



Photo Credit: New York City Housing Authority

# SOLAR ACCESS FOR ALL COALITION RECOMMENDATIONS TO ADVANCE SOLAR AND STORAGE ON HUD PUBLIC AND ASSISTED HOUSING

## WHO WE ARE

The Solar Access for All Coalition is a group of environmental and social justice organizations and distributed solar companies aiming to advance federal policy priorities to meet the Biden-Harris Administration’s climate and equity goals: Building a more equitable, resilient, and clean electricity grid and economy that works for all Americans.

This document is endorsed by:



Tribal Utility and Energy Infrastructure Legislation for Indigenous People (TUEILIP)

## THE OPPORTUNITY

Bringing energy upgrades, specifically efficiency, solar and storage, to Department of Housing and Urban Development (HUD) properties would reap countless benefits for taxpayers, residents and the climate. To illustrate, building 3 gigawatts of solar would serve 600,000 households, or 13% of HUD units, and would:

- Save the federal government and HUD property owners at least \$90 - \$180 million dollars per year in energy costs, or even more by pairing solar with efficiency. Each year HUD spends >\$6 billion per year on utility bills, or as much as 14% of the agency's total budget for both water and energy bills.<sup>1</sup>

HUD's portfolio of 4.5 million public and assisted housing units face many financial challenges. And many of the buildings are at risk of becoming market rate properties. Saving property owners money on operational costs would allow them to reinvest in much-needed building updates.

- Reduce greenhouse gas emissions, and improve air quality. HUD estimates it emits 13.6 million metric tons of carbon emissions per year.<sup>2</sup> Pairing solar with storage would reap resiliency benefits as well.
- Help achieve the Justice40 goal of bringing clean energy benefits to underserved communities HUD exclusively serves low- and moderate income households, and as a result, HUD should be a top priority for federal investments to address justice and equity goals.
- Attract \$6 billion - \$9 billion in private investment, creating roughly 20,000 clean energy jobs across the country.

**TABLE 1: UTILITY COST TRENDS 2010-2017 REPORTING YEARS**

		2010 Reporting (\$ Millions)	2017 Reporting (\$ Millions)	Change (%)
<i>Public Housing</i>	Utility Allowances	487	539	10.7%
	PHA-Paid Energy	1,086	873	-19.6%
	PHA-Paid Water and Sewer	464	610	31.5%
	<b>Total Public Housing</b>	<b>2,037</b>	<b>2,022</b>	<b>-0.7%</b>
<i>Assisted Housing</i>	Utility Allowances	806	853	5.8%
	Owner-Paid Energy	1,052	917	-12.8%
	Owner-Paid Water and Sewer	539	722	34.0%
	<b>Total Assisted Housing</b>	<b>2,399</b>	<b>2,493</b>	<b>3.9%</b>
<i>Utility Allowances</i>	Utility Allowances	3,105	3,087	-0.6%
	<b>HUD-Paid Utilities Expenses<sup>6</sup></b>	<b>2,360</b>	<b>2,346</b>	<b>-0.6%</b>
<b>Total HUD-Paid Utility Expenditures</b>		<b>6,796</b>	<b>6,861</b>	<b>1.0%</b>

\* Chart from HUD FY22 Budget Climate Initiative Summary: [https://www.hud.gov/sites/dfiles/CFO/documents/6\\_2022CJ\\_ClimateInitiative.pdf](https://www.hud.gov/sites/dfiles/CFO/documents/6_2022CJ_ClimateInitiative.pdf)

<sup>1</sup> More info about HUD's climate plans in FY22 Budget proposal here: [https://www.hud.gov/sites/dfiles/CFO/documents/6\\_2022CJ\\_ClimateInitiative.pdf](https://www.hud.gov/sites/dfiles/CFO/documents/6_2022CJ_ClimateInitiative.pdf)

<sup>2</sup> Preliminary internal HUD estimate of carbon emissions, March 2021.

## CHALLENGES

HUD does not own its buildings, but is largely responsible for their operating and utility costs. Property owners often do not have the cash to invest in energy upgrades such as solar, efficiency or storage. However, given the availability in many states of third party owned solar and storage options, as well as energy performance contracts for efficiency, building owners can pursue energy improvements with no up-front costs. That said, HUD

has put into place many overly burdensome rules and restrictions that limit and in some cases prevent HUD properties from making these investments. We believe addressing these internal barriers and providing some incentives and technical assistance would go a long way to bringing solar, efficiency and storage to HUD properties. Finally, by creating a revolving loan fund to support these projects, HUD properties could go solar even faster and at lower costs of capital.

# RECOMMENDATIONS TO ADVANCE SOLAR, STORAGE AND EFFICIENCY ON HUD PUBLIC AND ASSISTED HOUSING

- 1.** Ensure all HUD public and assisted housing can access **20-year Third-Party Owned Solar Contracts**. Third party owned solar and storage contracts, such as power purchase agreements (PPAs) or leases, are critical for cash-strapped buildings to go solar. Under the Trump Administration, HUD officially disallowed public housing to enter into third-party owned solar contracts over 5 years in duration, which effectively excludes all projects. There has been much confusion around this policy change and inconsistent enforcement.
- 2.** We recommend \$20 million to stand up a **HUD Chief Climate & Justice Officer** and staff of at least 20, with a mandate to develop and lead the agency through a comprehensive plan for smart development, including sustainability, resilience, health, and equity concerns. Further, this office could integrate HUD's 3 Cross-Cutting Campaigns under this single umbrella Office of Healthy Homes and Lead Hazard Control, Office of Fair Housing and Equal Opportunity and Office of Environment and Energy. This office should also include a "Solar

Squad" charged with developing streamlined, easy, and consistent processes for HUD properties to get all the necessary approvals to go solar. The Solar Squad would also be responsible for training a solar point person in the regions and in each HUD field office (or "Field Office Solar Czar"), to ensure building owners have a local liaison to guide them through their specific energy needs.

