



How Green Advantage is Saving Your Borrowers Money

2017 Targeted Affordable Housing Seller Workshop



Presenters



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By the end of today's session you will learn the following concepts:

1. Energy/H2O savings of at least 15% can be used to decrease underwritten expenses
2. Potential for higher proceeds
3. Assessment Report:
 - Up to \$3,500 reimbursed by Freddie Mac at purchase
 - ~\$7k-\$10k Green Up PlusSM



Requirements for Green Up and Green Up Plus

- Green AssessmentSM = Straightforward assessment based on 1-day site visit and data analysis
- Green Assessment PlusSM analysis = multi-day site visits, deeper analysis and equipment testing
 - Note: Freddie Mac will accept a Fannie Mae report in place of a Green Assessment Plus report with the following conditions:
 - It is re-addressed to Freddie Mac Multifamily
 - It has our reliance language
- Borrower to spend a minimum of \$350/unit in Green improvements
- Escrow 125% of cost of improvements
- 15% minimum projected savings on either energy or water/sewer consumption
- Work to start within 180 days of loan origination
- Work to be completed within 2 years of loan origination

- Underwriting Credit for projected savings
 - » Green Up: 50% of owner-paid utility savings
 - » Green Up Plus: 75% of owner-paid utility savings
- Need an As-Is and As-Improved Proforma
- As-Is DCR/LTV
 - » DCR: -0.05x off priced DCR
 - » Subject to lesser of 1.20x or product limit
 - » LTV: +5.0% to priced LTV
 - » Subject to greater of 85% or product limit
- As-Improved DCR/LTV
 - » Must meet priced DCR/LTV; no adjustments
 - » Based on As-Improved NOI and As-Improved appraised value



Green Assessment Table

Table 1.2: Summary Table of Energy and Water Conservation Measures Cost Estimates

Energy and Water Conservation Measures (EWCM)		Location of Measure Installation	OWNER UTILITIES						TENANT UTILITIES			
			Estimated Install Cost (Paid by Owner)	Estimated Annual Electric Cost Savings	Estimated Annual Gas Cost Savings	Estimated Annual Energy Cost Savings	Estimated Annual Water Cost Savings	Estimated Simple Payback (yrs)	Estimated Annual Electric Cost Savings	Estimated Annual Gas Cost Savings	Estimated Annual Energy Cost Savings	Estimated Annual Water Cost Savings
EWCM 1	Windows: Energy Star Rated , Dual Pane, Vinyl Frame	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$277,200	\$0	\$4,348	\$4,348	\$0	63.7	\$0	\$0	\$0	\$0
EWCM 2	Weatherization: Wall Insulation, Leakage Sealing	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$163,107	\$0	\$3,916	\$3,916	\$0	41.6	\$0	\$0	\$0	\$0
EWCM 3	Roof: R-38 Insulation, Cool Roof	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$100,273	\$0	\$1,185	\$1,185	\$0	84.6	\$0	\$0	\$0	\$0
EWCM 4	HVAC: AFUE 93%, Heating Hot Water Boilers	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$67,200	\$0	\$5,380	\$5,380	\$0	12.5	\$0	\$0	\$0	\$0
EWCM 5	DHW: TE 93%, Domestic Hot Water Heaters	Common Area	\$60,000	\$0	\$590	\$590	\$0	101.6	\$0	\$0	\$0	\$0
		Tenant Unit	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
EWCM 6	Kitchen: Low Flow Faucet, 1.0 GPM	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$1,320	\$0	\$358	\$358	\$1,637	0.7	\$0	\$0	\$0	\$0
EWCM 7	Bathroom: Low Flow Faucet, 0.5 GPM	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$1,320	\$0	\$269	\$269	\$1,228	0.9	\$0	\$0	\$0	\$0
EWCM 8	Showerhead: Low Flow Showerhead, 1.25 GPM	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$7,920	\$0	\$403	\$403	\$1,842	3.5	\$0	\$0	\$0	\$0
EWCM 9	Toilet: Low Flow Toilet, 1.0 GPM	Common Area	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
		Tenant Unit	\$33,000	\$0	\$0	\$0	\$2,456	13.4	\$0	\$0	\$0	\$0
EWCM 10	Interior: Lighting, LED	Common Area	\$4,300	\$722	\$0	\$722	\$0	6.0	\$0	\$0	\$0	\$0
		Tenant Unit	\$19,800	\$0	\$0	\$0	\$0	NA	\$936	\$0	\$936	\$0
EWCM 11	Exterior: Lighting, LED	Common Area	\$2,750	\$1,785	\$0	\$1,785	\$0	1.5	\$0	\$0	\$0	\$0
		Tenant Unit	\$0	\$0	\$0	\$0	\$0	NA	\$0	\$0	\$0	\$0
			\$738,190	\$2,506	\$16,450	\$18,956	\$7,162	28.3	\$936	\$0	\$936	\$0

- » The Borrower no longer has to replace 100% of the water/energy saving items, if the Green Up engineer will opine on the number of replacements required to meet the minimum 15% savings.