

AMENDED IN ASSEMBLY APRIL 6, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1383

Introduced by Assembly Member Pavley

February 22, 2005

An act to add and repeal Chapter 5.6 (commencing with Section 25460) of Division 15 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1383, as amended, Pavley. Solar energy: Low-Income Housing Development Revolving Loan Program.

(1) Existing law establishes various revolving loan programs to provide loans for specified purposes, including recycling market development and renewable energy resources.

This bill would establish, until January 1, ~~2011~~ 2016, the Low-income Housing Development Revolving Loan Program to subsidize the financing gap for distributed solar energy systems, *as defined*, in low-income housing units. The bill would create the Low-income Housing Development Revolving Loan Fund (the fund) for the purpose of providing loans for program purposes.

The bill would require the State Energy Resources Conservation and Development Commission to take various actions to ~~administer~~ *establish* the program, *including entering into a memorandum of agreement with a state agency to administer the program* upon the appropriation of money in the fund for that purpose in the annual Budget Act.

~~(2) The bill would provide that its provisions shall only be implemented if funding for its purposes is made available in the annual Budget Act.~~

(2) *The bill would require the California Public Utilities Commission (PUC), in consultation with the commission, on or before July 1, 2006, to issue an order initiating an investigation and opening a ratemaking proceeding, or expanding the scope of an existing proceeding, to adopt and implement a program to invest in low-income residential housing solar energy systems pursuant to the program, as provided.*

The bill would require the commission to identify funds that are currently available in the Renewable Resource Trust Funds for the program if funds are not made available through the PUC ratemaking proceeding.

The bill would require the commission to ensure that the proportional program support for the installation of solar energy systems on new construction and rehabilitation of affordable housing units does not exceed a certain percentage of the overall program funds, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*
3 *(a) California has a pressing need to procure a steady supply*
4 *of affordable and reliable peak electricity for affordable housing*
5 *units.*
6 *(b) Solar generated electricity is uniquely suited to*
7 *California's needs because it produces electricity when*
8 *California needs it most, during the peak demand hours in*
9 *summer afternoons when the sun is brightest and air conditioners*
10 *are running at capacity.*
11 *(c) Procuring solar electric generation capacity to meet peak*
12 *electricity demand increases system reliability and decreases*
13 *California's dependence on unstable fossil fuel supplies.*
14 *(d) Solar generated electricity diversifies California's energy*
15 *portfolio. California currently relies on natural gas for the bulk*
16 *of its electricity generation needs. Increasing energy demands*
17 *place increasing pressure on limited natural gas supplies and*
18 *threaten to raise costs.*

1 (e) More than 20,000 affordable housing units will be built
2 annually in California in the coming years, challenging energy
3 reliability and affordability for those residents who can least
4 afford inflated energy bills.

5 (f) Investing in low-income housing solar electricity
6 generation installations today will lower the cost of solar
7 generated electricity for all Californians in the future. In 10
8 years, solar peak electric generation can be procured without the
9 need for rebates.

10 (g) Increasing California's solar electricity generation market
11 will also bring additional manufacturing, installation, and sales
12 jobs to the state at a higher rate than most conventional energy
13 production sources.

14 (h) Funding the Low-Income Housing Development Revolving
15 Loan Program established pursuant to Chapter 5.6 (commencing
16 with Section 25460) of Division 15 of the Public Resources Code
17 (hereafter the loan program) is a cost-effective investment by
18 ratepayers in peak electricity generation capacity, because as a
19 result of the program ratepayers will recoup the cost of their
20 investment through lower rates by avoiding purchases of
21 electricity at peak rates, with additional system reliability and
22 pollution reduction benefits.

23 (i) The Public Utilities Commission has regulatory authority
24 over public utilities, including electrical corporations, and
25 existing law authorizes the commission to establish rules for all
26 public utilities, subject to control by the Legislature. In addition,
27 the commission can require an electric or gas corporation to
28 perform home weatherization services, as defined, for
29 low-income customers, as determined by the commission.

30 (j) The loan program would further establish, increase, and
31 modify incentives and provide financing mechanisms for energy
32 efficiency and photovoltaic capabilities for subsidized and
33 affordable housing, and establish "zero energy homes" as a goal
34 for low-income and affordable housing residents.

35 (k) Solar energy systems provide substantial energy reliability
36 and pollution reduction benefits. Solar energy systems also
37 diversify our energy supply and thereby reduce our dependence
38 on imported fossil fuels.

