

Los Angeles County Ends PACE Program Marred by Fraud, Abuse, and Unaffordable Loans

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Thousands of LA County homeowners have been trapped in unaffordable loans through the Property Assessed Clean Energy financing program

WASHINGTON, D.C - Effective May 13, 2020, Los Angeles County has discontinued new financing under its Property Assessed Clean Energy (PACE) loan program, concluding the County could not be certain the program can “provide sufficient protection for all consumers.”

“Los Angeles County has made the courageous decision to end a program that, while well-intentioned, has harmed far too many homeowners,” **said John Rao, an attorney at the National Consumer Law Center.** “We urge other local governments to ask the same tough questions about their PACE programs and follow the County’s lead by suspending or ending programs that cannot assure their residents will be protected.”

PACE programs offer loans for home improvements theoretically designed to improve energy and water efficiency, such as solar panels, HVAC systems, and new windows. Qualifying “green energy” improvements are offered through home improvement contractors often going door to door with contracts on tablets that commit people on the spot to property tax liens that can increase taxes by thousands of dollars a year without any assessment of affordability. Homeowners who cannot afford the increased taxes risk losing their homes. NCLC has documented the stories of many families who were denied the potential benefits of PACE by being sold unaffordable loans for home improvements, many of which did not give the deep energy savings homeowners were promised or resulted in shoddy or incomplete work.

“The potential benefit of the PACE program in Los Angeles County has been overshadowed by increasing criticism and concern about gifted customers who risked losing their homes,” **added Rao.**

Legal services agencies throughout California have been overrun with complaints related to PACE, including fraud, forgery, identity theft, price gouging, undisclosed costs and fees, and unpermitted or uncompleted work. These issues have been repeatedly raised to state and local lawmakers.

For its part, California has tried to preserve the program while enhancing consumer protections – through a series of bills enacted over the past ten years. Additional changes were made in response to an enforcement action brought by California District Attorneys. And the County took it a step further by strengthening its PACE consumer protection practices and establishing a hotline to confirm consumers’ acceptance of loan terms. Despite these efforts, problems continued and the County concluded it could not be certain the added measures will provide sufficient protection for all

consumers.

Homeowners with existing PACE assessments are still required to make payments, and approved projects that are not yet completed or were on hold due to the Safer At Home Order will still be completed. Homeowners with additional questions should contact their PACE administrator (Renew Financial, Renovate America, or PACE Funding Group). Homeowners with legal questions or concerns should contact their local legal aid office or find an attorney at the website of the National Association of Consumer Advocates, consumeradvocates.org

For additional resources, visit NCLC's Property Assessed Clean Energy (PACE) Loans page.

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