

Meeting Notes

Solar on Multifamily Affordable Housing (SOMAH) Advisory Council Meeting Q1 2023

March 24, 2023

Attendees

SOMAH Program Administrators

Marisa Villarreal | SOMAH Program Manager
Hannah Warner | SOMAH Program Manager
Brittany Chenier | SOMAH Program Manager
Ingrid Murillo | SOMAH Program Manager
Stacey Lee | SOMAH Program Coordinator
Luis Amar | SOMAH Program Coordinator
Zara Jamshed | SOMAH Program Coordinator
Peter Pierre | SOMAH Program Coordinator
Sana Sheikholeslami | SOMAH Program Coordinator
Luke Ballweber | SOMAH Program Coordinator
Tyler Valdes | California Environmental Justice Alliance (SOMAH PA Partner)
Juan Lares | Community Environmental Council (SOMAH PA Partner)
Armando Ortiz | Self-Help Enterprises (SOMAH PA Partner)
Sylvia Vargas | Self-Help Enterprises (SOMAH PA Partner)

SOMAH Advisory Council Members

Agustin Cabrera | RePower LA
Allan Rago | Quality Conservation Services
Alma Marquez | Independent Consultant
Andrea Barnier | Self-Help Enterprises
Andres Ramirez | People for Mobility Justice
Carlos Aguilar | Coalition for Economic Survival
Elizabeth C Elliot | Northern Circle Indian Housing Authority
Jakobi Ewart | The Niles Foundation
Kenneth Wells | O&M Solar Services
Nicole Lim | California Indian Museum & Cultural Center

Meeting Agenda

1. Meeting Welcome
2. Meeting Ground Rules
3. Round-robin Updates from AC Members
4. Session 1: SOMAH Program Update
5. Session 2: SOMAH Legislation Updates
6. Session 3: Fleet Monitoring Program Rollout
7. Next Steps and Next Meeting

Meeting Notes

Welcome & Introductions

Marisa Villarreal, SOMAH Program Manager

Marisa led a round of introductions, reviewed the meeting agenda and shared the meeting goals. Marisa then facilitated a round-robin of updates from Advisory Council (AC) members regarding their latest projects and potential connections between their work and the SOMAH Program.

Session 1: SOMAH Program Update

Stacey Lee, SOMAH Program Coordinator
Marisa Villarreal, SOMAH Program Manager

Members of the Program Administrator (PA) shared the latest program updates, including key program stats, upcoming programmatic changes and regulatory updates impacting the SOMAH Program.

Notes

Stacey Lee recapped the topics from the AC's December crossover meeting with SOMAH's Job-Training Organization Task Force (JTO TF) and progress since that meeting:

- The provisions and opportunities of the Inflation Reduction Act as they relate to SOMAH.
- The highlights, successes and challenges of each SOMAH Program area in 2022.
- The prevailing wage requirements in Assembly Bill (AB) 2143 and its potential impact on SOMAH projects.
- Barriers to increasing tribal access and participation in the SOMAH Program.

Marisa Villarreal presented the latest application, funding and project stats for the SOMAH Program. Marisa then provided regulatory updates relating to or impacting the program:

- Program Handbook 6.0
 - The PA's Advice Letter was approved on March 6.
 - The full rollout of program updates are underway.
- Incentives Petition for Modification
 - The California Public Utilities Commission (CPUC) issued a Proposed Decision on February 10 and a Final Decision on March 21.
 - The PA will file an Advice Letter along with an updated Program Handbook and Program Implementation within the 30-day filing period.
- Inflation Reduction Act
 - Energy Equity Programs released in February 2023 allow bonus tax credits of up to 20%, on top of baseline clean energy investment tax credit (ITC) of 30%, for projects economically benefiting affordable housing residents, low-income households, EJ (Environmental Justice) communities and tribal areas.
 - Application will open in 2 phases (see the [Department of Energy's Office of Economic Impact & Diversity website](#) for more information).

