



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

August 2, 2023

MEMORANDUM FOR: Directors of HUD Regional and Field Offices of Public Housing
Public Housing Directors

FROM: *Danielle Bastarache*
Danielle Bastarache, Deputy Assistant Secretary, Office of Public
Housing and Voucher Programs, PE

SUBJECT: Treatment of Solar Credits in Master Metered Buildings in Public
Housing

Background

As solar energy production continues provide necessary energy for use in both commercial and residential use, many states are enacting the use of community solar programs. Community solar programs¹ support energy equity by making accessibility to renewable energy more available and affordable to public housing since the actual production of energy may be located apart from the actual public housing site. Community solar arrays have multiple subscribers who receive a monetary credit on their utility bill that is directly attributable to the solar project's energy generation which is divided between the subscribers. These monetary credits for solar production typically appear as a line item on the utility invoice(s) to the owner- in this case the public housing agency (PHA). These credits can be applied to both owner-paid and tenant-paid utilities where tenants pay directly to a utility provider. Some community solar programs require residents to receive benefit from the solar credit.

Purpose and Applicability

This memo provides guidance on addressing the public housing solar credits for master metered utility accounts paid by the PHA. Treatment of community solar credits on tenant utility bills is addressed in an August 4, 2022, memo² to Directors of HUD Regional and Field Offices of Public Housing and Public Housing Directors. Master metered utility accounts exist where the PHA pays for the utilities for one or more buildings that constitute a project, and the PHA is invoiced by a utility provider based on utility use measured by one or more meters at the building(s).

The PHAs receiving public housing operating funds can utilize solar credits with the Rate Reduction Incentive Program (RRI) per PIH Notice 2023-17; however, this memo serves as further guidance for the PHAs to consider when there is a requirement to distribute the community solar credit financial benefit to residents.

¹ <https://www.energy.gov/eere/solar/community-solar-basics>.

² https://www.hud.gov/sites/dfiles/documents/Solar%20Credits_PH_HCV.pdf

This guidance does not change existing rules for what determines annual income;³ rather, it provides guidance for how to treat amenities, services, and other benefits within existing rules. 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.

Rate Reduction Incentive (RRI)

When considering pursuing community solar, the PHAs should be aware that community solar could increase their Operating Subsidy eligibility if combined with an RRI approval from HUD. Community solar can have the effect of lowering a PHA’s utility rate. Where the PHAs take special and significant efforts beyond what is required by statute and/or regulation to reduce their utility rate, the PHA include a Rate Reduction Incentive in their Operating Subsidy submission. Subject to HUD approval, the RRI may amount to either 50% or 100% per PIH Notice 2023-17.⁴ Solar Credits are an eligible RRI action. More information is available by emailing HUD’s Energy Branch at PIHEnergyBranch@hud.gov annually.

Treatment of Certain Benefits in Annual Income Calculation

Below is a snapshot of potential benefits the PHAs may offer residents as a result of realizing utility savings from participating in community solar programs that have tenant benefits requirement. As a starting point, any benefit provided to residents must be an eligible Operating Fund expense. Please find below guidance on whether such benefits should be treated as annual income for residents.

Benefit	Description	Treated as family income?
Job training and workforce development	A combination of social services, community supports, job training 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

³ HUD definition of annual income 24 CFR 5.609. 5.609(a) says: "(a) Annual income means all amounts, monetary or not, which: (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and (3) Which are not specifically excluded in paragraph (c) of this section. (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access."

⁴ https://www.hud.gov/sites/dfiles/PIH/documents/PIH_2022-34_RRI_Notice.pdf

Benefit	Description	Treated as family income?
Additional support staff	Hiring of additional staff to serve residents and/or building needs. Examples include resident services staff, building security guards, leasing specialists and maintenance staff.	This benefit is not annual income. Additional staff being hired to support the residents and/or building are not included in the 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 ⁵ .
Financial literacy programs and services	Activities related to the provision of 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	Activities related to the provision of wellness 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.

⁵ 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.

Benefit	Description	Treated as family income?
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.
Support for resident associations	Providing financial support for resident associations for eligible expenses that benefit the community at-large (refer to Notice PIH-2021-16 for further information). Generally, this excludes any cash benefits, reimbursements, stipends, or gift cards to an individual family unless otherwise permitted by 24 CFR 5.609 and 24 CFR 964.150.	This benefit is not annual income. Items that are an amenity are not included in the income calculation for determining family rent.

Further Information

If you have general questions about this guidance, please email PIHEnergyBranch@hud.gov.