



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

MEMORANDUM FOR: Multifamily Regional Directors
Multifamily Asset Management Division Directors
Multifamily Owners and Management Agents
Section 8 Contract Administrators

FROM: DocuSigned by:
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Portfolio Oversight, HTG

SUBJECT: Treatment of Solar Benefits for Residents in Master-metered Buildings

Background

A growing number of states offer community solar programs. These programs often aim to reach and benefit multifamily residents by offering access to affordable renewable energy given that these residents often rent their units and cannot take advantage of more traditional rooftop solar incentives. Community solar arrays have multiple subscribers who receive a credit on their utility bill that is directly attributable to the solar project's energy generation. These credits can be applied to both owner-paid (i.e., common areas costs) and tenant-paid utility bills. In the case the building is master-metered and residents do not have an individual electricity bill, the credit would be solely applied to the owner's bill. The building owner would also receive the full credit if they installed rooftop solar to offset electricity usage in common spaces for elevators, lighting, and HVAC systems.¹

Currently, many community solar providers and building owners are grappling with how owners can distribute the financial benefits of community or rooftop solar to residents that reside in master-metered buildings and do not have an individual electricity bill. HUD has surveyed states which are in the process of implementing different benefit delivery models as part of their community solar offerings, including direct cash payments, and providing additional building amenities like a security guard or shuttle bus. Below we provide a list of benefits under review by programs across the country and an assessment of whether the benefit is considered "income" for the purpose of determining family rent or eligibility for HUD assistance.

Purpose and Applicability

The purpose of this memo is to provide guidance to HUD Multifamily Housing (MFH) field staff, owners, and management agents on the treatment of potential benefits for residents that accrue from an owners' decision to share financial benefits accrued from renewable energy

¹ While this guidance applies to savings accrued from solar energy, it could also apply to savings accrued from small wind renewable energy sources on a property.

generation with their residents. This guidance is meant to be informative and does not change existing rules for what determines annual income; rather, it provides guidance for how to treat amenities, services, and other benefits within existing rules.

This notice applies to the following Office of Multifamily Housing 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 PRACs
6. Section 811 Project Rental Assistance (PRA)

Treatment of Certain Benefits in Annual Income Calculation

Below is a snapshot of potential benefits owners may offer residents as a result of receiving utility savings from participating in community solar or investing in rooftop solar. We provide guidance on whether such benefits should be treated as annual income for residents.² For a more detailed overview of income determination guidelines, see “Chapter 5: Determining Income and Calculating Rent” in *HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs* available at https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg/4350.3.

Benefit	Description	Treated as family income?
Job training and workforce development	A combination of social services, community supports, job training and/or education that positions an individual for success in the workforce. These services exclude any cash benefits, reimbursements, stipends, or gift cards to a family.	This benefit is not annual income. Services provided are not included in the income calculation for determining family rent or eligibility for HUD assistance.
Additional support staff	Hiring of additional staff to serve residents and/or building needs. Examples include resident services staff, building security guards, leasing specialists, maintenance staff, etc.	This benefit is not annual income. Additional staff being hired to support the residents and/or building are not

² Annual Income is defined in 24 CFR. 5.609

		included in the income calculation for determining family rent or eligibility for HUD assistance.
Facility upgrades	Improvements to the building and/or its grounds. Examples include energy efficiency upgrades, playgrounds, community gardens, renovation, bike racks, etc.	This benefit is not annual income. Facility upgrades, including new building amenities, are not included in the annual income calculation for determining family rent or eligibility for HUD assistance.
Free or reduced cost high-speed internet service	Free Wi-Fi provided throughout the building and/or in common areas or the owner negotiates Wi-Fi services for the building and the residents are offered a discounted service.	Free Wi-Fi is an amenity and is not included in the family's annual income. Discounted Wi-Fi services would also not be treated as annual income to the family. ³
Financial literacy programs and services	Programs and services aimed at developing one's financial literacy to improve personal finances. May include access to free training, classes, and/or resources related to budgeting, managing, and paying off debts, and understanding credit and investment products. These services exclude any cash benefits, reimbursements, stipends, or gift cards to a family.	This benefit is not annual income. Services provided are not included in the income calculation for determining family rent or eligibility for HUD assistance.
Wellness programs and services	Wellness programs and services provided to residents as a preventive measure to help avoid illness while improving and maintaining general health. These services exclude any cash benefits, reimbursements, stipends, or gift cards to a family.	This benefit is not annual income. Items that are an amenity are not included in the income calculation for determining family rent or eligibility for HUD assistance.
Shuttle services	Free shuttle services for residents can include a variety of paratransit services that use small buses or vans to provide shared mobility services. These services exclude any cash benefits, reimbursements, stipends, or gift cards to a family.	This benefit is not annual income. Items that are an amenity are not included in the income calculation for determining family rent or eligibility for HUD assistance.
Community events and/or support for resident associations	Hosting events for residents and/or providing financial support for resident associations. These services exclude any cash benefits, reimbursements, stipends, or gift cards to a family.	This benefit is not annual income. Items that are an amenity are not included in the income calculation for

³ The Affordable Connectivity Program discounts up to \$30 per month toward broadband service for eligible households and up to \$75 per month for qualifying households on qualifying Tribal lands. The benefit also provides up to a \$100 per household discount toward a one-time purchase of a computer, laptop, or tablet if the household contributes more than \$10 and less than \$50 toward the purchase through a participating broadband provider. HUD has previously determined that the FFC Affordable Connectivity Program (ACP) does not count as annual income, see: https://www.hud.gov/press/press_releases_media_advisories/HUD_No_22_090.

		determining family rent or eligibility for HUD assistance.
Increased operating or replacement reserves for the property	Accounts established by property owners to pay for operating and/or large property expenses like long-term major repairs and unexpected expenses, like emergencies.	This benefit is not annual income. Items that are an amenity are not included in the income calculation for determining family rent or eligibility for HUD assistance.
Resilience center	Creation or designation of a space to provide critical services during a power outage and/or a weather-induced extreme event. Examples include community facilities for cooling or heating during periods of extreme heat or cold and access to refrigeration, power to charge devices, and telecommunications during a power outage.	This benefit is not annual income. Access to community facilities is not included in the income calculation for determining family rent or eligibility for HUD assistance.
Non-monetary donations	Non-monetary, in-kind donations, such as food, clothing, or toiletries.	HUD cannot definitively say whether this benefit would be counted as annual income to a family. A number of factors must be considered, including the frequency of the non-monetary donations.
Gift cards or cash payments	Gift cards provided to families, including gift cards for gas, groceries, and department stores.	Generally, gift cards and cash payments to a family would be included in family annual income unless an income exclusion under 24 CFR 5.609(c) applies. For example, if a family receives one gift card, it would likely be excluded as a temporary, nonrecurring, or sporadic gift under 24 CFR 5.609(c)(9). Or, if a family receives one lump sum cash payment, it would be excluded as a lump-sum addition to family assets under 24 CFR 5.609(c)(3).

Further Information

If you are evaluating an owners' distribution of financial benefits and the potential impact on residents' housing assistance outside the framework outlined above and require a specific determination and/or have general questions about this guidance, please email Lauren Ross, Senior Advisor for Housing and Sustainability at Lauren.Ross@hud.gov.

To learn more about rooftop and community solar offerings and programs in your jurisdiction, visit the U.S. Department of Energy's website on solar energy resources for consumers at <https://www.energy.gov/eere/solar/solar-energy-resources-consumers>.