
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No:	SB 1118	Hearing Date:	4/16/2024
Author:	Eggman		
Version:	3/18/2024 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Solar on Multifamily Affordable Housing Program

DIGEST: This bill exempts property that is owned by a tribe from the requirement in the existing Solar on Multifamily Affordable Housing (SOMAH) Program to be “deed restricted” affordable housing.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. (Article XII of the California Constitution)
- 2) Establishes the Multifamily Affordable Housing Solar Roofs Program, also known as the Solar on Multifamily Affordable Housing (SOMAH) Program. Requires the CPUC, as part of the program, to award monetary incentives for qualifying solar energy systems, that are installed on multifamily residential properties of at least five rental housing units that are operated to provide deed-restricted low-income residential housing, and that meet one or more specified requirements, including, among other things, that the property is owned by a tribe, through December 31, 2032. (Public Utilities Code §2870)
- 3) Defines “Tribe” to mean a California Native American tribe, as defined in Section 21073 of the Public Resources Code. (Public Utilities Code §2870 (a)(5))
- 4) Defines a “California Native American Tribe” to mean a Native American tribe located in California that is on the contact list maintained by the Native American Heritage Commission. (Public Resources Code §21073)
- 5) Defines “low-income residential housing” to be a multifamily residential complex financed with specified monies that provide that the rents of the

occupants who are lower income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance. (Public Utilities Code §2852 (a)(3)(A)(i))

- 6) Requires the CPUC to allocate up to 15 percent of revenues received by an electrical corporation as a result of the direct allocation of greenhouse gas (GHG) allowances to electrical distribution utilities to be used for clean energy and energy efficiency projects and otherwise requires revenues to be credited directly to residential, small business, and emission-intensive trade-exposed customers. (Public Utilities Code §748.5)
- 7) Requires every electric utility, defined to include electrical corporations (also referred to as investor-owned utilities (IOUs)), local publicly owned electric utilities (POUs), and electrical cooperatives, to develop a standard contract or tariff for net energy metering (NEM), for generation by a renewable electrical generation facility, and to make this contract or tariff available to eligible customer-generators until the time that the total rated generating capacity used by eligible customer generators exceeds five percent of the electric utility's aggregate customer peak demand. (Public Utilities Code §2827)
- 8) Requires the CPUC, for large electric IOUs to have developed a second standard contract or tariff to provide NEM to additional eligible customer-generators in the IOU's service territory and imposes no limitation on the number of new eligible customer-generators. Requires the CPUC, in developing the second standard contract or tariff, to include specific alternatives designed for growth among residential customers in disadvantaged communities. (Public Utilities Code §2827.1)

This bill:

- 1) Provides that property that is owned by a tribe is not required to be deed restricted to be eligible for the program.
- 2) Makes additional clarifying changes.

Background

SOMAH. Established by AB 693 (Eggman, Chapter 582, Statutes of 2015), the SOMAH program provides incentives for solar energy photovoltaic (PV) systems for qualified multifamily affordable housing. SOMAH is funded from the portion of the electric IOUs GHG emissions auction proceeds that is authorized to be programed by the CPUC for clean energy or energy efficiency programs. Per the

statute, the program requires funding of up to \$100 million annually, and up to one billion dollars over 10 years, to install 300 megawatts (MW) of capacity. The qualified multifamily affordable housing is defined as a residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, and is located in a disadvantaged community and/or at least 80 percent of the households have incomes at or below 60 percent of the area median income.

The SOMAH program had a delayed start, as the program didn't begin accepting applications until July 1, 2019. On the first day it opened, the program received more than 200 applications, and waitlists were started in the large electric IOUs' territories. The SOMAH Program Administrative team is comprised entirely of non-profit organizations: the Center for Sustainable Energy, GRID Alternatives, the Association for Energy Affordability, and the California Housing Partnership Corporation. According to the program's website, there have been 82 completed projects with 15 MW of installed capacity with service to over 7,333 tenant units across the state. There are roughly 400 active applications, representing 50 MW of reserved capacity and \$104 million in funding, with participation in all five SOMAH-eligible electric IOU territories.

There is roughly \$400 million of remaining available funding for the program. More recently, the program seems to have stalled as the number of applications declined significantly last year. Last year, the CPUC adopted a decision (D.23-03-007) to adjust the incentive levels of the program in order to encourage more participation and address concerns about increased projects costs, including those affected by recent inflation.

Comments

Need for this bill. SB 355 (Eggman, Chapter 393, Statutes of 2023) expanded the eligibility of the program to property that is owned by Native American tribes. Some tribal projects have been successful in participating in the program, as showcased on the SOMAH program website, the first project on tribal reservation was inaugurated last year. The project is a 49-kW solar installation at Coyote Mountain Apartments owned by the Bishop Paiute Tribe within Southern California Edison electric service territory. However, the author and supporters of this bill contend additional changes are needed to ensure SOMAH projects are developed by tribes. Specifically, supporters contend that the deed restriction requirement of the program is preventing tribes from better accessing the program. The supporters note that a small handful of projects from entities on tribal lands financed with a Housing and Urban Development (HUD) Indian Housing Block Grant have not been successfully enrolled in the program because the financing

structure didn't meet the deed restriction requirements, specifically in relation to the remaining 10+ years of affordability. They suggest that removing the deed restriction requirement would remove a barrier to ensure these projects, and other tribal projects similarly financed, are able to participate.

Need for amendments. The proposal in this bill would exempt tribal projects from the deed restriction. However, such an exemption could result in situations where market rate housing would become eligible for the program. As such, additional amendments could help ensure that the program continues to be targeted to benefit low-income tenants as intended. *Specifically, the author and committee may wish to amend this bill to require that tribal projects that are exempted from the deed restriction must continue to meet the income requirements of the SOMAH program and must be limited to the public financing of the HUD Indian Housing Block Grant, U.S. Bureau of Indian Affairs, or Native American Housing Assistance and Self-Determination Act.*

Prior/Related Legislation

SB 355 (Eggman, Chapter 393, Statutes of 2023) made various changes to the SOMAH Program, including explicitly expanding the eligibility for the program to tribes.

AB 693 (Eggman, Chapter 582, Statutes of 2015) created the Multifamily Affordable Housing Solar Roofs Program, to provide financial incentives for qualified solar installations at multifamily affordable housing properties funded from IOU's GHG allowances.

AB 217 (Bradford, Chapter 609, Statutes of 2013) extended the low-income programs of the CSI Program from 2016 until 2021, authorizes the collection of an additional \$108 million for these programs, and adds additional standards to the program, as specified.

SB 1 (Murray, Chapter 132, Statutes of 2006) established the electric portion of the CSI with a 10-year budget of \$2.2 billion collected from ratepayers

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

Association for Energy Affordability
California Housing Partnership
Center for Sustainable Energy

GRID Alternatives
San Diego Green Building Council

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: The coalition of organizations in support of the bill are part of the SOMAH program administration team and express:

SB 1118 continues SB 355's improvements by removing SOMAH's deed restriction requirements for tribal properties that serve affordable housing populations. To make reliable and affordable housing more accessible to tribal members, tribes may access and utilize funding sources for their properties that do not require the same income verification and documentation typically associated with non-tribal affordable housing properties. As a result, the deed restriction requirement prevents many tribes from accessing SOMAH funds and tenant benefits including lower electric bills.

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