



CRHMFA Homebuyers Fund
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Ana Matosantos, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Cap-and-Trade Auction Proceeds Investment Plan and Residential Energy Retrofit Programs

Dear Director Matosantos and Chair Nichols:

CRHMFA Homebuyers Fund (CHF) is a California Joint Exercises of Powers Authority made up of thirty-one California member counties and a number of associate member counties and cities. The CHF Board of Directors is made up of thirty-one elected County Supervisors, one appointed from each member county. CHF was established in 1993 and has been providing successful down payment assistance programs to assist families with the purchase of a home for a number of years.

We realize that the formal comment period for the Cap-and-Trade Auction Proceeds Investment Plan has ended, but in light of recent legal opinions regarding property assessed clean energy (PACE) programs, we would like to present our residential energy retrofit program to be considered for inclusion in the draft Cap-and-Trade Auction Proceeds Investment Plan before the state issues a draft for public comment.

In 2009, CHF was awarded American Recovery and Reinvestment Act (ARRA) funds of \$16.5 million to administer a residential energy retrofit program. Working with the California Energy Commission (CEC), and various other partners, the program was highly successful and resulted in the awarding of additional funds of \$14.0 million to CHF for a total of \$30.5 million. The program resulted in residential retrofits to more than 1,050 homes with an estimated average energy savings in excess of 33% per household and average annual household savings of more than 97 million BTUs. CHF's cost to administer the program from these funds was less than 5%.

Following this successful program, CHF developed and implemented a new residential energy retrofit program utilizing both ARRA and Investor Owned Utilities (IOU) funds in a loan loss reserve (LLR) capacity to encourage private capital investment. The current pilot program is available in Pacific Gas and Electric (PG&E) territory via an investment commitment from Five Star Bank resulting in a leveraging of PG&E and ARRA funds at a 10 to 1 ratio providing additional resources for residential energy retrofits.

With the recent ruling by the U.S. Court of Appeals for the Ninth Circuit regarding PACE programs for residential properties; CHF believes it is in position to provide a viable alternative to residential energy retrofit financing utilizing AB 32 Cap-and-Trade resources. Such resources could be

used for direct lending to homeowners or utilized to leverage additional private capital investment. The CHF program does not place a lien on the property that impacts the lien priority of any mortgage. Rather, the CHF program results in a UCC-1 fixture filing on the equipment installed as part of the energy retrofit work performed.

CHF's programs are streamlined and efficient, resulting in a low cost of administration and thus resulting in more resources being made available to homeowners. Additionally, CHF is a single point of contact between the CEC, California Public Utilities Commission (CPUC), the IOUs, financial institutions and the contractors performing the retrofit work. Further, CHF's LLR program is distinct in that the LLR funds are not utilized to cover the cost of defaulted loans. Rather, the LLR funds are utilized to purchase loans when they are delinquent, permitting CHF the opportunity to service these loans and attempt to make them performing loans again. With success, some LLR funds will be recovered and available for future programs.

CHF is experienced in the development, implementation and administration of programs that assist California homebuyers and homeowners. We ask that you consider funding for the CHF program in the California Air Resources Board Investment Plan, and welcome the opportunity to share more regarding capabilities and to discuss the potential for increased resources made available to California residents for energy efficiency retrofits and the creation of jobs.

We look forward to hearing back from you and will be happy make ourselves available to meet and discuss our program at your convenience. Please feel free to contact me with any questions.

Sincerely,



Greg Norton
Executive Director

CC: Secretary Matthew Rodriquez, California Environmental Protection Agency
Ashley Conrad-Saydah, California Environmental Protection Agency
Jack Kitowski, California Air Resources Board
Robert Oglesby, California Energy Commission