

### **Tab 19 Utility Information**

Tax credit applicants for all developments with tenant paid utilities must follow the Utility Allowance Determination as established by the IRS in Treasury Regulation 1.42-10. The appropriate utility allowance depends on the type of building involved. The IRS separates rent-restricted buildings into the following groups for purposes of this determination:

- (1) Tax credit buildings receiving project based rental assistance from the USDA Rural Housing Service (RHS) must use the RHS utility allowance for all rent-restricted units.
- (2) Tax credit buildings receiving tenant based rental assistance from USDA Rural Housing Service must use the RHS utility allowance for all rent-restricted units.
- (3) Tax credit buildings regulated by the Department of Housing and Urban Development (HUD) and receiving project based rental assistance must use the applicable HUD utility allowance for all rent-restricted units.
- (4) Other buildings:
  - (i) Tax credit buildings receiving tenant based HUD rental assistance must use the local Public Housing Authority (PHA) utility allowance established for the Section 8 program for all rent-restricted units.
  - (ii) Other tenants: All tax credit buildings not included in (1), (2), (3), or (4)(i) above must establish the utility allowance by using one of the following:
    - A) The local Public Housing Authority utility allowance;
    - B) A written estimate from the local utility company;
    - C) An estimate from the Agency having jurisdiction over the building, provided the Agency agrees to provide it. In Pennsylvania, this Agency is PHFA, which has determined that it will not issue utility allowances **on new applications**.
    - D) An estimate calculated using the "HUD Utility Schedule Model" that can be found at <http://www.huduser.org/portal/resources/utilmodel.html>. If this method is used, a copy of all input and output data must be submitted with the application;
    - E) An estimate calculated by a professional engineer using an energy consumption model that at a minimum, takes into account specific factors including but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location. In the case of newly constructed or renovated buildings, the engineer may use consumption data for the previous 12 month period of units of similar size and construction in the same geographic area. If this method is used, the following information must be included for the comparable building(s): Project name, location, type of building (single family detached, duplex, townhouse, walk-up, low-, mid-, high-rise) age of building, description of construction, unit square footage, type of heating, cooling, water heating and cooking equipment (gas/electric, central or individual system), and a summary of 12 months utility costs for each bedroom size.

The same method must be used for calculating all applicable utility allowances.

Applicants must submit documentation which supports the tenant paid portion of the utility cost shown on the Application. The documentation must be current and applicable to the type of building, and must clearly indicate which utilities are the responsibility of the tenant. As an example, if the building qualifies as a HUD assisted building, a current Section 8 Utility Allowance Form (HUD 52667) from the local Public Housing Authority (PHA) must be provided, with the amounts applicable to the building contained in the Application clearly indicated. The PHA must note that the schedule provided is the one currently in effect unless the schedule provided is clearly current.

In the event the IRS proscribes a new methodology for calculating the utility allowance, the Agency may amend this procedure.

**Agency Loan Applicants** must also submit documentation that supports the development-paid utility costs. Supporting documentation shall discuss or show through calculations how the utility costs have been determined. In addition, applicants must submit letters from the sewer and water authorities, electric, gas and/or oil companies indicating that the proposed development can be accommodated within the current capacity of the systems and/or the availability of services. This information must include monthly or quarterly rates for water and sewer.