Marisa provided a high-level overview of the SOMAH Program's goals and priorities for 2023:

- Refresher of SOMAH's Overall Program Goals
 - Provide incentives for the installation and interconnection of at least 300 megawatts (MW) of solar-generating capacity on qualified multifamily affordable housing statewide by December 31, 2030.
 - Promote economic development in disadvantaged communities (DACs) through job training and local hiring initiatives.
 - Provide maximum direct benefits to tenants, as well as provide tenant education (TE) and promote tenant engagement with the solar project and energy efficiency initiatives.

- 2023 Goals & Priorities
 - Goal #1: Continue to increase applications, and build on the momentum and interest in the program.
 - Goal #2: Measure and increase participation from underserved communities.
 - Goal #3: Increase participant diversity.

Marisa concluded by presenting the PA's strategies to increase tribal participation in SOMAH:

- Cultural competency training for all staff (first session complete).
- Regional listening sessions (researching regulatory documents and property eligibility).
- Targeted outreach to tribal-serving JTOs as projects and/or training opportunities are available.
- Tribal community-based organization (CBO) partner.
- Government engagement.
- Helpful resources on CalSOMAH.org
 - Coming soon: Application Resources for Tribal Groups: Documentation of Multifamily Low-Income Housing Eligibility.
- Identifying tribal-led solar contractors.
- Conduct direct outreach to and develop relationships with at least 30 tribal entities, including tribal housing authorities.

Discussion

- **AC Member:** Why are there still so many funds available? Will this money be returned if not used? Do you have outreach strategies to address this?
- **SOMAH PA:** We have until 2030 to ensure the funds are used to install 300 MW of solar across the state. The money will not be returned. It has been challenging, and there are a lot of contributing factors that the PA is trying to address with the PFM, such as updating eligibility so that more communities can participate and removing the annual incentive step-down in light of increased project and labor costs. As for outreach, the PA has an ME&O team that involves all four PA organizations. The PA recently shared our draft ME&O plan with the AC and we welcome your input on our strategies.
- **AC Member:** Are you hiring an outside consultant or is all of this in-house?
- **SOMAH PA:** A lot of our ME&O work is done in-house by our four PA organizations. One of the PA organizations, California Housing Partnership Corporation (CHPC), focuses on property owner (PO) outreach. Center for Sustainable Energy (CSE) focuses on property owner and contractor outreach. Our CBO partnerships are also a main way we conduct outreach. Each of our CBO partners cover different geographic regions and scopes of work, and are consultants in a sense as they know their communities the best.

- **AC Member:** CBO partnerships are definitely a great way to help get the word out. With follow-up outreach being crucial in this stage of the program and the PA's bandwidth being low, engaging with an outside consultant might be helpful.
- **SOMAH PA:** The PA hasn't enrolled outside agencies, but we have used photographers, videographers and others to help develop promotional assets in the past. We agree it would be helpful to think about where we could afford additional vendors to help support our work.
- **AC Member:** Will higher incentives potentially be approved by the Commission?
- **SOMAH PA:** The higher incentives have been approved. Now it is just a matter of going through the regulatory process of updating documents and our application mechanics to make the changes formal.
- **AC Member:** Will the AC need to sign anything to help expedite the process?
- **SOMAH PA:** Changes will be formalized through the Advice Letter process and updating the Handbook and Program Implementation Plan (PIP). This will be followed by a 30-day comment and protest period. Since the new rates are approved, the PA is preparing in the backend to ensure we are ready to announce the new rates and launch updated marketing materials when it's time.
- **SOMAH PA:** The main part of the Proposal that was not approved was the increase and differentiation in incentive rates for DACs. It is a flat incentive rate across all SOMAH projects, so the PA is figuring out alternative ways to engage and support DACs, and this will be addressed in a ruling process separate from the PFM.
- **AC Member:** There seems to be more applications in Southern California than other parts of the state. What could be causing that?
- **SOMAH PA:** The amount of applications we expect from each territory versus the applications we receive from those territories is pretty proportional. PG&E has the largest share of potentially eligible properties. There is no particular reason why more completed projects are happening in SCE territory. Those projects have just been more active in closing out within the past year.
- **AC Member:** When you started this program, did you make any projections of how far along you would be in this year? How far are you from your goal now?
- **SOMAH PA:** The PA did not do any year-by-year projections when the program started. In the program's first year, we saw a lot of demand, with thousands of applications rolling in and waitlists. Application volume has decreased over the course of the program. To ensure we meet our 300 MW goal, we have done some modeling on how decreasing incentive rates may affect the program, and have used that modeling to advocate for an updated incentive structure and the PFM.

