



Financing mechanism to support building energy retrofit programs – AB 811

What is AB 811?

- Permits the creation of assessment districts to finance installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to residential, commercial, industrial or other real property.
- Removes up-front cost or up-front financing as an impediment to property owners who would like to install energy efficiency upgrades or renewable energy systems.
- Financing is repaid through property tax bill, and repayment obligation remains with the property even when it is sold to a new owner.

How is AB 811 different from SB 279?

- AB 811 only available to cities and counties, SB 279 available to all local agencies
- AB 811 is subject to Prop 218, and SB 279 is not
- AB 811 not available for “parcels that are undergoing development”
- SB 279 would allow for third party ownership of renewable energy installations

Why is this an important opportunity?

- Installing energy efficiency improvements to existing structures is the “low hanging fruit,” and provides a cost-effective way to help achieve AB 32 goals. Focusing on these projects will likely be a central part of local governments’ “Climate Action Plans.” The AB 811 funding mechanism helps accelerate progress in this area.
- Expected to be a major impetus for the growth of green jobs and businesses. Local clean energy companies are looking for government to take action on this opportunity.

Why is action needed so soon?

- Developing an AB 811 financing district and building energy retrofit program demands time and resources. Right now local governments have a unique opportunity to dedicate a portion of their Energy Efficiency Block Grant funds towards this kind of effort.
- It is very likely that the California Energy Commission will use some of their stimulus dollars (possibly \$50 Million) to provide matching funds to local governments that commit to

developing an AB 811 financing district. The Department of Energy is also considering providing grants for these activities, too.

- Advice from existing programs: “Scale up” when possible to reduce program costs and to increase ability to secure funds.

Where have these financing models been applied already?

- Berkeley FIRST: established an \$80 million program that was the starting point for these programs, and is conducting its \$1.5m pilot roll-out for solar projects.
- Palm Desert Energy Independence Program: Supports energy efficiency and renewable energy projects. Phase 1 and 2 sold out (\$7.5 Million in projects), and there is a waiting list for Phase 3.
- Sonoma County Energy Independence Program: Involves 5 cities and the county. Supports energy efficiency, renewable energy and water conservation projects. Just launched in March, 2009.

What other areas are considering taking action?

- Metropolitan areas across California are interested in launching these kinds of financing programs, including San Francisco, multiple Bay Area Counties, the Association of Bay Area Governments (ABAG) is researching a regional option, San Diego, and others.
- At the state level: California Statewide Communities Development Authority. Statewide JPA that will create an AB 811 program which cities/counties can opt into.

What has been happening locally?

- Several local jurisdictions have begun investigating the opportunities associated with AB 811 implementation, including the Cities of Davis, Galt, Roseville, the City and County of Sacramento, and others.
- It is very likely the City and County of Sacramento, in partnership with SMUD, will pursue creating an AB 811 district at the county scale, unless there is commitment at the regional level to move forward on a larger-scaled program.

What could SACOG’s involvement look like?

- Serve as a technical resource to member jurisdictions by sharing information through existing channels (Planners Committee, Regional Managers forum)
- Co-convene informational workshop for region’s jurisdictions and interested community members on Building Energy Retrofit program options and how they are being implemented around the state
- Help serve as a coordinating entity if multiple jurisdictions want to co-fund a scope of work to scope and launch a regional Building Energy Retrofit program
- Direct staff to research and understand program development and financing options, and potential future roles for SACOG as a JPA