



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

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Jack P. Broadbent
EXECUTIVE OFFICER/APCO

September 13, 2012

Mr. Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA53
Federal Housing Finance Agency, Eighth Floor
400 Seventh Street SW
Washington, DC 20024

RE: RIN 2590-AA53 Enterprise Underwriting Standards

Dear Mr. Pollard,

On behalf of the Bay Area Air Quality Management District (District), I write to express concern with the proposed rulemaking RIN 2590-AA53 regarding mortgage assets affected by Property Assessed Clean Energy (PACE) programs. I believe that PACE programs serve an important public purpose and the Proposed Rule would take away this extremely effective means of creating jobs, ensuring energy security and protecting public health and the environment.

By affording homeowners a means of financing energy efficiency, renewable energy and water conservation upgrades to their properties, PACE programs provide an important community benefit. The District was an early supporter of PACE programs, through its funding of the BerkeleyFIRST pilot project in 2007. Since then, we have seen PACE programs become an important policy tool for local governments wishing to reduce energy use and greenhouse gas emissions in their communities. In the Bay Area, numerous cities and counties have passed, or are developing, PACE-type programs that show great potential to help attain important economic and environmental goals.

The District is sensitive to the Federal Housing Finance Agency's (FHFA) responsibility to take any action "necessary to put the regulated entity into sound and solvent condition." However, contrary to arguments made in the Proposed Rule, evidence indicates that investments in the types of upgrades that PACE programs support actually increase property values, thus contributing to decreased risk for lenders. For example, the U.S. Department of Housing and Urban Development found that home values increase an average of \$20 for every \$1 reduction in annual utility bills. Another study by the Lawrence Berkeley National Laboratory found that homebuyers are willing to pay an additional \$17,000 for a home that is fitted with photovoltaic panels. The evidence does not suggest that PACE obligations exceed the increase in the underlying property value of a PACE-financed improvement project.

The District's mission is to protect and improve public health, air quality, and the global climate. We do this in part through partnerships and collaborations with local governments and their communities. PACE programs represent an important mechanism for local governments to deliver air quality and climate protection

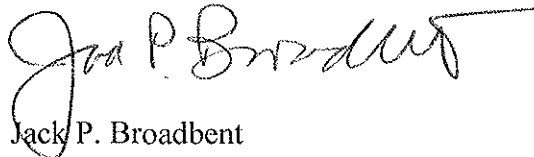
Mr. Pollard

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benefits from their communities to regional and state efforts to improve air quality and protect the climate. I urge you to modify the Proposed Rule to allow for the continuation of PACE programs without requiring consent from Fannie Mae and Freddie Mac.

Thank you for this opportunity to provide comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack P. Broadbent". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Jack P. Broadbent
Executive Officer/APCO