



# Fannie Mae Healthy Housing Rewards Expansion

## Product Overview

November 2022

# Agenda

## Healthy Housing Rewards Expansion

1. Healthy Housing Rewards Pathways
2. Healthy Design Product Overview
  - Case Study
  - Healthy Design Process and Timeline
  - How to Register, Quote, Close & Deliver
3. Enhanced Resident Services Product Overview
  - Underwriting Expenses
  - CORES & ERS Certifications
  - Case Study
  - Enhanced Resident Services deal process and timeline
  - How to Register, Quote, Close & Deliver
4. Resources





Have health-promoting design features been incorporated into the property?

Are resident services already provided, or going to be provided at the property?

**Healthy Housing Rewards™  
Healthy Design**

**Healthy Housing Rewards  
Enhanced Resident Services™**

# Affordability Expansion

50% of units  
restricted to tenants  
at 80% AMI or less

Opportunity to serve broader  
range of properties.

Sponsor Initiated Affordable (SIA)  
properties are now eligible.

Properties must be rent or income  
restricted.

For more information, refer to the Multifamily  
Guide, [Part III Chapter 10](#).



# Two Paths to Healthy Housing Rewards

Have health-promoting design features been incorporated into the property?

## Healthy Housing Rewards Healthy Design

### Benefits:

Preferential Pricing  
Certification cost reimbursed up to \$6,500

### To Qualify:

50% of units restricted to tenants at 80% AMI  
Obtain Form 4248-compliant Healthy Housing Certification

Are resident services already provided, or going to be provided at the property?

## Healthy Housing Rewards Enhanced Resident Services™

### Benefits:

Preferential pricing  
Initial certification costs reimbursed up to \$6,250

### To Qualify:

50% of units restricted to tenants at 80% AMI  
Obtain CORES and ERS Certifications  
Underwrite resident services expenses



# Job Aid

Access our new [Job Aid](#) for FAQs, processes, and the reimbursement procedure.



Fannie Mae®

## How to Register, Quote, Close, and Deliver a Healthy Housing Rewards Mortgage Loan

### A. Healthy Housing Rewards Overview

Healthy Housing Rewards provides financial incentives for Borrowers who incorporate health-promoting design features and practices or resident services into multifamily Properties that have specific affordability restrictions in place. To qualify, at least 50% of the units must be affordable to tenants earning no more than 80% of the Area Median Income (AMI). Borrowers can follow one of two pathways to qualify for discounted financing: Healthy Design or Enhanced Resident Services. All Healthy Housing Rewards Mortgage Loans must be underwritten according to Part III, Chapter 10 of Fannie Mae's [Multifamily Selling and Servicing Guide \(the "Guide"\)](#). After securitization, each Healthy Housing Rewards Mortgage Loan is disclosed as a Social Mortgage-Backed Security (MBS). A Social MBS has the same benefits as a traditional DUS MBS with the same Fannie Mae guaranty and appeals to social impact focused investors. Fannie Mae's [Sustainable Bond Framework](#) summarizes the Social MBS requirements.

Healthy Housing Rewards Healthy Design Mortgage Loans

Healthy Housing Rewards Enhanced Resident Services Mortgage Loans

Healthy Housing Rewards Mortgage Loans result in Social MBS

### B. Frequently Asked Questions

#### Which Mortgage Loans qualify for Healthy Housing Rewards?

Eligible Properties must have rent or income restrictions in place making at least 50% of the units affordable to tenants earning incomes of no more than 80% of Area Median Income (AMI) and that meets the other requirements detailed in the Guide for Healthy Design or Enhanced Resident Services (ERS). Borrowers may meet affordability requirements by self-imposing affordability restrictions through Sponsor Initiated Affordability (SIA) (see Part III, Section 702 of the Guide) or through regulatory restrictions. Borrowers may use this incentive only once per Property.

