

## Meeting Notes

# Solar on Multifamily Affordable Housing (SOMAH) Advisory Council Meeting

April 28th, 2020  
Remote Meeting

## Attendees

### SOMAH Program Administrators

**Chris Walker** | SOMAH Program Manager  
**David Lee** | SOMAH Technical Coordinator  
**Jae Berg** | SOMAH Program Manager  
**Marisa Villarreal** | SOMAH Program Manager  
**Sarah Salem** | SOMAH Tenant Services Manager  
**Srinidhi Sampath** | SOMAH Policy and Programs Manager  
**Staci Hoell** | SOMAH Workforce Development Manager  
**Michael De La Pena** | Construction Training Manager  
**Lauren Friedman** | Training and Services Program Manager  
**Pooja Ravindran** | ILSFA Workforce Program Manager  
**Erika Simmonds** | VP of Workforce Development and Service Learning

### SOMAH Advisory Council

**Allen Hernandez** | Center for Community Action and Environmental Justice  
**Agustin Cabrera** | Los Angeles Alliance for a New Economy  
**Andrea Barnier** | Self-Help Enterprises  
**Andres Ramirez** | Pacoima Beautiful  
**Lauren Randall** | Sunrun  
**Cynthia Strathman** | Strategic Actions for a Just Economy  
**JB Tengco** | BlueGreen Alliance  
**Kenneth Wells** | O&M Solar Services (Advisory Council Chair)  
**Sochiata Vutthy** | Community Housing Works

## Meeting Agenda

1. [Welcome, Introductions, & Intention-setting](#)
2. [July Incentive Step-down briefing](#)
3. [JTO Task Force Report-out](#)
4. [COVID-19 Session Pt. 1](#)
5. [COVID-19 Session Pt. 2](#)
6. [Property Owner Engagement](#)
7. [Next Steps/Wrap-up](#)

# Welcome, Introductions, & Intention-setting

*Marisa Villarreal, SOMAH Program Manager*  
*Agustin Cabrera, RePower La Director*

Agustin Cabrera opened the meeting and led introductions for the Advisory Council (AC). Marisa Villarreal reviewed the meeting goals and agenda.

## July Incentive Step-down Briefing

*Lauren Randall, AC Member*

Lauren Randall provided background on the incentive step-down structure and presented reasons to advocate for keeping SOMAH incentives at current levels through 2020 and the first half of 2021.

### Notes

- According to Energy Division staff, the current SOMAH incentive will be adjusted by July 1, 2020.
- The question is: What adjustment, if any, should be made to the incentive levels as of July, and what is the proper methodology for making any such adjustment?
- In the California Public Utilities Commission's (CPUC) April 16th Decision determining adequate revenue and participation in SOMAH, the Commission directed Sunrun - and any party that believes a change in incentive step-down is warranted - to file a petition for modification of CPUC Decision 17.12-022, which created SOMAH.
- D 17.12-022 ordered SOMAH's incentive levels to "decrease by the annual percent decline in residential solar costs as reflected by NREL reports, or 5% annually, whichever is less."
- The Decision stated that "This incentive step-down methodology will be reviewed and may be changed in the 2020 program evaluation, if appropriate based on further cost or market information."
- Lauren expressed how it was unforeseen how significant the Investment Tax Credit (ITC) stepping down would be for SOMAH projects.
- Flaws in the methodology were highlighted for the AC's review.
- There is a lack of relevant data – no relevant cost data has been presented to base the incentive levels off of.
  - The enabling legislation wants there to be costs for solar in affordable housing markets.
- COVID impacts are disrupting employment and personal finances. When things are most insecure right now, why would we change these incentives?
  - Contractors need these rebates to make sure projects move forward as

scheduled.

