

# What is new in Solar for Multifamily Affordable Housing?



- Scott Sarem
- VP Multifamily
- 760-607-2896
- [scott.sarem@sunrun.com](mailto:scott.sarem@sunrun.com)

**SUNRUN**

## Sunrun's Commitment and Community Impact: *We're Making a Difference*

- **650:** Affordable housing projects supported by Sunrun with an estimated value of **\$13 million** in annual NOI
- Over **50** Developer partners
- **150,000+:** Low-income residents served across more than **50,000** units
- **6,500:** Solar job training hours in 2023 for residents of these communities
- **\$24 million:** Estimated total annual value of solar provided directly to tenants
- **105,000:** MWh of clean solar energy produced per year through these installations



# Policy Matters: *Building on results since 2009*

- Helped Shape CA SOMAH & MASH Programs
- Shaped IRA Multifamily tax adders (50% ITC)
- Section 48 IRA 20% Tax Adder Opportunities
  - Solar & Storage
  - Deed-restricted affordable housing automatically qualifies
- Sunrun working to implement IRA with White House, Treasury, Department of Energy, and Congress.
- Sunrun has secured 87 MW of Category 3 Tax Adders
- Solar For All will fund state level programs similar to CA SOMAH Program due in March 2024
- State Interconnection Rules Matter

*“Sunrun was happy to show Secretary Jennifer Granholm one of the seven fire stations where we installed solar and batteries after Hurricane Maria to keep critical communications online during blackouts. We’re grateful to see the Biden administration leading to help Puerto Rico’s electricity system.”*



*2015 White House Launch of  
Climate Action Plan -  
President Obama & VP Of Sunrun  
Multifamily Scott Sarem*





# Ownership Structures:

*Owned by the Affordable Housing Developer*

*V.*

*Third Party Owned (Solar Service Agreement)*

# Developer Owned

- **Sources**
  - LIHTC + ITC + State Solar Incentives
- **Uses**
  - The cost to place solar in Service
    - Funding Gap (Developer must pay out of pocket)
- **Goals**
  - NOI Boost
    - Additional Mortgage Proceeds
  - Maximize available tax credit proceeds
  - Hedge against energy inflation
- **Risks**
  - Operations and Maintenance (Does it work?)
  - Construction risk (pay for construction up front SOV)



# Third Party Owned Solar Service Agreement

- **No Upfront Costs**
- **95% common area electricity cost eliminated**
  - Hedge against runaway energy inflation
- **Tenant Benefit**
  - Utility Allowance Adjustment?
    - Depends on the underlying program
    - SOMAH - No
    - Other programs with less money yes
- **Operations and Maintenance Included for 20 years**
- **Performance Guarantee**
- **NOI Boost Guaranteed**



# Example Property:

UNITS: 171

- **Approximate Load:**
  - 628,305 kWh/year
- **System Size:**
  - 416.90 kW
- **Production:**
  - 597,877 kWh/year
- **Common Area/Tenant Allocation:**
  - 21 / 79%
- **Tenant Monthly Bill Credit:**
  - \$44
- **Common Area Energy Offset:**
  - 98%
- **Year 1 NOI Increase:**
  - \$38,624
- **20 Year NOI :**
  - \$843,564



## Sunrun SSA No Upfront Cost:

- Units: 171
- Assumed usage for site : 628,305 kWh/year
- Yield: 1,434 kWh/kWp
- Assumed system size: 416.9 kW
- Common Tenant Allocation : 30 / 70%
  - Tenant Monthly bill credit : \$44
  - Common area usage offset : 98%
  - Developer assistance fee : \$84,000

The Sunrun logo is displayed in a light blue, semi-transparent font. It features the word "SUNRUN" in a stylized, uppercase, sans-serif typeface.

