Tab 19 Utility Information

All Tax Credit 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:

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.

Tax Credit buildings receiving tenant-based rental assistance from USDA Rural Housing Service must use the RHS utility allowance for all rent-restricted units.

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.

For units assisted with HOME funds, a new provision of the HOME regulations requires the Participating Jurisdiction to determine an individual utility allowance for each HOME rental unit, either (1) by using the HUD Utility Schedule Model, or (2) by otherwise determining the allowance based upon the specific utilities used at the project. (For purposes of the PennHOMES Program, the Agency is considered the Participating Jurisdiction, but will **not** be the calculator of the utility allowance.) The HUD Utility Schedule Model was developed by HUD and enables the user to calculate utility schedules by housing type after inputting utility rate information.

The Agency requires PHARE funded projects to follow the methodology outlined above for units assisted with HOME funds,

The model can be found at: https://www.huduser.gov/portal/resources/utilallowance.html

Note:

- **Water and Sewer utilities must be project paid and cannot be billed to the tenants.**
- **All utilities must be individually metered in ALL units designated for conversion to home ownership.**

Other buildings:

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.

Other tenants:

All Tax Credit buildings not included above must establish the utility allowance by using one of the following:

- The local Public Housing Authority utility allowance;
- A written estimate from the local utility company;
- 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.
- An estimate calculated using the "HUD Utility Schedule Model" that can be found at https://www.huduser.gov/portal/resources/utilallowance.html, then click on www.HUDUser.gov/portal/datasets/husm/uam.html. in the center of the page.
- If this method is used, a copy of all input and output data must be submitted with the Application;

- An estimate calculated by a professional engineer licensed in Pennsylvania 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 at least 50% of 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 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 applicable utility allowance, the Agency may amend this procedure.

All applicants must submit letters from the sewer and water authorities, and electric and gas companies, as applicable, 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 service including a description of how the development will be billed (i.e. per unit or per development). The availability letters shall state if there is a potential cost involved with bringing the utility to the development site. For preservation developments, submit current utility bills verifying the account is not delinquent, in lieu of availability letters.

Current availability letters must be dated within 60 days of the application deadline. (The Agency will not accept a previous year's submission availability letter.)

Agency Loan Applicants must also submit documentation that supports the development-paid utility costs. Supporting documentation must show the calculations for which the utility costs have been determined.

Energy Benchmarking: All owners must participate in the Agency's Energy Benchmarking program. Once constructed, all buildings will be required to assess (no less than annually) and report their energy performance, using Energy Start Portfolio Manager or a similar benchmarking tool. Collecting actual energy use will help PHFA and other partners understand energy savings and costs in affordable housing and better design energy efficiency incentives moving forward.