- Sunrun with California Solar & Storage Association (CALSSA) will be filing a petition for modification for the incentive step-down
  - Filing will happen ahead of July, but an exact date is not for PFM is not available at this time

## Discussion

- **SOMAH PA:** Looking at the National Renewable Energy Laboratory (NREL) study, it's broken out into different market segments. The median price is \$3.59/watt. From SOMAH data, we know that the average size of projects is larger than the 10KW and 100KW segment.
- **AC Member:** Is there a strategy for how to speak to the average size range of SOMAH projects and how that is mismatched with the \$3.59/watt in the report? If the customer segment that is being looked at is adjusted based on project size, could this be helpful? It is understood that project size isn't the only consideration, but has Sunrun thought about this?
- **SOMAH PA:** Part of the argument is that residential solar costs are being applied to a program that serves multifamily housing. Also, the enabling legislation has better methodology around how this flaw is being looked at and that needs to be corrected.
- **AC Member:** Have there been any payments issued?
- **SOMAH PA:** None of the incentive claims have been processed yet.
- **AC Member:** At this incentive level, is there an idea of how projects would be affected?
- **SOMAH PA:** Projects would be subject to the current process. The step-down would apply to projects after the new process start date.
- **AC Member:** No one has gone through the full incentive claim process yet. What does that look like?
- **SOMAH PA:** The PA chose the current system to allow for a large pipeline and for program budget management.
- **AC Member:** Is there a specific ask of the AC?
- **SOMAH PA:** There isn't a specific ask. The SOMAH PA wanted to raise the issue. If there are other members of the AC that would also like to discuss this and/or support Sunrun's letter and what it's advocating for, please do so.

## JTO Task Force Report-out

*Staci Hoell, SOMAH Workforce Manager*

Staci Hoell gave an overview of SOMAH's Job Training Organization Task Force (JTO TF), its members, and key themes from the Task Force's Q1 meeting.

## Notes

- The Job Training Organization Task Force (JTO TF) members have been selected.
- The JTO TF was formed during Q1 2020 and held its first meeting just as COVID-19 and Shelter-In-Place started.
- The PA will liaise between the AC and JTO TF and cross-share relevant meeting notes.
- Crossover meetings are a possibility between the AC and JTO TF in the future.
- In its Q1 meeting, the JTO TF talked about whether JTO projects would continue, potential handbook changes, and the JTO TF bylaws.
- A brief summary of the entire JTO TF meeting and topics covered were shared.
- The JTO TF will be meeting at the end of each quarter.

## Discussion

- **SOMAH PA:** A comment was made about working with tenants to help bring awareness about SOMAH job training opportunities. Partnerships with Community-Based Organizations are ramping up, and they will help support this outreach in DACs and across the state.
- **SOMAH PA:** A crossover meeting could take place in Q3 or Q4. It will be difficult to pin down a date right now due to COVID-19, and training is not currently underway.
- **SOMAH PA:** Two JTO TF members are also on the CPUC's Low Income Oversight Board. In the proposed decision, the PA should be communicating with the Low Income Oversight Board. A crossover meeting may be scheduled between them as well.

## COVID-19 Session Pt. 1

*Chris Walker, SOMAH Program Manager*

*Marisa Villarreal, SOMAH Program Manager*

Chris Walker and Marisa Villarreal reviewed what was covered at the last Ad-hoc meeting, and updates as things have come together and moved forward.

## Notes

- A high level overview of the PA's response was given:
  - Tracking information on COVID-19 impacts to the industry was shared.
  - A special SOMAH COVID-19 Task Force was started.
  - Impact data was reviewed.
- The PA is working together as a team to decide what areas of the process need

to be adapted. The PA is also working to ensure the safety of participants understanding that individuals in low-income communities are being affected by COVID-19 the hardest.

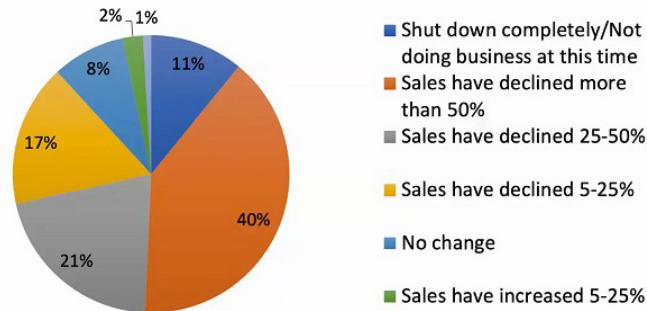
- Onsite access to properties has been impacted. A hold should be placed on energy efficiency upgrades for the time being.
- The PA is requiring contractors to have job trainees; that has not been waived. It is encouraged that contractors uphold job safety guidelines.
- Construction timelines have been impacted as permitting, inspections, and interconnection has been delayed.
- Job trainee eligibility considerations include training programs that have been suspended, eligibility extensions, and layoffs.
- DACs tend to carry the public health burden the most and are more vulnerable to public health crises.
- An immediate 60-day extension was issued program-wide.
- Considerations
  - Making changes as things evolve day-to-day is challenging.
  - Need to balance being responsive and thinking about long-term effects.
  - Consider equity, vulnerability, and resilience of the populations we are serving.

