

RESOLUTION NO. 120293

Declaring the City Council's support in requesting the Federal Housing Finance Agency (FHFA) to withdraw its prior negative statements regarding residential Property Assessed Clean Energy (PACE) programs and encouraging FHFA to develop regulation and guidance designed to maximize the value of PACE programs.

WHEREAS, utility bills represent a major cost for home and business owners; and

WHEREAS, persistent unemployment, particularly in the construction industry, continues to burden our families and communities; and

WHEREAS, investing in cost-effective energy efficiency and renewable energy improvements to homes and businesses can cut utility bills, create thousands of local jobs, and reduce reliance on foreign energy sources; and

WHEREAS, the upfront costs and potentially long payback periods are obstacles faced by property owners who want to implement energy efficiency and/or renewable energy projects at their homes; and

WHEREAS, the City Council on June 11, 2009, approved and adopted the Kansas City, Missouri Energy Efficiency and Conservation Strategy through passage of Resolution No. 090461 which includes a goal to reduce electricity use by 2 billion kWh per year and natural gas use by 5 billion cubic feet/year by 2020 and directs the City Manager to implement the strategy in order to reduce total energy costs, reduce fossil fuel emissions, and make the City a more sustainable community; and

WHEREAS, Property Assessed Clean Energy (PACE) financing programs are an innovative, voluntary local government solution that requires no general taxes or public funding to help property owners finance energy efficiency and renewable energy improvements – such as energy efficient heating, ventilation and air conditioning, upgraded insulation, new windows, solar installations, and other energy improvements – to their homes and businesses; and

WHEREAS, the City Council, pursuant to Resolution No. 100284, expressed its support for enactment of PACE legislation by the Missouri General Assembly; and

WHEREAS, twenty-seven states, including the State of Missouri, and the District of Columbia have passed laws enabling local governments to develop PACE programs; and

RESOLUTION NO. 120293

WHEREAS, despite the great promise of PACE, the Federal Housing Finance Agency (FHFA) and the Office of the Comptroller of the Currency on July 6, 2010, issued unwarranted statements (the “Statement”) and directed the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), (together, the “Enterprises”), and the Federal Home Loan Banks (the “Banks”) to refrain from purchasing residential mortgages with PACE assessments; and

WHEREAS, on February 28, 2011, the FHFA issued a directive (the “Directive”) to the Enterprises and the Banks to continue to refrain from purchasing mortgage loans secured by properties with outstanding first- lien PACE obligations; and

WHEREAS, the Statement and the Directive have had an immediate chilling effect on certain existing PACE programs, halting operations and freezing the potential development of hundreds of other PACE programs nationwide including Kansas City, Missouri; and

WHEREAS, the National League of Cities, National Association of Counties and the US Conference of Mayors have commented on the FHFA Advance Notice of Proposed Rulemaking (ANPR) in support of PACE and its attendant benefits to the nation, to municipalities, to property owners and to lenders without federal tax subsidies, mandates, or expansion of any federal programs; and

WHEREAS, FHFA’s withdrawal of its Statement and Directive and endorsement of regulation or guidance designed to maximize the value of PACE programs would allow municipalities to create successful PACE programs at the local level and give Kansas City the ability to determine whether it wishes to create a clean energy development board to provide financing to property owners for energy efficiency and renewable energy projects in Kansas City; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

That the City of Kansas City, Missouri opposes the Federal Housing Finance Agency’s current position regarding residential PACE programs, urges the Federal Housing Finance Agency to rescind its Statement and Directive foreclosing the resource option for Kansas City residents for financing energy efficiency and renewable energy improvements through a PACE program, and requests that the City Manager submit comments to the Federal Housing Finance Agency pursuant to FHFA’s ANPR and request for comments published in the Federal Register on January 26, 2012, taking into consideration the series of questions posed by the Federal Housing Finance Agency as well as any other issues and questions determined by staff to be relevant.