



Christian Coalition
of America

March 16, 2020

Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, DC 20219
ATTENTION: PACE Request for Input, Notice No. 2020-N-1

Re: PACE Request for Input, Notice No. 2020-N-1

Sent via email: RegComments@fhfa.gov

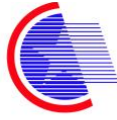
The Christian Coalition of America is one of America's largest conservative grassroots political organizations. We are proud that millions of people of faith support our organization.

For many years the Coalition has championed policies that strengthen American families. Families are stronger when parents have gainful employment, can meet financial obligations, and can provide secure housing, food, and education to their children. In recent years, that has led the Christian Coalition of America to take an interest in PACE (Property Assessed Clean Energy). PACE touches on a number of these priorities by giving families, especially lower income families, access to affordable capital to make their homes more secure for their families.

As an example, in the state of Florida, an overwhelming percentage of the projects that use PACE funding do so for infrastructure hardening in their homes. When these homes are hardened, they are more likely to withstand the hurricanes and storms that come through, keeping the family safer, and lowering the possibility that taxpayers will have to absorb that cost through disaster relief spending. The fact that PACE connects private capital to private borrowers and doesn't require government funding also makes it more attractive. It's a free market policy.

Some states and localities authorize PACE programs to finance energy efficiency and water conservation improvements as well as hurricane, earthquake and wildfire mitigation improvements. All of these improvements benefit families that wish to live more comfortably – particularly less affluent people living in aging homes – and benefit all Americans by reducing our use of natural resources and making our homes and communities more stable and resilient.

We understand that FHFA's primary responsibility is ensuring the financial soundness of Fannie Mae and Freddie Mac, which is important to the Coalition because these two organizations (known in the industry as Government Sponsored Enterprises or GSEs) are the ultimate funders behind thousands of banks and credit unions and millions of mortgages that help families buy homes. Mortgage repayments are critical to GSE solvency, so FHFA monitors changes in circumstances that may reduce the likelihood of mortgage loans being repaid. Accordingly, in this inquiry, it is our understanding that FHFA is seeking information about whether PACE financing reduces the likelihood of mortgages being repaid.



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The Coalition values FHFA's oversight role because the continuing availability of mortgages is critical to families being able to purchase homes. We encourage FHFA to exercise its oversight responsibilities comprehensively and evenhandedly to ensure the best results for the mortgage market and families. In this regard, it is critical that FHFA also calculate and account for the benefits to mortgage value that result from PACE programs and financings.

PACE benefits families – and improves the likelihood of mortgage repayment – by providing an affordable financing solution to home improvements that generally are prudent and often are necessary. The most affluent Americans can pay cash or access a home equity line of credit in order to strengthen their home with roof tie-downs, replace a 30+ year-old roof with storm-resistant shingles, or replace leaky and aging windows with storm-resistant replacements. But for many Americans the only option is unsecured vendor financing which typically carries an interest rate of 18 – 22%. PACE financing is effectively seven percent financing, which means that a refreshed and more resilient home will be paired with a more financially stable homeowner – particularly when the homeowner is enjoying lower utility costs and property insurance premiums. This combination makes mortgage repayment substantially more likely and should be calculated by FHFA as adding value to the mortgages and, correspondingly, to the value of the GSE portfolios.

When residents improve their homes' efficiency and resiliency, the financial benefits go beyond those that are immediately evident – lower utility bills and insurance premiums. The savings to the family and the community must factor in the likelihood that the home will be spared, or its damage substantially reduced, during a catastrophic event that the improvements mitigate. For example, fire-resistant shingles should lower a home's insurance premiums, but more importantly could save a home, spare a family and its possessions, keep the homeowner paying the mortgage rather than suspending payments, and be a factor in a community remaining stable and welcoming and not being abandoned.

The Christian Coalition of America appreciates that we are not actuaries, housing finance experts, economists or weather forecasters. Rather, we are an organization that looks at policies through a very specific lens. How does this policy impact families? Does it strengthen or weaken the family? Strong families are the backbone of a strong society. It is our position that the availability of residential PACE financing helps strengthen families by keeping them safer, providing access to much needed capital to protect and preserve their home, and betters the community by helping keep homes from falling into disrepair, which could negatively impact nearby property values.

Thank you for the valuable work that FHFA does to support homeownership, families and our American economy. And thank you for considering the views of the Christian Coalition of America in this important inquiry.