**Progress Payments**

- The SOMAH PA is exploring partial, upfront incentive payments, or “progress payments,” in order to be responsive to COVID-19 impacts and financing challenges. The PA is seeking feedback on proposed changes in incentive payments.
- The PA understands that many contractors have investments in current projects, and could use support in moving future projects forward.
- Feedback was received from many groups.

Energy efficiency compliance milestone floats							
Reservation approval	Proof of project milestone	Progress payment 1 of 3	Proof of mechanical completion	Progress payment 2 of 3		Incentive claim	Progress payment 3 of 3
	Applicant submits contract	1/3 of Reserved Incentive	Applicant submit photos of installation	Reserved incentive true-up based on inspection; 1/3 of updated incentive	EECM completed	Submit ICF	Reserved Incentive true-up based on EECM; remaining payment
	PPM checklist		SOMAH PA conducts desktop analysis / virtual inspection - if virtual inspection finds reason to adjust CSI-rating, that would be a true-up at this point		AEA desktop review	Submit final VNEM form	
	Opt-in to progress payments				Incentive true-up based on EE opportunities		
	Property owner consent form?						
	Designate payee						

- The Energy Division is tentatively in support, and sees the need for strong risk mitigation.
- The IOU (Investor-Owned Utilities) Working Group has asked how this relates to COVID-19 and what regulatory process this would require.
- CPUC (California Public Utilities Commission) COVID-19 Workshop qualified support and sees the need to mitigate risks. 90% of businesses are showing decreases in sales.



- Risk Mitigation:
  - True-up process
  - Phase-gate approach or caps
    - May want to wait to raise caps
  - Infractions, disqualifications, removal, clawbacks
  - Bonding
    - Could be a barrier to smaller contractors
    - May apply this to a subset of contractors
  - Approved permit applications
  - Material Purchase orders

## Discussion

- **AC Member:** Does SOMAH have legal representation in case of drawbacks or if a contractor doesn't finish the job?
- **SOMAH PA:** SOMAH PA members are working with lawyers, but have limited administrative dollars to allocate to this.
- **AC Member:** Are all PA members non-profits? If so, the PA could get pro-bono work.
- **SOMAH PA:** One of the biggest costs is materials. Direct pay would be something to consider. Directly paying distributors would help to mitigate risk. Soft costs may be small with SOMAH, but hard costs are high. The PA didn't consider that and we don't know if it is possible, but we will look into it.
- **SOMAH PA:** When submitting an application, system size will change throughout the process. There are two true-up possibilities.

- **SOMAH PA:** This would apply to active projects. The PA has not finalized who this would be applicable to. Contractors large and small are having a financial crisis.
- **AC Member:** Should this be targeted at smaller installers, which would mitigate the risk?
- **SOMAH PA:** Many of the projects in the pipeline are larger contractors. The PA would like to retain as much of the current pipeline as possible, and prevent current projects in the pipeline from dropping out.
- **AC Member:** They should subcontract out. It seems many of the projects in the pipeline are subcontracted out.
- **SOMAH PA:** The PA needs to get this implemented as soon as possible. Everyone is in need of additional support.
- **AC Member:** A Tier 2 Advice Letter has been mentioned. What would the process look like for this?
- **SOMAH PA:** The SOMAH PA would request additional stakeholder feedback through a public forum and interviews with contractors. The PA would then draft and submit a Tier 2 Advice Letter
- **SOMAH PA:** The PA may have to call another ad-hoc meeting to address this.
- **SOMAH PA:** The PA would like to have one more discussion with the Energy Division before filing. It is important to get this filed ASAP

This item went to vote and full consensus was reached by the AC in favor of moving forward.

## COVID-19 Session Pt. 2

*Chris Walker, SOMAH Program Manager*

*Staci Hoell, SOMAH Workforce Manager*

Chris Walker and Staci Hoell presented on worksite safety for job trainees and tenants and shared the PA's next steps on strengthening SOMAH's safety measures.

