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The greening of Fannie and Freddie by Brian Sahn & Shahroz Ahmed

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Go green and save. For Fannie Mae and Freddie Mac, those words ring true. Beyond achieving lower energy costs and making buildings more attractive to tenants, housing giants Fannie Mae and Freddie Mac offer real monetary benefits and incentives for “green” multifamily projects, including conventional, affordable and cooperative housing, and are available for refinance, acquisition and supplemental loans.

Fannie’s Green Rewards program is one such incentive program offering a 10 basis points discount and up to 5% additional loan proceeds for owners ready to invest in energy and water saving improvements. Eligibility requires the borrower to project up to 20% savings in energy and/or water reduction.

Fannie’s Green Building Certification Price Break is another incentive program that gives preferential pricing (10 basis points off a loan rate) for properties with a Green Certification award prior to loan closing. The list of acceptable certifications includes LEED and Energy Star.

For the nation’s affordable housing stock, Fannie offers the Green Preservation Plus program that provides additional funds to improve energy and water efficiency of properties. The program allows for a 5% reduction in basis points and up to 5% additional loan proceeds available for properties that are 10+ years old and ready to make improvements after loan closing.

Freddie also offers incentive programs, termed a “green rebate,” by giving a \$5,000 rebate on new loans when the borrower uses USEPA’s Energy Star portfolio manager tool to assess energy performance of its multifamily property.

Another Freddie offering is its Multifamily Green Advantage, whose objective is to fund energy efficiency to older building stock. Green Up can increase a loan amount by up to 50% of projected energy and water savings, and up to a 75% increase with the Green Up Plus program.

All in all, the incentives keep expanding, so consider using these tools to upgrade your building’s efficiency.

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