#### Can Healthy Housing Rewards be used in conjunction with other Fannie Mae products?

Healthy Design or Enhanced Resident Services can be used in conjunction with other Fannie Mae products such as Green Financing, Sponsor Initiated Affordability, Forward Commitments, Mod Rehab, and Supplemental Mortgage Loans. The Borrower cannot combine Healthy Housing Rewards Enhanced Resident Services pricing benefits with Healthy Housing Rewards Healthy Design pricing benefits.

#### What are the certifications required to qualify for Healthy Housing Rewards Enhanced Resident Services and where can I learn more?

Healthy Housing Rewards Enhanced Resident Services requires two certifications. The CORES Certification evaluates an **organization's** resident services coordination system and recognizes a robust commitment, capacity, and competency in providing resident services coordination for affordable rental homes. The ERS Certification is a **property** level certification which evaluates various aspects of the resident services coordination system at the Property seeking financing through Healthy Housing Rewards. Learn more about the certifications at [coresonline.org](#).

#### What are the certifications required to qualify for Healthy Housing Rewards Healthy Design?

In 2022, Fannie Mae expanded the certifications available for qualifying deals for Healthy Design. To qualify, Borrowers must obtain one of the certifications listed on Form 4248. Healthy Design features must be in place prior to Rate Lock, except for Forward Commitments where features may be incorporated into the project and completed by the time the Forward Commitment converts to the permanent Mortgage Loan.

How to: Register, Quote, Close, and Deliver a Healthy Housing Rewards Mortgage Loan © 2022 Fannie Mae 7/2022 Page 1 of 5



# Healthy Housing Rewards - Healthy Design Expansion

For properties incorporating design and operational strategies that promote tenant health and wellness.

- **Affordability:** 50% of units must be restricted to serve tenants with incomes at 80% AMI or less; Sponsor Initiated Affordability (SIA) and MAH properties are eligible
- **Certification requirements:** Property must achieve one of three approved certifications to qualify; see [Form 4248](#) for list of approved certifications
- **Benefits:** Preferential pricing; certification fee reimbursed up to \$6,500



# Healthy Design Deal Spotlight

## Jonathan Rose Companies

Amani Place in Atlanta, GA



- \$23.1M loan, 16 year term, fixed rate
- M.TEB, Green Rewards, and Healthy Housing Rewards Healthy Design execution
- Preservation of 204 affordable units & creation of 18 new affordable units

### Jonathan Rose Companies' Approach

- Significantly rehabbed existing property – over \$18M in renovations
- Industry best practices to improve energy efficiency and indoor air quality
- Infrastructure for residents to socialize and be active - including fitness center, community garden, playground, walking paths, and a state of the art community center.

### Healthy Housing Rewards Benefits

- HHR preferential pricing
- Cost of Healthy Housing Certification (up to \$6,500) covered by Fannie Mae





