



March 6, 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](mailto:RegComments@fhfa.gov)

To Whom it May Concern,

Conservatives for Clean Energy (“CCE”) is an organization that educates the public and decision-makers on the benefits of clean energy, and advocates for free market solutions that advance clean energy adoption. We support and promote innovation and new technologies that lower the cost of electricity and let market forces lead to more choices for consumers. CCE particularly supports market-based programs where the government is not funding or even guiding the outcome, and where private capital leads the way toward both economic and clean energy success.

For all these reasons, CCE supports the adoption and expansion of Property Assessed Clean Energy – or PACE – programs. PACE programs are authorized locally and are not expensive. They do not involve taxpayer subsidies or tax benefits. PACE is a voluntary program that simply provides an alternative funding mechanism for public benefit products and services offered by contractors. If those contractors or products do not perform, they will not survive in the market.

Some states and localities authorize PACE programs to finance energy efficiency and water conservation improvements. Others may authorize PACE financing of hurricane, earthquake and wildfire mitigation improvement. All 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 safety and soundness of the government-sponsored enterprises (“GSEs”) that make homeownership accessible for millions of Americans. This could require FHFA to carefully account for any change in circumstances that may reduce the likelihood of GSE-guaranteed mortgages being repaid. But it should also require FHFA to carefully consider and account for changes in circumstances that improve the likelihood of GSE-guaranteed mortgages being repaid. These are challenging analyses, but CCE encourages FHFA to undertake them carefully, and to gather stakeholders’ input about these analyses before issuing regulations or even guidance that could significantly influence the PACE funding market.

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 essential. Many Americans can afford to pay out of savings for a new roof, HVAC system or windows. But for many others the best available option can seem to be vendor financing which usually carries very high interest rates – often above 20%. Typically, PACE financing is effectively seven percent financing, which means that a home is upgraded, and the homeowner is better off financially than if unsecured financing had been utilized. The homeowner pays lower utility costs, the home is more comfortable and worth more money, and the loan is easier to repay. All these factors make it substantially more likely that the homeowner stays in the home and continues making timely mortgage payments. Thus, the value of the mortgage and portfolio increases.

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 they 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.

PACE financing programs are voluntary and market-driven in every respect. Local communities choose whether to authorize PACE financing and individual property owners decide if it is best for them. Since 2013, more than 50,000 Floridians have financed nearly \$1 billion of resiliency and energy efficiency projects with PACE programs, resulting in dramatic benefits for each property owner and all Floridians. It is worth repeating that this has been accomplished without any government or taxpayer subsidy.

A recent University of South Florida study confirms that PACE projects in Florida have produced extraordinary results, including:

- more than 542,000 metric tons of CO2 emissions reduced – the equivalent of removing 114,000 automobiles from our roads for one year;
- 14 megawatts of solar energy projects installed;
- nearly 1 billion kilowatt hours of electricity saved;
- more than \$1.2 billion in potential disaster and relocation costs avoided;
- more than \$1.2 billion in insurance premium savings; and
- nearly 22,000 jobs created.

PACE programs are private enterprise at its best – promoting the use of private capital to benefit private property owners and their communities and our country – because more homes using less

energy and producing less greenhouse gases is good for all Americans. Because CCE supports the free market and clean energy, we support the continued adoption and expansion of PACE programs. We encourage FHFA to account for all the benefits that PACE-funded projects deliver to homeowners, homes and communities when determining the impact of PACE financing on mortgage portfolios.

Thank you for your consideration.

Sincerely,

George Riley  
State Director  
Conservatives for Clean Energy - Florida