



July 19, 2010

The Honorable Christopher J. Dodd  
Chairman  
Senate Committee on Banking  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Richard C. Shelby  
Ranking Member  
Senate Committee on Banking  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Barney Frank  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Spencer Bachus  
Ranking Member  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Members of Congress:

On behalf of the American Institute of Architects, I am writing in support of legislation that guarantees local governments the right to establish clean energy programs through Property Assessed Clean Energy (PACE) bonds.

As you know, PACE bonds are municipal bonds where the sales proceeds are lent to commercial and residential property owners to finance energy retrofits. Borrowers then repay their loans over long periods via an annual assessment on their property tax bill. Given the numerous, well-documented benefits that energy efficient buildings offer, PACE bonds are an innovative tool to help property owners reduce their energy footprints.

PACE bonds are particularly important now, at a time when a lack of credit and financing for construction projects has devastated the design and construction industry, which has seen employment drop by 25 percent since the recession began in 2007. As banks have restricted lending, building owners and developers have cancelled projects. This has taken work out of the hands of architects, builders and others, adding to the unemployment rolls. PACE bonds provide a new funding source that puts people back to work improving our nation's energy independence – and help shore up the depressed commercial and residential real estate markets.

PACE is a local government solution that is supported by a century of legal and historical precedent for special assessment districts, including more than 37,000 districts nationwide that have been used to finance sewers, sidewalks, and other projects that serve a public purpose. In just the past two years, twenty-two states have passed laws enabling local governments to develop PACE programs. PACE has received strong bipartisan support nationwide because creating jobs, saving energy and reducing utility bills for families and businesses is important to all Americans.

We are deeply concerned, therefore, that recent actions by federal regulators have threatened to kill PACE programs before they have been able to get off the ground. Despite PACE's great promise, the Federal Housing Finance Agency (FHFA) and the Office of the Comptroller of the Currency (OCC) issued recent statements blocking our nation's PACE pilot programs. These agencies' actions are a direct challenge to states' rights to levy tax assessments for a public purpose and wrongly asserts that the consumer and lender protections were not sufficient. Because of FHFA's oversight of Fannie Mae and Freddie Mac, and OCC's influence over our nation's banks, the statements brought existing PACE programs to a halt and froze the ability of communities to launch PACE programs already under development nationwide.

Therefore, we urge Congress, which chartered Fannie Mae and Freddie Mac and which established FHFA and OCC, to pass legislation that guarantees the right of state and local governments to form special assessment districts to promote clean energy programs that create jobs and put our nation on the path towards energy independence.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul T. Mendelsohn". The signature is written in a cursive style with a large initial "P" and "M".

Paul T. Mendelsohn  
Vice President, Government and Community Relations