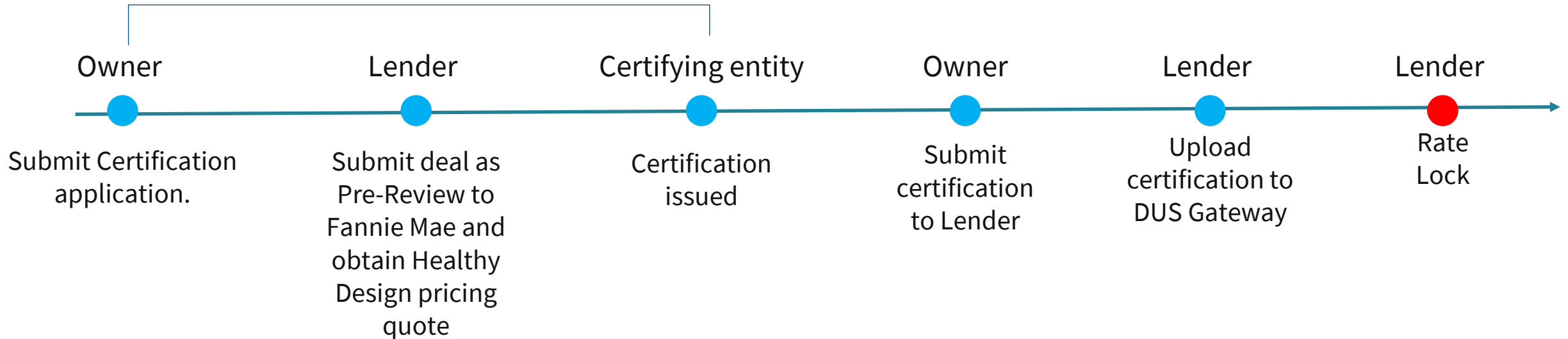
# Healthy Design Process

Deals may move to rate lock quickly when borrowers obtain certifications early

- Fannie Mae does not manage or influence the certification process

**Fitwel Certification: about 6 weeks\***

**Enterprise Green Communities/WELL: 30 days\***



*\*Estimated time frame is dependent on complete and accurate application and documentation submission*



# Register, Quote, Close, and Deliver

## Helpful Tips for HHR Healthy Design deals

- In DUS Gateway, flag as Pre-Review
- Remember to upload certification
- In C&D, use Special Feature Code 845
- Request reimbursement: see Section D of the Job Aid

### Register Mortgage Loan

#### DUS Gateway:

Create a Pre-Review item in Pre-Review and/or Waiver section. This is required to flag the Mortgage Loan as Healthy Design.

Category: Pre-Review (pricing/fees)

Sub-Category: Healthy Design Certification

Descriptor: N/A

#### Upload the Healthy Design Certification to Deal Documents:

Document Category: Third Party Reports

Document Type: Healthy Design Certification



#### C&D™:

Select Special Feature Code that corresponds to Healthy Housing Rewards pathway  
Healthy Design: SFC 845 "Healthy Housing Rewards – Healthy Design".



#### Loan Agreement:

(i) Use [Form 6265 – Modifications to Multifamily Loan and Security Agreement \(Healthy Housing Rewards – Healthy Design\)](#) for a Healthy Design Property.

See [Form 6000](#): Fannie Mae Loan Documentation Requirements for all required Loan Documents.

### Close Mortgage Loan

### Deliver Mortgage Loan



# Healthy Housing Rewards - Enhanced Resident Services Expansion

For properties that provide financial, education, social, health/wellness services to their tenants.

- **Affordability:** 50% of units must be restricted to serve tenants with incomes at 80% AMI or less; Sponsor Initiated Affordability (SIA) and MAH properties are eligible
- **Certifications:** 2 certifications required
  - **Borrower, Sponsor or any third-party service provider** (no waiver required) obtains Certified Organization for Resident Engagement and Services (CORES) certification
  - **Property** obtains ERS Certification
- **Benefits:** Preferential pricing; Fannie Mae reimburses initial certification fees
  - Up to \$5,500 for the CORES Certification, and up to \$750 for the ERS Certification
- **Payment Guaranty:** If Borrower defaults in the loan document covenants requiring resident services be provided, the recapture of the ERS discount for the prior year will result; but Borrower can come back into compliance in subsequent years if service provider and/or property level recertification requirements are met
- **Reminder:** Request two loan options – one with and without ERS for pricing recapture loan doc mod



# Underwriting Resident Services Expenses

HHR Enhanced Resident Services pricing discount supports resident services at affordable multifamily properties

1

## Calculate annual dollar amount of pricing incentive

e.g., \$10M loan with a 30bps Healthy Housing Rewards pricing discount equates to \$30,000 annual benefit

2

## Underwritten resident services costs must be equal to or greater than the annual dollar amount of pricing incentive

e.g., Property must underwrite at least \$30,000 of annual resident services expenses

3

## Property provides services according to plan set forth in ERS Property Certification

Resident services may be funded from a variety of sources, including a Property's operating income, sponsor corporate funds, grants.



