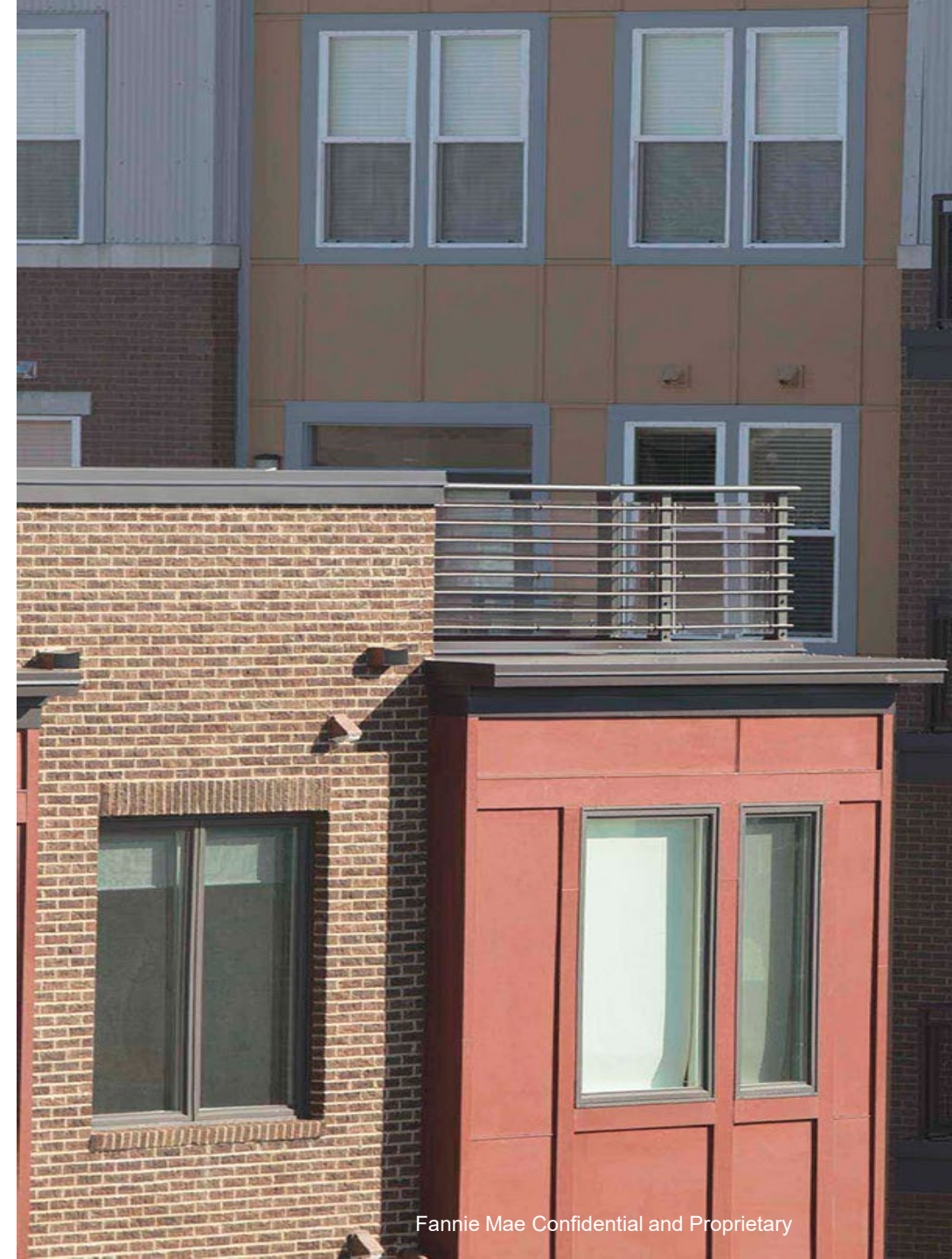




# Healthy Housing Rewards™

October 2018

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# Fannie Mae Green and Healthy Housing Financing Framework



## Financial



## Social



## Environmental

### Benefits

- Lower credit risk
- Higher cash flows
- Higher property value
- Greater affordability for tenants
- Higher quality, more durable housing
- Healthier housing
- Lower energy use
- Lower water use
- Generate clean energy
- Greater resiliency to natural disasters

**As a result of financing over \$31B in Green Mortgage Loans through YE 2017, Fannie Mae's portfolio is projected to:**

### Our

### Impact

- Reduce utility bills by \$53 million across portfolio
- Save \$49,000 on average energy and water cost reduction annually per property
- Provide more than 248,000 units improved, more comfortable homes
- Save \$131 on average annually on energy and water costs per family
- Save electricity to power 80 million cell phones
- Save fuel to heat 27 million showers
- Save water to fill 42 billion glasses



# Green and Healthy Housing Financing Solutions

Green and Healthy Housing incentives can both be used for multifamily affordable housing deals

Solution	Green Rewards	Green Building Certification	Healthy Housing Rewards
Purpose	Reward renovations, retrofits, repairs and solar	Recognize owner's initiative to certify to LEED, ENERGY STAR®, and others	Reward health-promoting design and resident services in affordable properties
Financial Incentives	<ul style="list-style-type: none"> <li>✓ Underwrite 75% of owner's and 25% of tenant's cost savings</li> <li>✓ No minimum Green Improvement Budget</li> <li>✓ Audit paid 100% by Fannie Mae, valued at \$7,000 on average</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lower interest rate</li> <li>✓ No minimum Green Improvement Budget</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lower interest rate</li> <li>✓ Certifications paid 100% by Fannie Mae, valued at between \$750-\$6,000</li> </ul>





# Healthy Housing Rewards™

Fannie Mae Multifamily offers **Healthy Housing Rewards**, a financial incentive to Multifamily Affordable borrowers that **invest in health-promoting design elements or resident services** for their tenants.

