

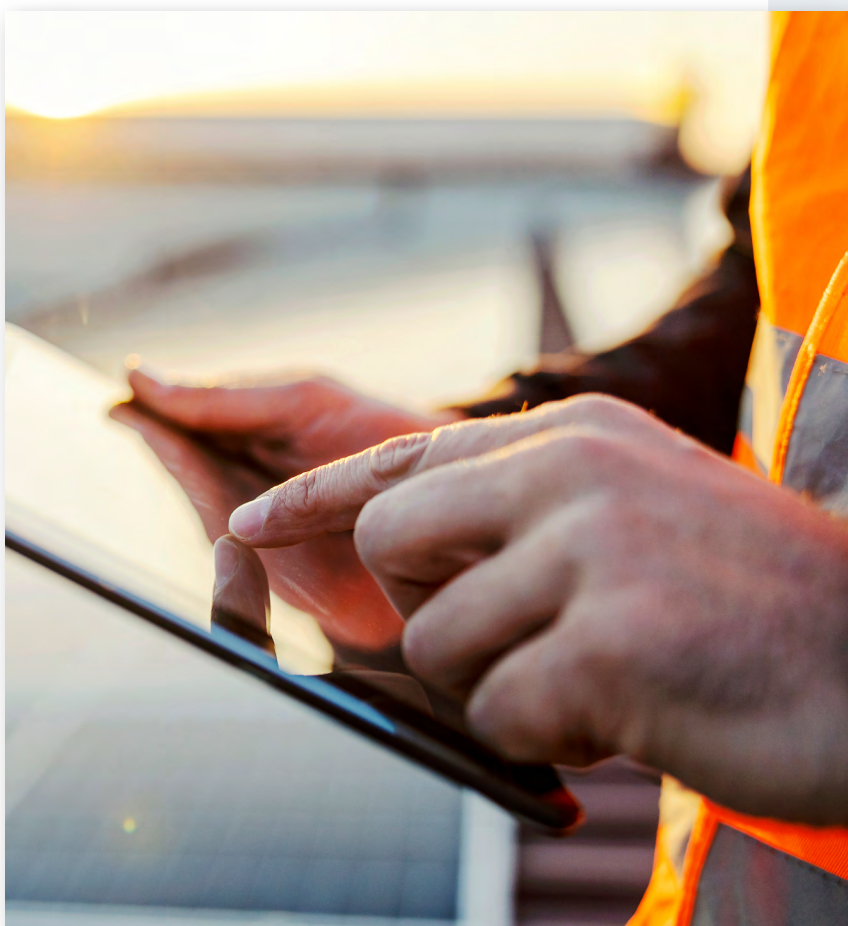
Understanding SOMAH's Property Eligibility Requirements

A guidebook for contractors
and property owners to become
familiar with the property eligibility
requirements of the SOMAH Program.



Solar on Multifamily Affordable Housing





Welcome to SOMAH

California's **Solar on Multifamily Affordable Housing (SOMAH)** Program provides incentives to qualifying low-income residential properties. The program is designed to provide significant savings that substantially reduce the cost of a solar installation and allow affordable housing residents to receive direct financial benefits.

To receive an incentive, a property must meet all eligibility criteria and satisfy all program requirements.

This guidebook will assist property owners and contractors in understanding the requirements that will deem a property eligible to receive SOMAH incentives.

The SOMAH Program was created by the California Legislature to deliver clean power and credits on energy bills to California's affordable housing residents.

Table of Contents

I. Property Eligibility Requirements Overview	4
II. Eligibility Requirements – Basics.....	5
III. Eligibility Requirements – Affordability.....	7
IV. Eligibility Requirements – Income and Location.....	9
V. Ineligible Properties	12
VI. Frequently Asked Questions.....	13
VII. Still Have Questions?	14
VIII. Additional Resources	14

I. Property Eligibility Requirements Overview

To be eligible for the SOMAH Program and receive an incentive, a property must meet the following requirements.

1. Have at least five units
2. Be deed-restricted low-income residential rental housing, including but not limited to manufactured and mobile home properties
3. Satisfy at least one of the following:

- ◇ 66% of property residents have income at or below 80% of the area median income (AMI)

OR

- ◇ Property is in a defined disadvantaged community (DAC) that scores in the top 25% of census tracts statewide in the [CalEnviroScreen](#) including property that is [located on tribal land and is federally recognized](#)

OR

- ◇ The property is owned by a California Native American tribe

OR

- ◇ The property is rental housing property that is owned by a public housing authority or public housing agency

4. Have separately metered units, not master-metered

5. Be a utility or community choice aggregator customer in one of the following:

- ◇ Pacific Gas and Electric (PG&E)
- ◇ Southern California Edison (SCE)
- ◇ San Diego Gas & Electric (SDG&E)
- ◇ PacifiCorp
- ◇ Liberty Utilities

6. Be an existing housing property or retrofit (with certificate of occupancy)

This guidebook will go into detail about each of the eligibility requirements.

II. Eligibility Requirements – Basics



When determining if a property is eligible for a SOMAH incentive, we recommend starting with the basic program requirements. Please note, a property must meet all eligibility requirements – failing to meet one will make the property ineligible.