# Enhanced Resident Services Certifications

Two certifications are required for Healthy Housing Rewards Enhanced Resident Services deals

CORES Certification



ERS Property Certification



## CORES Certification: for Service Provider

- [Certified Organization for Resident Engagement and Services \(CORES\)](#)
- **How to achieve it:** Service provider must demonstrate its commitment to, capacity for, and competency in providing resident services
- Valid for 5 years; must be maintained for the life of the loan

## ERS Certification: for Property

- [Enhanced Resident Services \(ERS\) Certification](#)
- **How to achieve it:** Borrower must detail plan for resident services at the Property, such as:
  - On-site health services/screenings
  - Financial literacy/budgeting classes
  - After school programs
  - Adult education programs
- Valid for 1 year; must be renewed annually

Certifications awarded by Stewards of Affordable Housing for the Future (SAHF)



# Enhanced Resident Services Deal Spotlight: CommonBond Communities

Community Plaza and Galway Place in St. Paul and Coon Rapids, MN

## Deal Overview

- \$7.97M loan, 16 year term, fixed rate
- M.TEB and Healthy Housing Rewards ERS execution
- 76 units at two properties
- Underwritten property expense includes coordinator salary



## CommonBond's Resident Services Approach

- 8 units are set aside for formerly homeless families; 100% of units affordable to tenants at 60% AMI
- Onsite service coordinator to provide intensive supportive services for formerly homeless families
- All residents are provided support to maintain stable resident tenancy

## Healthy Housing Rewards Benefits

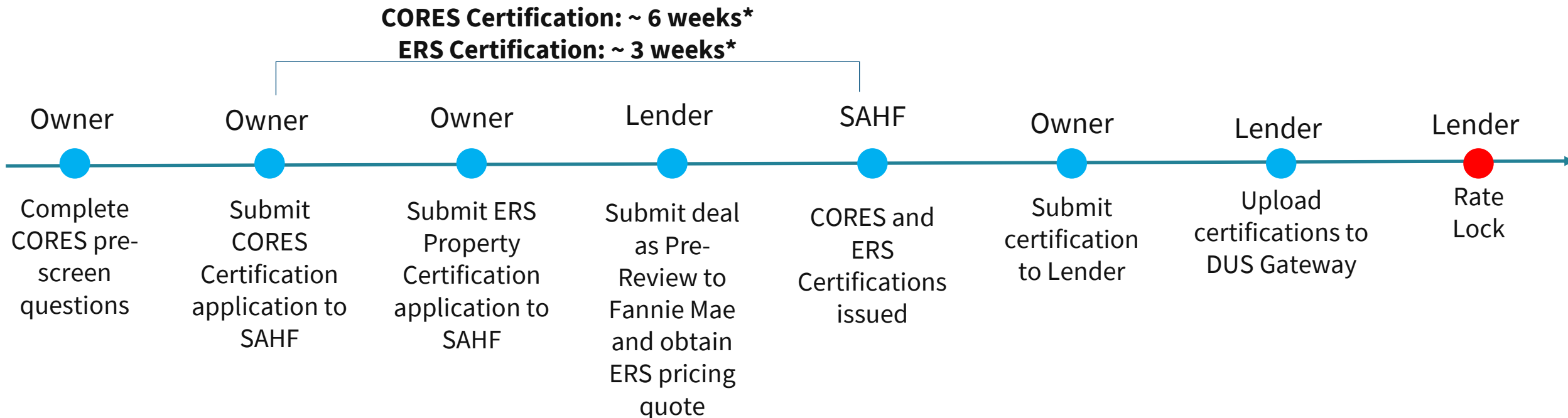
- Pricing discount of up to 30 bps provides funds towards service provision
- Interest rate savings equivalent to about \$380,000 over life of loan
- Initial CORES and ERS Certification costs (up to \$6,250) covered by Fannie Mae



