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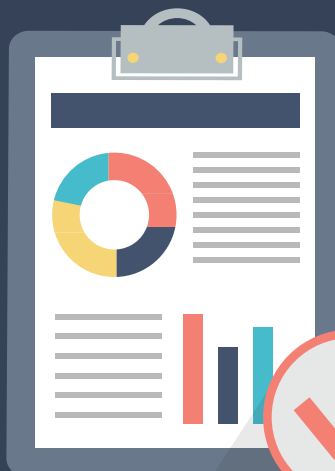
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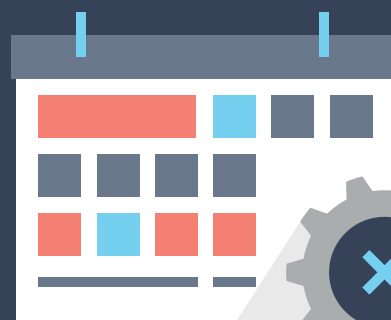
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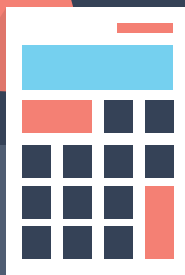
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Program in California Helps Managers, Owners Retrofit Solar on Multifamily Properties

NICK DECICCO, SENIOR WRITER, NOVOGRADAC

A newly installed solar photovoltaic system at Cottonwood Creek Apartments in Suisun City, California, will help multifamily affordable housing residents trim almost \$50 per month from their energy bills.

BRIDGE Housing, a San Francisco-based owner, manager and developer, along with renewable energy juggernaut Sunrun and California's Solar on Multifamily Affordable Housing (SOMAH) program teamed up to add a 246-kilowatt solar installation to the 94-apartment development. It marked the eighth partnership between the trio.

One of its residents told Sunrun at the December 2021 unveiling that she was excited for the possible savings. "As a renter, you don't think that you would be able to have such a great opportunity," said the resident, Faliz Nonan. "I even may want to take a little trip or use that for gas or buy a few more groceries or something else other than just spending everything on electricity."

The upsides of adding solar installations to existing multifamily properties scale up from there, with

Image: Courtesy of BRIDGE Housing
Community members cut the ribbon Dec. 3, 2021, on a solar system that was added to Cottonwood Creek Apartments in Suisun City, California.

benefits possible for residents, owners and managers, developers and more.

In That Warm California Sun

Kranti Malik, senior portfolio and sustainability associate for BRIDGE, said the nonprofit has prioritized installing solar as part of its strategic plan, aiming to add it to 85% of its portfolio.

Malik said Cottonwood Creek is one of 40 developments BRIDGE has completed or is planning to retrofit under SOMAH, for a capacity of more than 8 megawatts of solar. Sunrun helped BRIDGE cull a list of properties that were optimal candidates. Malik said factors such as property size, layout and orientation, cost savings to the property, and solar benefit to residents were considered.

Sunrun, the nation's largest residential solar, battery storage and energy services company, has 376 SOMAH solar projects in development at the moment, totaling 69 megawatts of solar for nearly 38,500 apartments, according to Jan. 31 statistics provided by Sunrun.

And that's just what's in the pipeline. Since 2019, Scott Sarem and Andy Blauvelt, Sunrun's vice president of multifamily and director of multifamily policy and finance, respectively, have almost 40 finished solar projects that serve approximately 3,600 tenant units altogether with a capacity of almost 7 MW and \$13 million in incentives. Sunrun aims to install 500 MW of solar on single- and multifamily income homes by 2030.

Sunrun, BRIDGE and other companies and organizations now helping administer the program were part of a coalition of affordable housing, environmental justice, tenants' rights advocates and other organizations to help launch SOMAH, a statewide program in California that seeks to expand economic benefits to renters, particularly renters in low-income communities, disadvantaged communities and communities encouraging environmental justice. Its goal is to put 300 MW of solar into service before

the decade's end. More than \$250 million of incentives is available. The SOMAH program is funded by auction revenues from California's cap-and-trade program, in which large polluters pay to mitigate their greenhouse gas emissions.

SOMAH is overseen by the California Public Utilities Commission. Chris Walker, program manager on the SOMAH program administration team, said the program is one of the nation's first and largest solar incentive programs designed to benefit multifamily affordable housing residents, with at least 51% of the solar credits generated by the system allocated to tenants. Special consideration is provided to encourage more efforts in designated "disadvantaged communities" that score in the bottom 25% across a range of socioeconomic and environmental factors. The program also focuses on workforce development and tenant engagement. Each SOMAH endeavor provides paid job training opportunities in the clean energy sector, with up to \$100 million annually in incentives available. The latest public data shows active efforts are slated to allocate 88% of the solar credits to tenants, and 34% occur in targeted disadvantaged communities.

