

# South Bay Cities Council of Governments

June 8, 2020

TO: SBCCOG Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

SUBJECT: PACE Financing

## Adherence to Strategic Plan:

*Goal A: Environment, Transportation, and Economic Development.* Facilitate, implement, and/or educate members and others about environmental, transportation, and economic development programs that benefit the South Bay.

## BACKGROUND

For more than five years, the SBCCOG has been working with HERO and Ygrene to promote PACE financing in the South Bay through our regular outreach efforts. These agencies finance the installation of renewable energy projects and energy and water efficiency improvements. We receive .05% of the aggregate principal amount of the projects financed by these two agencies in the South Bay. The proceeds are reported in the South Bay Environmental Services report on the Consent Calendar of the Steering Committee and Board meetings.

PACE has not been without controversy. There has been a continuing concern that contractors may not be providing their clients with all of the information needed to make an informed decision as to whether this financing is right for them. This issue has led to some very negative consequences. HERO and Ygrene have tried to address this issue by implementing improvements to their programs including adding more calls to their clients to be sure that they understand the agreement and educating their contractors.

Recently, there have been articles in news publications about the county dropping out of PACE because they cannot confirm that all of the information is being accurately provided to clients. In checking with County staff, we were told that PACE is technically not officially considered terminated; however, the County is no longer signing new contracts and no longer has active agreements with their Program Administrators (TPAs). There are though still active assessments which are being managed but no new applications/assessments are being taken. This affects county unincorporated areas.

To our knowledge, all of the South Bay cities are still members of HERO. All South Bay cities except Hermosa Beach, Lawndale, Palos Verdes Estates, and Rancho Palos Verdes are members of Ygrene.

The SBCCOG has been asked by Ygrene to re-affirm our support of the PACE financing program. A flyer is attached from Ygrene which outlines the benefits.

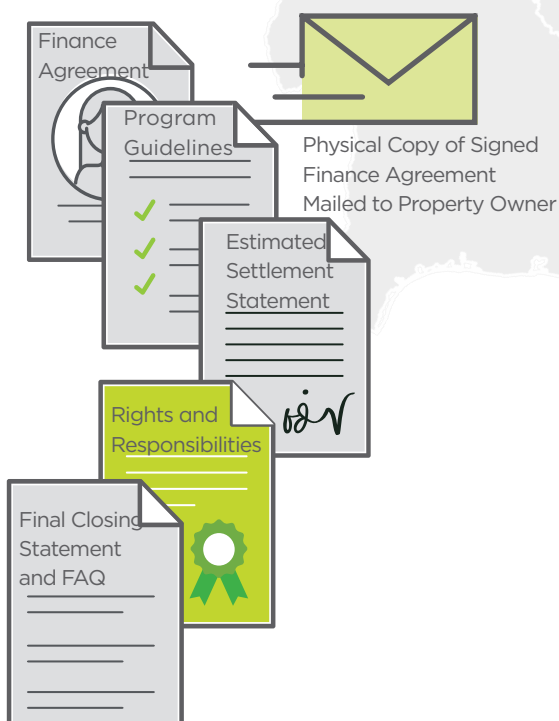
## RECOMMENDATION

Provide direction.

## Imagine what Ygrene PACE can do for your community, county, and state!

Named one of the top 20 “world-changing” ideas by *Scientific American* magazine, Property Assessed Clean Energy (PACE) is a simple and effective way to finance natural disaster resiliency, energy efficiency, renewable energy, and water conservation upgrades to homes and businesses. Payments for PACE financing are incorporated into and repaid through a special assessment added to a property owner’s property tax bill with terms of up to 30 years. PACE is enabled through a public-private partnership model designed to create local jobs, promote economic development, improve the environment, and protect local communities from natural disasters.

Ygrene, the leading PACE Administrator in the nation, delivers best-in-class PACE financing with the highest standard of consumer protections and a commitment to making it easier for communities to invest in their future. Together, with its many government partners, Ygrene is improving and protecting communities across California, Florida, and Missouri – creating tens of thousands of local jobs, stimulating local economies, protecting communities from natural disasters, saving energy, and making a positive impact on the environment – all without reliance on taxpayer dollars.



