

MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND
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Strengthening Consumer Protections for the Property Assessed Clean Energy Program

The Property Assessed Clean Energy (PACE) Program was envisioned to be an innovative strategy to create a cost-effective and efficient approach to finance energy efficiency, renewable energy, and water conservation upgrades to properties, thereby reducing the carbon footprint and long-term energy costs.

While the PACE Program has played an instrumental role in expanding the number of both residential and commercial retrofits across the State, it has required ongoing refinements to strengthen its consumer protection and quality assurance protocols. Despite recently passed statewide legislation, including Senate Bill 242 (Skinner) and Assembly Bill 1284 (Dababneh), there continues to be an unacceptable number of cases where contractors appear to have misled their clients on the appropriate scope of eligible PACE-funded projects, delivered a poor-quality project, or were unclear with their clients about how the financing-related assessment would ultimately raise the property owner’s taxes.

While the County of Los Angeles (County) has protocols in place for resolving customer complaints associated with the program that the Internal Services Department (ISD) administers, the Department of Business and Consumer Affairs has experienced an increasing number of complaints from residents across the County who have contracted with a contractor through a PACE Program not administered by ISD, as a

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variety of other jurisdictions, including local cities, have independently authorized the establishment of PACE Programs. Although these entities are not required to follow the County's programmatic requirements, the Auditor-Controller is still obligated to put these PACE-related assessments on the Annual Secured Property Tax roll.

It is incumbent upon the involved County departments to ensure that the County has an efficient and robust protocol in place to investigate and address consumer complaints associated with the PACE Program, whether the property owner has entered into the program through ISD or a program not administered by the County. The County should also aggressively advocate for State legislation that ensures optimal consumer protection and quality assurances are embedded within the PACE Program statewide.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Instruct the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with the Treasurer and Tax Collector (TTC), Director of Internal Services (ISD) and County Counsel, to report back in writing in 60 days with the following:
 - a. A comprehensive protocol for addressing consumer complaints associated with both the County of Los Angeles (County) and non-County administered Property Assessed Clean Energy (PACE) Programs;
 - b. A summary and plan of action to operationalize further refinements that can be made to strengthen the consumer protections associated with the County-administered PACE Program and can inform Statewide legislative advocacy to improve the PACE Program, which should, at minimum, include a requirement that all PACE Program improvements be independently verified before payment is authorized; and

- c. An affirmative litigation strategy to pursue specific PACE Program contractors who have a proven history of non-compliance with the terms of the program and promotion of predatory lending type activities.
2. Instruct the Director of DCBA, in coordination with the TTC and Director of ISD to develop and analyze a heat map of properties where the County has received PACE Program-related complaints and where properties with PACE loans are in tax default, and begin conducting targeted outreach to those communities to educate them about PACE financing and alerting them to potential scams or fraud as quickly as possible.
3. Direct the County's State Legislative Advocates to continue to aggressively advocate for legislation that optimizes consumer protections associated with the PACE Program.

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