

Mayor Newsom Asks Private Sector to Partner with San Francisco on Clean Energy Loan Program

Largest loan program of its kind in the United States would provide low-interest loans to residents and businesses for solar and energy efficiency upgrades

02/02/09 - Mayor Gavin Newsom today announced an important step in the advancement of the country's largest local property tax-based loan program focused on greening local buildings. The program, called the San Francisco Clean Energy Loan Program, will loan money to San Francisco residents and businesses to install solar energy systems on their rooftops and make energy efficiency upgrades to their buildings. Today, a public Request for Proposals (RFP) was issued by the City's Office of Public Finance to solicit a private sector lender to partner with the City to implement this landmark energy loan program.

"The climate crisis has brought our country to a crossroads that requires a far different approach to how we produce and use energy," said Mayor Newsom. "Innovative public/private partnerships, exemplified by this loan program, can help us point the way toward a cleaner energy future."

San Francisco currently offers the largest local solar incentives in the U.S. for residents and businesses through the GoSolarSF program. This local incentive, when paired with the federal tax credit and the California Solar Initiative, cuts the cost of an average residential solar installation by approximately half. Since the inception of GoSolarSF in July of 2008, monthly solar applications have spiked in San Francisco by over 300%.

The San Francisco Clean Energy Loan program will complement GoSolarSF by providing borrowing options for residents to cover the remaining cost of their solar installations, and will also be available to help fund urban small scale wind projects, as well as energy efficiency upgrades. Building on the success of GoSolarSF, the City is working to help residents make energy upgrades on their buildings, so that even more residents can green their homes and businesses in a financially responsible manner. The result will be lower utility bills for local consumers and the greening of San Francisco's renewable energy portfolio.

With the recent tightening of the credit markets, home equity and consumer financial products have become harder to obtain for many people who otherwise have above average credit scores and traditionally pay their debts on time. The Clean Energy Loan Program seeks to address this challenge. Loans will be attached to the building rather than the borrower—a key element of making these loans feasible for homeowners. Residents will repay the loans over 20 years through a special tax on their property tax bills. By providing greater security for the lenders, the program in turn will allow them to make more loans available, to more people, on more competitive terms.

"We need to make renewable energy and energy efficiency affordable for people of all incomes," continued Mayor Newsom. "While our solar incentive program has been dramatically successful in increasing local solar installations, this low-interest loan

program is the missing piece of the puzzle. It will provide San Francisco homeowners access to the remaining funding they need to make energy improvements to their buildings."

The RFP issued for San Francisco's Clean Energy Loan program, which calls for a program as large as \$20 million, seeks a private sector partner or partners to fund the program and assist the City in its administration. When implemented, it will be the largest such program in the U.S. to date. A pilot solar loan program using this model of lending is successfully underway in Berkeley, California.

February 17th is the deadline for a letter of intent to submit a proposal to the City; March 3rd is the date set for the bidders conference, and final proposals are due April 1st.