

Energy conference set for March

K Kaufmann • The Desert Sun • January 16, 2011

When the Federal Housing Finance Agency issued a letter last July slapping strong restrictions on affordable financing programs for energy efficiency, such as Palm Desert's, it was widely viewed as a death knell for the programs, which have spread from the Coachella Valley to 22 states across the nation.

But now, a city-sponsored conference, set for March 3-4 at UC Riverside's Palm Desert campus, aims to rally national support for clean energy financing programs and map out new strategies for either circumventing or ending the federal stranglehold.

"The feedback (we've) been getting is that everybody thinks this is long overdue and high time and badly needed," said former councilman Jim Ferguson, who came up with the idea for the conference before his defeat in the November election and is still on the event's steering committee.

"It's supposed to be a catalyst point to get everyone to focus on this problem and finally solve it," he said.

"When I first saw the announcement, I was thrilled," said Peter Adamczyk, the manager for Vermont's energy financing program, which has been in limbo since July. "There are a lot of people who are thinking about how to work through and around the FHFA."

Palm Desert has been a leader in creating and promoting energy loan programs since 2008 when it sponsored the California law allowing cities and counties to provide residents with affordable financing for solar installations or other high-efficiency home improvements.

Long-term repayments are linked to a

homeowner's property taxes, similar to the public works assessments cities use for street lighting or sewers.

Now commonly referred to as property assessed clean energy, or PACE, financing, Palm Desert-style programs have been approved in 22 other states, with most, like Vermont's, on hold.

The programs ran afoul of the FHFA because, like other public works assessments, PACE repayments take precedence over mortgage repayments in the event of a foreclosure.

The agency sees that as a threat to already shaky home mortgage markets and, in its July letter, directed the nation's primary home lenders, Fannie Mae and Freddie Mac, not to provide financing for any home with a PACE assessment.

Palm Desert officials said the FHFA was invited to the conference but is not expected to attend.

Agency officials declined to comment.

The conference will be looking at local, state and national reactions to the FHFA restrictions, ranging from federal law suits now underway to a new focus on using PACE for commercial retrofit projects, which are not affected by the

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agency's limits on home mortgages.

Palm Desert shut its program down for a month following the FHFA letter, but later reopened it, adding a new disclosure to applicants, warning them they might have to pay off the assessment in full before refinancing or selling the homes.

Before July, the city had provided residents with more than \$5.5 million in financing for solar and other high-efficiency home improvements, about 250 projects in total, said Martín Alvarez, who manages the program.

Applications are still coming in, he said, but instead of a few a week — the pre-July rate — the city's receiving about one a month.

Ferguson is hoping the conference will end with a unified statement calling for congressional action to allow PACE programs to go forward.

With energy financing laws on the books in 23 states, he said, the message to Congress is that "half the nation would like to do something other than business as usual, to take energy matters into individual hands.

"This is a valuable program; we want it."

K Kaufmann covers energy and green technology, health care, agriculture and retail for The Desert Sun. She can be reached at k.kaufmann@thedesertsun.com or (760) 778-4622.

The FHFA in court

The Federal Housing Finance Agency's July letter setting restrictions on clean energy financing programs, such as Palm Desert's, triggered a series of federal law suits against the agency now working their way through courts in California, New York and Florida.

Palm Desert filed its own suit in October in the federal district court in San Francisco, and the case has been consolidated with suits from the State of California, Sonoma and Placer counties and the Sierra Club.

A key argument in all the cases is that the FHFA

effectively issued new regulations without going through a required public notice and comment period. The San Francisco court recently signaled it could be leaning toward ordering the agency to begin that process, and attorney David Alderson of Richards, Watson & Gershon, who represents Palm Desert in the case, said a ruling could come mid-February.

Possible complications: The court is waiting for a filing, due in early February, from the Department of Justice on its position in the case. Private law firms, rather than federal attorneys, are representing the FHFA in the case.

The agency has also petitioned to consolidate all the suits against it from California, New York and Florida. If granted, consolidation would further delay the case because it would mean restarting all the proceedings from the beginning, Alderson said. A hearing on that motion is scheduled for Jan. 27 in New Orleans, he said.

If you go

What: PACE Solutions: Bringing AB 811 Home

When: 10 a.m.-5 p.m. March 3; 9 a.m.-noon March 4

Where: UC Riverside, Palm Desert Graduate Center, 75-080 Frank Sinatra Drive, Palm Desert

Cost: \$195 for local government officials; \$295 all others.

Information: (949) 450-7152

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