



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2016	2017	2018	2019	2020
Capital Expenditures	\$0	\$0	\$0	\$0	\$0
Operating Costs	0	0	0	0	0
External Revenues	0	0	0	0	0
Program Income (County)	0	0	0	0	0
In-Kind Match (County)	0	0	0	0	0
<b>NET FISCAL IMPACT</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
# Additional FTE Positions (Cumulative)	0	0	0	0	0
Is Item Included in Current Budget:	Yes	_____	No	_____	_____

Budget Account No: \_\_\_\_\_

Reporting Category \_\_\_\_\_

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**  
*no fiscal impact*

Departmental Fiscal Review: \_\_\_\_\_

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Development & Control Comments:**

*[Signature]* 6/30/16  
OFMB ET 6/30 *JK* 6/30/16

*[Signature]* 7/10/16  
Contract Development & Control  
*[Signature]* 6/16

**A. Legal Sufficiency:**

*[Signature]* 7/6/16  
Assistant County Attorney

**A. Other Department Review:**

\_\_\_\_\_  
Department Director

This summary is not to be used as a basis for payment.



# Property Assessed Clean Energy PACE

Palm Beach County  
Board of County  
Commissioners

July 12, 2016



# Presentation Topics



- What is PACE?
- Historical Obstacles
- Potential Benefits
- Administrative Models
- Summary
- Decision Points
- Next Steps
- Questions

# What is PACE?

Property Assessed Clean Energy

- Established in 2010 by Florida statute
- Allows for levying of non-ad valorem assessments for qualifying improvements
- Local government can create and operate its own program or participate in an existing one
- Sets minimum standards for property eligibility
- Includes safeguards and protections for property owners, mortgage holders, and lenders

# What is PACE?

- Voluntary program
- Applies to commercial and residential property
- Provides property owner access to financing
- Repaid as ongoing non-ad valorem assessment
- Repayment obligation can potentially transfer



# Eligible Improvements



- Energy conservation
- Energy efficiency
- Renewable energy
- Wind resistance

# Key Components

## PACE Program

- Palm Beach County created/administered
- Existing program/third party administered

## Governmental Partners

Tax Collector

Property Appraiser

Property Owner

Contractors



# Key Statutory Consumer Protections

**PACE application and review process must determine:**

- Property taxes are current
- No involuntary liens
- Mortgage current
- PACE assessment  $\leq$  20% of market value

# Historical Obstacles

## Constitutionality of Florida PACE statute and PACE bond validations

 Resolved:

Florida's Supreme Court upheld the constitutionality of the statute and local government's authority to issue bonds to finance qualifying improvements

# Historical Obstacles

**Availability of funding for qualifying improvements**



Most existing PACE programs have access to capital

# Ongoing Concerns

*Consumer, Mortgage Holder, and Lender Protections*



**Resolved**

Florida PACE statute sets minimum protection standards for:  
Property Eligibility  
Assessment Limits  
Notice Requirements



**Unresolved**

Existing PACE programs vary with regards to additional protections beyond the statutory minimums

# Ongoing Concerns

## Senior Lien Status of PACE Assessments

*PACE assessment has a priority over pre-existing mortgages*



**Resolved**

Existing PACE program administrators assert:

- Default risk minimal
- Statutory protections mitigate concern
- Notice provided to Fannie Mae/Freddie Mac



**Unresolved**

- New FHA mortgages may require homeowner to pay off PACE lien prior to loan closure
- FHA announced it will issue senior lien status guidelines

# Ongoing Concerns

Limited Program Data in Florida

*Federal and state-level litigation has slowed implementation*

 **Resolved**

- Power and ability to levy, record, and collect assessments is well-established
- Bond validations upheld

 **Unresolved**

- Too few PACE assessments to date in Florida and Palm Beach County to evaluate program successes



# Ongoing Concerns Tax Collector

- Potential administrative burden
- Potential loss of home due to nonpayment of PACE assessment
- Questionable economic return on investment to property owner
- Non-negotiable payment of 2% administrative fee

# Potential Benefits

- Reduction in energy consumption
- Aligns with Southeast Florida Regional Climate Change Compact
- Stimulates local economy through job creation
- Provides property owner access to financing
- Reduced risk to state-backed insurance portfolio





# **Administrative Models**

**Third Party Administrator Model**

**County Administered Model**



# **Third Party Administrator Model**

# Existing PACE Programs

## (Most Active in Florida)

Program Name	Clean Energy Green Corridor	Evest	Renew PACE
Levy & Collection Agency	Clean Energy Green Corridor	Florida PACE Funding Agency	Florida Green Finance Authority
Program Administrator	Ygrene Florida	Counterpointe Energy Solutions	Renew Financial
Geographic Area	4 Districts: Select areas within Alachua County Select areas within Broward County Miami-Dade County Orange County	Statewide	Statewide
Interlocal Agreements within Palm Beach County	0	1 Riviera Beach	8 Boynton Beach Delray Beach Lake Worth Lantana Mangonia Park North Palm Beach Tequesta West Palm Beach

# Existing PACE Programs

(Most Active in Florida)

		Clean Energy Green Corridor		Evest		Renew PACE		TOTAL		
<b>Closed Projects</b>										
<b>Number &amp; Amount</b>										
Florida	Commercial	13	\$	4,085,637.00	2	\$	616,990.00	3	\$	2,300,000.00
	Residential	949	\$	21,277,265.00	161	\$	2,762,807.00	0	\$	-
	<b>Total</b>	<b>962</b>	<b>\$</b>	<b>25,362,902.00</b>	<b>163</b>	<b>\$</b>	<b>3,379,797.00</b>	<b>3</b>	<b>\$</b>	<b>2,300,000.00</b>
Palm Beach County	Commercial	0	\$	-	0	\$	-	3	\$	2,300,000.00
	Residential	0	\$	-	0	\$	-	0	\$	-
	<b>Total</b>	<b>0</b>	<b>\$</b>	<b>-</b>	<b>0</b>	<b>\$</b>	<b>-</b>	<b>3</b>	<b>\$</b>	<b>2,300,000.00</b>



# **County Administered Model**

# County Administered Model Challenges

- **Budget Impacts**

- No general funds currently available
- Requires issuance of bonds to fund program

- **Staffing Impacts**

- Requires hiring of additional staff to:
  - Respond to property owner inquiries
  - Process applications
  - Determine applicant eligibility
  - Qualify projects
  - Qualify contractors
  - Conduct inspections
  - Record assessments
  - Promote and market the program
  - Manage complaints

# Summary

- PACE is a "newer" concept; functionality of special assessment power is not new
- Property owners *voluntarily* apply
- Many PACE concerns have been overcome; others remain
- Participation in an existing PACE program is less costly and carries less financial risk to the County

# Decision Points



- A.** Should there be implementation of PACE countywide?  
*Staff recommends approval*
- B.** Should there be implementation of residential or commercial PACE or both?  
*Staff recommends implementation of both residential and commercial*
- C.** Should the County create and administer its own PACE program?  
*Staff does not recommend a County created and administered program*
- D.** Should the County participate in one or more established PACE program?  
*Staff recommends an open process whereby multiple programs can operate in Palm Beach County once vetted by County staff*



# Next Steps

**Within three to six months, draft an Ordinance which:**

- Allows for Countywide implementation of multiple PACE programs
- Establishes consumer protection standards
- Sets criteria for evaluating if an established PACE program can operate in Palm Beach County

# Questions and Discussion



# PACE Program Process

