

A large, stylized graphic in the background features a yellow sun with rays on the left and a green leaf on the right, both with white outlines. Below them is a light blue curved shape.

Property Assessed Clean Energy (PACE) Program

July 20, 2021 Workshop



CHARLOTTE COUNTY
FLORIDA

PACE Agenda

- What is PACE
- Types of projects
- Qualifications
- Assessments
- Program concerns
- Considerations



What is PACE?

- Property Assessed Clean Energy (PACE) Program
- Approved in 2010 by the Florida Legislature as a means of financing renovation projects involving energy conservation and storm hardening.
- Provides 100% financing through a voluntary non-ad valorem assessment added to the property's tax bill.

What is PACE?

- Financing is coordinated through finance companies/PACE Providers.
- Currently (4) Charlotte County Providers approved by the Board.
 - Florida PACE Funding Agency (January 2015)
 - Ygrene (September 2016)
 - Florida Development Finance Corporation (September 2016)
 - Florida Green Finance Authority (October 2016)

What types of projects does PACE cover?

- PACE can be used for homes, commercial, industrial, non-profit, and agricultural buildings.
- Qualifying projects include:
 - Solar panels
 - Roof replacement
 - New heating and cooling systems
 - Lighting improvements
 - Water pumps
 - Insulation
 - Structural wind mitigation and hardening (windows/storm protection)



Qualifications for tax payer

- All property taxes and any other assessments are paid and have not been delinquent for the preceding 3 years or the property owner's period of ownership, whichever is less.
- There are no involuntary liens.
- No notices of default have been recorded during the preceding 3 years or the property owner's period of ownership, whichever is less.
- The property owner is current on all mortgage debt on the property.

The assessment

- PACE providers send assessments to the County Tax Collector each October indicating the amounts that should be reflected on the tax bill.
- The assessment cannot exceed 20% of just value of the property.
- PACE assessments are co-equal in dignity with all other assessments on the tax bill and stay with the property upon sale.
- Assessments are typically 10-20 years

Program concerns

- Increasing number of delinquent accounts.
- 699 PACE assessments with 3.14% delinquency rate.
- Typical homestead delinquency rate is 1.29%.

- If not paid the property taxes become delinquent and available for investors to pick up a tax certificate.

- 2018 Tax Year: 1 delinquent parcel. Eligible for Tax Deed Now.
- 2019 Tax Year: 4 delinquent parcels. Eligible for Tax Deed April 1st 2022.
- 2020 Tax Year: 22 delinquent parcels. Eligible for Tax Deed April 1st 2023.

Program concerns

- Nationwide issue with sales and marketing.
- Customers indicate that they are told it's a free or government program or only pay small monthly payments. Not told it's a large lump sum assessment in November.
- The program is sold by door to door contractors that are not aware of the complexities of the assessment.
- No explanation of payoff fees or early termination fees to refinance or Tax Collector's fee to collect.
- Mortgages are second to PACE assessments which causes issues with refinancing with mortgage companies.
- Some can't refinance unless PACE assessment is paid off or included in the refinance. Freddie Mac and Fannie Mae will not purchase mortgages with PACE in first position.

Program concerns

- PACE companies don't update records quickly enough to remove assessments when customer refinances and the assessment is recorded on the next tax roll.
- Questions raised as to how PACE Providers "approve" contractors for their program.
- Construction contracts often higher than market rate.
- Contractors have not been finishing the work and have let permits expire. Some have left or gone out of business.

Program concerns

- PACE assessments do not the have consumer protections of home loans.
- Financing is not based on credit reports or ability to pay.
- Collier, Hernando and Hillsborough Counties have ceased the program due to issues.

8%
interest
at 20
year
terms.

Principal: \$20,000.00
Interest Rate: 8.00%
Payment Interval: Annually
of Payments: 20
Payment: \$2,037.04

Schedule of Payments					
Please allow for slight rounding differences.					
Pmt #	Date	Payment	Principal	Interest	Balance
1	Jul 6 2022	\$2,037.04	\$437.04	\$1,600.00	\$19,562.96
2	Jul 6 2023	\$2,037.04	\$472.00	\$1,565.04	\$19,090.96
3	Jul 6 2024	\$2,037.04	\$509.76	\$1,527.28	\$18,581.20
4	Jul 6 2025	\$2,037.04	\$550.54	\$1,486.50	\$18,030.66
5	Jul 6 2026	\$2,037.04	\$594.59	\$1,442.45	\$17,436.07
6	Jul 6 2027	\$2,037.04	\$642.15	\$1,394.89	\$16,793.92
7	Jul 6 2028	\$2,037.04	\$693.53	\$1,343.51	\$16,100.39
8	Jul 6 2029	\$2,037.04	\$749.01	\$1,288.03	\$15,351.38
9	Jul 6 2030	\$2,037.04	\$808.93	\$1,228.11	\$14,542.45
10	Jul 6 2031	\$2,037.04	\$873.64	\$1,163.40	\$13,668.81
11	Jul 6 2032	\$2,037.04	\$943.54	\$1,093.50	\$12,725.27
12	Jul 6 2033	\$2,037.04	\$1,019.02	\$1,018.02	\$11,706.25
13	Jul 6 2034	\$2,037.04	\$1,100.54	\$936.50	\$10,605.71
14	Jul 6 2035	\$2,037.04	\$1,188.58	\$848.46	\$9,417.13
15	Jul 6 2036	\$2,037.04	\$1,283.67	\$753.37	\$8,133.46
16	Jul 6 2037	\$2,037.04	\$1,386.36	\$650.68	\$6,747.10
17	Jul 6 2038	\$2,037.04	\$1,497.27	\$539.77	\$5,249.83
18	Jul 6 2039	\$2,037.04	\$1,617.05	\$419.99	\$3,632.78
19	Jul 6 2040	\$2,037.04	\$1,746.42	\$290.62	\$1,886.36
20	Jul 6 2041	\$2,037.27	\$1,886.36	\$150.91	\$0.00
Grand Total		\$40,741.03	\$20,000.00	\$20,741.03	

New Legislation

- New REEF program Resiliency Energy Environment Florida program SB 1208 to include waste water treatment (secondary or advanced onsite wastewater treatment, sewer hookup), battery storage systems, build or repair seawall, flood prevention, raise structure or equipment, mitigate removal of asbestos and lead paint, indoor air quality.
- Bill died in appropriations.

Considerations

- Leave program as is.
- Bring the topic forward to a public hearing to discuss modifications or termination of the program.
- It is the recommendation of County staff and the County Tax Collector that the program ends with the 2021 tax roll with no new assessments.

Questions?