



Golden State Finance Authority (GSFA)  
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March 16, 2020

Hon. Mark A. Calabria, Ph.D  
Director  
Federal Housing Finance Agency, Eighth Floor  
400 Seventh Street, SW  
Washington, DC 20219

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

Dear Director Calabria:

Thank you for the opportunity to provide comments in response to the Federal Housing Finance Agency's ("FHFA") Notice and Request for Input entitled "Property Assessed Clean Energy (PACE) Program" (the "RFI") published in the Federal register on January 16, 2020 related to senior lien residential PACE programs.

Golden State Finance Authority ("GSFA") has distinguished itself as a leader in housing finance in California for over two decades helping over 78,000 low- and-moderate income families purchase a home as well as participated in PACE financing of over 30,000 residential energy efficiency improvement projects in California. GSFA develops and administers programs that provide a source of financing for residential home purchases or refinances, commercial and residential energy efficiency improvement projects, multi-family housing construction and rehabilitation projects and city and county infrastructure improvements. GSFA is a California Joint Powers Authority and a duly constituted public entity and agency, the mission of which is to provide affordable housing finance and contribute to the social and economic well-being of California residents.

PACE provides financing for public purpose improvements, like energy efficiency, water conservation, and resilience against earthquakes and wildfires. For many residential homeowners the upfront cost of installing effective improvements is cost prohibitive. PACE solves this issue by providing the upfront financing at a cost lower than most alternatives, therefore expanding access to many more homeowners and fulfilling the stated policy objectives to the greatest extent possible. PACE is an affordable financing solution that empowers residential property owners to make their homes safer and more efficient.

Beyond its significant economic and environmental benefits, PACE increases the value of homes, reduces utility costs, lowers insurance premiums, and reduces the likelihood of total home loss during natural disasters as PACE-financed improvement projects are also frequently used for home-hardening and seismic upgrades against natural disasters, such as wildfires and earthquakes.

PACE programs impose stringent underwriting criteria that must be met by all applicants. For example, in 2014 and 2015 the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) established, as part of the State's PACE Loss Reserve Program, underwriting standards for all residential PACE program administrators, and in 2016 and 2017, California passed legislation further tightening PACE underwriting standards and consumer protections.

Overall, PACE-financed improvements increase the value of homes and, in turn, the overall value of the GSE portfolio.

We ask you to stand with local governments and California property owners in supporting PACE as a critical policy tool and vital financing option for homeowners. Accordingly, we strongly urge the FHFA refrain from implementing the policies being considered in the RFI.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Craig Ferguson', with a stylized flourish at the end.

Craig Ferguson  
Deputy Director  
Golden State Finance Authority