

Residential Property Assessed Clean Energy Workgroup

June 9, 2021

2-4pm ET



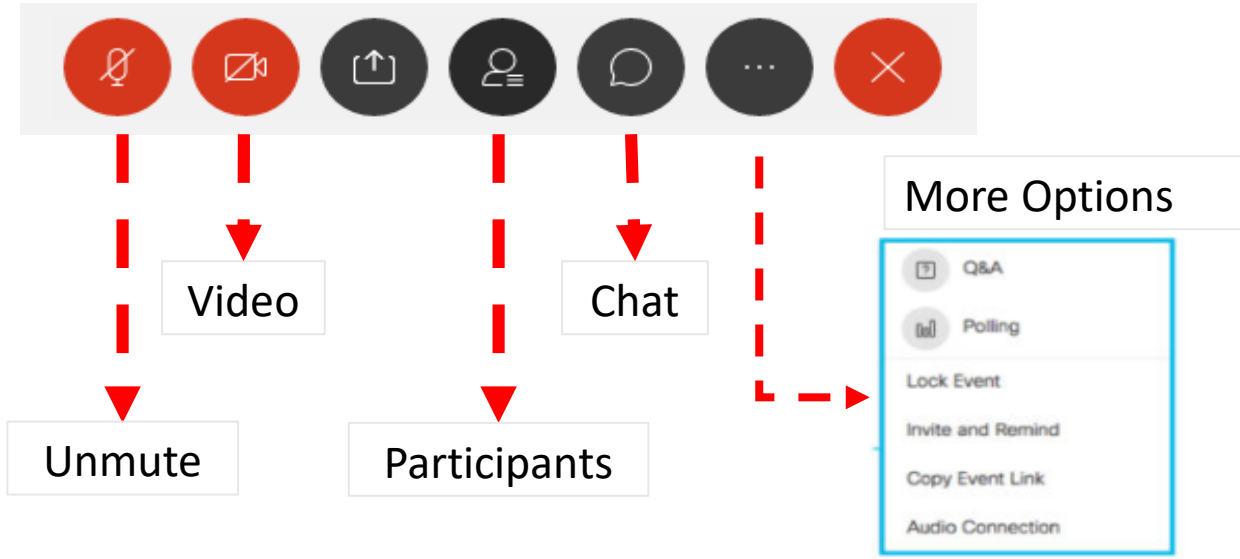
Agenda

2:00 – 2:05	Housekeeping items Jordan Burns, DMME
2:05 – 2:15	Introductions Workgroup members
2:15 – 2:30	Meeting opening Del. David A. Reid
2:30 – 2:50	Review R-PACE and requirements contained in the budget item Larry Corkey, DMME
2:50 – 3:20	Identify stakeholder priorities Workgroup members
3:20 – 3:35	Discuss experience in other states. Specifically what are the benefits/challenges observed in other states? Workgroup members / DMME
3:35 – 3:50	Public comment
3:50 – 4:00	Next steps

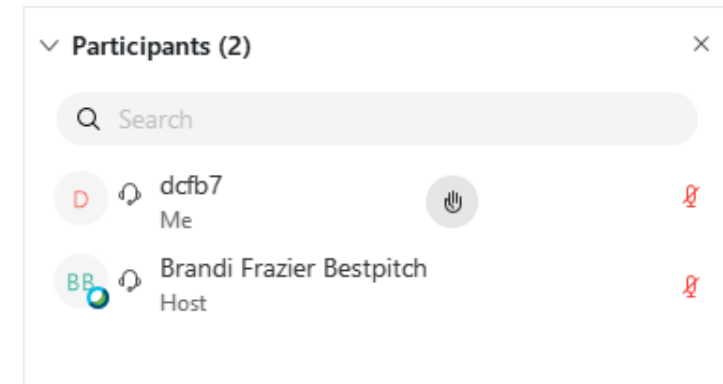


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Electronic meeting statement

Chapter 56 of the 2020 Special Session I Acts of Assembly provides a greater allowance for public bodies to meet by electronic means than is found within the Virginia Freedom of Information Act. An “electronic meeting” is a meeting of a public body by electronic means when there is not a quorum of the public body gathered in a single physical location. Our meeting today qualifies as an “electronic meeting.”

We will also need a motion along these lines:

The Virginia R-PACE workgroup certifies that the nature of the state of emergency caused by the COVID-19 pandemic, as declared by the Governor of Virginia, makes it impracticable or unsafe for the group to assemble in a single physical location, and further that the purpose of the meeting, including all agenda items as reflected in the meeting’s prepared agenda, is to transact or discuss business that is statutorily required or that is necessary to continue operations of the workgroup and the discharge of the workgroup’s lawful purposes, duties, and responsibilities.



