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Green Building Certification Financing

Permanent Loans on Green Certified New or Existing Properties

Green Building Certification Financing (GBC) offers several financial incentives for new and existing multi-family properties that have been awarded a green building certification, including, without limitation, LEED, Enterprise Green Communities, and Passive House. GBC is one of three products in MHP's suite of Green and Healthy Housing Programs.

Green Certification Financing Benefits¹:

- 10 to 30 basis point reduction in the permanent loan interest rate, depending on the type of certification achieved – see attached Green Building Certification Chart.²
- Up to \$15,000 reimbursement for the cost of a post-construction building operations performance evaluation³.

¹ For developments financed with 4% and 9% Low Income Housing Tax Credits where MHP makes two loans ("twinned" loans), (1) the interest rate reduction will be calculated based on the aggregate amount of the twinned loans and the \$20,000 cap described in Footnote 2 below will apply to such aggregate; and (2) there will be a single \$15,000 reimbursement for the twinned loans.

² MHP will limit the total interest rate discount received under the suite of Green and Healthy Housing programs to the basis point equivalent of \$20,000 in year one benefits. In addition, for developments using tax exempt bond financing, MHP may limit the interest rate discount to no more than 25 basis points if a larger discount would trigger the need for a bond reissuance.

³ A building operations performance evaluation is a review conducted approximately 12 to 24 months after a building has been fully occupied to verify that it is operating and performing as intended. This evaluation must include, at a minimum, (1) an assessment of whole building energy and water consumption and costs as compared to design expectations, (2) on-site observation to identify potential issues and/or sources of performance variation, and (3) operations staff interviews.

Green Certification

Requirements:

Prior to permanent loan closing, borrower must demonstrate that it has a Green Building Certification recognized by MHP (see attached).

Properties must enroll in the EPA's Portfolio Manager⁴ energy performance tracking and benchmarking tool, as required by state law, and share access to that information with MHP for the term of the loan. Whole building⁵ energy and water consumption and cost information must be uploaded at least annually.

Loan Type:

MHP permanent first mortgage on a recently completed and stabilized new multi-family property or a refinancing or acquisition of an existing property using any of MHP's capital sources, including bank financing, Fannie Mae or FHA Risk Sharing. Fannie Mae pricing incentives will be based on the green discounts currently available from Fannie Mae. MHP underwrites and services all loans regardless of capital source.

Eligible Property Types:

Minimum development size is five units, and the development must meet MHP's minimum affordability requirements (at least 20% of the units affordable to households at 50% of Area Median Income (AMI), 40% of the units affordable to households at 60% AMI, or 25% of the units affordable to households at 80% AMI provided that the maximum rents are at least 10 percent below comparable market rents).

⁴ Borrowers may request approval to use an alternative, equivalent energy tracking and benchmarking tool to report the development's energy performance to MHP.

⁵ For developments that include buildings with fewer than 5 units, borrowers will be responsible for getting signed utility release forms from tenants at lease-up to facilitate receipt of aggregated whole-building energy data from the energy utility.

MHP's GREEN BUILDING CERTIFICATION CHART	
GREEN BUILDING CERTIFICATION	AWARDING ORGANIZATION
ZERO ENERGY CERTIFICATIONS (30-basis-point rate reduction)	
• Phius ZERO CORE	Passive House Institute US (Phius)
• Living Building Challenge Zero Energy Certification ⁶	International Living Future Institute
• Enterprise Green Communities, Achieving Zero Energy (2020) or Zero Emissions (2026)	Enterprise Community Partners
• LEED Zero ⁷	U.S. Green Building Council
PASSIVE HOUSE CERTIFICATIONS (20-basis-point rate reduction)	
• Certified Passive House (Classic, Plus, or Premium)	Passive House Institute
• Phius CORE	Passive House Institute US (Phius)
COMPREHENSIVE GREEN CERTIFICATIONS (10-basis-point rate reduction)	
• Enterprise Green Communities	Enterprise Community Partners
• LEED: Residential Building Design and Construction, minimum Gold certified	U.S. Green Building Council
• LEED: Homes and Multifamily Lowrise or Multifamily Midrise, minimum Gold certified	U.S. Green Building Council
• LEED: Building Operations and Maintenance - Existing Buildings, minimum Gold certified	U.S. Green Building Council

⁶ Discount will be awarded based on modeled energy performance. Final certification should be provided to MHP when awarded after 12 months of compliant energy performance.

⁷ Discount will be awarded based on modeled energy performance and achievement of LEED BD&C, Homes, or O&M certification. Final zero energy certification should be provided to MHP when awarded after 12 months of compliant energy performance.