Fannie Mae affordable borrowers receive a **pricing incentive and reimbursement of the cost of certification.**



# Healthy Housing Rewards

Two pathways for multifamily affordable properties

## Healthy Design

- Intended for borrowers that have incorporated health-promoting design and operational strategies at the property
- Target outcome is **enhanced building environments** that **improve resident health**
- Borrower obtains Fitwel<sup>®</sup> property certification



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## Enhanced Resident Services

- Intended for borrowers that have demonstrated a commitment to providing resident services at their properties
- Target outcome is **improved health and stability of residents and neighborhoods**
- Borrower obtains CORES and ERS certifications



# Healthy Housing Rewards offers preferred pricing and reimbursed certification costs

## Healthy Design

1. **Preferential pricing**
  - **15 basis points** pricing discount
2. Fannie Mae reimburses the cost of **Fitwel Certification (\$6,000)** after loan delivery

## Enhanced Resident Services

1. **Preferential pricing**
  - **Up to 30 basis points** pricing discount
  - Resident services expenses must be included in operating budget and must be equal to or greater than the annual dollar amount of the incentive
  - Max discount of \$75,000
2. Fannie Mae pays for **CORES Certification** upfront (**\$5,500**) and reimburses the cost of initial **ERS Certification (\$750)** after loan delivery

\*Lender must adhere to Fannie Mae Multifamily Underwriting Standards for preferred pricing



# Borrower must secure certifications to qualify

Healthy Housing Rewards  
Healthy Design

Healthy Housing Rewards  
Enhanced Resident Services

Fitwel<sup>®</sup> for Multifamily

CORES  
Sponsor  
Certification

ERS  
Property  
Certification



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Must be a Multifamily Affordable Housing property with rent or income restrictions in place where at least **60% of units are serving tenants with incomes of 60% of AMI or less**



# Healthy Housing Rewards: Healthy Design

## Fitwel® for Multifamily Certification



- Points-based property certification
- Implement design and operational strategies that improve resident health
- Choose from 59 strategies across 12 categories
- Certification awarded by the Center for Active Design

**fitwel Multifamily Residential Scorecard**

Fitwel Strategies			Points Available			
1. LOCATION			Yes	NA	AC	Score
1.1	Walkability	Walk Score® of 50 or above	3.00			
1.2	Walkability	Walk Score® of 70 or above	4.50			
1.3	Walkability	Walk Score® of 90 or above	4.50			
1.4	Proximity to Transit	Public transit stop located within ½ mile or 800 meters of the main property entrance	4.28			
2. ACCESS			Yes	NA	AC	Score
2.1	Pedestrian Routes	Provide convenient and accessible pedestrian routes between the main building entrance and amenities	0.82		0.82	
2.2	Short-Term Bicycle Parking	Provide short-term bicycle parking within 100 feet or 30 meters of the main building entrance for a minimum of 5% of residents	0.90			
2.3	Long-Term Bicycle Parking	Provide secure and covered long-term bicycle parking for a minimum of one space per every two dwelling units	1.48	0.74		
2.4	Bike Share Access	Provide a bike share station within 1/2 mile or 800 meters of the main building entrance	1.48		1.48	
2.5	Safe Street Infrastructure	Provide safe and accessible street infrastructure for pedestrians and	4.28		4.28	

NA: Not Available; AC: Alternative Compliance





# Fitwel® : What earns points?

## Design and operational strategies such as:

Support a fruit and vegetable garden accessible to all residents

Adopt and implement an Indoor Air Quality (IAQ) Policy

Provide playgrounds in outdoor spaces

Provide a dedicated exercise room available free of charge to all residents



# Healthy Housing Rewards: Enhanced Resident Services

## CORES and ERS Certifications

### CORES – Certified Organization for Resident Engagement and Services

- Sponsor certification
- Recognizes owners that have a robust **commitment** to, **capacity** for, and **competency** in **providing resident services coordination** at affordable rental properties

### ERS – Enhanced Resident Services Property Certification

- Property certification
- Detailed plan for resident services at property seeking financing
  - On-site health services
  - Financial literacy/budgeting classes
  - After school programs
  - Fitness/nutrition classes



**C O R E S**

*Certified Organization for  
Resident Engagement & Services*

Certifications awarded by: Stewards of  
Affordable Housing for the Future



# Case Study: Healthy Design

Edgewood Court Apartments, Atlanta, GA

## Products used include:

- Healthy Housing Rewards
- Green Rewards
- MBS as Tax Exempt Bond Collateral (M.TEB)

## Features resulting in access to pricing and certification cost reimbursement:

- All units affordable to households at 60% AMI and below
- Community gardens, benches, picnic tables
- Outdoor playground and indoor fitness facilities
- Tobacco-free policies
- Stairs are inviting for use
- Industry best practices for promoting good indoor air quality
- Located near public transportation
- Safe streets for walking and biking; bike parking on site



Find this case study at: <https://www.fanniemae.com/multifamily/healthy-housing-rewards>

# Questions?

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<https://www.fanniemae.com/multifamily/healthy-housing-rewards>