

Structuring a Solar Incentive for Existing Affordable Housing



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Solar and Affordable Housing
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Our experience...

- **LISC is:**
 - A national community development intermediary
 - Has 33 field offices around the country
 - Finances affordable housing, commercial and economic development projects
 - Builds capacity for neighborhood nonprofit groups
- **Bay Area LISC:**
 - **Green Connection:**
 - Energy Action: from 2002 - 2006, provided resources for energy efficiency in affordable housing
 - Recently published a report: “Energy and Affordable Housing in California” on lessons learned
 - Green Loan Fund
 - Partnership with Build It Green
 - Green Technical Assistance
 - Partnership with HUD for energy efficiency in multifamily projects

Lessons Learned

- In general, existing affordable housing has:
 - Scarce financial resources
 - Overburdened & untrained staff
 - Layered bureaucratic processes
 - Long development timelines (2 years)
 - Problems finding reliable contractors
- BUT, at the same time, is also:
 - Mission-driven
 - Interested in leveraging the public's investment
 - Long-term owner/operator
 - Interested in lowering energy costs

Recent Experience

- Very few providers (if any) are installing on existing properties
- Most projects are only for common area portions on the house meter
- No one is taking advantage of the federal solar business tax credits and/or Power Purchase Agreements for third party-owned systems
- Majority of existing properties are not energy efficient

Challenges to solar in existing affordable housing

- Sub-metering
 - regulatory & technological issues
- Lengthy approval process for rebates
- Limited reserves
- Existing debt
- Aren't energy efficient
- Maintenance issues

Workable Incentives

- Create set asides
 - As evidenced in energy efficiency world, affordable housing can't compete
- Provide highest incentive levels possible
 - 75% or more of project cost
- Provide a variety of incentives
 - Rebates, low-interest financing, tax credits
- Explore alternative funding models
 - Business tax credits, third party-owned systems, "springing liens"

Workable Incentives

- Improve energy efficiency incentives and connect to solar
- Expedite application approvals
- Collaborate with trusted field advocates
 - State agencies, intermediaries
 - Streamline marketing, prevent confusion
 - Link resources to typical housing processes
 - TCAC, HCD, etc.
- Encourage tiered utility allowances

Workable Incentives

- Provide non-financial program support services:
 - Approved professionals:
 - Installers
 - Consultants
 - Encourage knowledge transfer:
 - Maintenance guide
 - Operations and maintenance trainings
 - Monitoring system performance

Questions?

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Green Connection

www.bayarealisc.org/bay_area/programs/connection_7772.shtml

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