Here Comes the Sun

Sarem and Malik said retrofitting properties with solar systems can provide a variety of benefits, with upsides for residents as well as developers and managers. Solar systems can help stabilize assets, creating a net operating income bump for properties or sponsors. They can also mitigate exposure to volatility in utility expenses, which is one of the two major variables, along with the cost of insurance, that developers normally are unable to control, Sarem said.

"We want our properties to be able to save on common area electricity costs and provide opportunities for our residents to save on their electricity costs and help the environment at the same time by reducing greenhouse gas emissions," Malik said. "So, keeping the operating expense in mind and protecting against the rising utility prices and long-term affordability of the property are the driving forces here."

For most properties in SOMAH, the savings is in the range of 71% to 91% of a user's utility bill. The program works with Pacific Gas and Electric, San Diego Gas and Electric, Southern California Edison, Liberty Utilities and PacifiCorp. If SOMAH hits its goal of 300 MW by 2030, that could extend the economic benefits to approximately 150,000 tenant units across California, Walker said.

"We're part of the solution, but hopefully one that moves the needle, particularly for low-income families that sometimes have to make the hard choice between paying utilities, putting food on the table and buying medicine," Walker said.

Sarem, Blauvelt and Walker all mentioned another major plus of installing solar is job training and possible job creation. In the case of Cottonwood Creek, Sarem said a resident at the property worked on the solar system and was later hired.

Walker said SOMAH's existing pipeline of installations will provide more than \$1 million in wages. SOMAH's wages are set based on a contractor's entry-level rate, or 1.4 times the city's minimum wage, whichever is higher. Walker said tenants represent nearly half of the job trainees that have gone through the program so far. Targeted hiring is also encouraged, he said.

"We're also trying to do our part to help diversify the solar industry and hire folks who may not have been traditionally part of how solar works," Walker said.

All of the power generated at a site such as Cottonwood Creek gets sent to the grid rather than consumed on site. A net generation output meter is used to measure a property's generation and then a credit is applied based on the kilowatt hours for a property, dividing it up by a percentage to each unit. Blauvelt said this is more efficient than metering each unit individually. This approach is called virtual net metering.

Walker said SOMAH has \$169 million in reserved funding and more than \$250 million available today.

He said the program doesn't just help with the installation process, but provides a number of tools to property managers through its technical assistance and support services, such as help contractors find eligible job trainees. Even property owners or developers that have no solar contractor in mind can help estimate solar potential on site, connect via SOMAH with qualified contractors, seek bids and proposals.

"Every layer of regulations that conceivably makes things more difficult, our program is here," Walker said. "No matter what step an applicant is at in the process, we can help them plan to bring solar to the site."

High Voltage

Installation cost is one of the major hurdles to adding solar to existing multifamily affordable housing properties. Malik said the majority of the affordable housing properties do not have sufficient operating funds to cover the cost of a solar system retrofit.

Malik said BRIDGE's solar projects are financed and installed for retrofits using a combination of rebates, operating cash and reserves or by a third party via a power purchase agreement for a set contract period in exchange for discounted pricing. "This way, properties don't have to carry on the load of operation and maintenance on their operating expense," Malik said.

Sarem boiled the hurdles of adding solar to existing multifamily properties to practicality and policy. On the practical side, he said dealing with utility companies and interconnection requirements could be more streamlined. "The more difficult you make it, it increases the hassle factor," Sarem said. He said that, for the most part, utilities work with Sunrun.

While Sarem said statutes protect much of California's solar development on affordable housing, instability on the policy side can create uncertainty, issues such as public utility commissions talking about net metering, changing rates and more. As utilities push back on rooftop solar in states from California

to Florida, it's important to showcase successful examples such as Cottonwood Creek, Blauvelt said.

Walker said that on the contractor side, SOMAH works with approximately a dozen solar contractors. "It's not a no-brainer for mom-and-pop solar companies to switch from single family to commercial to trying to acquire customers in this special market segment," Walker said.

Walker said financing and having a plan are paramount no matter how the issue is approached. "Even if you want to go solar, that needs to be something pretty well thought out and timed in addition to improvements," Walker said.

Electric Feel

Walker said SOMAH is leading the way nationally, but that other states and regions have or are building similar programs, including Washington and the District of Columbia.

"SOMAH is the biggest program of its kind in the country and in history," Walker said. "The challenge of addressing energy equity and climate justice is so monumental that even with this historic investment, there is so much more to do."

Blauvelt said regardless of what happens with the tempestuous journey the Build Back Better Act has faced, he anticipates the market will continue to push for clean energy. He said the passage of the bill could speed programs similar to SOMAH taking hold nationally, but, if not, state and local politicians could push for legislation.

Walker, Malik, Blauvelt and Sarem all said they hope it's the beginning of a bigger campaign to adding solar to multifamily housing developments.

"When you can show it works and folks are interested, all the sudden off to the races," Sarem said. "I'm proud to work on this historic effort and we're only just getting started." ❖

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