- 3.** Incentivize energy efficiency and solar savings by **reforming utility allowance calculations** for Public Housing Agencies (PHAs) where the building owner pays the utilities. This would allow HUD to eliminate or, at a minimum, radically reform the onerous processes PHAs currently face to see any savings from efficiency or solar upgrades, including seeking approvals through the Rate Reduction Incentive program and the HUD Energy Performance Contracting Program. This reform process should include stakeholder engagement and explore ways to bring benefits of clean energy (directly or indirectly) to residents, when feasible.



Photo Credit: New York City Housing Authority

**4. \$100 million for software development and technical assistance to successfully implement utility benchmarking requirements.** This is HUD’s proxy for climate impacts. The president’s budget includes \$25 million for utility benchmarking data collection and systems.

**5. Establish a \$2.5 billion ‘Power Up’ revolving loan fund** at HUD to support ‘smart’ improvements including energy efficiency, renewable energy and advanced energy upgrades to buildings and communities that are otherwise unserved by the private market. Use funding to deploy, among other improvements, 3 gigawatts of local solar on HUD public and assisted housing by 2025.

**6. \$1 billion to fund grants, incentives, and technical assistance** for HUD properties to pursue solar, efficiency and storage upgrades. The FY22 President’s Budget includes significant funding (\$800 million) for energy efficiency and resilience upgrades. And we must ensure all of this funding includes rooftop and community solar.

The President’s Budget includes the following:

- \$300 million for the Public Housing Fund to pay for efficiency upgrades
- \$100 million to Indian tribes to fund projects that “include energy and water efficiency improvements, with priority given to those that lead to lower energy and water consumption over a longer period.”
- \$50 million to support energy-efficient housing construction with the Choice Neighborhoods vision for community improvement projects.
- Multifamily Housing:
  - i. \$250 million for a new Green and Resilient Retrofit Program for grants and loans
  - ii. \$25 million for utility benchmarking data collection and systems; and
  - iii. \$12.5 million for administrative contract expenses which will enable HUD to quickly scale up the program and realize improvements.
  - iv. \$100 million for the multifamily Rental Assistance Demonstration (RAD) Program to transition approximately 30,000 public housing units to a more sustainable platform.

**7. Increase the Community Development Block Grant (CDBG) by \$2 billion**, prioritizing solar for low-income housing. The President's Budget includes a request for \$3.8 billion in CDBG funding. Prioritize federal Community Development Block Grant Disaster Recovery (CDBG-DR) funding for disaster recovery for community-sited solar renewables, primarily rooftop solar and storage, to ensure that territories like Puerto Rico, vulnerable areas and other flood-prone communities may increase climate resilience and achieve renewable energy goals.

**8. Increase the HUD Indian Community Development Block Grant program by \$500 million** to expand access to distributed solar.

**9. Enable HUD residents to access the benefits of community solar.** When HUD properties install solar and storage, residents benefit indirectly as the systems serve common areas, which strengthens the property's performance, provides savings to fund other priorities, and can increase resilience. Not to mention reducing greenhouse gas emissions. However, directly offsetting electric usage of individually metered dwelling units can create ambiguity around utility allowance and income rules. HUD should investigate opportunities to enable residents to benefit from the savings from community solar or rooftop solar when feasible, and set consistent nationwide guidance. (See the [July 8, 2019 memo](#) from the Office of Asset Management and Portfolio Oversight to Western Regional asset managers, which enables direct savings from virtually net metered solar projects and meets all legal requirements through California's successful Solar On Multifamily Affordable Housing (SOMAH) program.)

**10. Create a Low-Income Housing Renewable Energy Credit (LIHREC)** to expand solar access to low-income renters. Building on a successful program in California that is already providing bill

savings of \$30-\$40 a month to more than 100,000 affordable housing tenants, and modeled on the [successful Low-Income Housing Tax Credit \(LIHTC\)](#) and solar Investment Tax Credit (ITC), LIHREC will enable solar arrays four to five times larger than housing sponsors can afford on their own.

**11. Set a goal to eliminate energy poverty in America.** Develop a permanent interagency steering committee to eliminate energy poverty including DOE, HUD, EPA, HHS, USDA, Treasury, and DOD. It would be charged with developing a roadmap to eliminating [energy poverty](#), and would coordinate efforts across agencies. Further, activities could include shared data collection and analysis, shared technical expertise, as well coordination of grants and other operational activities.

**12. Require all new buildings to be net zero energy** including market-rate housing, affordable multifamily housing and residential institutions (hospitals, nursing homes, homeless shelters, etc.) receiving HUD funding (grants, loans, cash advances, mortgage insurance, etc.).

**13. Fund the HUD Jobs Plus Initiative** (or a similar initiative) at \$10 million for solar and clean energy job training and career development for public housing residents.

**14. Provide \$3 million to HUD to identify renewable energy potential of its properties**, and study and develop a roadmap to address home repair and structural barriers to solar installation on HUD public and assisted housing by 2022. For the benefit of its affordable housing providers, publish a directory showing the renewable energy potential of each of HUD's public and assisted housing properties nationwide, as well as USDA and Treasury's, categorized by owner. Overlay DOE's Renewable Energy maps with HUD's property maps. Share the results with grantees for their use.

## THANK YOU TO JULIA HUSTWIT

For her expert guidance. Many of these recommendations build on her paper “HUD\*Climate,” which can be found at [juliahustwit.com](http://juliahustwit.com).



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