Department of
Housing Preservation
& Development

SOLARone
NYC ENVIRONMENTAL EDUCATION NONPROFIT

Urgent Federal Solar Incentive Update - July 2026

In July 2025, federal tax legislation accelerated the phase-out of the federal solar Investment Tax Credit (ITC) and related bonus incentives. These incentives have historically covered 30–50% of the cost of a rooftop solar installation and have been widely used by both new construction and preservation projects.

Because many affordable housing developments rely on these incentives, project teams should review the updated deadlines as early as possible to ensure that:

1. Solar remains feasible within the project budget; and
2. Any necessary design, scope, or underwriting changes can be incorporated before project financing is finalized.

As of July 5, 2026, the only path to claim the ITC is for the solar system to be placed-in-service* by December 31, 2027 - except for projects that have met federal "safe harbor" requirements**

**"Placed in service" means the solar system is fully installed, interconnected, and operational, including receipt of Permission to Operate (PTO) from Con Edison.*

***Projects that previously met federal "safe harbor" requirements before July 4, 2026, are not subject to the December 31, 2027 placed-in-service deadline. Safe harbor generally required either:*

1. *Beginning "physical work of a significant nature" or*
2. *Incurring at least 5% of total project costs.*

Projects that successfully safe-harbored their ITC eligibility have up to four additional calendar years to place the system in service while maintaining eligibility for the credit.

Rooftop solar projects on NYC multifamily buildings typically require 6–12 months from contract execution to system completion. Project teams should coordinate with their solar developer as early as possible to ensure sufficient time to qualify for available federal incentives.

For questions about solar incentives or assistance evaluating a project, please contact Solar One at affordable@solar1.org.