



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Mr. Tommy Wells
Director
DC Department of Energy and Environment
1200 First St. NE, 5th Floor
Washington, DC 20002

Dear Mr. Wells,

I am writing in response to your May 2021 letter to Secretary Marcia Fudge regarding the treatment of DC Solar for All's community-net-metering (CNM) credits in household income and utility allowance calculations. After review of the District's Solar for All program, HUD has determined that CNM credits will be excluded from such calculations and therefore will not induce a rent increase or utility allowance adjustment for residents in properties participating in HUD Multifamily rental assistance programs. Further detail on this determination is provided below.

CNM Credits are Excluded when Calculating Utility Allowances

CNM credits are issued by the program to participating households according to the amount of electricity generated and exported to the grid by the community solar systems that serve the Solar for All program and are not tied to the amount of electricity consumed by the tenants receiving the Solar for All reduction. The amount of the credits received, which corresponds to the amount of credits generated, is not determined by tenants' electricity consumption. Further, the credits appear on the bill as third-party payment 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.

CNM Credits are Excluded from Annual Income

The Office of Multifamily Housing Programs has determined that CNM credits allocated to tenants under the Solar for All Program are a utility bill discount and therefore must not be included 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. They also have no cash value aside from reducing the utility bill. The bill discount results from the decision by the District of Columbia 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 CNM credits to appear on their bill and reduce their overall payment.



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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, Multifamily Asset Management

Cc: Brett Wise, Director, Multifamily Northeast Regional Center
Brenda Brown, Asset Management Director, Baltimore Satellite Office
Rachel Chester, Operations Officer, Multifamily Northeast Regional Center
DeAnne Foy, DC Assisted Housing Services Corporation