



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Illinois Solar for All at Elevate
322 S. Green St.
Suite 300
Chicago, IL 60607

Dear Laura Oakleaf,

I am writing in response to your May 2022 letter regarding the treatment of the Illinois Solar for All Low-Income Community Solar Program's Net Metering Credits (solar credits) in household income and utility allowance calculations. After review of the Illinois Solar for All Low-Income Community Solar Program, HUD has determined that solar credits will be excluded from such calculations and therefore will not induce a rent increase or utility allowance adjustment for residents in individually-metered properties participating in HUD Multifamily rental assistance programs. Further detail on this determination is provided below. This determination applies to the Illinois Solar for All Low-Income Community Solar Program and not the incentive program for onsite solar systems that serve low-income households via net metering (Low-income Distributed Generation sub-program). A determination on that program will come at a later date.

Solar Credits are Excluded when Calculating Utility Allowances

Solar credits are issued by an Approved Vendor to participating households based on the proportional share of the electricity generated that a participant has subscribed to from a project approved by IL Solar for All and are not tied to the amount of electricity consumed by the tenants receiving the IL Solar for All reduction. The credits appear on the bill as a separate line item rather than as a reduction in the utility rate, so they do not impact the cost of consumption. Because there is no connection between these credits and either the electricity consumption or the utility rate of tenants, owners and management agents must disregard the solar credit when calculating utility allowances.

Solar Credits are Excluded from Annual Income

The Office of Multifamily Housing Programs has determined that solar credits allocated to tenants under the IL Solar for All Low-Income Community Solar Program are a utility bill discount and therefore must not be considered as annual income to the household. These credits appear on individual tenants' utility bills for the purpose of reducing their electricity payment and are not automatically transferable if a tenant moves. Solar credits also have no cash value aside from reducing the costs that appear on a utility bill. The bill discount results from the decision by the Illinois Power Authority to incentivize and build community solar power primarily on private property and to allocate its financial benefits to eligible residents. Residents authorize changes to their individual electric account that allows the solar credits to appear on their bill and reduce their overall payment.

Applicability

This determination applies to the following programs:

1. Project-based Section 8
 - a. New construction
 - b. State Agency Financed
 - c. Substantial Rehabilitation
 - d. Section 202/8
 - e. Rural Housing Services (RHS) Section 515/8
 - f. Loan Management Set-Aside (LMSA)
 - g. Property Disposition Set-Aside (PDSA)
 - h. Rental Assistance Demonstration Project Based Rental Assistance (RAD/PBRA)
2. Section 202/162 Project Assistance Contracts (PAC)
3. Section 202 Project Rental Assistance Contracts (PRAC)
4. Section 202 Senior Preservation Rental Assistance Contracts (SPRAC)
5. Section 811 PRAC
6. Section 811 Project Rental Assistance (PRA)
7. Section 236 Subsidized Mortgages

Owners and management agents should address all property-specific questions to the assigned contract administrator or Multifamily Account Executive. General policy questions may be sent to Lindsey Redlin, Subsidy Oversight Branch Chief, at Lindsey.redlin@hud.gov.

Sincerely,

Tobias Halliday
Director
Office Asset Management and Portfolio Oversight

Cc: Dan Burke, Director, Multifamily Midwest Regional Center
Debbie Grey, Asset Management Director, Midwest Regional Center (Chicago)