- **AC Member:** It sounds like once the legislative changes go through, you should be able to get more applicants.
- **SOMAH PA:** That is the hope. The PA has been trying to address these issues through different pathways in order to increase participation.
- **AC Member:** Were you taking a post-survey to find out reasons applicants dropped out?
- **SOMAH PA:** We do capture cancellation reasons for projects that withdraw or cancel. There is a plan to re-engage with those who flagged financial challenges in particular regarding the higher incentive rates.
- **AC Member:** It would be helpful to have a graph to analyze your progress over the years of the program and to share it with this group.
- **SOMAH PA:** We can definitely prepare that trend data for our next meeting. We also have another third-party evaluation of the program coming out in summer. This will also share lots of insight on potential areas for program improvements.
- **AC Member:** SOMAH is an amazing opportunity and it is great that there is still a lot of funding available, but with the program being in its fourth year, there is still quite a bit of money to be used for the remaining years.
- **SOMAH PA:** Yes, which is why it is the priority of the PA and the Energy Division to increase application numbers so that, at the end of the day, more tenants are getting the savings from solar.
- **SOMAH PA Partner:** The pandemic might have really impacted the start of the program. With more outreach being in person these days, I believe we will start to see more momentum build soon.
- **SOMAH PA Partner:** There are both external (inflation, project costs, supply chain, COVID-19) and internal (restrictive eligibility requirements and incentive levels) barriers to getting more applications. I agree with others that we are on the right track and building momentum. Contracting with a marketing firm is a strategy worth exploring, but could be more of a burden than benefit if it undermines the community-based approach that is built into the mission of the program.
- **AC Member:** Are there any regions where you think more applications should be coming from, but there aren't as many, and have you developed a marketing and outreach plan to reach those areas?
- **SOMAH PA:** One of our PA members from CHPC has been engaging with tribal members of the AC and attending tribal housing conferences and events in order to inform our strategy on increasing tribal participation. The PA also has a stakeholder team that focuses on the gaps we are seeing geographically in IOU territories and building partnerships (i.e., with local governments) to expand our reach.

Session 2: SOMAH Legislation Updates

Marisa Villarreal, SOMAH Program Manager

Marisa Villarreal presented updates to the legislation that created the SOMAH Program.

Notes

Background

- Senator Susan Eggman's office is looking to strengthen the SOMAH Program and has coordinated with the SOMAH PA's Policy Team to scope potential changes to AB 693, the legislation that created SOMAH.
- The SOMAH PA has explored ways to expand program eligibility to increase impact and is coordinating with Policy Teams to communicate proposed updates to Eggman's staff.
- Updated language has been developed and is nearing a final draft.

Major Proposed Changes

- (1) Allow master-metered properties to be eligible.
 - This may be all properties, a subset (e.g. only projects in DACs) or based on specific conditions/criteria. Currently, properties must have separately metered units to be eligible.
- (2) Allow new buildings (construction) to be eligible.
 - This may be all properties, a subset (e.g., only projects in DACs) or based on specific conditions/criteria. Currently, properties must be an existing building or retrofit with a Certificate of Occupancy.
- (3) Clarify and modify the 10-year deed restriction requirement.
 - To allow "naturally-occurring" affordable housing (NOAH) and properties less than 10 years remaining on affordability restrictions to be eligible for SOMAH. Currently, properties must be deed-restricted with at least 10 years remaining on affordability restrictions.
- (4) Modify the income eligibility requirement.
 - Currently, properties must be located in a DAC or at least 80% of a property's residents must have incomes at or below 60% of the area median income (AMI). Other programs/agencies use 80% AMI as their max for defined "affordable housing."