WG Members

Colin Bishopp, PACENation

Matt Bruning, Virginia Bankers Association

Andrew Clark, Home Builders Association of Virginia

Russ Edwards, ALT Energy

Bob Giles, PACE Funding Group

Gerry Gurgick, Energy Target Zero

Ozzie Hoffler, Southern Energy Group

Abby Johnson, Virginia Pace Authority

Nate Smith, Virginia Mortgage Bankers Association

Terrie Suit, Virginia Realtors Association

Supervisor Mike Turner, Loudoun County



Setting the stage

Del. David A. Reid



What is R-PACE

- Mechanism for financing energy efficiency and renewable energy improvements on private property through a tax lien
- Debt is tied to the property, not the property owner
 - Repayment obligation may transfer with property ownership
- Requires permissive legislation by the state followed by enabling ordinance from local government to take effect
- Currently available in California, Florida and Missouri
 - To date \$7.3bn in loans has funded 306,000 home upgrades
- Commercial PACE (C-PACE) is currently available in Virginia and 9 localities have passed enabling ordinances
- For more information see [Department of Energy PACE site.](#)



R-PACE Workgroup

Determine the feasibility and approach of creating a Virginia R-PACE program

- Assess the status and readiness of Federal regulations to support an R-PACE program
- Determine market interest, size, and potential volume for a Virginia R-PACE program
- Recommend draft legislation to facilitate program implementation and administration
- Develop draft guidelines governing R-PACE loans in Virginia



R-PACE Workgroup

WG Membership: Virginia PACE Authority; the Virginia Bankers Association and other mortgage originators; the Virginia Realtors Association; PACE capital financing institution representative; solar energy contractor; and a representative of the homebuilding industry.

- Solicit and evaluate written public comments. Open until September 1.
- DMME shall provide a report detailing its findings and recommendations to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than December 1, 2021.



Consumer Financial Protection Bureau (CFPB) Rulemaking

Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amended the Truth in Lending Act (TILA) to mandate that the Bureau prescribe certain regulations relating to "Property Assessed Clean Energy" (PACE) financing.

The required regulations must carry out the purposes of TILA's ability-to-repay (ATR) requirements, currently in place for residential mortgage loans, with respect to PACE financing, and apply TILA's general civil liability provision for violations of the ATR requirements the Bureau will prescribe for PACE financing. The EGRRCPA directs that such requirements account for the unique nature of PACE financing and specifically authorizes the collection of data and information necessary to support a PACE rulemaking.



Consumer Financial Protection Bureau (CFPB) Rulemaking

- Consumer Financial Protection Bureau has held initial comment period.
- Next step is to publish Notice of Proposed Rule
 - There is no set date for this
- Followed by comment period and then Final Rule
 - No mandated timeline for these steps



Other Federal Actions

- In 2010 the Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac not to purchase or re-finance mortgages with PACE liens and reserved other potential actions.
- In early 2020, FHFA held a comment period seeking input on potential changes to its PACE policies.
- In 2017 the Department of Housing and Urban Development (HUD) announced that the Federal Housing Administration (FHA) will no longer insure new mortgages on properties that include PACE assessments.



Identify stakeholder priorities

- What information should the WG convey about R-PACE in VA?
- What do we need to learn more about?
- What are the most important factors affecting the feasibility of R-PACE in VA?
- What are the most important factors in realizing the benefits of R-PACE in VA?
- What consumer protections do we need to consider?



California

- Established in 2008
- 2014 – PACE Loss Reserve Program makes first mortgage lenders whole for any direct losses incurred due to the existence of a PACE lien on a property.
- AB 2693 (2016) – Capped project value (relative to property value), required 3-day cancellation window and added consumer disclosures
- AB 1284 (2018) – Established stricter requirements for PACE providers and additional criteria for borrower eligibility, including ability-to-repay (ATR) requirements
- SB 242 (2018) – Stricter requirements for consumer disclosures and arrangements with contractors



Missouri

- Established in 2010
- HB 697 (2021) – increases oversight of program administrators, caps project value (relative to property value), adds consumer disclosures and adds new restrictions on contractors



Florida

- Established in 2010
- No legislative changes since inception



R-PACE in Other States

- What are the benefits and challenges observed in other states?



Public Comment

- Please identify yourself



Next Steps

Tentative Schedule:

- 6/9/2021 (Today) – Kickoff meeting & public comment period begins
- June/July – DMME develops a report outline using information collected in the kickoff meeting
- 7/14/2021 – Second meeting with deeper discussions on key topics (in person)
- July - September 2021 – work on the report continues
- 9/1/2021 – Public comment period ends
- 9/15/2021 – DMME Distributes the draft to workgroup members for consideration
- 9/29/2021 – Final workgroup meeting to discuss the report (in person)
- 10/11/ 2021 – Draft is approved for submission by workgroup members via email
- 10/15/2021 – Final draft submitted to the Governor’s office for approval
- 12/1/2021 – Final report is due to House Appropriations and Senate Finance



Thank you!

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