



## PALM STREET PERSPECTIVE

### SEEING THE LIGHT, SAVING ENERGY, AND SPURRING THE NEW ECONOMY

By SLO City Council Member, John Ashbaugh

**I'M NEW TO THE CITY COUNCIL, HAVING BEEN ELECTED** in November 2008. As I campaigned last year, I sensed a seismic shift taking place.

Before this election, the main issue was the same one that had dominated every city election since I moved here in 1977: Growth – how fast, where, and how to control it?

What a difference a year makes. Landmark retail stores such as Gottschalks and Mervyns closing; jobs disappearing; housing prices plummeting; tax revenues declining just as more people need services than ever before. We're in the grip of an economic contraction that ranks second only to the Great Depression – so far – and we don't know when we'll begin to see the first real glimmers of hope.

But if we look hard enough, there are flickers of light. This Spring, the stock market is showing signs of life. Housing is stabilizing as buyers hunt for bargains. Mortgage lenders are advertising home loans at the lowest rates in decades.

It may be awhile, however, before the recovery really kicks into gear. What can the City do to help us get through these tough times, and simultaneously meet the challenge of building a sustainable community that will serve our 21st-century needs?

Here's one possibility: In January, the Council set a goal to "adopt and implement a plan to reduce greenhouse gases and conserve energy." A key part of this plan could include a below-market financing program to spur development of energy-saving projects throughout SLO.

Under a new state law, AB 811 cities such as Palm Desert, Berkeley

and others are already making small loans (generally about \$25-30,000) to individual property owners to install solar panels or other energy-efficiency improvements. The loans are repaid through voluntary special assessments, typically extending over 20 years at about 7+% API. Borrowers get the benefit of state and federal rebates and tax incentives, reduced up-front costs, lower utility bills, reduced energy demand, and higher property values.

One possible benefit of this program is that it encourages owners of rental property to conserve energy. Most dwelling units in SLO are rentals, and the owners have little incentive to install such improvements since they typically pass utility costs to tenants. Why bother with the paperwork, high up-front costs, and pledging personal assets and good credit merely to reduce utility costs for a rental?

Using AB 811-type programs, building owners see virtually no up-front costs. Utility savings and Federal/state subsidies cover the special assessments, at least over time. The loan is secured by a tax lien, and stays with succeeding owners of the benefited property even when sold. There's no need to pledge personal assets, or even submit a credit report.

The result: Significantly lower utility bills, enhanced property values, more work for local contractors, and reduced greenhouse gas emissions. That's a win for everyone: Property owners, renters, builders, and our environment.

If you'd like more information about the city's goals, our web site is [www.slocity.org](http://www.slocity.org); to learn about how AB 811 financing works in Palm Desert, visit [www.ab811.org](http://www.ab811.org). I welcome your feedback at [jashbaug@slocity.org](mailto:jashbaug@slocity.org).