

UTILITY ALLOWANCE ANALYSIS OVERVIEW FOR ALL OTHER PROGRAMS (EXCEPT SECTION 8 & 236)

Developments Without Tax Credits:

Owners are required to review utility allowances annually. The following procedures must be followed to accurately complete this compliance item.

- Submit the PHA Utility Analysis or collect backup (utility company print-outs or copies of tenant utility bills for all tenant paid utilities) for 12 consecutive months on a representative sample (size, exposure, floor) of each unit size in your development. The same tenant must have occupied each unit for the entire 12-month period. This sample shall consist of no less than 8 (or total units if less than 8) units of each unit size or 10% of each unit size, whichever is greater.
- Analyze tenant utility costs and consumption levels and prepare a recommended utility allowance. Any change in utility allowances should be considered when a utility rate or consumption change occurs. Unit rents plus utility allowances combine to create the “gross rents”. Existing rents will be reduced if approval of utility allowance increase requests cause existing gross rents to exceed the current maximum gross rent ceiling. Exceptions to this policy will only be made with written Authority approval.
- Recommend at least one utility allowance for each unit size and additional utility allowances if the project’s design is such that utility costs will vary significantly for units of the same size (e.g., end units vs. interior units) or units of differing sizes but the same bedroom count. A summary of how the Owner/Agent arrived at that recommendation must be included.
- Request the utility allowance change in writing, including the backup, analysis and summary. Submit this package to your Program Administration Officer. If approved by your Program Administration Officer, the new utility allowance may be implemented regardless of how small the change.

Developments With Tax Credits:

Section 42 of the Internal Revenue Code 1.42.10 specifies that owners of **tax credit funded housing** must use one of the following sources for their utility allowances:

- FmHA provided allowances in projects with FmHA funding.
- HUD allowances in HUD regulated buildings with project-based assistance.
- In other buildings receiving **neither** FmHA nor HUD project based assistance, the development must use:
- Local PHA utility allowances for units with tenants receiving tenant based assistance (vouchers or certificates).

For all other units, either the PHA allowance or an allowance supplied by the local utility company (see above procedures).

If you have any questions, please contact your Program Administration Officer.