**Sunrun will maintain and operate the system for 20 years**



## Cash Purchase:

- Units: 171
- Assumed usage for site : 597,877 kWh/year
- Yield: 1434 kWh/kWp
- Assumed system size : 416 kW
- Cost to build: \$3.50/w
- Approximate project cost: \$1,459,150
  - SOMAH Rebate : \$466,928
  - ITC : \$496,111
  - LIHTC : \$357,200
  - Funding Gap : \$138,911



**Developer maintains and operates system**

## Example CA Portfolio Economics:

- Total portfolio systems: **27 project sites**
- Total energy cost offset: **98%**
- Year 1 NOI Increase from portfolio: **\$423,000**
- Dev Fee Paid to Sponsor: **\$750,000**
- 20-Year Savings from Solar: **\$13,737,386**
- Sunrun production guarantee: **Yes**
- Sunrun development fee guarantee: **Yes**
- No Out of Pocket to Sponsor: **Yes**



# How It Works: Sunrun's *Solar Services Agreement* (SSA)

Our project contract is designed to stay out of the way of your real estate and affordable housing business.



- 1** No upfront capital cost to the Sponsor or the property - purchase the energy generated at contracted rate for the 20 -year term.  
**Immediate energy savings and annual NOI bump.**
- 2** All development, construction, financing and operational risk is taken by Sunrun .
- 3** Sunrun has full responsibility to **operate, maintain, repair and monitor** the system, including a Performance Guarantee backed by our finance partners.
- 4** No encumbrance on title -- no easement, no subordination/non -disturbance agreement.
- 5** No interference with refinancing: Sponsor **may freely assign the SSA to any party** in the context of a normal real-estate transaction.
- 6** The **SSA is a proven form** that is acceptable to the IRS, solar and LIHTC investors, and real estate developers alike

# Performance and Monitoring Services Offered

- **Performance Guarantee**

- Guarantee 93.5% of the systems kWh production
- Bi-Annual kWh production true up and reimbursement on per project basis



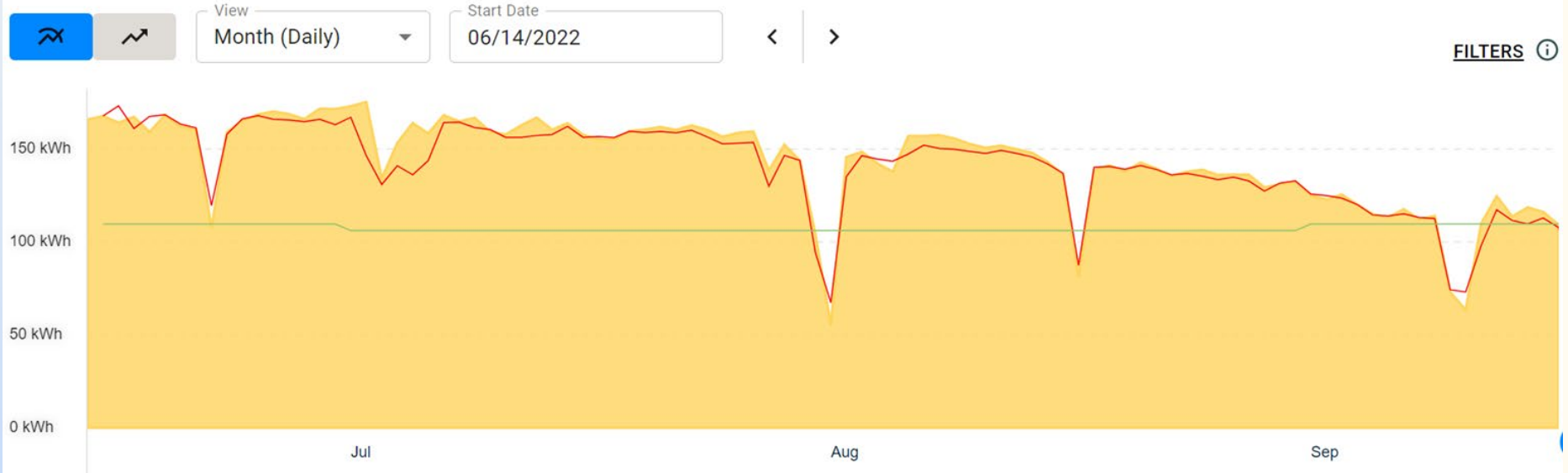
- **Monitoring**

- Dedicated Multifamily Monitoring team
- Proactively schedules site visits to fix any issues with your system
- My-Sunrun App allows you to see system performance in real time



