



March 13, 2012

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

RE: RIN 2590-AA53
Mortgage Assets Affected by PACE Programs

Dear Mr. Pollard:

Clean Energy Coalition is a non-profit organization in Michigan working to bridge needs and advance change in the clean energy arena. The intersection of economic, social, national security, and resource issues has created tremendous urgency in our fight to move toward an energy independent economy.

Much has been written about local governments' traditional role in providing public benefits, such as road construction and public safety. Although perceived as less of a traditional government role, it has been demonstrated that residential PACE programs benefit local economies, create jobs, save homeowners money, and have an extremely low rate of default. Field experience supports the following conclusions:

- PACE is good for homeowners
- PACE is good for investors
- PACE is good for local economies
- PACE is good for energy and national security
- PACE does not pose safety and soundness risks to mortgage holders

In Michigan, funds for the advancement of energy efficiency are tremendously scarce to come by. In 2011, over \$30M in annual support for residential and commercial energy projects was eliminated by the State of Michigan. Michigan has historically had a stronger focus on preventing utility shutoffs and providing assistance with heating bills, while neglecting to support energy efficiency programs which would reduce the need for heating bill assistance. While I recognize that PACE programs are not generally applicable to low income populations, PACE has a place and role in helping homeowners reduce their outlay of money for utility services, increase home comfort, improve cash flow, and collectively reduce the need for additional generating capacity – which helps all rate payers.



Across our state, the federal stimulus money, which supported many energy efficiency programs, is rapidly being depleted. With the federal government's efforts to decrease spending, including energy efficiency programs, it is becoming urgent that local governments have access to financing tools that allow property owners (both residential and commercial) to improve the performance of their properties. PACE is one of these solutions. Many types of financing traditionally available to homeowners are too short-term or have too high of an interest rate to be a viable means of financing deep home energy efficiency retrofits.

As evidenced by the tone and content of the advanced notice of proposed rulemaking, FHFA remains philosophically biased against PACE programs. I urge you to explore the performance record of residential PACE programs which have operated and those that are still operating; you will find that these programs have supported local jobs, increased economic activity, decreased homeowner utility costs, and have had a positive effect on home values. Gather the facts about energy prices and projections and look at the economic benefits based upon objective data. I urge you to act to allow homeowners access to PACE assessments as one of the options for installing energy projects on their homes.

Sincerely,

A handwritten signature in black ink that reads "Sean Reed".

Sean Reed
Founder and Executive Director
Clean Energy Coalition