

## **Sonoma County Energy Independence Program Racial Equity Analysis – May 2023**

Utilizing the Racial Equity Toolkit, published by the Government Alliance on Race and Equity, Program staff has expanded consideration of racial equity in decisions, including policies, practices, programs, and budgets. Staff recognizes the racial equity tool can help to develop strategies and actions that reduce racial inequities and improve success for underserved members of our community. Below are responses to several questions adapted from the Toolkit provided by the County.

### **How does your Program align with or leverage other Countywide initiatives to advance racial equity?**

As previously reported to your Board in March 2023, the Program provides access to capital through financing that does not consider the applicant's income, credit score, or debt-to-income ratio, which increases access to non-traditional capital resources to individuals who might otherwise be denied. The building improvements financed by the Program can reduce utility costs, improve energy efficiency, resiliency, health, indoor air quality and safety during disasters or extreme weather events for the occupants – all of which disproportionately affect underserved communities. The Program has consumer protections and assurances and an impartial application review process. Services and assistance with the application process are offered in both English and Spanish and the Program conducts outreach and education through Spanish media.

Staff recognizes that some of the consumer protections proposed in this item may decrease accessibility to the Program. Specifically, in this Board item, the Program's lien-to-value (LTV) threshold amount is proposed to shift from a 100% to a 95% calculation allowance. When applications are reviewed, the total amount of existing liens associated with the property plus the requested financing amount cannot exceed 100% of the current market value. This consumer protection is done so property owners are not considered "under water" at the time they apply. The proposed change to reduce the LTV threshold is recommended to provide some additional risk assurance to the County and their investment in the Program. Staff compared previous application LTV calculations between 2016-2022 and determined that 6%, or 34, of the 551 of the applicants would not have qualified had this proposed 95% LTV threshold been in place. Further research regarding these 34 parcels shows that 44%, or 15 parcels, paid off their SCEIP assessment early. While we do not know the factors involved that led to the early payoffs, it does show us that these property owners had the ability to pay them off prior to maturity of the assessment.

### **What specific racial and/or economic inequities in Sonoma County does this Program intend to address/reduce?**

Through the County's five-year Strategic Plan, Climate Action and Resiliency pillar, Program staff has a multi-year implementation plan to "provide \$20 million in financing by 2026 that incentivizes property managers and renters to retrofit existing multi-family housing towards

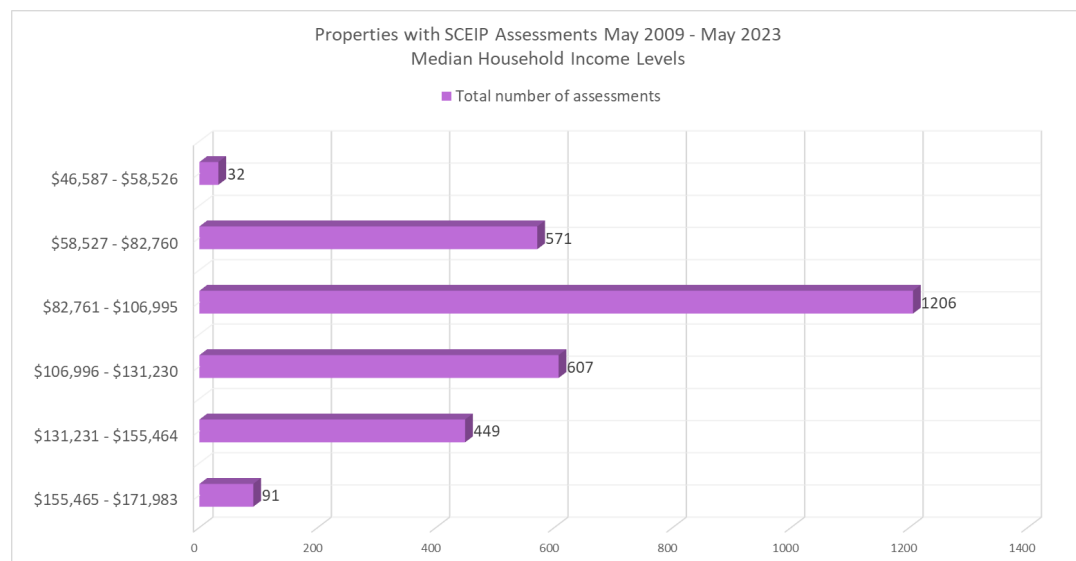
achieving carbon neutral buildings.” Nearly 40% of all households in Sonoma County currently rent, and more than 60% of all rental housing is in the multi-family sector. A large portion of multifamily rental properties are occupied by residents who face equity, cultural, and financial challenges. Much of the multifamily building stock is older and in need of improvements related to efficiency, resiliency, health, indoor air quality and durability. The improvements can also lower utility costs that are often part of the renter’s responsibility, as well as increase quality of life.