Expanding eligibility means more people get to participate in SOMAH. These changes would help address challenges like:

- Customer acquisition challenges.
 - Property ownership structures for affordable housing are complex. SOMAH is complex and project timelines are long. Often, only a subset of owners are able to move forward with an installation in the near term.
- Financial viability.
 - Until the PFM, the annual decrease in incentives made SOMAH less appealing and viable, especially with increasing project costs from supply chain disruptions, inflation, increasing labor costs, etc.
- Limited universe of eligible properties.
 - Market research estimates 4,200 potentially-eligible properties, but that includes master-metered properties, and properties that participated in the Multi-Family Affordable Solar Housing Program (MASH) aren't eligible for SOMAH. SOMAH would need to convert over 48% of the current database to be successful in reaching 300 MW by 2030.

Tyler Valdes from California Environmental Justice Alliance (CEJA), one of SOMAH PA's CBO partners, shared CEJA's feedback on each of the proposed changes.

The SOMAH PA will continue working with Eggman's office via its policy departments and gather CBO partner input.

Discussion

- **AC Member:** What is the reasoning behind removing the 10-year deed restriction requirement? I would not be comfortable with supporting it if it means properties may eventually become no longer affordable, prices are marked up and tenants are displaced.
- **SOMAH PA:** That is a very fair point. The intent is not to remove that requirement entirely, but being able to create flexibility or a pathway for properties that are reinstating their restrictions. Nothing in the legislation would change the restriction.
- **AC Member:** That could work, but final eligibility should be based on renewal of their covenant. It would be unfortunate for a PO to say they are renewing their deed restriction, but change their mind later. I would want the savings from solar to go to the tenants who really need it, not the tenants who could afford marked up rates.
- **SOMAH PA:** Yes, agreed. This is just a very high-level point. Nothing in the legislation will necessarily change the deed restriction requirement.
- **AC Member:** I am supportive of allowing new construction to be eligible, but with the caveat there is a minimum number of affordable units in the property.

- **AC Member:** Modifying the requirement is absolutely a necessity. I work with a number of small mom-and-pop properties that would love to participate, but nothing in their documents explicitly mention deed restrictions. When do you plan on submitting these proposed changes?
- **SOMAH PA:** The PA has been engaged with Eggman's office for a couple of months now. The bill went into print earlier this week and will be heard by different groups.
- **AC Member:** With the gentrification we see in Southern California especially, I hope there are plans for small mom-and-pop landlords that want to have solar on their properties, but aren't eligible.
- **AC Member:** We should be careful with using local AMI as a marker of eligibility as more neighborhoods gentrify.
- **AC Member:** For master-metered properties, I echo the concern to ensure that it works. I've dealt with a property that used submetering to bill to each tenant, but once solar was installed, that was no longer a possibility. We noticed that with the tenants receiving full benefits and free electricity, energy consumption levels increased significantly, which could be a concern. This should be discussed further, but I support opening things up. For new construction, there may be certain developers who would use the funds to install solar in a way that only benefits them, so it will be important to help ensure that tenants are receiving the benefits. I agree with what has been said about the deed restriction. For income eligibility, there are low-income communities where income is extremely low and these benefits are most needed, but I feel you could find a balance between the two (extremely to very low income). It is worth more discussion, but more solar getting to more tenants is better no matter what.
- **SOMAH PA:** You're spot on with the intention of the new construction of affordable housing. We want to increase opportunities for tenant benefits where owners/builders would likely only offset common area and/or give minimum tenant benefit without SOMAH.
- **AC Member:** Would any developer with new construction be able to apply for SOMAH, as long as they have an affordable housing element to their property, and not necessarily the whole property?
- **SOMAH PA:** All the units in the property have to be affordable, not just a subset, in addition to meeting the program's existing income eligibility requirement based on low-income or DAC status. For more info, you can visit: <https://calsomah.org/program-overview-requirements>.

Session 3: Fleet Monitoring Program Rollout

Zara Jamshed, SOMAH Technical Manager

Luis Amar, SOMAH Technical Manager

Zara Jamshed and Luis Amar from SOMAH's Technical Assistance (TA) team presented SOMAH's new fleet monitoring program that is now live, provided a demo of the fleet monitoring software and requested feedback from the AC.

Notes

What is fleet monitoring?

- Custom-made software, SunSpot, monitors performance of SOMAH PV systems on a monthly basis with daily data available.
- Fleet monitoring identifies underperforming systems to alert property owners and contractors.

Why do we need it and what are the benefits?