1 SECTION 1.

2 SEC. 2. Chapter 5.6 (commencing with Section 25460) is
3 added to Division 15 of the Public Resources Code, to read:

4
5 CHAPTER6 5.6. LOW-INCOME HOUSING DEVELOPMENT REVOLVING LOAN PROGRAM
7

8 25460. As used in this chapter, the following terms have the
9 following meanings:

10 (a) "Agency" means the state agency with which the
11 commission enters into a memorandum of understanding to
12 administer the program.

13 (b) "Fund" means the Low-income Housing Development
14 Revolving Loan Fund created by Section 25462.

15 (c) ~~"Program" means the Low-income Housing Development~~
16 ~~Revolving Loan Program.~~

17 ~~25461. The Low-income Housing Development Revolving~~
18 ~~Loan Program is hereby established to subsidize the financing~~
19 ~~gap for distributed solar energy systems in low-income housing~~
20 ~~units.~~

21 ~~25462. (a) The Low-income Housing Development~~
22 ~~Revolving Loan Program Fund is hereby created in the State~~
23 ~~Treasury for the purpose of providing loans for purposes of the~~
24 ~~program.~~

25 ~~(b) The agency may expend interest earnings on money in the~~
26 ~~fund for administrative expenses incurred in carrying out the~~
27 ~~program, upon the appropriation of money in the fund for that~~
28 ~~purpose in the annual Budget Act.~~

29 ~~(c) The money from any loan repayments and fees, including,~~
30 ~~but not limited to, principal and interest repayments, fees and~~
31 ~~points, recovery of collection costs, income earned on any asset~~
32 ~~recovered pursuant to a loan default, and money collected~~
33 ~~through foreclosure actions, shall be deposited in the fund.~~

34 ~~(d) All interest accruing on interest payments from loan~~
35 ~~applicants shall be deposited in the fund.~~

36 ~~(e) The agency may expend the money in the fund to make~~
37 ~~loans to local governing bodies, private businesses, and nonprofit~~
38 ~~entities to subsidize the financing gap for distributed solar energy~~
39 ~~systems in low-income housing units.~~

1 ~~(f) The agency shall establish and collect fees for applications~~
2 ~~for loans authorized by this section. The application fee shall be~~
3 ~~set at a level that is sufficient to fund the agency's cost of~~
4 ~~processing applications for loans. In addition, the agency shall~~
5 ~~establish a schedule of fees, or points, for loans which are entered~~
6 ~~into by the agency, to fund the agency's administration of the~~
7 ~~program.~~

8 ~~(g) The agency may expend money in the fund for the~~
9 ~~administration of the program, upon the appropriation of money~~
10 ~~in the fund for that purpose in the annual Budget Act.~~

11 ~~(h) The agency may set aside money for the purposes of~~
12 ~~paying costs necessary to protect the state's position as a~~
13 ~~lender-creditor. These costs shall be broadly construed to~~
14 ~~include, but not be limited to, foreclosure expenses, auction fees,~~
15 ~~title searches, appraisals, real estate brokerage fees, attorney fees,~~
16 ~~mortgage payments, insurance payments, utility costs, repair~~
17 ~~costs, removal and storage costs for repossessed equipment and~~
18 ~~inventory, and additional expenditures to purchase a senior lien~~
19 ~~in foreclosure or bankruptcy proceedings.~~

20 ~~25463. — This chapter shall remain in effect only until~~
21 ~~January 1, 2011, and as of that date is repealed, unless a later~~
22 ~~enacted statute, that is enacted before January 1, 2011, deletes or~~
23 ~~extends that date.~~

24 ~~SEC. 2. This act shall only be implemented if funding for its~~
25 ~~purposes is made available in the annual Budget Act.~~

26 ~~(c) "Low-income residential housing" means affordable~~
27 ~~residential housing units that are defined in Section 50052.5 or~~
28 ~~50053 of, or are undertaken, constructed, or operated pursuant~~
29 ~~to Chapter 3.6 (commencing with Section 50199.4) of Part 1 of~~
30 ~~Division 31 of, the Health and Safety Code.~~

31 ~~(d) "Program" means the Low-Income Housing Development~~
32 ~~Revolving Loan Program created by Section 25461.~~

33 ~~(e) "Solar energy system" means a photovoltaic solar~~
34 ~~collector or other photovoltaic solar energy device that has a~~
35 ~~primary purpose of providing for the collection and distribution~~
36 ~~of solar energy for the generation of electricity, and that~~
37 ~~produces at least 1 kW alternating current rated peak electricity.~~

38 ~~25461. The Low-Income Housing Development Revolving Loan~~
39 ~~Program is hereby established. The purpose of the program is to~~
40 ~~provide a source of financing not to exceed 75 percent of the~~

1 total system cost, for solar energy systems in low-income
2 residential housing units.

