



September 14, 2020

**Representative Joseph Bellino, Chairman
House Energy Committee**

The State of Michigan faces significant and ongoing challenges related to clean drinking water, including PFAS, lead, and septic leakage into ground water. Additionally, the recent failure of several dams, followed by damaging winds across the Midwest have served to reinforce the importance of hardening our residential, commercial and industrial infrastructure against natural disasters. The past several months of lockdowns and quarantining have also highlighted the importance of air quality to mitigate the spread of COVID-19 and, for homeowners, the ever-present need to have a secure and efficient home that keeps one's family safe. All of these factors have made many Michigan property owners even more acutely aware of the critical improvements they need to make. Whether it is for clean drinking water, resilience against disasters, mitigating the spread of COVID-19 or increasing energy efficiency, Michigan property owners need access to capital to make their homes and businesses efficient, safe and secure.

In times like these, having access to the necessary capital to make energy, water, resilience or COVID-related improvements can be difficult. There are often large upfront costs. This is where property assessed capital expenditure financing (PACE) really shines through. Property assessed financing offers access to necessary capital at long-term, fixed interest rates. For many property owners, the longer payback time, which results in more affordable payments, is the only thing that makes the project feasible. Without access to property assessed financing, many critical improvement projects simply will not happen.

Property assessed financing programs, like the ones currently proposed to be expanded in Michigan, are completely voluntary. They connect private dollars to private borrowers, and they allow each community to make the decision whether to implement a program or not. This allows the market to drive demand and keeps government from being overly involved in the administrative process. Many Michigan communities have already adopted property assessed financing for commercial properties. These programs should be expanded. The proposed residential program would give Michigan homeowners the same right to access private capital that commercial property owners already enjoy. The residential program includes robust, comprehensive consumer protections that exceed the protections offered by traditional loan products. There is also an additional "Community PACE" program, specifically designed to benefit low-income homeowners who are so often left behind.

The property assessed financing legislation for commercial, residential, and low-income property owners will expand access to capital for thousands of Michigan business owners and homeowners, and increase private investment in our State's infrastructure. This will lead to thousands of new jobs and healthier, more resilient communities. We urge support for these bills.

Thank you for your consideration.

Respectfully,

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