The County of Sonoma has committed to a goal of enhancing housing equity, resiliency, and becoming carbon neutral by 2030. Multi-family housing is one of the market sectors with a significant energy footprint and energy burden. However, efficiency measures are far less likely to be installed in multifamily rentals than in any other type of housing, according to the US Department of Energy.

We recognize that renters often feel that they do not have a voice in energy costs and health concerns related to building performance. They might worry about losing their lease, being pushed out if they are too vocal about improvements that are much needed, or having the cost of such improvements be passed down through rent increases. Often, they opt to live in conditions that need improving and pay higher utility bills as a result.

**Will the Program have impacts in specific geographic areas (neighborhoods, areas, or regions)? What are the racial demographics of those living in the area?**

This financing option is available countywide to any residential or commercial property owner. The Program does not currently collect personal income or racial demographic details. Utilizing median household income from the 2017-2021 Census data, and inflation adjusted to the last year of the five-year range, overlayed with SCEIP assessments placed from the beginning of the Program in 2009 to May 2023 shows that the financing is utilized by all income levels. Over 20% of the projects were financed in median income level areas of \$46,587 - \$82,760.



According to the same Census data, Sonoma County's median household income level is \$91,607. Over 40% of the assessments placed fall in the median household income range of \$82,761-\$106,995. While median household income blocks and the assessments placed in the County are only two data points, it does reflect there is a variety of household income levels access the Program's financing.

**Who are the most affected community members who are concerned with or have experience related to this issue/program? How will you involve these community members in the development and implementation of this program?**

This is a County-wide financing program. It has historically benefited property owners, but current efforts to increase financing of projects at multi-family properties aim to expand benefits to renters and to more underserved communities. Program staff does extensive outreach and education throughout the County in communities. The Program has expanded efforts to reach more of the Spanish speaking communities in Sonoma County and to better meet their needs, including on-staff bilingual services and providing community education and outreach about the Program in Spanish. The Program also received Strategic Plan funds to increase education and outreach to multi-family properties. These funds specifically go towards multi-channel outreach efforts and one-time funds for staff to focus on the multi-family sector.

**Does the estimated Program budget and timeline include sufficient resources and time to ensure accessibility, i.e. translation, interpretation, outreach, etc.?**

Program budget has in the past supported these activities, however, due to the fiscal health of the Program, expenditures were cut in certain areas including marketing and staffing. As a result, staff looked to other financial resources to ensure these resources continued to be available. Energy and Sustainability staff applied for County Strategic Plan funds and were awarded \$132,500 round 1 Strategic Plan funds specifically to expand education and outreach for decarbonization and resiliency with a focus towards multi-family. Earlier this year, they were awarded \$117,458 round 2 Strategic Plan funds for one-time funds to provide additional staff resources towards the effort.

**How will the Program document and evaluate the Program's impact on communities of color and low-income communities?**

At this time, staff relies on Census data to geographically evaluate the distribution of financing projects across the County as shown above. A consideration is to include voluntary race, ethnicity, and income survey questions either at the beginning or closeout of the Program financing process. The Program has not historically collected these data points for a few reasons, including the intention of keeping the Program as open and accessible to all. However, recognizing the importance of collecting equity-centered data across the Program's operations, staff is considering ways to incorporate data collection opportunities going forward.

**What additional disaggregated demographic data will your Program need to collect, track, and evaluate to inform future decisions, and/or develop mitigation practices to respond to unintended impacts of the project in communities of color?**

Staff is currently evaluating these questions. One example of a mitigation practice staff is exploring is a partnership with low-income housing non-profits in our work on multi-family housing to ensure the property remains available for low-income residents, and the residents are not displaced by subsequent increases in rent. For instance, placing assurances that owners utilizing Program financing towards qualified low-income properties cannot shift to market rate housing over a stated period. In addition, staff is seeking grant funding to defray project costs at low-income multi-family housing and would constrain grant recipients from displacing low-income residents after receipt of project funding.