

PACE green home retrofit program could be revived by Congress

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A program that helped property owners install green upgrades before it ran into government roadblocks last year may be resuscitated by Congress.

A group of legislators introduced a bill Wednesday to jump-start the Property Assessed Clean Energy program, known as PACE. The program used low-interest

government financing to help fund installations of energy-efficient solar panels, insulation, water conservation systems and more.

More than half of the country had approved some version of the program, which was a magnet for stimulus funding. Retrofits were mostly financed with bonds issued by local governments and then applied as a regular surcharge on homeowners' property taxes, lightening the heavy upfront costs of such improvements.

But the Federal Housing Finance Agency balked at a component of the program that, in a foreclosure, prioritized the PACE lien over an existing mortgage.

The housing authority warned last summer that PACE posed "unusual and difficult" financial risks. The agency directed mortgage finance giants Fannie Mae and Freddie Mac, which it regulates, to tighten its underwriting criteria for participants or steer clear entirely.

Homeowners were told that the program could be a violation of their mortgage terms and grounds for foreclosure.

Since then, the program has lain dormant. But the PACE Protection Act from Reps. Mike Thompson (D-Calif.), Dan Lungren (R-Calif.) and Nan Hayworth (R-N.Y.) would compel the housing finance agency to back down and allow PACE to proceed.

“We’ve tried everything to work with them, but they’re just being stubborn,” Thompson said of the agency. “It’s come down to introducing legislation, which is not the route we wanted to go. These guys are just pigheaded.”

The nearly 2,500 PACE projects on the books helped generate income and tax revenues for municipalities -- about \$60,000 per home, according to a new study from advocacy group PACENow. Owners of retrofitted homes also generally had lower mortgage default rates.

“Not only do you get the lower utility rates and contributing to saving on energy costs, it’s really done wonders to put people to work,” Thompson said. “It’s a huge answer to the question of how we solve this energy problem.”