

ENERGY POLICY:

New House bill would spur lending for efficiency retrofits (07/20/2011)

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Three House lawmakers introduced a bipartisan bill today aimed at restarting a popular state-level lending program for energy efficiency and other building retrofits.

The "[PACE Assessment Protection Act of 2011](#)" would forbid federal housing finance regulators from discriminating against properties that use the Property Assessed Clean Energy loan model, in which property owners finance solar panels, efficiency improvements and other home upgrades via their property tax bills.

The program had taken off in 27 states and the District of Columbia, before the Federal Housing Finance Agency decided a year ago that the PACE programs, as they are known, improperly exposed banks and other lenders to the risk of homeowners defaulting on their mortgages ([Greenwire](#), July 13).

Under the bill, the director of the Federal Housing Finance Agency would have to tell Fannie Mae and Freddie Mac that PACE liens do not cause a homeowner to default on his or her mortgage.

Co-sponsor Nan Hayworth (R-N.Y.) said in a conference call that the bill should ease federal regulators' concerns by increasing the equity requirements for property owners and limiting the size of projects relative to a property's value.

Rep. Mike Thompson (D-Calif.), another sponsor, said it would help create jobs in economically depressed areas. California's Sonoma County has had a program since 2009 and has backed 1,500 home improvement projects so far, he said.

"When everyone around Sonoma was losing construction jobs, Sonoma was actually gaining construction jobs, and it wasn't from new home construction," he said. "If they're not willing to fix it on their own, we'll fix it legislatively."

The state-federal showdown angle might attract supporters, Hayworth said. "There's a 10th Amendment aspect to this as well," she said, referring to the constitutional granting of power to the states that is not expressly reserved by the federal government. "I think that's going to have a lot of appeal for folks in this Congress."

Rep. Dan Lungren (R-Calif.) agreed. "If you're looking for a bipartisan, bicoastal, transcontinental effort to deal with energy efficiency and ... the need to create jobs, this is a win-win-win," he said.

The three original sponsors circulated a letter last week and attracted 13 co-sponsors -- eight Republicans and five Democrats, including Reps. Lois Capps (D-Calif.), Tom Cole (R-Okla.), Maurice Hinchey (D-N.Y.), Don Manzullo (R-Ill.) and Jim Sensenbrenner (R-Wis.).

"We're going to have to have an education campaign to let our colleagues know that sometimes those folks aren't right," Lungren said.