# Enhanced Resident Services Process

Deals may move to rate lock quickly when borrowers obtain certifications early

- Borrower is required to receive both the CORES and ERS certifications prior to Rate Lock
- Certifications awarded by Stewards of Affordable Housing for the Future (SAHF)
- Fannie Mae does not manage or influence the certification process



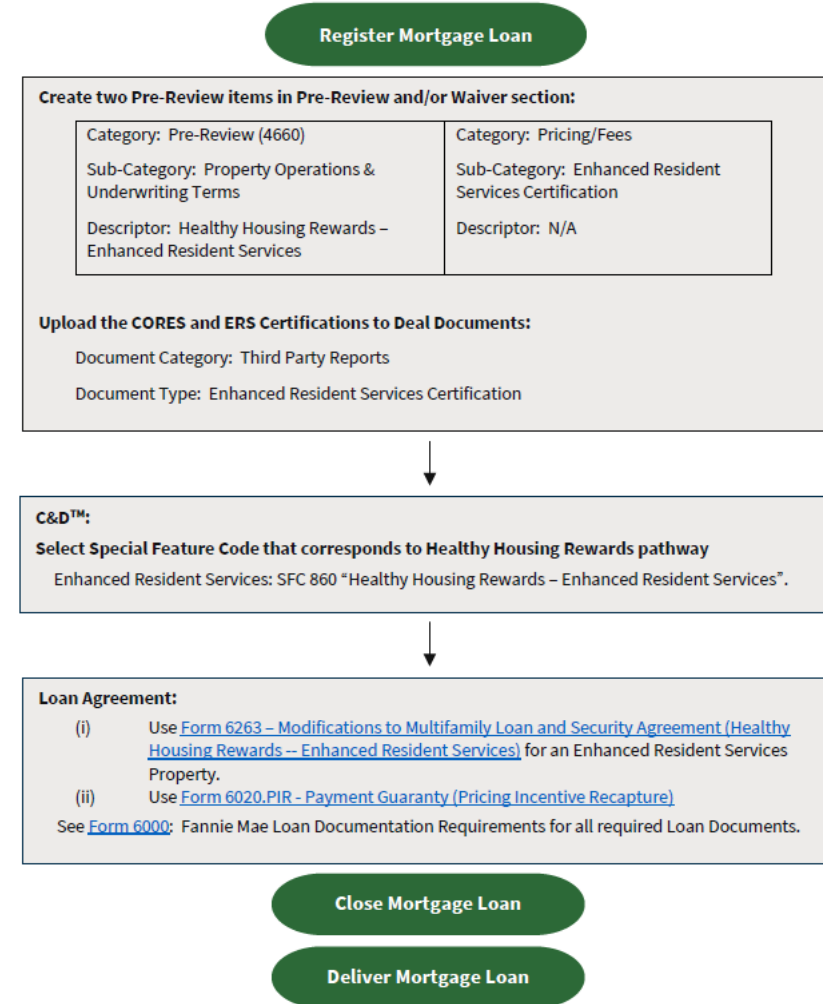
*\*Estimated time frame is dependent on complete and accurate application and documentation submission. Estimated time frames start from the time any updates or resubmissions are received. SAHF recommends completing CORES certification in advance of applying for ERS financing to allow time for the review and approval process.*



