

# **Multifamily Green MBS Energy Metrics Report**

## **What is the Multifamily Green MBS Energy Metrics Report?**

The [Multifamily Green MBS Energy Metrics Report](#) provides the ENERGY STAR® Score<sup>1</sup> and Source Energy Use Intensity (EUI) data for properties backing Fannie Mae's active Green MBS. Fannie Mae requires owners of properties that are collateral for loans originated under one of Fannie Mae's Multifamily Green Financing products and backing Green MBS to report the property's annual ENERGY STAR® Score and Source Energy Use Intensity (EUI) for tracking of energy performance metrics over the life of the loan. The report is not intended to demonstrate raw utility data; rather the ENERGY STAR® score measures the energy performance of multifamily properties in the U.S. on a 1 to 100 scale. A property with a 50 score is performing better than 50 percent of its peers, while a property with a 75 is performing better than 75 percent of its peers. The score is an important objective measurement of a property's energy performance, allowing owners, lenders, and investors to compare properties constructed at different times with varying materials and located in different geographies on the same 1 to 100 scale.

This report will be published on an interim basis until the energy metrics data fields are available on DUS Disclose®, which is expected in the first half of 2020.

## **What securities are included on the Multifamily Green MBS Energy Metrics Report?**

The report will contain Green MBS backed by multifamily properties that meet at least one of two criteria:

- possess a Green Building Certification recognized by Fannie Mae; and/or
- use a portion of the loan proceeds to make property improvements that target specific reductions in energy and/or water use (Green Rewards).

## **What data fields are included on the Multifamily Green MBS Energy Metrics Report?**

- The following fields are included on the report:
  - Security Transaction ID
  - Security CUSIP
  - Security UPB (\$) Issuance
  - Security Issue Date
  - Loan Green Financing Type
  - Property Name
  - Property Green Building Certification

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<sup>1</sup> The U.S. EPA launched the ENERGY STAR® Score for Multifamily in September 2014. The ENERGY STAR® Score for Multifamily Housing is the industry standard tool for benchmarking energy performance in multifamily properties in the United States.

- Property ENERGY STAR® Score - Issuance
- Property Source Energy Use Intensity - Issuance
- Property Energy Score Date - Issuance
- 2018 (Preceding Year) Property ENERGY STAR® Score
- 2018 (Preceding Year) Property Source Energy Use Intensity (EUI)
- 2018 (Preceding Year) Property Energy Score Date
- 2017 (2<sup>nd</sup> Preceding Year) Property ENERGY STAR® Score
- 2017 (2<sup>nd</sup> Preceding Year) Property Source Energy Use Intensity (EUI)
- 2017 (2<sup>nd</sup> Preceding Year) Property Energy Score Date
- Each line in the report represents energy data relating to a single property. Some MBS may have multiple loans and/or multiple properties backing the security.
- At-issuance energy metrics are usually available for those properties in which energy and/or water consumption reduction improvements were made as part of their Green Financing (Green Rewards or Green Preservation Plus). Some properties may not have at-issuance energy metrics because they were not submitted to Fannie Mae prior to issuance. ***Green Building Certification properties do not require at-issuance energy metrics.***
- When available, the property's most recent annual energy metrics data will be disclosed in the following fields:
  - 2018 (Preceding Year) Property ENERGY STAR® Score
  - 2018 (Preceding Year) Property Source Energy Use Intensity (EUI)
  - 2018 (Preceding Year) Property Energy Score Date
  - 2017 (2<sup>nd</sup> Preceding Year) Property ENERGY STAR® Score
  - 2017 (2<sup>nd</sup> Preceding Year) Property Source Energy Use Intensity (EUI)
  - 2017 (2<sup>nd</sup> Preceding Year) Property Energy Score Date
- A borrower must have 12 full calendar months of utility data to calculate energy metrics (ENERGY STAR® Score and Source EUI) on a property backing a Green MBS.
- Dependent upon the issue date of the MBS by Fannie Mae, reporting of the first-year values may not be required until after the first full calendar year after issuance.

