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Assembly California Legislature



JARED HUFFMAN
ASSEMBLYMEMBER, SIXTH DISTRICT

COMMITTEES
CHAIR, WATER, PARKS AND
WILDLIFE
BUDGET
NATURAL RESOURCES
UTILITIES AND COMMERCE

BUDGET SUBCOMMITTEE NO.3
ON RESOURCES

July 14, 2010

Dear Members of the California Congressional Delegation:

The undersigned members of the Legislative Environmental Caucus are writing to urge you to take immediate action to save a very promising and innovative new program to finance energy and water use efficiency improvements – a program that is suddenly in jeopardy due to a recent policy position taken by the Federal Housing Finance Agency (FHFA). Property Assessed Clean Energy (PACE) programs were pioneered in California just two years ago, with strong bipartisan support in the Legislature.

PACE is an innovative tool that allows homes and businesses to eliminate the upfront cost associated with investing in energy efficiency, renewable energy generation, and water conservation retrofits. It allows property owners to voluntarily enter into assessment agreements with local government to finance these improvements through property tax assessments. In addition to the tax advantages of such financing, PACE allows homeowners to achieve energy and water savings that help pay back the costs of installation. Just as important, PACE programs have created thousands of much-needed jobs in the areas that are implementing PACE, and substantial job creation was being projected as more than 200 California communities – including the cities of San Francisco and Los Angeles – have either launched or are preparing to launch PACE programs. California has allocated \$50 million in American Recovery and Reinvestment Act (ARRA) stimulus funding to PACE financing programs and has committed another \$50 million for loan loss reserve coverage to bring down financing costs of these loans. This in turn will leverage hundreds of millions of dollars in local investments.

Last week, many PACE programs were halted and the future of PACE was put at risk when FHFA adopted a new policy position that treats PACE financing - unlike all other property assessments - as a loan that undermines the priority of mortgages. Under FHFA's new position, Fannie Mac and Freddie Mac are prohibited from financing or re-financing any home or business that has a PACE assessment. This new policy position places a serious cloud over the many California homes and businesses that have already encumbered their properties with PACE assessments and dramatically reduces, if not eliminates, the pool of homeowners and businesses that would consider participating in PACE programs going forward.

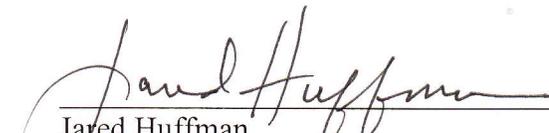
Despite strong support for PACE from a bipartisan majority of the California Legislature and from the Obama administration, FHFA's recent actions essentially halt one of California's best tools for weatherizing buildings, installing solar panels, retrofitting homes and businesses for major water savings – and creating jobs. Up to a billion dollars in retrofit projects are at stake. Absent immediate legislative action by Congress or other appropriate federal relief, California's launch of the largest retrofit program in the country cannot move forward, and the efforts California has made working in harmony with our counterparts at the federal and local levels to launch this popular job creation/energy saving program will not move forward.

Members of the California Congressional Delegation

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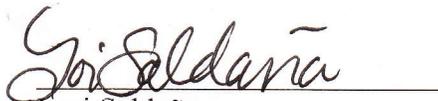
Whether viewed from the perspective of job creation and economic recovery, or as a powerful tool for achieving environmental benefits, PACE is too important to California and the rest of the nation to be put in limbo by an agency's wrong-headed policy position. We request your leadership in expeditiously resolving this issue so that we can get PACE programs back on track and put thousands of Californians back to work.


Jared Huffman
Assemblymember, 6th District

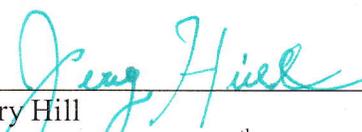

Gil Cedillo
Senator, 22nd District

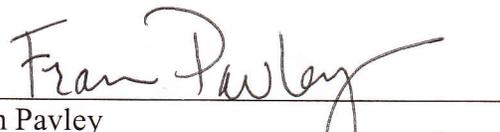

Loni Hancock
Senator, 9th District

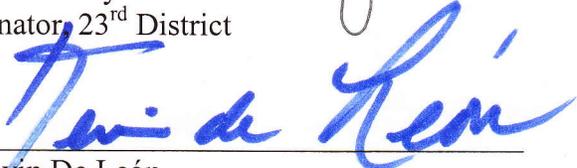

Anthony Portantino
Assemblymember, 44th District


Lori Saldaña
Assemblymember, 76th District

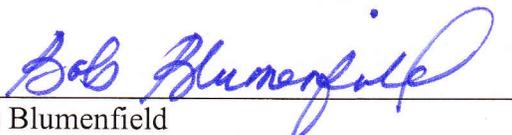

Paul Fong
Assemblymember, 22nd District


Jerry Hill
Assemblymember, 19th District

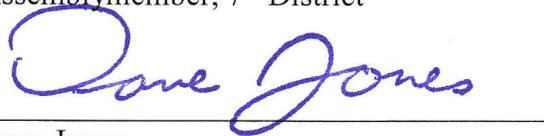

Fran Pavley
Senator, 23rd District

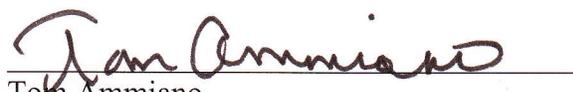

Kevin De León
Assemblymember, 45th District


Nancy Skinner
Assemblymember, 14th District


Bob Blumenfeld
Assemblymember, 40th District


Noreen Evans
Assemblymember, 7th District


Dave Jones
Assemblymember, 9th District


Tom Ammiano
Assemblymember, 13th District

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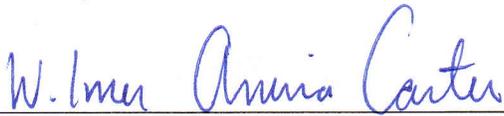
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Ted Lieu
Assemblymember, 53rd District



Mark Leno
Senator, 3rd District



Wilmer Amina Carter
Assemblymember, 62nd District



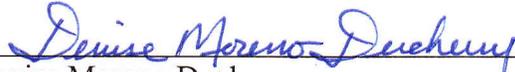
Tom Torlakson
Assemblymember, 11th District



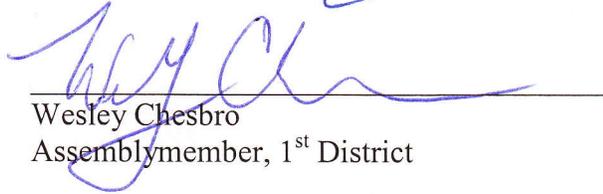
Joe Simitian
Senator, 11th District



Christine Kehoe
Senator, 39th District



Denise Moreno Ducheny
Senator, 40th District



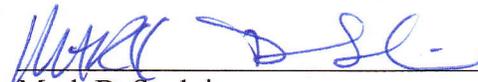
Wesley Chesbro
Assemblymember, 1st District



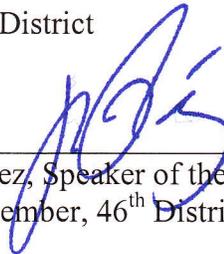
Bill Monning
Assemblymember, 27th District



Alex Padilla
Senator, 20th District



Mark DeSaulnier
Senator, 7th District



John A. Pérez, Speaker of the Assembly
Assemblymember, 46th District