# Register, Quote, Close, and Deliver

## Helpful Tips for HHR Enhanced Resident Services deals

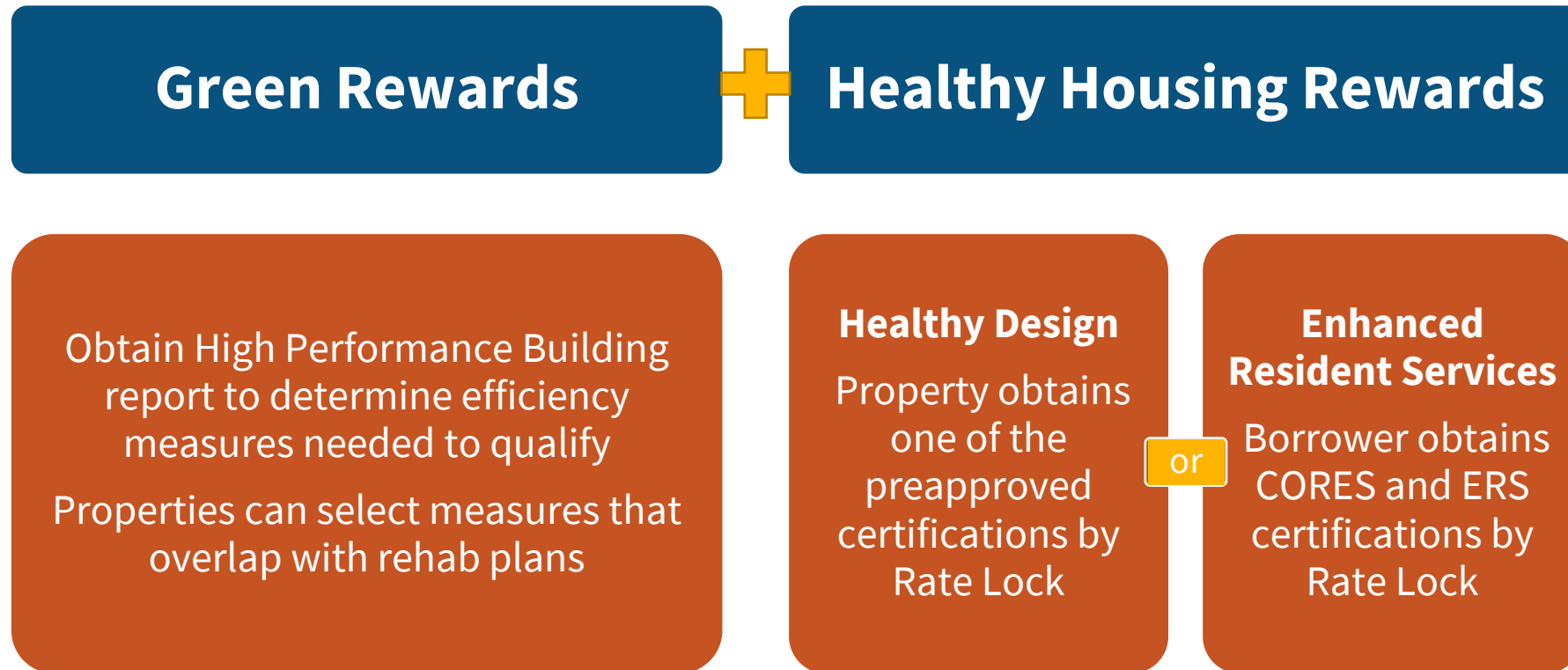
- In DUS Gateway, flag as Pre-Review
- Remember to upload certifications
- In C&D, use Special Feature Code 860
- Request reimbursement: see Section D of the Job Aid





# Layer Green Financing and Healthy Housing Rewards to maximize benefits

Healthy Housing Rewards can be layered with Green Rewards programs to maximize benefits



# Resources

- [How to Register, Quote, Close, and Deliver a Healthy Housing Rewards Mortgage Loan](#)

