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RE: Solar, Cell Tower, and Rooftop Leases

Thank you for your commitment to establishing and centralizing an approval process for on-site solar systems, cell towers, and rooftop commercial leases. On behalf of our nationwide membership affordable senior housing providers, we couldn't agree more with the statement in the draft Notice: "Solar energy presents an important opportunity to reduce electricity costs and greenhouse gas." We also see renewable energy as a critical component of resilience-building for both the affordable housing portfolio and the residents served.

Because of the importance of renewable energy for the housing portfolio and timeliness of certain federal investments in solar in the context of environmental equity, we are grateful to HUD for developing guidance to clarify rooftop leasing requirements for on-site solar, and we urge you to consider our feedback below.

About LeadingAge

LeadingAge represents more than 5,000 aging services providers, including non-profit owners and managers of federally-subsidized senior housing properties. Alongside our members and 38 state partners, we use applied research, advocacy, education, and community-building to make America a better place to grow old. Our membership encompasses the continuum of services for people as they age, including those with disabilities. We bring together the most inventive minds in the field to lead and innovate solutions that support older adults wherever they call home.

Please consider the following recommendations and concerns:

• **Incentivizing Renewable Energy**

- While the guidance is valuable in helping affordable housing communities understand the process of implementing rooftop solar leases, we are concerned with the complicated nature of the process. We are specifically concerned that the complexity will serve as a disincentive for owners considering moving forward with solar. Specifically, the draft Notice establishes a process in which owners need to compile a minimum of eight documents, certifications, inspections, estimates, diagrams, and similar materials, including newly-required third-party inspections that are duplicative and expensive. The Notice also sets out additional, separate requirements related to property insurance and energy benchmarking.
- In response to the complexities and variety of requirements outlined in the draft Notice, we urge HUD to consider reducing requirements and complexity, and/or to specifically provide incentives as a counterbalance. For example, HUD should outline a process by

which the property in question receives a boost to rent setting or a favorable calculation in Rent Comparability Studies due to the presence of on-site solar.

- Similarly, the Notice should specifically address how additional costs associated with the installation, the maintenance, the property insurance increases, and additional requirements imposed by HUD can be absorbed or addressed by the property. For example, HUD should clarify what types of funds can be used to manage cost increases and how to access approval. This could include Budget-Based Rent Increase Approvals (BBRIs), special rent adjustments, Reserve for Replacement account access, and more. Clarifying that certain cost increases are eligible operating expenses will help incentivize owners to engage in solar leases.

- **Duplicative and Unnecessary Requirements**

- We urge HUD to recognize any opportunities within the draft Notice for streamlining. For example, the suggested requirement for third-party inspections instead of relying on practices in place by the solar vendors would add cost and time; we recommend HUD streamline instead of duplicate requirements.

- **Utility Analysis and Split Incentives**

- We recognize HUD's awareness of the "split incentive" issue, where the stakeholders taking action on energy efficiency are not always the ones who are financially rewarded by those energy efficient practices. This issue dovetails into broader issues with utility analyses and resident financial incentives and benefits related to energy use. We urge HUD to recognize any opportunities within the draft Notice for elevating direct resident utility benefits, and we urge HUD to commit to an overhaul of the current utility analysis approach.

- **Energy Benchmarking**

- A specific requirement that could prove particularly burdensome for owners is the proposed requirement that solar leases providing on-site solar undergo utility benchmarking. Benchmarking using Energy Star and similar sites is a labor-intensive practice that results in significant costs for properties without support. While we fully support benchmarking at HUD-assisted properties, we are concerned that the requirement will provide an intended disincentive for properties to supply their own residents with the solar generated on their own rooftops. Therefore, HUD should clarify how owners can pay for benchmarking after HUD's current free support program has ended. HUD should allow owners to absorb certain costs in their operating budgets, request set-asides or increases for the specific purpose of investing in energy efficiency activities, such as solar leases for onsite use, and utility benchmarking. Alternatively, HUD could establish a temporary requirement for initial benchmarking for the duration of HUD's free program.
- To that end, we are curious what HUD plans to do with the data generated from the initial utility benchmarking, and if there is a plan for a follow-benchmark requirement to track the impacts of solar onsite.

- **Time Burden**

- We are very concerned with the additional time that the draft approval process will add for owners seeking to leverage other climate-related incentives and benefits. We appreciate the self-certification approach, and yet due to the significant complexity of the approval process for rooftop solar leasing, we request that HUD produce an expected timeline for approval, as well as additional trainings and tools to assist with the process.
- In addition, we are keenly aware of the limitations of a decentralized approval process throughout HUD's field offices. We currently observe highly varied and inconsistent results in areas that are handled across the field vs. processes that are centralized at HUD. Due to the time-sensitive nature of the draft approval process, we urge HUD to consider adopting a centralized approach to approving solar rooftop leasing. This could be housed within the Office of Recapitalization in an effort to promote greening within other transactions handled by the HUD office.

Again, thank you for your commitment to climate-resilience for both the affordable housing portfolio and the residents served through the HUD portfolio. Please reach out to Juliana Bilowich, LeadingAge's Director of Housing Operations and Policy (jbilowich@leadingage.org), with any questions.

Sincerely,

Juliana Bilowich