



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Auditor-Controller  
**Department No.:** 061  
**For Agenda Of:** January 30, 2018  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

---

**TO:** Board of Supervisors

**FROM:** Department Theodore A. Fallati, CPA 568-2101  
Director(s) Auditor-Controller  
Contact Info: C. Edwin Price, Jr., CPA  
Chief Deputy Controller

**SUBJECT:** Property Assessed Clean Energy (PACE) Special Assessments for the City of Santa Barbara/California Statewide Communities Development Authority (CSCDA)

---

**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:**

As to form: N/A

**Recommended Actions:**

- A. Approve and authorize the Chair to execute the Agreement for Collection of Special Taxes and Special Assessments with California Statewide Communities Development Authority (CSCDA) establishing fees for placement of voluntary residential special assessments on the County tax roll pursuant to Streets and Highways Code section 5898.20(b) and reimbursing County for expenses incurred for annual processing, correction of errors and special reporting requests.
- B. Authorize the Auditor-Controller to place residential special assessments administered by California Statewide Communities Development Authority (CSCDA) on the County tax rolls for the City of Santa Barbara, who has entered into a joint powers agreement with CSCDA, in order to participate and enroll in the CSCDA Open PACE Program which is a residential Property Assessed Clean Energy (PACE) program.
- C. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines, because they are government fiscal, organizational, or administrative activities that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

Pursuant to AB 811 (2008), a city or county may designate an area where property owners can receive financing for energy efficiency upgrades and renewable energy installations on their private properties by entering into voluntary contractual assessments where the costs for the improvement are paid via the assessment on their property tax bill.

The Auditor-Controller in accordance with AB 811, requests that your Board authorize the placement of the California Statewide Communities Development Authority (CSCDA) PACE assessments on the County tax rolls for the City of Santa Barbara. Additionally, the Auditor-Controller requests that your Board authorize a fee agreement, summarized in the following table, with CSCDA to place the PACE assessments on the County tax rolls per AB811.

Charge to Taxpayer:

\$16	Annually, per Assessor parcel number
------	--------------------------------------

Charge to CSCDA:

\$50	Per taxpayer assistance communication
\$100	Per correction to special assessments requested by CSCDA
\$100	Per special assessment removed from tax bill due to delinquency
\$200	Per fund, created to collect and account for the special assessment(s)
Actual costs	Any other services requested by CSCDA

The proposed agreement with CSCDA indemnifies the County and its officers and establishes fees for collection as well as additional operational costs and corrections of errors. This will be the third agreement in Santa Barbara County for special assessments where the governmental entity responsible for the special assessment exists outside the County borders. This will also be the second agreement with CSCDA to provide the collection of its PACE assessments. The first agreement with CSCDA executed January 2018 was for the collection of PACE assessments within the City of Lompoc.

Once the program is operational, the Auditor will place the voluntary special assessment(s) on the Property Tax bills for participants in the City of Santa Barbara, on the behalf of CSCDA. The Treasurer-Tax Collector will collect the payments along with property taxes twice annually. Delinquent amounts will, as allowed by statute, be removed from the tax bills and handled by CSCDA. The amount of the voluntary special assessment and parcel/property will be determined by CSCDA and delivered to the County. Corrections of errors caused by CSCDA will be billed to CSCDA for full cost reimbursement as well as special or customized reporting.

**Background:**

**PACE Programs**

Since adoption in 2008 of Assembly Bill 811 (AB 811), counties and cities in the State of California have had the opportunity to join and implement Property Assessment Clean Energy (PACE) programs. PACE programs allow for residential and commercial upgrades to buildings relating to energy and water efficiency, renewable energy, and other improvements that increase building energy performance,

through a funding mechanism that allows for repayment as annual assessments to property tax rolls over the course of the improvement loan.

The Federal Housing Financing Agency (FHFA) issued a statement of concern over PACE's senior lien position over mortgage investments. Given potential risks to consumers and local governments, your Board adopted a Resolution (7/13/10) directing staff not to accept the County emPower residential PACE applications until FHFA's concerns had been resolved and approved a redesigned County emPower program that does not utilize PACE assessments. The loan position risk with FHFA for PACE financing has not changed.

Additionally, on December 7, 2017 the Federal Housing Administration (FHA) announced that properties encumbered with PACE obligations will no longer be eligible for FHA-insured forward mortgages.

### **Santa Barbara**

The City of Santa Barbara completed the legal actions to become a Program Participant of CSCDA and participate in CSCDA's Open PACE program [see attached City of Santa Barbara Resolution 17-051], which could result in PACE assessments on County property tax bills. If a property owner in the City of Santa Barbara chooses to participate, the installed improvements will be financed by the issuance of bonds by a joint powers authority, CSCDA. The bonds are secured by a voluntary contractual assessment levied on the owner's property, with no recourse or liability to the local government or other participating jurisdictions. Failure to repay the assessment lien could result in other interest and penalties and may result in foreclosure by CSCDA.

### **Fiscal Analysis:**

Direct fiscal impact is estimated to be minimal and is subject to the number of participants in the PACE program and the accuracy of CSCDA's data and processing. General risks to economic factors related to FHFA's position on purchasing mortgage loans secured by properties with outstanding PACE obligations are unknown at this time.

**Special Instructions:** Return an executed copy of the agreement to the Auditor-Controller

### **Attachments:**

Attachment A: Agreement for Collection of Special Taxes and Special Assessments with CSCDA  
Attachment B: City of Santa Barbara Resolution 17-051

### **Authored by:**

Theodore A. Fallati, CPA Auditor-Controller  
Ed Price, Chief Deputy Controller

### **cc:**

County Counsel  
County Executive Office