



St. Lucie County's New "Green CDFI"



By Doug Coward

St. Lucie County is fostering bottom-up economic recovery in the green sector through comprehensive and inter-related programs and major public and private partnerships. One particularly noteworthy program is the new \$20 million solar and energy loan fund and accompanying sustainability district. Together these innovative financing strategies will help enable a wider range of property owners to affordably participate in the emerging clean energy economy.

The key to this program is to offer loans that are economically-desirable for property owners. This is essential to attract large numbers of voluntary participants - particularly as the nation slowly climbs out of the worst recession in a generation and few people in Florida have disposable income or equity in their homes. The loan fund will offer no money down financing options for appropriate green enhancements that reduce energy usage and monthly energy bills and create more energy savings and cost diversion than the amount of the loan payments. This will generate net economic benefit to participants and provide tax-exempt equity in the property.

The loan fund is designed to help empower the community to overcome trickle-down renewable energy policy and promote more widespread implementation of preferred rooftop solar technologies. These green economic development activities will also help create jobs, more disposable income for working class families, and open-up new clean energy markets in the process. St. Lucie is striving to create green jobs for GEDs and PhDs and to create a more diverse and sustainable economic base.

Why Solar in the Sunshine State?

According to the nationally-renowned experts hired by the Florida Public Service Commission (I.e., Navigant Consultants), Solar PV (or photovoltaic) is considered the most technologically-viable renewable energy alternative in Florida. Solar thermal technologies are also highly desirable and cost-effective. Nevertheless, despite these tremendous economic development opportunities and societal benefits, there are few meaningful distributed rooftop solar markets in Florida. Solar technology in the Sunshine State is currently shackled by high upfront costs, inconsistent and limited rebate programs, the lack of a Renewable Portfolio Standard with a solar carve out, and limited financing options for the general public.



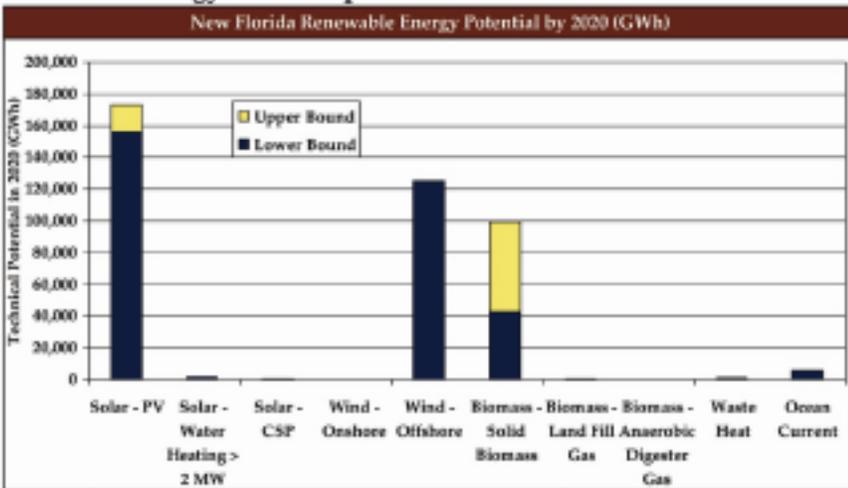
Construction workers learn the proper way to install solar panels.



Ribbon-Cutting L-R, Gwenda Thompson, President/CEO Workforce Solutions of the Treasure Coast; Julian Nazario, Program Director for the Green Collar Task Force, Doug Coward, St. Lucie County Commissioner, Charles Grande, St. Lucie County Commissioner, Chris Dzadovsky, St. Lucie County Commissioner, Chris Craft, St. Lucie County Commissioner.

Summary » Summary of Technical Potentials » Generation

PV, solid biomass and offshore wind provide most of Florida's renewable energy technical potential.



Note: A range for some technologies is given either because of resource level variations across the state or variations in conversion technology. Solar water heating results in GWh_{th}.

NAVIGANT CONSULTING

It's not rocket science

Interestingly it may be financial strategies more so than technological breakthroughs that ultimately open-up private solar markets in Florida. Reflect back to the early twentieth century when Henry Ford was mass producing his revolutionary horseless carriage. His automobiles were technologically viable but they were unaffordable for the average American before financing options were available. And even today, how many people can afford to buy a \$25,000 car with cash? Virtually no one. This same basic financing strategy must now be applied to distributed rooftop solar markets to make solar energy more affordable for the average consumer.