All properties must meet the basic eligibility requirements:

Have at least five units

A property must be residential, multifamily, low-income housing of at least five units. Properties with less than five units are ineligible.

Have separately metered units and be eligible for a VNEM tariff

Tenant units must be individually metered; therefore, master-metered properties are ineligible. SOMAH requires all projects to use virtual net energy metering (VNEM) to allocate a minimum of 51% of the solar credits directly to the tenants.

Additionally, tenants must be responsible for paying their own utility bills to qualify for SOMAH.

II. Eligibility Requirements – Basics (cont.)

Be in either PG&E, SCE, SDG&E, PacifiCorp or Liberty Utilities service area

The property must be located in one of the listed electric utility service areas and physically connected to the electric utility transmission and distribution system. Customers of a community choice aggregator in one of the electric utility service areas also qualify.

Be an existing housing property or retrofit

A property must be an existing housing property or retrofit and cannot be a new construction development. However, a newly constructed property that has not received a certificate of occupancy may submit a request for Upfront Technical Assistance to ensure the property will be “solar ready” upon securing a certificate of occupancy.



III. Eligibility Requirements – Affordability



The next step is to determine if the property is deed-restricted and has at least 10 years remaining on the compliance period.

All projects are required to submit a copy of the deed restriction or regulatory agreement during the application process.

To meet the affordability requirements:

1.) The property must be financed by one of the following.

- Low-income housing tax credits
- Tax exempt mortgage revenue bonds
- General obligation bonds
- Local, state or federal loans or grants

2.) The regulatory agreement must be issued by one of the following public entities.

- California Tax Credit Allocation Committee (TCAC)
- California Debt Limit Allocation Committee (CDLAC)
- California Department of Housing and Community Development/ The California Housing Finance Agency (HCD/CALHF)

III. Eligibility Requirements – Affordability (cont.)

- U.S. Department of Housing and Urban Development (HUD)
- U.S. Department of Agriculture (USDA)
- A Redevelopment Agency (RDA) or RDA successor agency
- A Housing Authority, or a city or county in the case of a project funded by HUD HOME Funds
- City or county in the case of a project funded by a local bond measure

If the regulatory agreement is issued by a public entity not listed, please reach out for additional resources to contact@calsomah.org.

3.) There must be at least 10 years remaining on the term of the property's affordability restrictions at the time of the application submission.

The SOMAH Program Administrator also offers an [Affordability Prescreen service](#) to review a property's deed restriction or regulatory agreement prior to submitting a formal incentive application.



IV. Eligibility Requirements – Income and Location

Next, the property must meet either an income or location requirement.

Option A (Income)

66% of property units have incomes at or below 80% of the area median income (AMI)

The regulatory agreement must include language stating that a minimum of 66% of the property units are restricted to at least 80% of the area median income (AMI).

This part of the regulatory agreement provides a description of the units at the property. At least 66% of the units must be low-income units, including manager's units.

Applicants can submit the [Affidavit Ensuring SOMAH Income Levels](#) if the regulatory agreement does not enforce strict enough income restrictions but the property is being operated at SOMAH income levels for at least 10 years.

Example of language used in regulatory agreements

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, as provided in Section 4c hereof, or such alternative income level as may be set forth in Appendix A.

Please note that definitions of low-income may vary across different agencies.

Project Size Description:

Buildings
 _____ Low-Income Units; _____ Manager's Unit
 _____ SRO; _____ 1-Bedroom; _____ 2-Bedroom;
 _____ 3-Bedroom; _____ 4-Bedroom;
 _____ 5-Bedroom

IV. Eligibility Requirements – Income and Location (cont.)



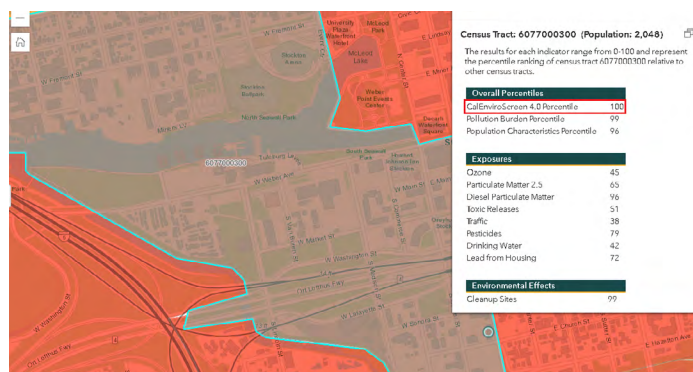
Option B (Location)

Property is in a disadvantaged community (DAC) that scores in the top 25% of the census tracts statewide

The SOMAH Program uses the [CalEnviroScreen](#) to determine if a property is located in a DAC, meaning it scores in the top 25% of the most disadvantaged census tracts statewide. Established by the California Environmental Protection Agency (CalEPA), it is a mapping tool that identifies California communities by census tract that are disproportionately burdened by, and vulnerable to, multiple sources of pollution.

