

Background Information on the Florida Green Finance Authority and RenewPACE

BACKGROUND:

The Florida Green Finance Authority (“FGFA”), is implementing Property Assessed Clean Energy (“PACE”) pursuant to Section 163.08, F.S. on behalf of its member counties and cities. Section 163.08, F.S. authorizes “local governments” defined as municipalities, counties, dependent special districts or interlocal entities to implement PACE programs. The statute allows property owners to enter into agreements with local governments to finance the installation of renewable energy, energy efficiency, and wind resistance improvements, in each case affixed to real property (the “Improvements”). The program is called “RenewPACE”.

FGFA’s administrators were procured through competitive bid to create and administer the RenewPACE program to offer members turn-key PACE solutions for residential and commercial property owners. City membership in FGFA does not preclude the City from participating in other PACE programs being offered in the State. FGFA supports maximum consumer protection and competition amongst PACE financing providers on terms, service and interest rates.

FGFA’s program offers an easy way to save Florida jurisdictions the time and resources of developing standalone PACE programs. Jurisdictions only need to execute a Party Membership Agreement and adopt a form of the resolution accompanying this staff report related to the RenewPACE program to begin the process. There is no cost to approving the resolution or becoming a member of FGFA.

PACE is rapidly growing in the State of Florida with numerous jurisdictions beginning to offer programs. Residential and commercial property owners have already been utilizing PACE as a tool to meet their energy conservation and wind mitigation goals. Many PACE projects have been completed across the state already.

More information about FGFA and FGFA’s RenewPACE Program Administrators is available at <https://renewfinancial.com/product/renewpace-florida>.

ANALYSIS:

The specific types of improvements being offered through RenewPACE include energy conservation and efficiency (ex. pre-approved high-efficiency HVAC system), renewable energy (solar), and wind resistance improvements (such as reinforced roofs). Participation in the assessment is 100% voluntary of the part of the property owner. The improvements installed on the owner’s property are financed by the FGFA secured by a voluntary assessment levied on the owner’s property. Property owners who wish to participate in PACE agree to repay the financing as a non-ad valorem assessment collected on their annual regular tax bill.

The benefits to the property owner include:

- Eligibility: In today’s economic environment, alternatives for property owners to finance energy efficiency, renewable energy and wind resistance improvements may not be available. Many

property owners do not have financing options available to them to lower their utility or insurance bills.

- Savings: Energy prices continue to rise and installing energy efficiency and renewable energy projects lower utility bills while installing wind resistance improvements can lower insurance premiums.
- 100% voluntary: Only property owners who choose to finance improvements will have assessments placed on their property.
- Payment obligation can stay with the property: Local government assessments stay with the property upon transfer of ownership until they are fully repaid. Certain mortgage providers may; however, require the assessment be paid at the time the property is refinanced or sold.
- Prepayment option: The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties.
- Customer oriented: Part of the success of the RenewPACE is based on prompt customer service.
- Favorable Terms: The economic terms of PACE financing will often be more favorable than other options.
- Not a personal loan or mortgage: The PACE assessment in effect is not a personal obligation of the property owner through a conventional loan or mortgage but a routine non-ad valorem assessment on the property secured by a lien and collected as part of the regular tax collection process for the property.

The benefits to the City include:

- Procured PACE Administrators. FGFA procured the PACE Administrators based on their business practices, qualifications, experience, and capital commitment to the PACE market.
- Single Resolution and Join Interlocal Entity. The City can pass a single resolution, join FGFA by executing a Party Membership Agreement, and provide access to residential and commercial property owners to the RenewPACE program. There is no need to pass multiple resolutions to offer the RenewPACE program.
- Project Eligibility. The RenewPACE platform can provide financing for all aspects of PACE including: 1) Residential, 2) Commercial, and 3) Wind resistance programs such as reinforcing roofs, windows and doors.
- Increase local jobs. Property improvements provide jobs in the local economy.

- Increase in housing prices. Updated and higher efficient homes are generally more valuable.
- Increase Revenue to the City. Property improvements result in an increase in sales and property tax revenue to the City.
- No City Obligation. As in conventional assessment financing, the City is not obligated to repay the financing offered or to pay the assessments levied on the participating properties. Unlike conventional assessment financing, the City has no administrative duties and its name is not associated with the financing. Further, when joining the FGFA, the local government is insulated from any liability associated with the FGFA, its financing, debt or any other obligations from its operations.
- No City Staff Support Required. All RenewPACE and assessment administration, debt issuance and administration functions are handled by FGFA and the Administrators. No City staff time is needed to participate in RenewPACE.
- No Internal Management Requirements. The City can provide access for its residents to RenewPACE without the higher staff costs that an independent program established by the City would require.
- Availability of Information on Projects Financed. The City may receive, at its option, periodic updates on RenewPACE projects that have been completed in their community.
- Demonstration of Community Commitment to Enhancing Quality of Life. Participating in RenewPACE demonstrates the City's commitment to improving quality of life and the environment for residents.

FGFA (and not the City) will be responsible for entering into voluntary agreements with participating property owners, levying the assessments, issuing debt to finance the Improvements and taking remedial actions in the event of delinquent payments. The resolution expressly provides that the City will not be responsible for the levy of assessments, any required remedial action in the case of delinquencies in payments, or the issuance, sale or administration of any debt in connection with RenewPACE.

FISCAL AND STAFF IMPACTS:

There is no negative fiscal impact to the City's general fund by consenting to the inclusion of properties within the local government's jurisdictional boundaries in RenewPACE. All RenewPACE administrative costs are covered through the financing collected on the property owner's tax bill.