## What do blanks represent on the report?

If the any of the following issuance values are blank - Property ENERGY STAR® Score, Property ENERGY STAR® Score Date, or Property Source EUI - then one of the following applies:

- Loan originated prior to the ENERGY STAR® Score creation; or
- Loan originated prior to the Form 4099.H requiring direct reporting of issuance data; or
- The property is not eligible for the ENERGY STAR® Score. The Multifamily ENERGY STAR® Score is available only to residential properties that contain 20 or more residential living units. In addition, it may not be available for certain specialty housing types. For more information see: [https://www.energystar.gov/buildings/tools-and-resources/energy\\_star\\_score\\_multifamily\\_housing\\_united\\_states](https://www.energystar.gov/buildings/tools-and-resources/energy_star_score_multifamily_housing_united_states).

If the Preceding Year Property ENERGY STAR® Score, Property ENERGY STAR® Score Date and Property Source EUI are blank, then one of the following applies:

- The property is not yet required to report. A borrower must have 12 full calendar months of utility data to calculate ENERGY STAR® Score on a property backing a Green MBS; or
- The property is required to report, but the data has not yet been received; or,
- The property is not eligible for the ENERGY STAR® Score (see details above).

## What is the source of the data?

The at-issuance data for each property comes from lender inputs to Fannie Mae prior to Fannie Mae's acquisition of each loan. The source of the at-issuance energy metric data is the High Performance Building (HPB) Report, which is an energy and water audit completed by a third-party consultant for every Green Rewards loan. The consultant collects available property energy cost and consumption data, and models any needed data that is not available, such as tenant energy consumption in direct metered properties. The consultant inputs the property energy data into ENERGY STAR® Portfolio Manager.

The 2018 Preceding Year and 2017 2<sup>nd</sup> Preceding Year data for each property has been obtained and reported through the Fannie Mae Green Measurement and Verification Service. The Fannie Mae Green Measurement and Verification Service utilizes expert energy auditors to obtain whole property data, input to ENERGY STAR® Portfolio Manager, and submit to Fannie Mae. For tenant data, either whole property aggregate data or a representative sample of tenant data may be used. In some instances, tenant data may be modeled. More information about the tenant data sampling requirement can be found here: <https://multifamily.fanniemae.com/financing-options/specialty-financing/green-financing/green-measurement-and-verification-service>.

The Fannie Mae Measurement and Verification Service conducts a thorough quality control effort based on current industry best practices.

## Additional notes on property-level data:

The Fannie Mae Green Rewards loan product currently requires borrowers to make energy- and water-saving improvements that are projected by energy auditors to result in a 30% reduction in consumption, with a minimum of 15% related to energy consumption. Fannie Mae does not guarantee the resulting consumption improvements. Expectations are that consumption reductions made on portfolio assets may result in a positive overall trend in the reported energy data (higher average ENERGY STAR® Scores and lower average Source EUIs); however, there are a number of reasons that an individual property may show results that differ from expectations, including:

- Green Rewards improvement requirements have changed over time and include water-saving improvements. A property owner may have elected to implement water-saving improvements rather than energy-saving improvements; therefore, the ENERGY STAR® Score may not have changed or improved.
- At-issuance and ongoing data may be based on actual, sampled, or modeled utility consumption. Modeled data is used when actual or sampled data is unavailable from the borrower or utility company.
- Data modeling methodology used by HPB Consultant may differ from methodology used by Fannie Mae Green Measurement and Verification Service.

- ENERGY STAR® Score calculation methodology changed in August 2018; at-issuance scores may reflect prior methodology.
- ENERGY STAR® Portfolio Manager site/source energy ratio changed in August 2018; at-issuance Source EUI may reflect prior site/source energy ratio.
- Fundamental property characteristics may have changed, such as tenancy, property operations, utility billing methodology, or alterations to property unit count or amenities.
- Property owner may have completed additional energy- or water-saving improvements other than those committed to for the Green Financing.

**For more information on Fannie Mae's Multifamily Green Financing Business, please refer to the Green Financing Business website: [www.fanniemaegreenfinancing.com](http://www.fanniemaegreenfinancing.com).**