CaliforniaFIRST Residential PACE Financing:
What, Why, Who, How, & How Much?

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Jonathan Kevles
jkevles@renewfund.com
What Is PACE? *(Property Assessed Clean Energy)*

A *quickly accessed* financing mechanism that can pay for an assortment of energy efficiency, renewable energy, and water conservation measures with *no upfront costs to homeowners*, *repayment appearing as a line-item on property tax bills*, and typically *transferable* to a new owner.

- Establishes program
- Provides complete admin and application processing
- Issues private placement bond

**$Upfront**

- Identifies work & chooses contractor
- Applies for financing
- Enters into “Assessment Contract” with CSCDA
- Repays financing on property tax bill

**$Repaid on tax bill**
## What: PACE Eligible Products*

<table>
<thead>
<tr>
<th>Specific R-Values, SEER Ratings, and Other Minimum Performance Specifications Required As Applicable to Each Product</th>
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</thead>
<tbody>
<tr>
<td><strong>Renewable Energy</strong></td>
</tr>
<tr>
<td>Solar PV Panels and Inverters</td>
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<tr>
<td>Solar Hot Water</td>
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<tr>
<td><strong>Energy Efficiency</strong></td>
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<tr>
<td>HVAC replacement</td>
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<tr>
<td>On-Demand Hot Water</td>
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<tr>
<td>Windows</td>
</tr>
<tr>
<td><strong>Water Conservation</strong></td>
</tr>
<tr>
<td>Lawn Removal</td>
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<tr>
<td>Replacement of leaky fresh water pipes</td>
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</tbody>
</table>

*List not exhaustive; and new items and technologies added frequently. See: [https://content.renewfund.com/production/california_first/eligible_products_brochure.en.pdf](https://content.renewfund.com/production/california_first/eligible_products_brochure.en.pdf)
Why PACE?

The Challenge:

• Homes use more energy and water than necessary.
• Investments to reduce energy and water use are worth the money . . . over the long-term
• Solar is now economical for homeowners . . . over the long-term
• But, these investments come with a high price tag
• Many homeowners don’t have the cash lying around, or can’t borrow under terms that make sense
  • Terms that are too short
  • Interest rates that are too high
• The utility bill savings might take more years to recoup the investment than the homeowner will stay in the home
Why PACE?

The Opportunity:
- PACE provides capital with no upfront cost to the homeowner
- PACE provides financing terms of up to 20 years
- PACE repayment obligations, being on property tax bill, can stay with the property, transferring from one owner to the next
- PACE can fund:
  - Water conservation
  - Energy efficiency
  - Renewable energy
  - And improvements to a home necessary to accommodate these improvements (such as an energy panel upgrade)
Who: CaliforniaFIRST’s Team Structure & Geographic Coverage

Participating Areas*

As of Oct, 2014:
- 17 Counties
- 160+ cities

* All jurisdictions statewide eligible to be active in CaliforniaFIRST on November 18, 2014.

CaliforniaFIRST
Program Sponsor and Bond Issuer: CSCDA

Program Administrator: Renewable Funding LLC

CSCDA – California Statewide Communities Development Authority.
A Joint Powers Authority (JPA) sponsored by the League of California Cities and the California State Association of Counties

Originator: Renewable Funding/EGIA
Bond Counsel: Jones Hall
Trustee: Wilmington Trust
Tax Administrator: David Taussig & Associates
Who: Qualifying for PACE Financing

- No minimum FICO credit score required
- No recent missed mortgage or property tax payments
- Homeowner must have at least 10% equity in the home
- Project cost may not exceed 10% of the estimated market value of the home (or $200,000, whichever is less)
- Minimum project cost: $5,000
- Products to be installed must meet minimum efficiency and performance standards

Benefits
- Same day approval
- Project financing does not hit homeowner’s debt-to-income ratio
- Up to 25 year repayment terms
- Tax deductibility of interest portion of lien payments
How a Homeowner Gets Started

- Is my local government a participating CaliforniaFIRST jurisdiction?

- Find a contractor (or two or three to compare prices, customer service, etc.)

- Define your project

- Sign the CaliforniaFIRST PACE financing assessment contract

www.CaliforniaFIRST.org OR (888) 855-9961
# How Much?: Financing Terms

<table>
<thead>
<tr>
<th>Years to Repay</th>
<th>Interest Rates*</th>
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<tbody>
<tr>
<td>5</td>
<td>6.75%</td>
</tr>
<tr>
<td>10</td>
<td>7.59%</td>
</tr>
<tr>
<td>15</td>
<td>7.99%</td>
</tr>
<tr>
<td>20</td>
<td>8.29%</td>
</tr>
<tr>
<td>25 (solar only)</td>
<td>8.39%</td>
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*Closing Costs: ~6.5% of Project Costs*

*For most homeowners, the interest paid is tax deductible, much like with a mortgage. We advise all CaliforniaFIRST clients to consult with their CPA.*
How Cities Can “Opt-In” to CaliforniaFIRST

- **Three Easy Steps (and maybe only two!)**
  1. Join CSCDA by passing a resolution
     - (Only necessary for Cities that are not already CSCDA members)
  2. Opt-In to CaliforniaFIRST by passing a resolution
  3. Send the approved resolution(s) to jkevles@renewfund.com
  4. Help raise public awareness of the CaliforniaFIRST option

- **Note**: *These two resolutions can be part of the same day’s City Council agenda*

- Resolution and staff report templates available
  - [www.californiafirst.org/opt_in](http://www.californiafirst.org/opt_in)
## Contact Information

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<tr>
<td>Jonathan Kevles</td>
</tr>
<tr>
<td><a href="mailto:jkevles@renewfund.com">jkevles@renewfund.com</a></td>
</tr>
<tr>
<td>(510) 350-3709</td>
</tr>
<tr>
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Thank you very much!