

## OVERVIEW OF FLORIDA PACE FUNDING AGENCY'S LOANS IN THE CITY OF JACKSONVILLE

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- Over a decade ago, the Florida Legislature enacted an intergovernmental program allowing property owners to finance certain improvements to their property, i.e. roofs, air conditioning units, windows, solar panels, with local government assistance.
- These loans are known as “Property Assessed Clean Energy” or “PACE” loans.
- PACE loans are repaid with non-ad valorem assessments which are collected on the annual tax bill and operate as super liens on the improved properties.
- Under Chapter 344 of the Ordinance Code, the City of Jacksonville has allowed for Commercial PACE financing. However, the City does not have an ordinance allowing for Residential PACE financing.
- Florida PACE Funding Agency (“FPFA”) is in the business of residential PACE financing. FPFA hires contractors to sell improvements to homeowners and then finances the costs of those improvements with typical loan terms of 5-30 years at 6-10%.
- In the fall of 2022, FPFA began entering into PACE financing agreements with residential property owners in the City of Jacksonville and started recording notices of assessments in the Duval County official records. As of today, there are over 160 recorded notices.
- While FPFA has demanded that the Duval County Tax Collector recognize PACE assessments, the Tax Collector has refused. **If the assessments were collected by the Tax Collector, affected property owners will see between 100%-1000% increases in their property tax bills.**
- Despite the fact that very few Florida counties have allowed Residential PACE loans in their jurisdictions, FPFA has made these loans and recorded notices all across the state, not just in Jacksonville.
- FPFA asserts that it does not need a local jurisdiction’s permission to conduct business there.
- Many Florida Counties have passed legislation akin to the proposed Ordinance 2023-612 declaring this practice to be “a danger to the public’s health, safety and welfare” and instructing the institution of a lawsuit to stop the practice.
- Pinellas, Palm Beach, Leon, and St. Lucie have filed lawsuits seeking to stop FPFA from making PACE loans in their jurisdictions.
- Tax Collectors and Property Appraisers are unitedly refusing to recognize these assessments.
- FPFA recently sued the Hillsborough County Tax Collector asking the court to compel her to collect the assessments. On September 18, the Court denied the request for emergency relief finding that FPFA presented no authority that it had the right to operate without an agreement with Hillsborough County which it did not have.
- Like Hillsborough County, the City of Jacksonville has no interlocal agreement with FPFA, and in fact, there is no ordinance allowing for same.
- Proposed Ordinance 2023-612 declares that FPFA’s continued unauthorized operation in the City is a public health, safety and welfare emergency and authorizes OGC to initiate litigation to stop same.