



Neighborhood Legal Services
of Los Angeles County



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Media Contact: Rekha Radhakrishnan, 832-628-2312, rradhakrishnan@publiccounsel.org

ADVOCATES HAIL END OF CONTROVERSIAL LOS ANGELES COUNTY PACE PROGRAM

Homeowner and consumer advocates call on local entities statewide to follow the County's lead and protect vulnerable homeowners from predatory financing scheme

LOS ANGELES, CALIFORNIA – May 19, 2020 – Bet Tzedek, Public Counsel, ACCE, Haven Neighborhood Services, Neighborhood Legal Services, and UC Irvine School of Law are celebrating Los Angeles County's decision to end its highly criticized Property Assessed Clean Energy ("PACE") financing program, which has victimized thousands of County homeowners. In ending its program, the County of Los Angeles confirmed what advocates and victims have been saying for years: that the County "cannot be certain" that the PACE program can "provide sufficient protection for all consumers." The County discontinued new financing under its PACE program effective May 13, 2020. [See ISD PACE Termination FAQs](#).

In response to the mounting economic pressure homeowners across the state feel due to the COVID-19 pandemic, advocates again call on the City of Los Angeles and other local entities across the state to end their continued participation in non-County PACE programs to protect all Californians.

PACE programs are enabled by state legislation that permits municipalities to offer financing for qualifying "green energy" improvements, which homeowners repay through an increase in their property taxes. Homeowners who cannot afford the increased taxes risk losing their homes. For years, 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 – and have repeatedly raised these issues to state and local lawmakers.

“The Board of Supervisors has acted in the best interest of its many low and moderate-income homeowners with this announcement,” said Jennifer Sperling, an attorney with Bet Tzedek’s Impact Litigation & Policy Unit. “We applaud the environmental protection goals that inspired PACE, but the predatory business model of the County’s PACE program – and nearly all other PACE programs throughout the State – is broken beyond repair.”

Consumer and homeowner advocates will continue their challenges to PACE financing programs that remain in operation. “Los Angeles County is one of the most populous counties in the state. We hope that its decision to cease PACE originations signals to other municipalities that they should reexamine their relationship to this dangerous financing product, which may have been enabled with noble intentions, but in practice has become a predatory lending nightmare,” said Erika Toriz-Kurkjian, Executive Director of Haven Neighborhood Services.

Advocates remain backlogged with complaints from homeowners, and the County’s halting of new financing does not help the thousands of homeowners in the County who obtained loans they cannot afford. “While we welcome this decision, it does nothing to help the low-income homeowners stuck with these oppressive loans, many of whom are barreling towards foreclosure and could easily end up homeless,” said Stephanie Carroll, a Senior Staff Attorney at Public Counsel.

In April of 2018, Public Counsel and Bet Tzedek filed twin class action lawsuits against the County and each of its PACE program administrators at that time, Renovate America and Renew Financial, alleging that the program lacked required consumer protections, exposing countless elderly and low-income homeowners to the risk of foreclosure. This litigation, now with Hogan Lovells LLP as co-counsel, is not affected by the County’s announcement, which does not impact existing loans. Homeowners in Los Angeles County can find more information about the class actions here:

<http://www.publiccounsel.org/stories?id=0247>.

“We have worked with countless homeowners struggling to bear the crushing debt of their PACE loans. They have had to make difficult choices about basic things like food, housing, and education because of this burden. Los Angeles County did the right thing by ending its PACE program before more damage was done, and we look forward to working with the County to resolve outstanding issues and ensure our most vulnerable neighbors do not lose their homes in the aftermath of this program,” said Joseph Delgado, Director of ACCE Los Angeles.

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About Bet Tzedek: **Bet Tzedek--The House of Justice** provides legal assistance that impacts more than 41,000 people of every racial and religious background each year. Bet Tzedek’s 85 member staff, supported by more than 1,500 active volunteers nationally who effectively leverage our staff resources, assist those most in need with some of the most pressing legal issues faced by our community, including: elder abuse, employment rights violations, landlord/tenant and housing matters, real estate fraud and foreclosure prevention, basic estate planning, Holocaust reparations, probate guardianship, low-income tax advocacy, small business development, transgender advocacy,

and public benefits. In addition to direct legal representation in each of these areas, Bet Tzedek staff conducts expansive outreach and education programs, and undertakes impact litigation and policy advocacy on issues of significance to our clients. For more information, visit www.bettzedek.org. For PACE issues, call Bet Tzedek's PACE intake line at (323) 648-4715.

About Public Counsel: **Public Counsel** is the nation's largest pro bono law firm. Founded in 1970, Public Counsel strives to achieve three main goals: protect the legal rights of disadvantaged children; represent immigrants who have been the victims of torture, persecution, domestic violence, trafficking, and other crimes; and foster economic justice by providing individuals and institutions in underserved communities with access to quality legal representation. Through a pro bono model that leverages the talents and dedication of thousands of attorney and law student volunteers, along with an in-house staff of more than 75 attorneys and social workers, Public Counsel annually assists more than 30,000 families, children, immigrants, veterans, and nonprofit organizations and addresses systemic poverty and civil rights issues through impact litigation and policy advocacy. For more information, visit www.publiccounsel.org. For PACE issues, call Public Counsel's PACE intake line at (213) 385-2977 extension 306.

Public Counsel, Bet Tzedek, Public Law Center, Elder Law & Advocacy and Inland Counties Legal Services have formed the Southern California Legal Services Collaborative to serve homeowners with a PACE issue in the following counties: Los Angeles, Orange, San Diego, Imperial, Riverside, and San Bernardino. Impacted homeowners can reach each organization through their intake line, available at <http://www.publiccounsel.org/stories?id=0304>.

About ACCE: **The Alliance of Californians for Community Empowerment (ACCE) Action** is a grassroots, member-led, statewide community organization working with more than 15,000 members across California. ACCE is dedicated to raising the voices of everyday Californians, neighborhood by neighborhood, to fight for the policies and programs we need to improve our communities and create a brighter future. Change from the bottom up: We take seriously our commitment to ground-up organizing to build a strong people's movement that can create transformative community change. Our local neighborhood chapters and issue committees, led by ACCE Action member leaders, meet regularly to strategize and plan campaigns. Central to this work is the belief that there's power in numbers and in collective action – ACCE Action members and their allies frequently “take to the streets” with rallies, town halls, and other actions to make their voices heard.

About NLS: **Neighborhood Legal Services** is a steadfast advocate for low-income individuals, families and communities throughout Los Angeles County. Each year NLSLA provides free assistance to more than 150,000 people through innovative projects that address the most critical needs of people living in poverty. Through a combination of individual representation, high impact litigation and public policy advocacy, NLSLA expands access to housing, health, opportunity, and justice in Los Angeles' neighborhoods. For more information, visit www.nlsla.org.

About UCI Law: **UCI Law** provides an innovative and comprehensive curriculum, and prioritizes public service and a commitment to diversity within the legal profession. In furtherance of its mission, the Consumer Law Clinic launched in 2018 to teach students the skills of lawyering while exploring a

community-based approach to consumer law. The Consumer Law Clinic focuses on keeping low-income consumers in their homes after experiencing home improvement fraud, gathering stories and advocating on behalf of vulnerable populations with government imposed debt, and representing student loan borrowers in obtaining disability discharges. The Clinic has also become a resource for homeowners and student loan borrowers trying to navigate their options during the COVID crisis as well as an advocate in the fight against the unprecedented financial harms stemming from the crisis. For more information, visit <https://www.law.uci.edu/academics/real-life-learning/clinics/consumer-law.html>.