



SOLAR DONE RIGHT
www.solardoneright.org

Mr. Alfred Pollard
General Counsel
Federal Housing Finance Agency
400 7th St., N.W.
Washington, DC 20024

March 20, 2012

RE: EIS Scoping comments for RIN 2590-AA53, Mortgage Assets Affected by PACE Programs

Dear Mr. Pollard:

On behalf of Solar Done Right, its members and associates, we submit the following response to the Federal Housing Finance Agency's (FHFA) invitation to comment on the advanced notice of public rulemaking concerning Property Assessed Clean Energy (PACE). For reasons explained below, Solar Done Right strongly urges FHFA to adopt the No Action Alternative as its Preferred Alternative in drafting the Environmental Impact Statement, thereby withdrawing the July 2010 Statement and February 2011 Directive that FHFA issued to challenge PACE financing.

PACE programs approved by state and local governments are in the public's interest, allowing communities to advance clean energy goals, improve property values, and bolster local economies. The energy efficiency and rooftop solar installations that PACE programs facilitate will benefit more than just the property owner pursuing such upgrades, and likely will benefit the community long after the property has changed hands. These special assessment districts invest proceeds in a manner that improves property values and addresses community needs. Property assessments for community benefit have a long legal history, with over 35,000 special assessment districts similar to PACE, including programs that finance the improvement of private property.¹

FHFA's decision to challenge PACE programs in 27 states inaccurately characterizes them as an extraordinary risk, despite a history to the contrary. In addition to the long record of mortgage lenders dealing with special assessments, PACE-financed projects can be evaluated individually for cost-savings to the property owner, further mitigating risk to the lender.

PACE programs were not instituted by governments to help property owners pursue "home improvement" projects, but rather to establish a more sustainable energy infrastructure and boost local economies across the country. Continued greenhouse gas emissions, or expensive investments in utility-scale energy infrastructure are far less effective than energy efficiency upgrades and distributed generation. PACE program investments also create sustainable local jobs, unlike some central station energy generation options. No other financing programs are likely to achieve the scale of public benefit provided by PACE programs.

It is not only in the interest of municipalities and states to improve energy efficiency and generate clean energy. The Federal government has explicitly highlighted the need to improve air quality, reduce our dependence on fossil fuels, generate clean energy, and boost the economy.^{2/3} FHFA's decision to challenge PACE programs undermines these national policy goals, attempting to justify such obstruction with an

exaggerated characterization of the risk to mortgage lenders. Other municipal assessment programs carry similar risks, and can extend to the property for as much as 30 years, yet FHFA has not challenged such assessments.

PACE programs are a necessary tool to improve our communities and economy, allowing governments to fund policy priorities. Where PACE pilot programs have been implemented, energy efficiency and rooftop solar installations have created jobs and generated millions of dollars in economic activity, while reducing the need for these same communities continue relying on fossil fuels, fund new transmission lines or support central-station power plants. PACE programs address one of the greatest barriers to the uptake of distributed generation—financing the up-front cost—and serve as a critical gateway for middle and lower income households to improve energy efficiency or install rooftop solar systems. Boulder County’s PACE program created 120 jobs and generated \$20 million in economic activity in a single year.⁴ Furthermore, properties with rooftop solar or higher energy efficiency ratings are likely to increase in value, according to studies published by the Lawrence Berkeley National Laboratory⁵ and Journal of Sustainable Real Estate in 2011,⁶ further mitigating their risks and underscoring their benefits.

Solar Done Right urges FHFA to rescind its challenge to PACE programs, and consider the overwhelming public benefits as it prepares the draft environmental impact statement for its proposed rulemaking.

Sincerely,

On behalf of Solar Done Right



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¹ For example, see CAL. GOV. CODE § 53313.5

² Fact Sheet: All-of-the-Above Approach to American Energy, Office of the Press Secretary, White House, 7 March 2012.

³ 22 Regions Across America Race to the Rooftop for Solar Power, Office of Science and Technology Policy, White House, 2 December 2011.

⁴ Economic Impacts from the Boulder County, Colorado, ClimateSmart Loan Program: Using Property-Assessed Clean Energy Financing, Department of Energy, April 2011

⁵ Ben Hoen, Ryan Wiser, Peter Cappers and Mark Thayer; An Analysis of the Effects of Residential Photovoltaic Energy Systems on Home Sales Prices in California, Environmental Energy Technologies Division, Lawrence Berkeley National Laboratory, April 2011.

⁶ Bryan Bloom, Mary Ellen C. Nobe, and Michael D. Nobe; Valuing Green Home Designs: A Study of Energy Star Homes, Journal of Sustainable Real Estate, April 2011.