



Fannie Mae 2019
Affordable Housing Preservation
Outreach

ACTIVITY:

G. Regulatory Activity: Finance improvements on multifamily properties: which reduce energy or water consumption by tenant or property by at least 15 percent; and where the savings generated over the improvement’s expected life will exceed its cost.

OBJECTIVE:

2. Facilitate the establishment and dissemination of energy or water efficiency improvements finance industry standards that will facilitate increased liquidity to the multifamily energy efficiency improvements finance market (Partner and Innovate).

SUMMARY OF RESULTS:

Following are the 2019 Actions under this Objective per the December 20, 2019 Duty to Serve Plan:

<i>Objective’s components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Confirm industry adoption of at least one new standard related to underwriting or measuring utility savings from Improvements by:		
<input checked="" type="checkbox"/> Developing and implementing a plan to encourage the industry to adopt standards.	<p>Fannie Mae pursued two standards in 2019: a uniform historical data utility standard and a technical solar assessment for multifamily.</p> <ul style="list-style-type: none"> • Mortgage Bankers Association's Commercial Mortgage Industry Standards Maintenance Organization (C-MISMO), committed at their Fall meeting in Q3 to form a working group to develop the uniform historical data utility standard. The Call for Participation is currently out to recruit members for the working group. This effort is designed to standardize the types, definitions, and formats of historical utility data collected for energy and water 	N/A



Fannie Mae 2019
Affordable Housing Preservation
Outreach

	<p>audits and annual measurement; a uniform standard may also have the effect of encouraging more utility companies to provide whole-property aggregate energy and water data to property owners.</p> <ul style="list-style-type: none"> • A second standardization effort, to standardize technical solar assessments, has been internally approved and externally reviewed by stakeholders before submission to FHFA in early 2020. • This assessment is designed to ensure that all the considerations and complexities are evaluated for solar projects that will be part of Fannie Mae Green loans, and that standardized data can be captured. Currently there is no uniform standard for what needs to be evaluated to determine the cost and benefits of solar projects at multifamily housing. 	
<p><input checked="" type="checkbox"/> Engaging with the Energy Advisory Committee to validate the Plan to reach the industry.</p>	<p>Fannie Mae discussed the standardization efforts with the Energy Advisory council during two of the quarterly Energy Advisory Council meetings and in separate one-on-one conversations with council members and other industry stakeholders.</p>	<p>N/A</p>
<p><input type="checkbox"/> Publicizing the adopted standard and executing the Plan to reach the industry.</p>	<p>Fannie Mae has publicized our intent to work with the C-MISMO working group to adopt historical standards, but the standards themselves will be finalized in 2020.</p>	<p>The working group to develop the standard for historical utility data is being formed now; the standard will be published and publicized in 2020.</p>



Fannie Mae 2019
Affordable Housing Preservation
Outreach

<input checked="" type="checkbox"/> Updating Fannie Mae documentation to incorporate the new standard(s).	Fannie Mae documentation is being prepared to adapt to new standards, to be finalized in 2020.	The working group to develop the standard for historical utility data is being formed now; the standard will be published and publicized in 2020.
---	--	---

SELF-ASSESSMENT RATING OF PROGRESS:

- Objective met
- Objective exceeded
- Objective partially completed: 75-99% (substantial amount)
- Objective partially completed: 50-74% (limited amount)
- Objective partially completed: 25-49% (minimal amount)
- Objective partially completed: 0-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

We have made significant progress toward the 2019 Objective and have spent considerable organizational effort to recruit and inform stakeholders to join the standardization effort. Taking the time to ensure stakeholder engagement and involvement is a key element to ensuring industry adoption of new standards. Fannie Mae’s substantial effort on this front in 2019 justifies this level of partial credit.

IMPACT:

- 50 – Substantial Impact
- 40 – Between Meaningful and Substantial Impact
- 30 – Meaningful Impact
- 20 – Between Minimal and Meaningful Impact
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

Fannie Mae has partnered with the Mortgage Bankers Association's Commercial Mortgage Industry Standards Maintenance Organization (C-MISMO) to establish a Historical Utility Data Standard, which will establish a uniform nationwide data request. The difficulty in obtaining historical whole-property utility usage data is a significant barrier to accurately predicting energy savings. This uniform data request, along with the annual utility benchmarking and utility data reporting, will hopefully encourage utility companies to make more data available in the new industry-standard format. Fannie Mae has engaged the community of energy and water auditors that prepare High Performance Building reports and our partners in the Measurement and Verification Services to ensure the success of this work. Fannie Mae expects to finalize the standardization elements in 2020.



Fannie Mae 2019
Affordable Housing Preservation
Outreach

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

Fannie Mae has been in the Green multifamily finance business since 2010 and, as such, is well versed in the numerous challenges posed by standardizing the historic utility data collection and reporting process, such as difficulty in gathering tenant data, sampling protocols, how to address vacant units, etc. We are pleased with the progress and participation of numerous real estate and utility stakeholders and expect to continue to learn from energy and water auditors as well as building owners, utility companies, and other stakeholders throughout the standardization process.

3. (Optional): If applicable, why were all components of this objective not completed?

We believe we have made significant progress toward the 2019 Objective, though timing issues have meant that our publicizing of the effort has focused more on the standardization process, including a call for participation and working group presentations, than publicizing a finalized standard. We believe spending enough time to garner a wide degree of stakeholder engagement and support in the standard will be critical to widespread use and acceptance of the standard.