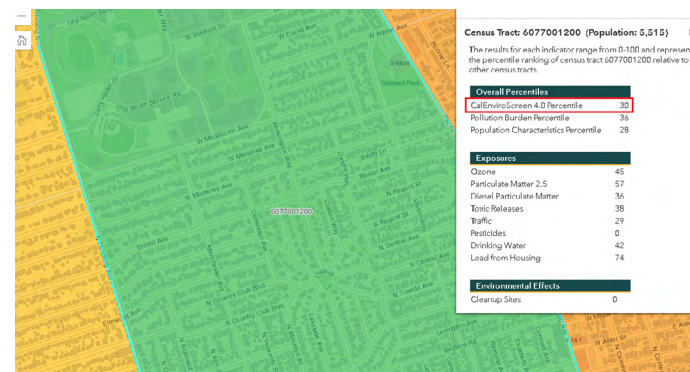
Additionally, properties located on federally recognized Native American tribal land or land otherwise recognized as under tribal control are considered to be in a DAC according to CalEPA.

IV. Eligibility Requirements – Income and Location (cont.)



Property located in a DAC

According to CalEnviroScreen, this property is located in Census Tract 6077000300 and scores in the top 25% of census tracts statewide. Therefore, it is located in a disadvantaged community and meets option B.



Property not located in a DAC

This property would not meet option B because it is not located in a disadvantaged community and does not score in the top 25%.

V. Ineligible Properties

There are certain other factors that make a property ineligible for a SOMAH incentive. These include:

Properties that have received a final interconnection authorization letter dated more than 12 months prior to submitting a SOMAH Reservation Request Package.

A property may still be eligible under these circumstances if

- Installed systems have not received a final interconnection authorization letter.
- A final interconnection authorization letter dated less than 12 months prior to submitting a Reservation Request Package.

Properties owned by one of the following that generates or purchases electricity or natural gas for wholesale or retail sales.

- Publicly owned or investor-owned gas
- Electricity distribution utilities
- Electrical corporation (as defined in Public Utility Code 218)

Properties with new construction systems.

A new construction system is a solar system that applies for a solar permit prior to issuance of the certificate of occupancy for the property site.

Properties subject to any of the following U.S. Department of Housing and Urban Development (HUD) programs.

- Rent supplement (Section 101)
- 236 Rental Assistance Payments (RAP)
- Below Market Interest Rate (BMIR)

VI. Frequently Asked Questions

1. What additional clean energy programs can be combined with SOMAH?

The following programs can be stacked with the SOMAH Program:

- PG&E Energy Savings Assistance: Common Area Measures (ESA CAM)
- Self-Generation Incentive Program (SGIP)
- Southern California Regional Energy Network (SoCalREN)
- The California Electric Vehicle Infrastructure Project (CALeVIP)

Visit the [stackable programs](#) page to see a full list of programs.

2. What is the compliance period in a regulatory agreement?

The compliance period is in reference to the length of the term in a regulatory agreement or deed restriction. It states how long the property is required to rent to low-income tenants. For the SOMAH Program, there must be at least 10 years remaining on the term of the property's affordability restrictions at the time of the application submission.

3. Is a property automatically eligible for a SOMAH incentive if it is located in a DAC?

While being in a disadvantaged community is one of the eligibility options (refer to Section IV.), it alone does not automatically make a property eligible for a SOMAH incentive. The property must still be deed-restricted, as well as meet the rest of the eligibility requirements.

4. What is a regulatory agreement?

A regulatory agreement consists of the terms of the public entity funding the property.

5. Who must own the multifamily property?

SOMAH does not require any specific entity to own the property. Nonprofit and for-profit affordable housing developers, tribal entities, local jurisdictions and housing authorities can own the property.

6. Can HUD-subsidized property apply to SOMAH?

HUD properties with Project-based Section 8 funding are eligible for SOMAH. However, properties with the following HUD funding remain ineligible: Section 101 Rent Supplement, Section 236 Rental Assistance Payment (RAP), Section 221(d)(3) Below Market Interest Rate (BMIR).

If you are still not sure if a property is eligible for SOMAH or have any other questions, contact us by email at contact@calsomah.org

VII. Still Have Questions?

Check out the SOMAH resources available online:

- Interested in reviewing a regulatory agreement example that breaks down each affordability requirement? Reach out to us at contact@calsomah.org to receive a copy
- Submit an [Affordability Prescreen request](#) to determine if your regulatory agreement meets the affordability requirements prior to submitting an incentive application
- Watch the [SOMAH Success Story: Sand Creek Apartments](#) to hear what SOMAH beneficiaries have to say about the program

VIII. Additional Resources



Solar on Multifamily Affordable Housing

Apply for a SOMAH incentive at
CalSOMAH.org/apply

858-244-1177 ext. 5
contact@CalSOMAH.org



© 2024 Solar on Multifamily Affordable Housing Program (SOMAH)

Disclaimer: The Solar on Multifamily Affordable Housing Program (SOMAH)® makes every effort to present accurate and reliable information. However, the content is presented "as is" without warranty of any kind. Reference to any specific commercial product, process, or service does not constitute or imply endorsement, recommendation, or favoring by the SOMAH Program.