### Notes

- Worksite safety is included in the PA's task order. The PA has been meaning to build this out. SOMAH CBO partners have raised an interest in progress payments and pointed to the need to ensure worksite safety, especially in our most vulnerable communities. The PA is working to develop worksite safety protocols that are relevant to the communities that SOMAH serves.
- The PA would like a broad swath of contractors participating in the program. Multifamily has limited installations outside of incentive programs. Current requirements include a current and valid license, and participation in training webinars.
- Requirements under Title 8:

- Injury and Illness Prevention program
- Adoption of written Code of Safety Practices
- The Experience Rating Modification Factor (XMod) compares the loss or claims history of one company to other companies in the same industry of similar size
  - Recommendation: Contractors should aim to have an XMod < 1.25 per Cal/OSHA Targeted Inspection Program
- The PA is asking members of the SOMAH AC and Job-Training Organization Task Force (JTO TF) to peer review the PA's current bank of safety resources for contractors and job trainees.
- Approach Types
  - Data gathering
    - Tracking what contractors are doing to ensure worksite safety
  - Voluntary resources
    - Providing program-relevant info on laws and regulations; voluntary offerings (resources/trainings)
  - Requirements
    - Compliance mechanisms/submittals
    - Mandatory resources, trainings, and practices
- Next Steps
  - Communicate sense of urgency around COVID-19 safety in particular with program-area website updates.
  - Discuss with stakeholders
    - AC; JTO TF; contractors and property owners; CBO partners; CPUC's Energy Division, DAC Advisory Group (DAC-AG) and Low-income Oversight Board (LIOB); and IOUs

## Discussion

- **SOMAH PA:** What type of support and approach is needed? In what way should the PA position itself regarding worksite safety?
- **AC Member:** I believe the COI issue is surmountable. The PA can decrease the power of GRID to overcome this. I see data gathering coming first, and then compliance. If we see anything egregious, then compliance can be created to address it.
- **AC Member:** How are contractors looking at this? The PA should have more relevant information for training. This is different from how worksites have operated in the past. There is a gap and it would be helpful to have that filled.
- **SOMAH PA:** That is what the three-pronged approach is for and there is an interest in having input on how this should be rolled out.
- **SOMAH PA:** The hope is to eliminate the barrier of looking at tenants as job trainee candidates.
- **SOMAH PA:** The PA would like to include that in the webinar--considering tenants as job trainees, training for tenants, and how to engage them.



- **AC Member:** If requirements are being lifted, then we also need to engage trainees to make sure they are properly informed.
- **AC Member:** We could review their safety plans as it is a state code complaint document, and what their protocols are. How do you keep the tenants safe? There needs to be some form of training and supervision to make sure that person stays safe.
- **SOMAH PA:** Great point. We should be data sharing so we are not reinventing anything. The contractors already have safety protocols in place and it may be a challenge for contractors that don't have those protocols in place yet.
- **SOMAH PA:** Should hands-on training be required?
- **AC Member:** As a contractor, it is favorable to have someone with hands-on training (i.e. OSHA-certified). You don't know when OSHA officers will show up to your sites, so it is important to have proper training.
- **SOMAH PA:** We are in a pandemic right now. Do we need different approaches to respond to COVID-19?
- **AC Member:** We should consider a holistic approach. Safety protocols are tricky during this time, even considering transportation--who is driving to the site, wearing masks, and working in close proximity?
- **AC Member:** Thinking from the trainee perspective – I would want the contractor to tell me, before I accepted the opportunity, what safety protocols were in place for COVID-19, what PPE I'd be provided and what's expected of me on site. What are your thoughts on requiring that type of communication?
- **AC Member:** Is there a way to "incentivize" the "voluntary" contractor behavior? (Offering extensions, etc.)
- **AC Member:** A lot of these practices exist. You can take a look at California Solar Energy Industry Associations (SEIA). We may have to have these practices in place for some time.
- **SOMAH PA:** We're going to operate under COVID-19 concerns for a while. This is an opportunity to develop a workforce as we are facing the future recovery from COVID-19. I would like to look into SOMAH being a key program in the industry recovering from COVID through developing jobs, installations, and future projects.
  - Create better standards for the industry.
  - Addressing concerns as COVID affects black and brown folks
  - How are we looking at sick leave?
  - Do the trainees get any protection through the contractor?
  - Consider what contractors should provide to trainees.