# Project Example

## Recent Performance



### Key

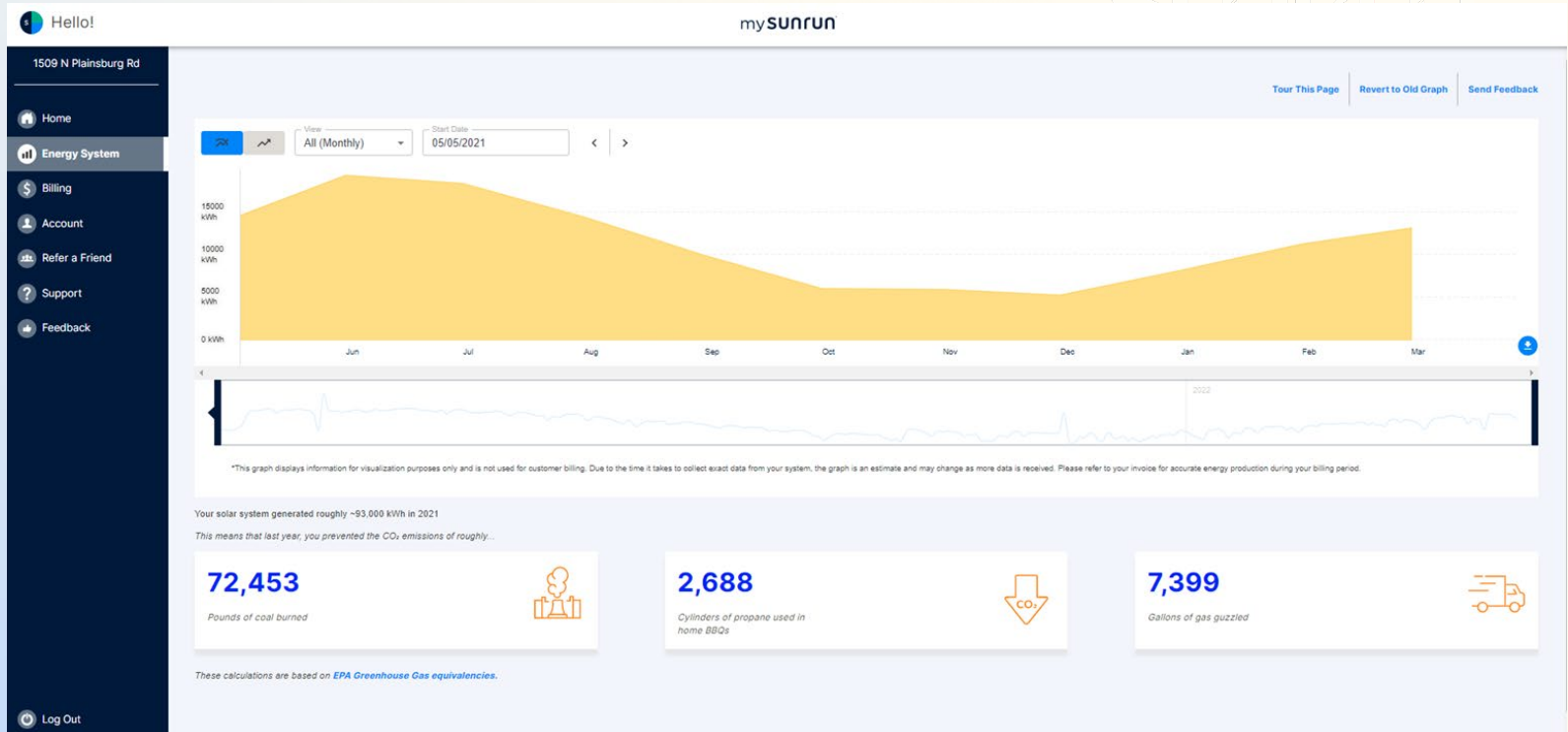
Green Line - Contracted Line

Yellow - Actual Project Production

Red Line - Surrounding Peer Production (MF systems within the area with comparable size)

# How do you track your performance?

## On MySunrun.com!



# Thank you.

- Scott Sarem
- VP Multifamily
- 760-607-2896
- [scott.sarem@sunrun.com](mailto:scott.sarem@sunrun.com)

**SUNRUN**  
Multifamily