

Melissa Sweet

Energy 2-23-22

**From:** William Pelak <williampelak@yahoo.com>  
**Sent:** Tuesday, February 22, 2022 6:38 PM  
**To:** Melissa Sweet  
**Subject:** HB 5761 Just another shell game dressed up as new and improved?

Energy, Rep. Joe Bellino, Chair

**DATE:** Wednesday, February 23, 2022

**TIME:** 9:00 AM

**PLACE:** Room 519, House Office Building,  
Lansing, MI

**AGENDA:** Please enter into the  
Energy meeting Record.

HB 5761 (Rep. Tisdell)

Local government; bonds; issuance of bonds or notes to finance  
property assessed clean energy program; modify.

Energy Storage Discussion

[https://lawreview-dev.cu.law/wp-content/uploads/2013/11/9.-Cox-FINAL\\_s.pdf](https://lawreview-dev.cu.law/wp-content/uploads/2013/11/9.-Cox-FINAL_s.pdf)

This analytic error is symptomatic of a theoretical flaw in the design of PACE programs. These programs have been conceptualized as an alternative to, rather than as a form of, real estate financing. Supporters present PACE as a public investment in energy improvements similar to a local government improving a street and assessing construction costs on property owners.

There are important public policy concerns underlying investment in residential energy improvements, but PACE is more properly characterized as a voluntary choice made by a homeowner to accept public financing secured by her property. The failure of existing PACE programs to adequately anticipate the adverse secondary mortgage market reaction is a prominent example of this problem. Part I of this Article explains the mechanics of PACE financing and the basics of residential energy improvement investments.

17 It also explains that the primary argument in favor of PACE programs is that tying repayment to property tax obligations removes homeowner concerns about responsibility for the financing when the homeowner sells the property.

18 Part II highlights the theoretical and practical flaws with this underlying theory, including why PACE financing does not overturn the market dynamics that make homeowners installing energy improvements responsible for the economic consequences of that decision.

Characterized and understood as a home financing technique, PACE loses much of its appeal as a means of resolving longstanding homeowner concerns about investments in residential energy improvements.

Again with inflation running at a 40 year high with no signs of slowing down is it really wise to push for more financial slight of hand bond gimmicks now?