

Request for Board Action Details

File #: 2021-490

Type: Administrative Item **Status:** Passed

In control: Board of Commissioners

On agenda: 9/21/2021 **Final action:** 9/21/2021

Title: Certification of Property Assessed Clean Energy (PACE) Charges for Energy Improvements

Sponsors: Community & Economic Development

Indexes:

Code sections:

Attachments: 1. Request Letter from Saint Paul Port Authority, 2. PACE OF MN Project and Assessment Tracking Sheet, 3. Resolution

Date	Ver.	Action By	Action	Result
9/21/2021	1	Board of Commissioners	approved	Pass

Sponsor: Community & Economic Development

Title

Certification of Property Assessed Clean Energy (PACE) Charges for Energy Improvements

Recommendation

1. Ratify the removal of the special assessment on the following property:
Owner: Minnesota Cameroon Community
Property Address: 1020 Bandana Blvd. W, Saint Paul, MN 55108
PIN: 27.29.23.13.0040
Assessment Request: \$250,000
Interest Rate: 5.0%
Interest Starts Accruing: 01/01/2019
Term: 10 years
2. Request the County Auditor to extend the proposed special assessment plus interest on the following property:
Owner: Arden Hills RE, LLC
Property Address: 3565 Pine Tree Drive, Arden Hills
PIN: 34-30-23-12-0010
Project Type: Energy efficiency on new construction.
Assessment Request: \$9,661,690.00
Interest Rate: 5.95 %
Interest Starts Accruing: 01/01/2024
Finance Period: 20 years
Such assessments shall be payable in equal annual principal and interest installments extending over the term of the special assessment. The first of the installments shall be payable with general property taxes in 2024, and shall bear interest at the rates per annum and interest start date stated above, and to the first installment shall be added interest on the entire assessment from the interest start date until December 31 of the tax payable year to which the first installment will be extended, and to each subsequent installment, when due, shall be added interest for one year on all unpaid installments and to each installment shall also be added the special assessment administration fee

required by Minnesota Statutes section 429.061, subd. 5.

3. Direct the Chief Clerk to send a certified copy of this Resolution to the County Auditor to ratify the removal of the previously approved assessment for Minnesota Cameroon Community and to extend the assessment for Arden Hills RE, LLC on the property tax lists of the County.

Background and Rationale

On November 24, 2015, the Ramsey County Board of Commissioners approved an agreement with the Saint Paul Port Authority (SPPA) for the administration and implementation of Property Assessed Clean Energy Program of Minnesota (PACE OF MN) on behalf of County for energy improvements to eligible properties and providing for the imposition of special assessments as needed in connection with the program (Resolution B2015-355).

Per Minnesota Statutes, Section 429.061, the County Board is required to adopt by resolution each assessment. This action is the eighteenth certification of PACE OF MN special assessments; the first was completed December 22, 2015. With these special assessments, property owners have invested over \$53.7 million in energy improvements.

SPPA has reviewed the application of Arden Hills RE, LLC for their property at 3565 Pine Tree Drive, Arden Hills and determined the interested property owner meets all eligibility requirements. SPPA, on behalf of the property owner, requests the county apply a special assessment and collect repayment on property tax bills on behalf of the SPPA.

The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property. An owner may at any time thereafter, pay to the county auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.

PACE OF MN Process/Eligibility/Requirements

Commercial and industrial businesses, non-profits (including religious institutions), and owners of multi-family housing are eligible for PACE OF MN. Approved projects are eligible for 100% financing from SPPA and other non-county sources and the repayment schedule is structured to have an immediate positive cash flow. Interest rates vary depending on the length of the financing term and include SPPA processing charges.

Interested applicants for the PACE OF MN program connect with the SPPA. Applicants are required to be the legal owner of the property and all of the legal owners of the property must agree to participate. The interested property owner must be current on any existing mortgage and the property owner must not have defaulted on the deeds of trust. Property must not be subject to any involuntary liens or judgments, not be delinquent on property taxes and the property owner must not be in bankruptcy. SPPA performs a thorough credit analysis and applications are approved by the SPPA's Credit Committee prior to the SPPA submitting an assessment request to the County.

Following review by SPPA, SPPA requests the county apply a special assessment and collect repayment on property tax bills on behalf of the SPPA. Loan payments for PACE OF MN projects cannot exceed the greater of 20% of the property's assessed value as determined by the county assessor or 20% of an appraised value that has been accepted or approved by the mortgage lender. The second clause allows PACE assessments to be applied to new construction where the value increase has not yet been realized from a property tax perspective. The assessment stays with the property in the event of a sale. The special assessment becomes a lien against the property at the point that it is extended to the tax rolls. If not timely paid, the special assessment would accrue penalties and interest as with other delinquent taxes and is subject to tax forfeiture. Unpaid assessments become a lien on the property like any other special assessment or unpaid property taxes.

County Goals (Check those advanced by Action)

☒ Well-being

☒ Prosperity

☐ Opportunity

☐ Accountability

Racial Equity Impact

The Community and Economic Development department is exploring ways to understand the racial equity impact of this program. To date, the utilization of this program has varied from larger, well capitalized property owners and developers to religious institutions and non-profit organizations.

Community and Economic Development is currently completing an economic analysis and will be analyzing current and possible future business and redevelopment programming as part of the Economic Competitiveness and Inclusion Vision Plan. Ramsey County strives to ensure the program availability is fair and equitable. PACE special assessments are self-imposed by a property owner and can provide property owners with a way to finance energy efficiency improvements.

Community Participation Level and Impact

The Saint Paul Port Authority, PACE administrator for Ramsey County, engages businesses directly or through other economic development partners in increasing awareness of this program. The community is also informed of the availability of this program through the County's website at

[<https://www.ramseycounty.us/businesses/property-development/property-development-programs/property-assessed-clean-energy-program-pace>](https://www.ramseycounty.us/businesses/property-development/property-development-programs/property-assessed-clean-energy-program-pace)

☒ Inform

☐ Consult

☐ Involve

☐ Collaborate

☐ Empower

Fiscal Impact

The processing of loan applications to participate in the PACE OF MN program is the responsibility of the SPPA, with loan repayments being the responsibility of the property owner. Support services are provided by existing staff from Community and Economic Development and Property Tax, Records and Election Services and included in the biennial operating budget.

County Manager Comments

No additional comment.

Last Previous Action

On August 24, 2021, the Ramsey County Board approved a Certification of Property Assessed Clean Energy (PACE) Charges for Energy Improvements for one property in the amount of \$17,000 (Resolution B2021-182).

Attachments

1. Request Letter from Saint Paul Port Authority
2. PACE OF MN Project and Assessment Tracking Sheet