



# State of New Mexico

## Office of the Governor

Bill Richardson  
Governor

October 13, 2009

The Honorable Barack Obama  
President of the United States  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear President Obama:

I am writing to urge your Administration to fully support the development of Property Assessed Clean Energy (PACE) programs around the country, including important support from the Federal Housing Finance Authority, Fannie Mae, and Freddie Mac (the "GSEs").

PACE programs are promising innovations that incentivize private property owners to implement energy retrofits - creating jobs, reducing energy costs for working families, and cutting greenhouse gas emissions. PACE programs are created by local and state governments to allow property owners to voluntarily pay for energy retrofits over 15 to 20 years through a small incremental increase in their annual property tax payment. The key innovations of PACE finance involve the elimination of the upfront cost barrier for property owners, the long-term nature of the repayment period, and structuring the payment as annual property tax surcharges. This innovative approach will only succeed if the GSEs support these programs.

New Mexico recently enacted PACE enabling legislation and in the past year alone PACE has been enacted in 14 states, with many more anticipated. Our state clearly hopes to reap the long-term benefits of lower energy costs, less energy demand, and reduction in greenhouse gas emissions. However, I am concerned that misunderstanding of this financing mechanism by the GSEs will undermine PACE and eliminate the opportunity to achieve our nation's energy efficiency and clean job creation goals. In particular, the GSEs have indicated they may take action to penalize cities or homeowners that make use of these programs (e.g., making homes with PACE liens' less eligible for GSE mortgages or reducing the amount of mortgage eligibility) or break a century of precedent by attempting to restrict local and state government taxation powers by forcing the subordination of tax levies. These actions would eliminate PACE programs and, with it, a great opportunity to fulfill your vision for retrofitting our nation's buildings with efficiency measures and clean energy.

Cities, states, and counties stand ready to work collaboratively with the GSEs and others to ensure these programs are designed well, but we need your help to make sure their voices are heard. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Bill Richardson". The signature is written in a cursive style with a long, sweeping underline.

Bill Richardson  
Governor of New Mexico

BR/fl

cc:

Carol Browner, Director of the White House Office of Energy and Climate Change  
Secretary Steven Chu, U.S. Department of Energy  
Secretary Shaun Donovan, U.S. Department of Housing and Urban Development  
Secretary Timothy Geithner, U.S. Department of the Treasury