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Willard Rodarmel



**Redevelopment  
Division**

119 Fox Street  
Lemoore • CA 93245  
Phone • (559) 924-6701  
FAX • (559) 924-9003

## Staff Report

**ITEM  
NO.** 3

**To:** Lemoore City Council and  
Redevelopment Agency Board

**From:** Brooke Austin, Housing Specialist and  
Judy Holwell, Redevelopment Project Manager

**Date:** April 21, 2008

**Subject:** Update – Residential Solar Grant Program

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### **Discussion:**

On August 21, 2007, Council directed staff to create a Residential Solar Grant Program offering grants of \$1,000 per KW with a total grant maximum per household of \$5,000. It was also recommended that \$100,000 be programmed into the Low-Mod Housing Fund to assist low to moderate income homeowners within the Redevelopment Project Areas and \$100,000 be programmed into the City General Fund to assist all others.

The following program guidelines were approved:

### Overview:

1. Homeowners may qualify for a grant of \$1,000 per KW for the installation of an AC rated solar system.
2. The maximum grant amount per household is \$5,000.
3. The home must be located within the City Limits of Lemoore.
4. Income qualified homeowners within the Redevelopment Project Areas will be assisted with the Low-Mod Housing Fund. All others will be assisted with the City General Fund.

### Applicant Eligibility:

1. Applicants must own and reside in the home to be assisted.
2. Applicants must not have received a Residential Solar Grant previously.

To date, a total of five solar grant applications have been approved. Four of the projects are complete. Four of the applicants were above the moderate-income limit. The other applicant was below the moderate-income limit, but does not reside in the Redevelopment Project Area. Therefore, all grants were paid out of the City General Fund. One other General Fund application has received approval; however, construction of the home has not yet begun and will most likely not be completed until next fiscal year.

In November and December of 2007, staff updated Council regarding the progress of the program and discussed requests that have been received from businesses and non-profit organizations to use the program. Under the current program guidelines, businesses and non-profits are not eligible. Council requested that this item be brought back at a later date for further discussion. If Council would like to extend the program to businesses and non-profits, staff recommends that any unused general funds available as of April 1<sup>st</sup> be made available to these during the last quarter of each fiscal year the program is budgeted.

SolarCity has contacted staff to see if residents are able to use the program for solar leases. With a solar lease, SolarCity would install and retain ownership of the solar system. The homeowners would pay a monthly lease payment, which would not significantly reduce their electric bill by more than the lease payment. The current guidelines do not address leases, and staff does not recommend this option because the homeowner would not own the equipment. If the homeowner failed to make lease payments, the system would be turned off and if they remained in default, would ultimately be removed. However, if Council feels solar leases meet the intent of the program, to reduce dependence on traditional electricity, the guidelines could be amended to include these. In this case, there could be a provision that if leases are defaulted on within a specific time period, e.g. five years, the grant would have to be repaid. The justification for using Low Moderate Income Housing Funds for the current program is that we are improving the affordability of housing in that energy costs are reduced thereby increasing the quality of affordable housing, so staff does not feel leases would qualify for the use of Low Moderate Income Housing Funds.

Staff has also received calls from homeowners who had solar systems installed without knowledge of the grant program or just prior to the program being approved. A suggestion was made that the program should be extended to homeowner's who had solar systems installed up to one-year prior to program implementation or since the fiscal year began July 1, 2007. Staff does not recommend this since it will set a precedence and the City/RDA may not always have enough money budgeted to cover the cost of all prior work done. However, this does not preclude residents who would like to expand their current system from applying. Grants would be based on the newly installed KW ratings only.

**Budget Impact:**

None.

**Recommendation:**

That Council and RDA Board discuss the various options listed above and direct staff accordingly.