



December 20, 2024

Michele M. Evans, Executive Vice President and Chief of Multifamily  
 Federal National Mortgage Association (Fannie Mae)  
 1523 L St NW  
 Washington, DC 20005

**RE: Request for Fannie Mae to allow third-party-owned solar, storage, and electrification technologies in multifamily properties**

**ATTN:**

Lauren Alexander and Malcolm McGregor, Federal Housing Finance Agency (FHFA)  
 Alexis Pelosi, Department of Housing and Urban Development (HUD)  
 Luba Kim-Reynolds and Corey Aber, Federal Home Loan Mortgage Corporation (Freddie Mac)  
 Zealan Hoover and Monisha Shah, Environmental Protection Agency (EPA)  
 Garrett Nilsen, Department of Energy (DOE)

Dear Ms. Evans,

Thank you for your leadership in the multifamily housing industry. We, the undersigned housing, lending, clean energy, and energy justice organizations urgently implore Fannie Mae to follow the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Department of Housing

and Urban Development (HUD) by issuing clear guidelines that allow for third-party ownership of onsite solar, battery storage, and electrification technologies in multifamily rental communities, and facilitate these technologies reaching the underserved renting populations that have historically been left out of the benefits of clean energy.

Fannie Mae and Freddie Mac collectively back 58% of the US multifamily mortgage market. Multifamily renters have been largely left out of the benefits of renewable energy. While recent developments in some states have helped accelerate the pace of multifamily adoption of onsite clean energy, Fannie Mae's current guidance prohibiting solar leases poses a major roadblock to further deployment.

Many multifamily properties choose to pursue solar through third-party ownership, wherein a third-party investor will own and operate the onsite solar, and the landlord and residents will enjoy the benefits of reduced bills, electrification, and resilience. This may take the form of a Lease, Power Purchase Agreement, Solar Services Agreement, or a similar structure. This was true before the Inflation Reduction Act (IRA) and is even more true now with its provisions that benefit third-party ownership. This structure can be combined with local, state, and federal incentives to make multifamily solar financially accessible to properties of all types, especially those for whom the cost of outright ownership of a solar and battery system would be overly burdensome.

Fannie Mae's current [posted policy](#) states that solar or solar paired with storage must be owned by the borrower (i.e. the building owner). Fannie Mae has begun considering requests to allow third-party-owned projects on a case-by-case basis, but the ad-hoc approach and continuing written prohibition from Fannie Mae is resulting in a complicated and inconsistent process for building owners who want to install third-party-owned solar, deterring building owners from installing solar altogether. Even if the property is not currently backed by Fannie Mae, its size in the market effectively dictates a policy of prohibition. Fannie Mae has long provided workable guidance for single-family homes and has been a part of multiple conversations and working groups on this topic in recent years, but it has yet to finalize definitive guidance regarding third-party-owned solar for multifamily homes.

This presents several problems. Firstly, it means that the residents of these multifamily properties continue to be left out of the benefits of our country's transition to renewable energy. Secondly, it threatens to derail the deployment of funds from the IRA. The IRA contains billions of dollars in federal funding that will need to flow through multifamily properties to reach these underserved communities and provide them with the benefits of lower and more predictable electricity costs, cleaner air, electrification technologies, and greater resilience to the impacts of climate change. Third, it prevents owners of these properties from pursuing onsite value creation that directly benefits Fannie Mae by strengthening the real estate asset, as owners can use budget savings to increase property services and amenities or reduce their debt service ratios.

Other similar federal agencies have already grappled with this problem, and we believe there is a roadmap that Fannie Mae can follow to allow solar and storage to be rapidly deployed to benefit renters. Freddie Mac has updated its regulations and provided [clear guidance](#) for multifamily properties including broad eligibility; pre-approved forms including Subordination, Non-Disturbance, and Attornment (SNDA) [agreements](#); a [detailed checklist](#) designating the party responsible for completing the analysis; and is successfully processing third-party-owned solar systems. HUD similarly has pre-approved legal documents and released helpful [guidance](#) in early November 2024.

We thank you for your consideration and your leadership, and we look forward to partnering with you to help ensure that the benefits of clean energy reach equitably across the country.

Sincerely,

Sean Gallagher  
Senior Vice President of Policy  
Solar Energy Industries Association

Cindy Chetti  
Senior Vice President, Government Affairs  
National Multifamily Housing Council

Kevin Donnelly  
Executive Director & Chief Advocacy Officer  
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