



**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: April 3, 2018
Placement: Administrative
Estimated Time:
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 Commercial Property in Unincorporated Area of the County with the 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 commercial property 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 commercial property special assessments administered by California Statewide Communities Development Authority (CSCDA) on the County tax rolls for the County (limited to the unincorporated area of the County), who has entered into a joint powers agreement with CSCDA, in order to participate and enroll in the CSCDA Open PACE Program which are Property Assessed Clean Energy (PACE) programs.
- 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 on commercial property for the unincorporated territory of the County. 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
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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 first agreement covering the unincorporated territory of the County and the third agreement with CSCDA. The other two agreements with CSCDA cover the collection of PACE assessments within the incorporated territories of the cities of Lompoc and Santa Barbara.

Once the program is operational, the Auditor will place the voluntary special assessment(s) on the Property Tax bills for participants in the unincorporated County, 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 County

Santa Barbara County as a Program Participant of the CSCDA has elected to participate in the CSCDA's Open PACE program but limited to only commercial real property projects. If a commercial property owner in the unincorporated territory of the County 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.

Budgeted: No

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.

Staffing Impacts:

Special Instructions:

Attachments:

Attachment A: Agreement for Collection of Special Taxes and Special Assessments with CSCDA

Authored by:

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

cc:

County Counsel
County Executive Office