How was the loan fund created?

The \$20 million solar and energy loan fund was created entirely from private capital rather than property taxes

or Property Assessment Clean Energy (PACE) bonds. Financial partners include PNC, SunTrust, and Oculina Banks and IBM/PGA Credit Union. They each submitted letters of interest, pledged \$5 million, and helped create a new non-profit organization known as the "Solar and Energy Loan Fund of St. Lucie County."

As of June 2010, the solar and energy loan fund was awarded \$2.9 million of energy block grant funds from the United States Department of Energy. These funds will supplement the private capital and help

fast-track implementation of the program.

How will it be administered?

The non-profit organization will administer the program and seek certification as a Community Development Financial Institution (CDFI) through the U.S. Treasury Department. The CDFI program has been around since 1994 and there are nearly a thousand such organizations across the country and several dozen in Florida. The St. Lucie model expands the successful CDFI program into the emerging green sector.

Another benefit of the CDFI model is to keep financial matters in the hands of banking professionals and a non-profit Board of Directors made up of diverse community leaders. This is preferable to creating a new government agency with less financial experience and shrinking staff



PACE COMES TO FLORIDA

Signed into law by Governor Charlie Crist on June 1, 2010, the Property Assessed Clean Energy (PACE) program will enable property owners to borrow money from their local government to pay for the installation of energy renewable system for their homes. Local governments would loan homeowners money to pay for energy-efficiency enhancements, such as solar panels, and would place a lien on the home until the loan was paid. Property owners would repay the loan over a 10-, 15- or 20-year period through an increase on their annual property taxes equal to one-twentieth of the loan plus interest.

and budgets. The infusion of private capital also eliminates the need for costly and time-consuming bonds and therefore reduces operating expenses and accelerates implementation of the program.

How does it work?

The solar and energy loan fund specifically targets energy conservation, energy efficiency, and rooftop solar, and it is available for residential and non-residential property owners. The extended terms of the loans (10-20 years) and low interest rates (approx. 4%) are designed to keep the monthly loan payments lower than the energy savings and cost diversion derived from appropriate green enhancements. And the appropriateness of these green enhancements will vary greatly depending on building size, age, type, and use. The loans are intended to be flexible for all property owners.

Property owners can participate in this no money down loan program by agreeing to voluntary property assessments via newly created sustainability taxing districts. The property assessment collection methodology will enable property owners to pay off these loans over an extended timeframe as a part of the tax bill which stays with the property. The loan payments also revolve back to the non-profit organization and help replenish the fund. A small administration charge will also be applied.

Trickle-down renewable energy policy

Florida currently suffers from trickle down renewable energy policy that restricts preferred solar markets to the wealthiest property owners. Rebates and tax incentives are only available for those wealthy enough to afford the high upfront cost. The rest of us wish we could afford to participate in the renewable energy future of our country but cannot without some

type of upfront loan, affordable financing option, and overall economic benefit.

The new PACE legislation in Florida is a step in the right direction and can hopefully overcome many of the shortcomings of traditional PACE programs - namely high interest rates. But this new legislation appears to have more unintended obstacles for low and moderate income families. For example, specific provisions restrict the amount of the loan to 20% of the total property value - which may work for a \$150,000 single-family home but not likely for a \$25,000 duplex. This 20% cap would allow single family homeowners to borrow \$30,000 or more whereas less-affluent working class property owners may be limited to \$5,000 or less. The appropriate green enhancements may exceed these amounts and the legislation should be adjusted accordingly.

In contrast to PACE, the green CDFI program actually emphasizes low and moderate income properties as part of the certification process -which requires that 60% of all loans must be issued in LMI neighborhoods. [HNN](#)

COMMISSIONER DOUG COWARD is a three-term St. Lucie County Commissioner (1998 to present) with a master's degree in urban and regional planning from Florida State University and two decades of professional experience with St. Lucie County, 1000 Friends of Florida, and the private sector.

Commissioner Coward is the recipient of five statewide and regional awards including: (1) The 2005 Public Official of the Year award from the Florida Chapter of the American Planning Association; (2) The Conservation Leader award from the Florida Chapter of the Nature Conservancy; (3) The Community Steward award from 1000 Friends of Florida; (4) The Maggie Bowman award from the Marine Resources Council; and, (5) The 2007 Distinguished Public Official award from the Treasure Coast Chapter of the American Institute of Architects.