## Property Owner Engagement

*Srinidhi Sampath, Sustainable Housing Policy & Program Manager (California Housing Partnership)*

*Michael Claproth, Sustainable Housing Program Associate (California Housing Partnership)*

Srinidhi Sampath and Michael Claproth presented on the challenges in engaging property owners and strategies in response to COVID-19 and beyond.

### Notes

- The PA has been interviewing property owners across California for general feedback and COVID-19 specific concerns.
  - Property owners are unaware of many SOMAH requirements because contractors are driving the application process.
  - Responses differed between larger and smaller developers.
  - Some property owners are feeling forced into the program.
  - Mentioned that SOMAH incentives should be extended to master-metered properties and property owners for project management.
  - Comments about how the SOMAH program is extremely bureaucratic and that some of the milestones could be redesigned to be simpler.
    - Energy Efficiency milestone for example – rather than conducting a full audit, just get the data directly from the property owner.
  - Lots of back and forth with contractors to redo forms and paperwork.
  - Lack of Track A awareness
  - Timeline should be extended -- the design phase is delayed.
- COVID-19 Concerns
  - Experiencing issues collecting rent
  - Senior and farmworker housing – they've seen little to no impact on rent collection -- may change
    - These properties have better operating reserves right now
  - Public Housing Authority – still able to protect themselves from rent impacts because they're funded federally
  - Don't want to burden maintenance staff
  - Want to have site visits scheduled in advance to give notice to residents so they don't get scared
  - Looking for guidance from the Governor's Office and SOMAH program on allowing contractors to come in.
  - Back and forth with the liability waiver
  - General Track A interest is higher right now
  - Value proposition is low --- now that they're facing higher risk, they believe

SOMAH can help prioritize and increase value proposition for them (increase and maintain incentive levels at least through two program years).

- Marketing, Education & Outreach
  - Prioritizing owner capacity – lots of developers don't have the bandwidth to participate in SOMAH.
  - Broadening outreach to DACs.
  - Expanding co-marketing (mailings with other partners, housing agencies, and legislative districts)
  - Enhancing support on Track A applications

## Discussion

- **SOMAH PA:** The PA acknowledges the challenge in trying to keep people engaged in the program. While this work has been deemed essential, we're trying to prioritize health and safety right now.
- **AC Member:** I like the idea of shifting the priority to Track A. As an owner, I already had my own way of doing solar. This program has helped me understand that it isn't just going out and getting three bids from a contractor – It's how we're making this program equitable to everyone. This was very educational and I better understand that the PA is focused on equity -- as you're approaching this with Track A.
- **AC Member:** It is hard right now. From an operations standpoint, we anticipate things to get worse before they get better. Thinking about projects and looking ahead, I don't know what you could do to try and get people to focus on something that may not be as much of a priority – thinking about the gap in cash flow projections.
- **AC Member:** The assumption is that property owners are canceling/delaying property improvements. For the typical property, are tenants receiving relevant public assistance? If so, does that decrease risk and allow you to proceed with capital improvement projects? The utility seized on this as potential rationale for not moving forward with progress payments.
- **AC Member:** Properties that are 100% subsidized, per Section 8, are fully covered and don't see a change in rent collection.
- **AC Member:** Senior communities are also less impacted. There are no changes in rent collection due to fixed incomes.
- **AC Member:** In industry webinars, we're running projections for a decrease of 10% in rent revenues (industry-wide is between 8-10%, though this could change within the next month). This is because we're imagining things will get worse before they get better. I am wondering if we should project for 4-6 months or for the rest of the year. We are trying to figure out how you close that gap and how we prepare for this. Strategies may include vendor and investor conversations. Our approach is to hold back on doing any type of construction or capital improvement work on the property. If property owners (POs) didn't have to do a

Power Purchasers Agreement (PPA) then it may be more appealing to them, and it's coming from a different source of funds - not coming from operations. I heard that April rents are still going to come in, but May and June rents are going to be much lower. We're trying to work with the resident services team to hopefully see it stabilize a bit sooner.