3 25462. (a) The Low-income Housing Development Revolving
4 Loan Program Fund is hereby created in the State Treasury for
5 the purpose of providing loans for purposes of the program.

6 (b) The agency may expend the money in the fund to make
7 loans to local governing bodies, private businesses, and
8 nonprofit entities to provide funding for solar energy systems in
9 low-income housing units.

10 (c) The agency shall administer below market rate loans at a
11 rate determined annually by the agency.

12 25463. (a) The agency shall establish and collect a fee for
13 each application for a loan authorized by this section. The
14 application fee shall be set at a level that is sufficient to fund the
15 agency's cost of processing applications for loans. In addition,
16 the agency shall establish a schedule of fees, or points, for loans
17 that are entered into by the agency, to fund the agency's
18 administration of the program.

19 (b) The agency may expend money in the fund, including
20 interest earnings on money in the fund, for the administration of
21 the program, upon the appropriation of money in the fund for
22 that purpose in the annual Budget Act.

23 (c) The money from any loan repayments and fees, including,
24 but not limited to, principal and interest repayments, fees and
25 points, recovery of collection costs, income earned on any asset
26 recovered pursuant to a loan default, and money collected
27 through foreclosure actions, shall be deposited in the fund.

28 (d) All interest accruing on interest payments from loan
29 applicants shall be deposited in the fund.

30 (e) The agency may set aside money in the fund for the
31 purposes of paying costs necessary to protect the state's position
32 as a lender-creditor. These costs shall be broadly construed to
33 include, but not be limited to, foreclosure expenses, auction fees,
34 title searches, appraisals, real estate brokerage fees, attorney
35 fees, mortgage payments, insurance payments, utility costs,
36 repair costs, removal and storage costs for repossessed
37 equipment and inventory, and additional expenditures to
38 purchase a senior lien in foreclosure or bankruptcy proceedings.

39 25464. To be eligible for participation in the program, a
40 housing project must be at least 10 percent or more energy

1 *efficient than required by the current standards specified in the*
2 *California Building Standards Code contained in Title 24 of the*
3 *California Code of Regulations, or have implemented measures*
4 *to reduce the energy use of the building or unit by 10 percent, as*
5 *calculated pursuant to Title 24 compliance models. An eligible*
6 *housing project that exceeds energy efficiency standards*
7 *required by Title 24 by more than 10 percent shall receive*
8 *financing at rate of .25 percent lower for every 5 percent*
9 *additional improvement in energy efficiency.*

10 *25465. The commission may consult with the California Tax*
11 *Credit Allocation Committee (TCAC), the California Housing*
12 *Finance Agency and the Department of Housing and Community*
13 *Development to develop guidelines for the loan program.*

14 *25466. This chapter shall remain in effect only until January 1,*
15 *2016, and as of that date is repealed, unless a later enacted*
16 *statute, that is enacted before January 1, 2016, deletes or extends*
17 *that date.*

18 *SEC. 3. (a) Notwithstanding any other law, on or before July*
19 *1, 2006, the California Public Utilities Commission (PUC), in*
20 *consultation with the State Energy Resources Conservation and*
21 *Development Commission, shall issue an order initiating an*
22 *investigation and opening a ratemaking proceeding, or*
23 *expanding the scope of an existing proceeding, for the purpose of*
24 *adopting and implementing a program to invest in low-income*
25 *residential housing solar energy systems pursuant to Chapter 5.6*
26 *(commencing with Section 25460) of Division 15 of the Public*
27 *Resources Code.*

28 *(b) In the course of that proceeding, the PUC and the State*
29 *Energy Resources Conservation and Development Commission*
30 *shall also consider and evaluate whether existing solar energy*
31 *programs are adequately funded to achieve the goal of placing*
32 *solar energy systems on low-income or affordable residential*
33 *housing units by December 31, 2018.*

34 *(c) If funds are not available through a PUC ratemaking*
35 *proceeding, the State Energy Resources Conservation and*
36 *Development Commission shall identify funds either from those*
37 *currently available in the Renewable Resource Trust Fund*
38 *established by Section 25751 of the Public Resources Code or in*
39 *the next available reauthorization of the fund.*

1 (d) The commission shall ensure proportional program
2 support, not to exceed 10 percent of the overall program funds,
3 for the installation of solar energy systems on the new
4 construction and rehabilitation of affordable housing units,
5 including single and multifamily residential housing. In addition
6 to the rebate, the commission shall also ensure that additional
7 and proportional resources, not to exceed 5 percent of the
8 overall program funds, are provided for the unique needs of the
9 subsidized low-income housing through a targeted financing
10 mechanism and support, including a revolving loan fund,
11 technical assistance, and other needs as identified in consultation
12 with the California Tax Credit Allocation Committee.