## Healthy Housing Rewards – Healthy Design

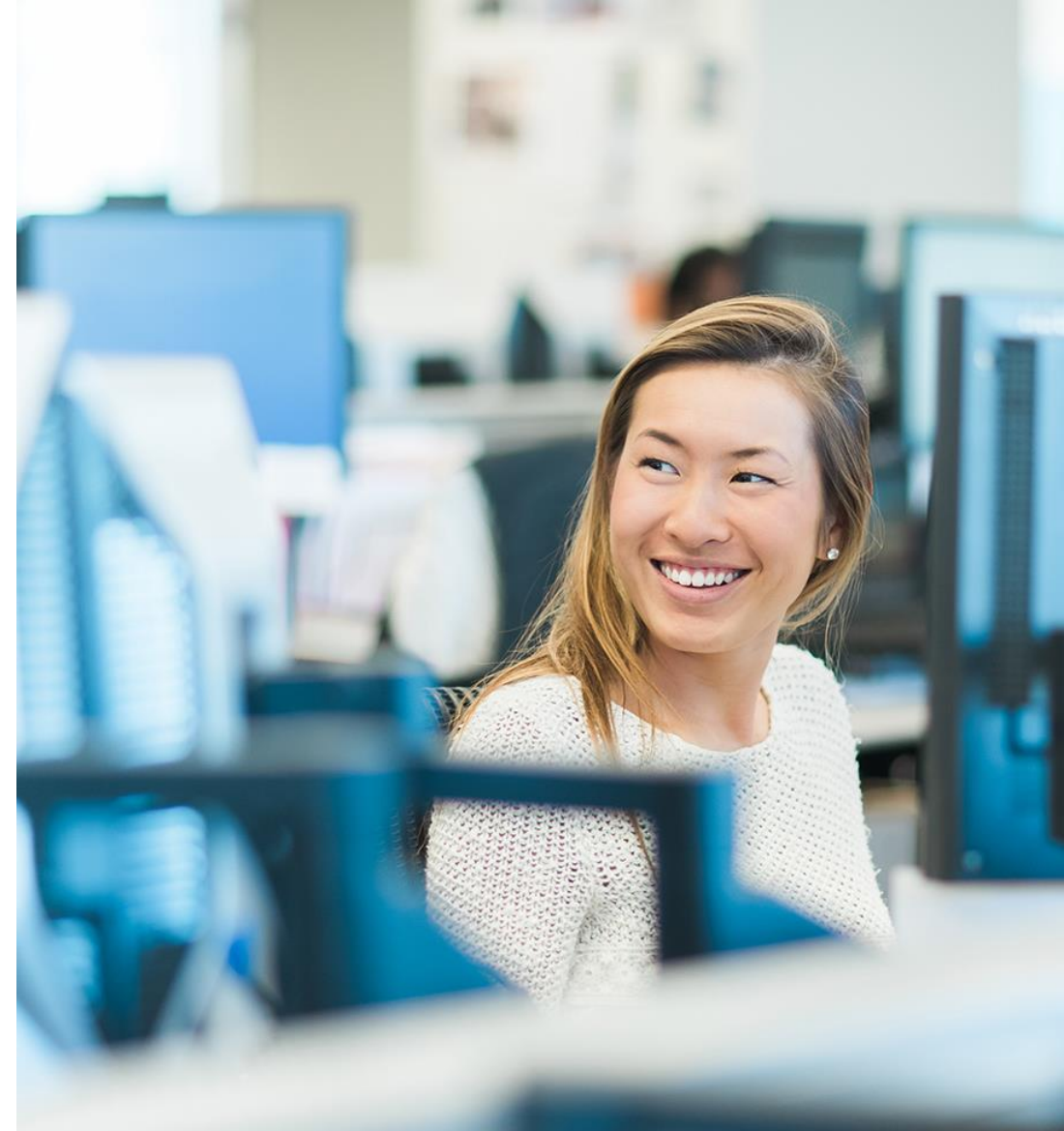
- [Healthy Design Term Sheet](#)
- [Form 4248 – Approved Certifications](#)
- [Healthy Design Deal Case Study – Edgewood Court](#)

## Healthy Housing Rewards – Enhanced Resident Services

- [Enhanced Resident Services Term Sheet](#)

## Healthy Housing Rewards – Loan Documents

- [Form 6263](#) – Modifications to Multifamily Loan and Security Agreement (Healthy Housing Rewards – Enhanced Resident Services)
- [Form 6265](#) – Modifications To Multifamily Loan And Security Agreement (Healthy Housing Rewards – Healthy Design)



**Forms, Guidance, and Job Aids**

All resources available on the  
Multifamily website.