- **AC Member:** Not putting anything on hold and moving forward with projects – I can see how progress payments would definitely have more of an impact on the upfront side. Property owners could have already done their due diligence in having bids and a system in place for reaching out to contractors. It will be more challenging for smaller POs who may turn down opportunities because they have less capacity. They will require a lot of hand-holding. It will be a challenge in getting them engaged, even with hand-holding, with the current situation we are in and the need to focus on other things.
- **AC Member:** Do we think that it's more helpful or worth pushing Track A projects at this time? Those that we've spoken to have expressed interest. Is there something we should be doing or communicating differently, given the current scenario?
- **SOMAH PA:** We think we should give it a few months to see where things are at -- right now we're still under a lot of uncertainty. In a few months, the PA will have more data and information and will be able to assess better. Right now, POs are really just designing and building the projections.
- **SOMAH PA:** The PA is trying to be conscious about what we send out to tenants – they receive lots of surveys and information. With POs, we do not see any issues with maintaining contact, even without trying to set up an appointment. There are lots of webinars around what comes next – we are trying to look for opportunities to co-market SOMAH with these kinds of communications that are going to POs.
- **AC Member:** There was feedback that POs should be getting incentive dollars for project management of projects? Could you elaborate and give more info on the common area benefits they're getting?
- **SOMAH PA:** Some property developers feel like the program requires a lot of their time and attention. They're spending a significant amount of time to make sure the project is going smoothly, even if it's being managed by a contractor. The PA would want to provide funds to support this, rather than just incentives for the actual system. We have had conversations in general about how incentives should be increased for developers, and incentive step-downs and more financial incentives coming out of it.
- **AC Member:** Are the common area incentives available a good enough “carrot”? Or are they just seeing this as a tenant benefit?
- **SOMAH PA:** There has been a division in how different developers approach this. Some don't feel that way with SOMAH -- we would have to provide a lot of incentives to the tenants. It depends on the developers, but there is still a lot of interest in the program and what can be done.

- **AC Member:** Are the savings the usual selling points for your properties?
- **AC Member:** Common area benefits are a good selling point, but I am not sure whether they were the biggest selling points. The sustainability aspect was the real hook.
- **AC Member:** I came from the organizational mission and value perspective -- we wanted to be more sustainable and green. Rebates were initially full with no out-of-pocket, but once rebates started to reduce, we saw that the actual impacts in the common area and savings that our investors and lenders see are very minimal. It's not the driving force for their decision. SOMAH was exciting because it was made with residents in mind. That helped support the argument that solar belongs on every roof. If we're talking about how to message to owners, 20% allocation to common areas is not really enough. It depends on project type as well. It's not just about savings.
- **AC Member:** Is property value salient? SOMAH requires you to have a minimum of 10 years of affordability restrictions. What happens to the property after 10 years?
- **SOMAH PA:** Possibly, depending on the organization type and how you treat affordable housing. Once credit and tax obligations are done, if the property value increases, so does the insurance value because we have to ensure we're covering the additional asset.
- **SOMAH PA:** Next steps -- we need to think about the timing and messaging around value proposition. We need to figure out how to make the user experience clean and simple. Some of the contractors in this space have mastered the art of this.
- **SOMAH PA:** Who knows how long the shelter-in-place will be. Lots of developers and owners are sensitive to how they treat residents during this time. Plus with the eviction moratorium (12 months), we want people to continue to be sensitive to residents. It would be great if we could say, "Here's another way to help your residents save money and pay rent."
- **AC Member:** Air conditioning (AC) is a value proposition that the solar industry will push in the summer months. The Self-Generated Incentive Program (SGIP) Equity Resilience budget is also available. There are increased risks with power shut-offs, and if residents have to be at home, how can they access their AC and critical essential services? That could be good to discuss from a marketing perspective.
- **SOMAH PA:** The PA will definitely look into comarketing with the SGIP.

## Next Steps & Wrap-up

- Action Items
  - Let Lauren know if you're interested in signing onto the petition for the July 1st incentive step-down.
  - Staci Hoell to share JTO TF notes before the next meeting in case there are topics to discuss.
  - Potential Q4 crossover meeting with JTO TF.
  - The PA to move forward with developing a progress payment proposal.
- Scheduling next AC Meeting
- Future agenda topics

*The next Advisory Council meeting will be held on August 12th, 2020.*