Multifamily Mortgage Business Lender Letter 14-05

April 22, 2014

To: Multifamily Lenders

From: Robert Walton, Vice President for Multifamily Debt and Equity Asset Management

Subject: Lender Letter 14-05 | Energy Metrics Collection in the Multifamily Asset Management Portal

HIGHLIGHTS

Fannie Mae will require the collection and submission of energy metrics through the Multifamily Asset Management Portal (“MAMP”) for all Properties located in jurisdictions requiring energy benchmarking, beginning with the June 1, 2015 reporting cycle. Changes to the current Form 4254 Annual and Form 4254 Seniors Annual, which will include the collection of energy usage metrics, will be incorporated with Release - 4.1. Release 4.1 will go into production in Q3 2014.

For FY 2013, please complete the attached spreadsheet for eligible Properties located in New York City, Seattle, and Washington, D.C. and send the completed spreadsheet to green_initiative@fanniemae.com by June 1, 2014.

Introduction

Increasing energy and water rates and the corresponding rising costs may impact a multifamily property’s expenses and profitability. Long-term energy management is central to reducing costs and minimizing risk associated with operating and managing a multifamily property. To develop a successful long-term management strategy, energy use must first be benchmarked. Energy Use Intensity (“EUI”) and the ENERGY STAR® score are 2 key metrics computed through benchmarking. Benchmarking is the process of measuring and tracking energy use over time, computing key performance metrics, and using those metrics to assess performance. Benchmarking allows owners and managers to identify issues and plan capital improvements to improve performance.

For properties located in certain jurisdictions, Chief Asset Managers are requested to collect the property’s EUI beginning with the June 1, 2014 reporting cycle. The EUI is to be reported in the fiscal year (“FY”) 2013 Energy Metrics Collection Workbook. Beginning with the June 1, 2015 cycle, the EUI and ENERGY STAR® score will be incorporated in the Form 4254 Annual and Form 4254 Seniors Annual.

Jurisdictions Requiring Energy Metrics

In an effort to understand these metrics and the energy efficiency of buildings located within their jurisdictions, several cities have begun requiring properties to report on an annual basis the results from energy benchmarking. As of April 2014, jurisdictions requiring Multifamily Properties to benchmark and report in 2014 are:
• New York City - Multifamily Properties 50,000 sq.ft. or larger;
• Seattle - Multifamily Properties 20,000 sq.ft. or larger; and
• Washington, D.C. - Multifamily Properties 50,000 sq.ft. or larger.

Additional jurisdictions that will require Multifamily Properties to benchmark and report energy metrics in 2015 include:
• Boston; and,
• Chicago.

Additional jurisdictions will be added as legislation is approved, the required reporting period becomes effective or the properties eligible for reporting are added.

Energy Metrics in the Multifamily Asset Management Portal

As mentioned in the Portal Release Notes sent out on December 9, 2013, Fannie Mae will begin collecting a property’s energy metrics only for properties located in the jurisdictions requiring and meeting the jurisdiction’s reporting requirements. In order to begin collecting energy metrics, additional data fields will be added to the Annual Form 4254 Base/YTD and Annual Form 4254 Seniors. The data fields to be collected are:
• Portfolio Manager Property ID,
• Source EUI
• ENERGY STAR® score
• Source EUI/ENERGY STAR® score as of Date.

The EUI and ENERGY STAR® score must be calculated for the same twelve month time period as other financial data points submitted through the Portal, i.e. January through December of the prior year. These metrics provide information on the property’s energy consumption performance only.

To obtain these metrics, borrowers with properties located in the referenced jurisdictions are required to use EPA’s ENERGY STAR® Portfolio Manager Tool. Borrowers should be able to provide this data by generating an Annual Statement of Energy Performance in ENERGY STAR® Portfolio Manager.

Effective Date

For FY 2013, please complete the attached spreadsheet for eligible Properties located in New York City, Seattle, and Washington, D.C. and send the completed spreadsheet to green_initiative@fanniemae.com by June 1, 2014. NOTE: Only Source EUI is required for reporting for FY 2013.

Reporting these metrics for FY 2014 and additional applicable jurisdictions will be completed through the MAMP. Reporting through the Portal will be effective with the June 1, 2015 annual financial operating statement reporting cycle. The Source EUI and ENERGY STAR® are both required for reporting starting FY 2014.

Questions

Please contact Donna Varner at (202) 752-4998 (donna_varner@fanniemae.com) with any questions regarding the collection and reporting of property energy metrics.
Associated Documents

- MAMP Energy Metrics FAQ
- FY 2013 Energy Metrics Collection Workbook