- Ensure tenant savings and avoid incentive clawback.
- Things can go wrong with the system, even when it's well-maintained.
- Property owners are busy and don't always monitor their systems.
- Contractors are busy doing new installations and may not notice a system is underperforming.
- Meets SOMAH Handbook monitoring requirements

What is fleet monitoring NOT for?

- Fleet monitoring does not replace standard operations and maintenance requirements.
- It is the responsibility of the system owner (either the property owner or contractor, depending on ownership type) to handle regular maintenance.

How does SOMAH monitor systems?

- All SOMAH PV systems are required to report information needed for monitoring in the Incentive Claim Form (no sensitive or tenant-specific data).
- The Incentive Claim Form will have specific instructions for each inverter brand.
- The TA team is contacting contractors with systems that have already been finalized. Eighteen projects are missing login credentials.

What happens if the system is detected to be underperforming?

- The dashboard will flag systems that are underperforming by 30% or more compared to their expected production.
- The SOMAH TA team will contact the contractor and PO depending on severity. Non-compliance with repairs could trigger an incentive clawback.

Status & challenges

- SunSpot is up and running.
- First of two rounds of development complete.
- 69 of 88 finished projects onboarded so far.
 - Voluntarily provided by contractors for testing purposes.
- The rollout of the Incentive Claim Form went live on March 8.

Discussion

- **AC Member:** Is there any appeal process that is or will be in place to give folk flexibility to discuss options or resolve any issues? Some of the properties I work with noticed severe under-production last year due to the ash from the wildfire season affecting our systems. We would have to take into account the cost, timeline and feasibility of cleaning and maintenance.
- **SOMAH PA:** There would be multiple points of contact and attempts being made to assess the status of the system. If there is an explanation for why repairs cannot be done immediately, it would be taken into consideration.
- **SOMAH PA:** As long as the PA is in communication with the property, we are very flexible and happy to work with them. We started fleet monitoring because we know not all POs actively monitor their systems. We've had instances where systems are underperforming to the point where the inverters don't even send out any alerts or error codes. Our concern is that if a tenant is counting on having these solar credits every month, and the system isn't working, then the sudden increase in their energy bills could greatly impact their finances.
- **SOMAH PA:** Does the AC have suggestions on what lengths the PA should go to retrieve "login credentials" for systems that were completed and incentivized before our fleet monitoring rollout? For new projects, should we hold incentive checks until they share those credentials?
- **AC Member:** Holding incentive checks might have a negative effect on the overall program. You could note that though it wasn't required at the time, this is a change in the program that the PA is implementing. If they're not willing to share, communicating about clawback could be encouragement for them to provide that information.

- **AC Member:** Have you asked any contractors why they haven't shared their credentials? If it's already a maintenance requirement in the SOMAH paperwork, could you emphasize those existing requirements?
- **SOMAH PA:** The PA has been in touch with contractors, and have requested information since last year for several months. Some continue to say they will share, but they haven't yet. It is slightly different from the initial requirements in the HB, which states that if the PA did need production data for a given system, we would request it. Now the PA is asking them to give us login credentials so we can monitor from here on.
- **AC Member:** What are you doing now to prevent that situation? Are you holding a last set of funds? Do you threaten removal from a "preferred" list?
- **SOMAH PA:** At the moment, the PA is only reaching out to contractors to request data.
- **AC Member:** I suggest including the PO in the communications from the get-go, even if it is addressed to the contractor. As POs, we want the tenants to get the benefits, but they may not see if there's an issue. The earlier they know, the sooner they can encourage the contractor to get things done.
- **AC Member:** You should make it clear at the start of the application that the PA will require check-ins.
- **AC Member:** Communicating this at all levels will help reduce confusion and reluctance to comply if they are told at every turn the project will be reviewed. It's about transparency and proper use of funds.
- **SOMAH PA:** Agreed. Ensuring we're communicating monitoring requirements to applicants at the outset is important. The PA is discussing where we need to be communicating these requirements – i.e., adding them to our regular programming (webinars, eligibility training, etc.).

Wrap-up & Next Steps

Marisa Villarreal, SOMAH Program Manager

Marisa wrapped up the meeting by reviewing action items and administrative reminders for the AC. The Q2 AC meeting will take place in June, with the exact date to be determined.