

TO: Sen. Michael Rodrigues, Chair, Senate Committee on Ways and Means
Rep. Aaron Michlewitz, Chair, House Committee on Ways and Means
Sen. Barry Finegold, Chair, Joint Committee on Economic Development and Emerging Technologies
Rep. Carole Fiola, Chair, Joint Committee on Economic Development and Emerging Technologies
Sen. Peter Durant, Ranking Minority, Joint Committee on Economic Development and Emerging Technologies
Rep. Michael Soter, Ranking Minority, Joint Committee on Economic Development and Emerging Technologies

CC: Jeremy Spittle, Legislative and Policy Director, Office of Senator Michael Rodrigues
Andrew DeFalco, Associate Counsel, Senate Committee on Ways and Means
Tim Sheridan, Legislative Director, House Committee on Ways and Means
Molly Conneely, General Counsel, House Committee on Ways and Means
Alec Fischbein, Legislative Director, Office of Senator Barry Finegold
Ann Gaudreau, Chief of Staff, Office of Senator Peter Durant
Halle Mahoney, Research Director, Joint Committee on Economic Development and Emerging Technologies
John Keeler, Legislative Aide, Office of Representative Michael Soter

FROM: Andrea Bopp Stark, National Consumer Law Center
Todd Kaplan, Greater Boston Legal Services
Brian Beote, Division Director of Energy Service, Action Inc. & James Collins, Director, Climate Equity & Impact Department, Action for Boston Community Development, Inc. (Co-chairs of the Low-Income Energy Affordability Network (LEAN))
Mary Wambui, Planning Office for Urban Affairs

DATE: September 23, 2026

RE: Respectfully Requesting that the Committee Strike Section 139 in the Final Economic Development Bill, S. 3228

Dear Honorable Members of the Conference Committee:

On behalf of the clients and communities we represent, the National Consumer Law Center (NCLC), Greater Boston Legal Services, the Low-Income Energy Affordability Network (LEAN), and the Planning Office for Urban Affairs, wish to **register our opposition to Section 139 of S. 3228 and respectfully request that you strike this language from the final version of the Economic Development bill** (Lines 2400-2682).

We appreciate your commitment to economic stability and growth for the residents of the Commonwealth; this provision, however, would undermine homeownership and economic security for many families, especially those who are financially vulnerable.

- Section 139 would substantially increase foreclosure risk for Massachusetts homeowners;

- Free, low-cost, or traditional financing options provide safer and more affordable options to Massachusetts homeowners who qualify, and for those who cannot, PACE loans will place many at serious risk of losing their homes;
- Section 139 would authorize a program that has caused immense harm to homeowners in other jurisdictions; and
- Section 139 would authorize a program that federal officials have recognized as uniquely risky.

Section 139 would authorize a residential lending program secured by property tax liens that substantially raises foreclosure risk. Nationally known as Property Assessed Clean Energy (PACE) loans, these residential loans (referred to in the bill as “betterment assessments”) are often made for energy-efficiency or other home improvements and are secured by a property tax lien on the home. The loan amounts often result in severe property tax increases. When homeowners face financial hardship, the tax lien often results in a quick foreclosure without the myriad protections in federal and state law for mortgage foreclosures. The tax lien often also results in delayed inclusion in the homeowner’s mortgage escrow, compounding the risks of home loss. Moreover, PACE loans generally are sold through home improvement contractors, who in many cases provide inadequate or incomplete work on the home, or contract for work not authorized under the program.

Free, low-cost, or traditional financing options provide safer and more affordable options to Massachusetts homeowners who qualify, and for those who can not, PACE loans will place many at serious risk of losing their homes. As NCLC noted in its [2021 testimony](#) regarding this provision’s predecessor bills, for many homeowners, energy efficiency measures can be paid for by existing state programs.

The Massachusetts PACE bills are a solution that makes little sense in Massachusetts, as there is no problem obtaining financing for energy efficiency measures, at a zero-interest rate and without having a lien placed on the home. The HEAT loan program offered by MassSave provides \$100 million in interest-free loans annually. Not only are the loans zero-interest, but unlike PACE loans, no liens are placed on borrowers’ homes nor is the repayment obligation added to the tax bill, where missing payments results in the imposition of a very high interest rate and fees. Moreover, the loans are offered by local, community banks, not out-of-state, for-profit companies motivated as much by generating profits for global investors as by concern about climate change.

Moreover, homeowners who qualify and have equity may take out a second mortgage or a home equity line of credit, traditional products without many of the PACE-associated harms. While access to mortgage loans certainly remains a challenge for credit-constrained borrowers, PACE loans put homeowners at substantially increased risk of home loss and are not a sustainable solution for homeowners seeking to finance home improvements. As discussed below, even in California, where very strong consumer protections have been passed, the program continues to harm homeowners throughout the state. For Massachusetts homeowners who lack access to traditional financing, PACE loans would significantly undermine housing and economic stability.

Section 139 would authorize a program that has caused substantial harm in other jurisdictions. The harms of the residential PACE program have been documented in [a report from the University of California’s Berkeley Law](#) as well as a [2023 report from the Consumer Financial Protection Bureau \(CFPB\)](#). The CFPB report finds that PACE loans cause an increase in negative credit outcomes, particularly mortgage delinquency. While the report also evaluates a set of 2018 PACE reforms in California and finds that the harms have been lessened, California has continued to face severe problems with contractor abuses and lack of accountability by PACE companies, the program administrators. For

example, the [California Attorney General and the Federal Trade Commission settled a case against a leading PACE company](#) for claims including forgery, deceptive sales, and other misconduct. Los Angeles County [cancelled its PACE program](#) as a result of program abuses. Florida homeowners also [have faced significant harms](#) from PACE loans; for example, [one county tax collector](#) went public with his concerns. PACE loans also [cause problems for mortgage lenders and realtors](#), because the tax lien takes priority over the homeowner's traditional mortgage and the lien must transfer with the home sale. The National Consumer Law Center provided examples of consumer harm in [PACE-related consumer stories](#) submitted to the CFPB in connection with the agency's pre-rulemaking request for information on PACE loans. The problems with PACE even caught the attention of [Last Week Tonight with John Oliver](#).

Section 139 would authorize Massachusetts jurisdictions to adopt a program that the federal government has recognized as risky. Following passage of [bipartisan legislation](#) (in section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA)) directing the CFPB to issue rules regulating PACE loans, the CFPB conducted an extensive regulatory process, including the 2023 research report cited above, culminating in a [final rule issued in 2024](#) explicitly incorporating PACE loans into federal mortgage rules in the Truth in Lending Act. While this development still leaves broader PACE oversight and regulation to states that choose to adopt it, application of the mortgage rules to PACE remains an essential component of limiting harm from PACE loans. The PACE industry continues to challenge this oversight and its challenge to the CFPB's rule is still in litigation; the 11th Circuit Court of Appeals [rejected a motion to expedite](#) the case in January 2026. As noted above, despite this federal regulation, many problems with PACE cannot be solved simply through federal mortgage rules and problems remain, even in California, which adopted strong protections back in 2018.

Thank you for your consideration and we would welcome the opportunity to discuss these matters further.