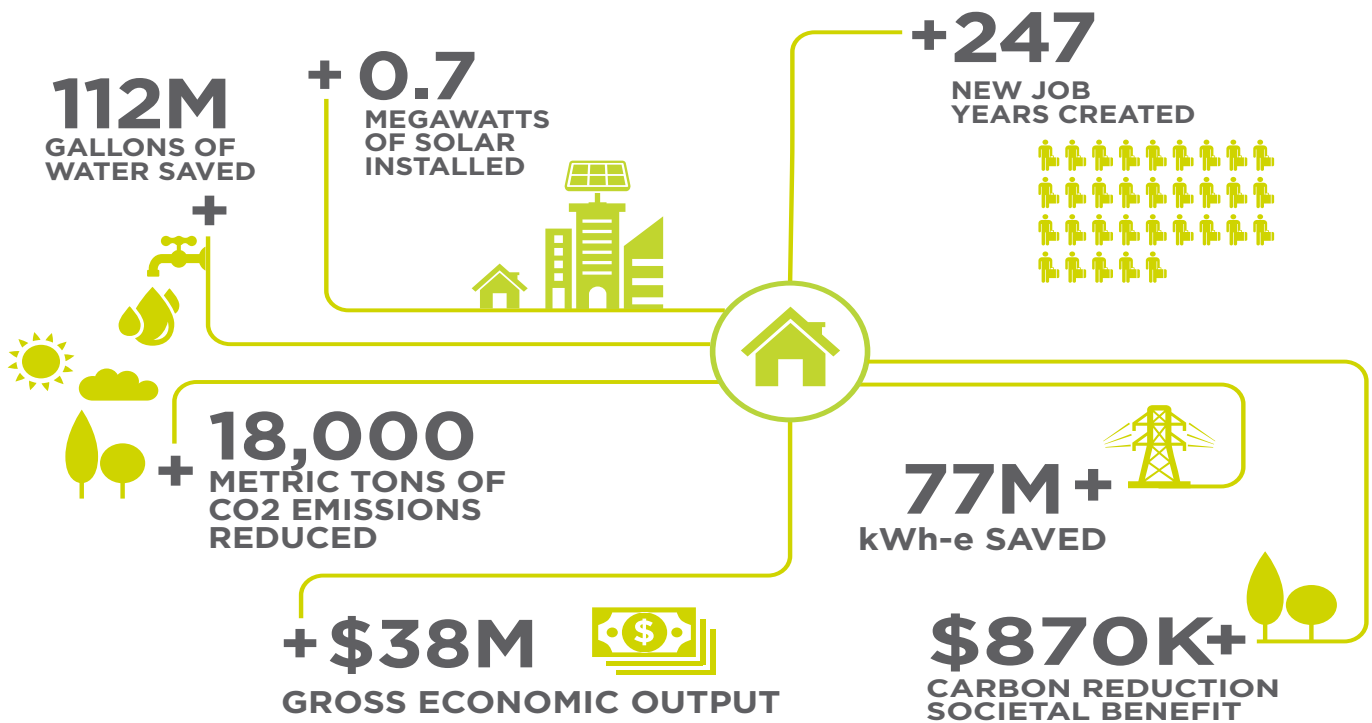
### Ygrene is the industry leader in consumer protections:

- ✓ Comprehensive financial disclosures
- ✓ Confirmed terms calls
- ✓ Property owner sign-off required before final contractor payment
- ✓ Rigorous contractor training and oversight
- ✓ Dedicated customer resolutions team
- ✓ Eligible improvements and pricing guidelines

## Research Shows PACE is Essential Public Policy

In March 2019, the University of Southern California's Schwarzenegger Institute, part of The Sol Price School of Public Policy, released a regional economic impact analysis of PACE financing by the leading PACE administrator in the country, Ygrene Energy Fund. The report, "Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida," analyzed more than 54,000 PACE property improvement projects in over 500 cities and counties in California and Florida representing over \$1.16 billion in natural disaster resiliency, clean energy, and water conservation investment. The results of the research confirm the tremendous impact of PACE financing as an essential public policy tool that is achieving local economic development and growth, while protecting communities from natural disasters and improving the environment.

**Estimated impact of \$20 million in over 590 Ygrene funded energy efficiency, renewable energy, and water conservation property improvement projects across SBCCOG cities.**



Data based on University of Southern California Schwarzenegger Institute research, "Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida," utilizing in part Ygrene's proprietary impact model. This represents estimated lifetime impacts of PACE projects funded by Ygrene from inception through May 26, 2020. The full research study is available at <http://schwarzenegger.usc.edu/research>