



Fannie Mae 2021
Affordable Housing Preservation
Outreach

ACTIVITY:

H. Regulatory Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3)).

OBJECTIVE:

1. Increase liquidity for energy or water efficiency improvements through outreach, research, and developing solutions (Analyze, Partner and Innovate, Test and Learn).

SUMMARY OF RESULTS:

Following are the 2021 Actions under this Objective per the [January 1, 2021 Duty to Serve Plan]:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Develop and/or enhance partnerships with industry stakeholders and increase awareness for reducing energy and water costs.	All of the underlying activities associated with this action contributed to the completion of this objective's target.	N/A
<input checked="" type="checkbox"/> Form partnerships with four to six utilities and/or energy companies to explore new opportunities to reduce homeowner energy and water costs.	In 2021, Fannie Mae delivered no-cost smart thermostats to 3,696 low-income homeowners in partnership with six utility companies: CenterPoint (IN), Atmos (CO), PPL Electric (PA & NY), Eversource (MA), CenterPoint (MN), and New Jersey Natural Gas. Additionally, we worked with PG&E to evaluate their Standalone Power Systems (AKA Remote Grids) initiative against Selling Guide policies to ensure all requirements for utility services are met. The goal of this PG&E initiative is to provide reliable, affordable off-grid power, including solar and batteries, to targeted remote areas that are designated high-fire threat districts.	N/A



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<input checked="" type="checkbox"/> Form partnerships with two to three retail companies, think tanks, and/or government agencies to explore new opportunities to reduce homeowner energy costs.	We conducted outreach to several entities.	N/A
<input checked="" type="checkbox"/> Convene roundtable of industry experts to address specific barriers to residential energy and water retrofits, including financing options, and provide recommendations for solutions.	We convened a roundtable in September 2021 with more than 25 mortgage lending and energy industry experts. Topics included solutions to a streamlined home energy improvement mortgage product and an open forum on financing options that Fannie Mae should consider helping homeowners lower their energy and water bills.	N/A
<input checked="" type="checkbox"/> Develop and implement a feedback loop with existing industry stakeholders to gather feedback on 2020 partnership test programs.	We gathered and summarized feedback from industry stakeholders that is being used to guide loan product enhancements.	N/A
<input checked="" type="checkbox"/> Publish best practices for lenders and realtors on how to reduce home energy and water costs based on stakeholder feedback gathered in 2020 and previous years.	We published best practices documents, helping lenders and real estate agents understand the energy- and water-saving resources available to homeowners and homebuyers.	N/A



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SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Target partially completed
- No milestones achieved

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

Fannie Mae partnered with six utilities in seven states, contacting over 48,900 low-income homeowners with Fannie Mae loans through e-mail and postcard to offer a no-cost smart thermostat and information about other utility-sponsored income-eligible energy- and water-saving programs. Approximately 3,696 homeowners opted-in to receive an ENERGY STAR® certified Nest Thermostat in 2021, resulting in an estimated energy savings of 10-12% for heating and up to 15% energy savings for cooling.

Fannie Mae also leveraged an existing utility relationship developed in the first years of the Duty to Serve program cycle to work with the Microgrid Policy team at Pacific Gas & Electric (PG&E) to help assess the utility’s Remote Grid Initiative and how it may be affected by the requirements of the Selling Guide. The goal of the Remote Grid Initiative is to provide safe and reliable utility service to areas of high fire threat in California where traditional overhead power lines are cost-prohibitive to operate and maintain and are a higher fire risk. No additional cost or change to the retail tariff is a secondary, yet important, goal of the Initiative. We worked to analyze various Remote Grid scenarios and determined that if the standalone power grid is installed, owned, and managed by the utility and meets utility servicing standards, an existing or future mortgage loan on such a Single-Family property would comply with the Selling Guide. This type of collaboration is important to address current and future climate risks, mitigate climate change with sustainable energy and battery storage, while helping to reduce overall utility costs for homeowners. It will also help provide future guidance when other utilities, counties, and states implement microgrids within their communities.

Addressing feedback we received in prior Duty to Serve years from lenders and real estate agents, we developed and published a best practices document entitled “How Homeowners and Homebuyers Can Make Their Home More Energy Efficient.” The document shares lessons learned from previous feedback and research, along with resources a lender or real estate agent can provide to a homeowner or homebuyer.



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Fannie Mae also set the stage for future efforts in 2022 and beyond. Last year we worked with several entities and organizations to understand the energy- and water-related datasets that may be beneficial to our Duty to Serve program.

The Home Energy Score data will be acquired in 2022 and will help assess the impact on our existing portfolio. The data will also help identify loans on existing homes that may qualify for the single-family green bond program.

Finally, our Single-Family team met with the EPA WaterSense team to discuss how we can work together to help homeowners assess and reduce water use and costs through home water ratings, like RESNET's HERS H2O Score. In 2022, we will continue to work with industry partners and assess water standards and certifications to help incorporate more water efficiency into our program.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

Collaboration is essential to our success. Fannie Mae worked with over thirty entities and organizations to develop new ideas and remove barriers that will result in an increase in financing of energy- and water-improvements in the Affordable Housing Preservation underserved market. The Energy Industry Roundtable we hosted in Q3 is one example. This engagement yielded actionable ideas and recommendations that will help inform our energy agenda for the coming year. We have compiled the list of recommendations and will convene an internal working group in 2022 to prioritize and evaluate the ideas.

Establishing data-sharing agreements with organizations and government agencies can be tedious and time-consuming. Shifting our focus to engage with aggregators of energy, water, and green data can provide more immediate impact. Furthermore, and as described under AHP Energy Objective 2, we have an opportunity to leverage existing property-level data to improve offerings that help low- and moderate-income homeowners lower their utility bills.

While our partnership with utility partners and our fulfillment vendor, EFI, has produced impactful results, it has also revealed the significant investment necessary to motivate borrowers to take action on energy efficiency. To reach 48,943 low-income homeowners with Fannie Mae loans, over 161,000 e-mails were sent and over 63,000 postcards. Despite increasing the number of kits delivered to low-income homeowners compared to 2021, it is difficult to convince homeowners to take the steps needed to implement energy and water savings measures. In 2022, we will continue to explore ways to partner with the energy industry, including working with our Fannie Mae Multifamily colleagues on how best to partner with utilities and to estimate energy and water savings. Furthermore, we continue to work with Google Nest to estimate the number of thermostats that are online for each utility. In 2022, we will assess the most effective path forward with utility partnerships to find a solution to deliver more energy and water saving to more low- and moderate-income homeowners through these partnerships.

3. If applicable, why was the Enterprise unable to achieve the Plan target?

N/A