

Solar Financing for Affordable Housing Providers

Overview of Purchased (Owned) Solar Systems

‘Owned’ solar is the combination of cash purchases, incentive programs, and loans that allow HPD buildings to own the solar systems upon their rooftops in full. If a building has the reserves to pay for a system upfront, ownership usually provides the greatest long-term financial savings, especially if the building and its residents can benefit from the available tax incentives.

All HPD-financed affordable housing must evaluate whether solar is feasible, i.e. whether their long-term savings exceed upfront installer costs. Upfront costs can be reduced significantly by federal and state solar incentives, which cover up to 70-90% of a system’s cost (see *Figure 1*).

In a cash purchase agreement, buildings are responsible for solar maintenance. Solar technology is incredibly resilient, however, with minimal maintenance needs over 25 years.¹

If a building does not have the capital to invest in a solar project, financing options are available, including solar loans, HPD loans, and Power Purchase Agreements (PPAs). Ultimately, though, owned solar allows buildings to retain the highest returns on their investment.

| <i>Figure 1</i> | Cash Purchase: Building Owned |
|---------------------|---|
| Upfront Cost | Upfront investment cost |
| Incentives | Building Owner receives NY-Sun prepayment rebate |
| | Building Owner receives property tax abatement ² |
| | Emissions reduction can facilitate LL97 compliance |
| | Building Owner receives Federal solar tax credit |
| | Owner-occupants receive 25% NY State solar tax credit |
| Savings | 100% of annual electricity savings received by building |
| Maintenance | Building Owner is responsible for maintenance |

¹ HPD buildings may bundle a solar installation with roof upgrades, if feasible.

² If the building receives a pre-existing property tax abatement, the Solar Property Tax Abatement cannot apply.