

ITEM #47

**ADDITIONAL MATERIAL
PUBLIC HEARING**

OCTOBER 8, 2024

**SUBMITTED AT THE REQUEST OF
VICE-MAYOR BEAM FURR**

199 administrator, or contractor is also a violation of this section of the Broward
200 PACE Act.

201 **Sec. 20-176.135. Disclosure Requirements.**

202 (a) The disclosure requirements of this section are in addition to the disclosure
203 requirements of the PACE Statute.

204 (b) Each program administrator and third-party administrator must obtain each
205 property owner's individual written acknowledgment of each of the following disclosures
206 before entering into a financing agreement for qualifying improvements to the property
207 owner's real property:

208 (1) The full legal description, address, and folio number or parcel identification
209 number of the property subject to the PACE assessment;

210 (2) Any discount for paying property taxes early will not apply to the PACE
211 assessment;

212 (3) There is no discount for prepayment of the PACE assessment; and

213 (4) The property improvements and PACE assessment may or may not affect
214 the fair market value of the property.

215 **Sec. 20-176.136. Additional Requirements for Residential Property.**

216 In addition to the requirements of the PACE Statute, program administrators and
217 third-party administrators that provide PACE financing for qualifying improvements to
218 residential property in Broward County must also comply with the following requirements:

219 (a) *Equity requirement.* Upon entering into a financing agreement for a
220 qualifying improvement to residential property, the property owner(s) must have equity in
221 the subject property of at least ten percent (10%) of the fair market value of the property

~~demonstrated by (i) utilizing~~ the just value determined by the Broward County Property Appraiser for the most recent calendar year, ~~(ii) an industry-quality appraisal performed by a credentialed commercial property appraiser, or (iii) automated valuation modeling;~~

(b) *Application fee.* No application fee may be charged for rejected applications for PACE financing of qualifying improvements to residential property;

(c) *Price due diligence.* Before entering into a financing agreement for a qualifying improvement to residential property, program administrators and/or third-party administrators shall require contractors to attest that the contractor's prices for services, materials, and products for the qualifying improvement project do not exceed one hundred twenty-five percent (125%) of the average market price in the tricounty area, consisting of Broward, Miami-Dade, and Palm Beach counties, for the same services, materials, and products, and the program administrators and/or third-party administrators shall conduct appropriate due diligence using either the program administrator's and/or the third-party administrator's internal construction cost estimates or industry-accepted sources for construction costs estimates, such as the RSMeans construction cost database, to confirm, in a writing they maintain, the accuracy of the contractor's attestation;

(d) *County-approved PACE notice.* Each program administrator must use and require its third-party administrators to use a County-approved PACE notice that provides the disclosures required by the PACE statute and the actual total amount to be financed, including the total and itemized cost of the qualifying improvement, all program, administrative, and collection costs, all capitalized interest, closing costs, and the actual annual assessment amount, and the term of the financing agreement and the schedule

the property's fair market value, determined at the time financing is approved, utilizing the just value determined by: ~~(i) the Broward County Property Appraiser for the most recent calendar year; (ii) an industry-quality appraisal performed by a credentialed commercial property appraiser; or (iii) automated valuation modeling~~; and ensure that the total amount of all annual PACE assessments does not exceed four percent (4%) of the total annual gross income of the property owner(s) in the prior calendar or fiscal year, based on the amount of the total annual gross income as stated in a sworn statement made by the property owner(s).

(g) *Alternative mortgage holder consent or escrow.* If the total annual household income of the property owner(s) is greater than one hundred twenty percent (120%) of the average median income for Broward County, as most recently published (as of the time of financing approval) by the U.S. Department of Housing and Urban Development (HUD) in the HUD Income Limits Summary, the program administrator or third-party administrator may, as an alternative to the Financing Limits requirements of Section 26-176.136(f), verify that each prior mortgage or financing instrument holder consented to the proposed financing agreement and PACE assessment, or that the prior mortgage or financing instrument holder(s) or loan servicer(s) consented to the escrowing of sufficient funds to ensure payment of the annual assessment with each year's tax bill.

~~(h) *Automated Valuation Modeling.* Program administrator or third-party administrator utilization of automated valuation models to determine the fair market or just value of property under Section 20-176.136(a) and (f) shall comply with the following criteria:~~

~~(1) *Each automated valuation model must be provided by a third-party vendor.*~~

(2) ~~Each automated valuation model must have estimation models with confidence scores or forecast standard deviations and undergo regular statistical calibration by the third-party vendor.~~

(3) ~~At least three (3) automated valuation models must be utilized for each property.~~

(4) ~~The program administrator or third-party administrator shall utilize the property value associated with the lowest forecast standard deviation or the highest confidence score as the market value. However, if market value is expressed as a range based on the lowest forecast standard deviation or the highest confidence score, the program administrator or third-party administrator shall utilize the average value of the range associated with the lowest standard deviation or the highest confidence score.~~

Sec. 20-176.137. Violations.

(a) If a program administrator, third-party administrator, or contractor fails to comply with the requirements of the Broward PACE Act or the applicable PACE Interlocal Agreement, as determined by the Broward County Administrator, the County may suspend or terminate the PACE Interlocal Agreement or otherwise prohibit the program administrator from operating in Broward County. Any such suspension or termination may be effectuated by the Broward County Administrator or designee upon written notice to the program administrator.

(b) Any violation of the Broward PACE Act may be enforced according to the alternate code enforcement procedures provided in Chapter 8½, Article II, or Chapter 20, Article VII, Division 1 of the Code, and is subject to the civil fines or penalties stated