



TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Utility Allowances
§10.614



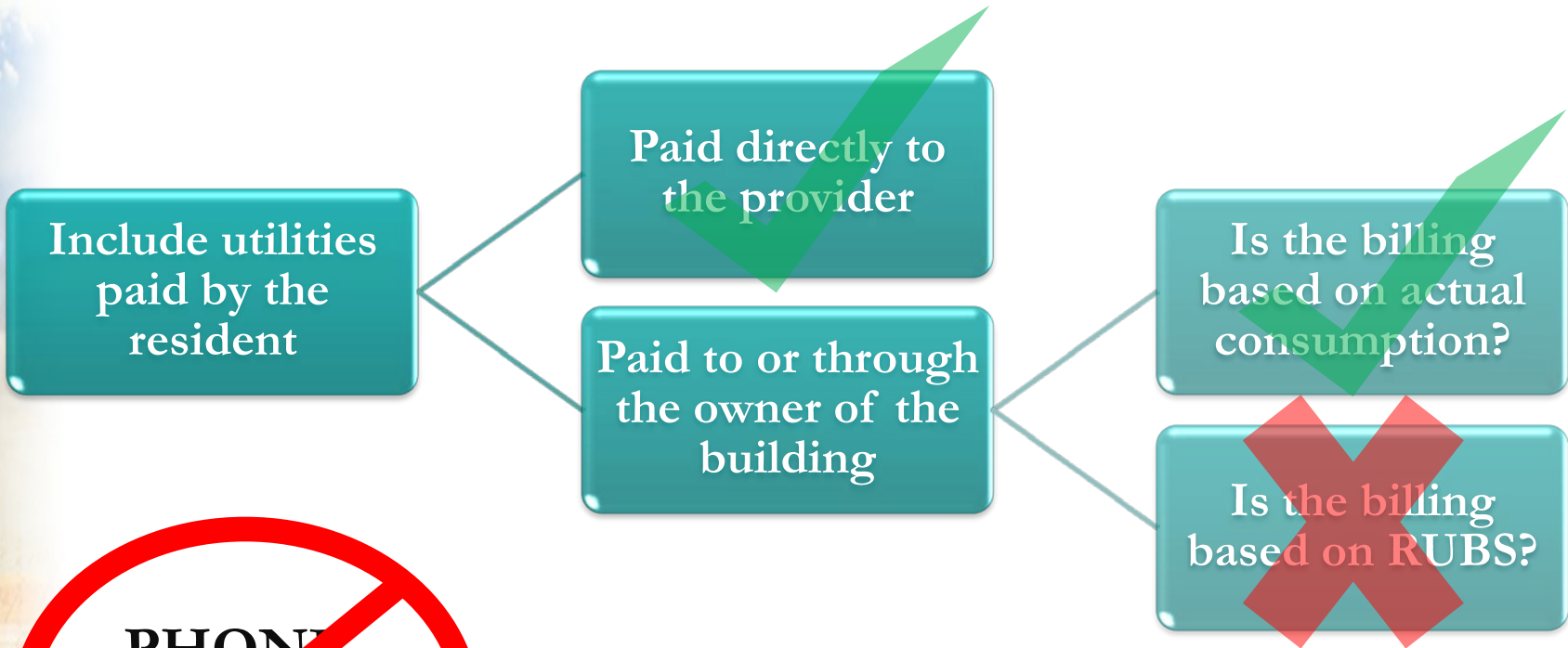


Utility Allowances

- ❖ Treasury Regulation 1.42-10
 - ❖ Federally approved methodologies
 - ❖ Recently revised March 3, 2016
- ❖ 8823 Audit Guide, Chapter 18
 - ❖ Identifies compliance
- ❖ 10TAC§10.614
 - ❖ TDHCA's rule that details how methodologies are implemented in Texas
 - ❖ Most recently revised 12/4/2016

Utility Allowances

What utilities are included in the utility allowance?



**PHONE,
CABLE,
INTERNET**



Utility Allowances

Utility Allowance Methodologies

1. Rural Housing Services (RHS)
2. Housing and Urban Development (HUD)
3. Public Housing Authority (PHA)
4. Written Local Estimate
5. HUD Utility Schedule Model (HUSM)
6. Energy Consumption Model
7. Actual Use Method/Agency Estimate

Utility Allowances

Rural Housing
Services (RHS)
Buildings/Tenants

- **ONLY** method allowed for the entire building is the one prescribed under RHS

HUD Regulated
Buildings

- **ONLY** method allowed for the entire building is the one prescribed under the applicable HUD program

If the building has both RHS and HUD, the utility allowance for the building is the one prescribed under RHS



Utility Allowances

- ❖ What is a HUD-Regulated Building?
 - ❖ A building where the rents and/or utility allowances are regulated by HUD
 - ❖ Some common examples:
 - ❖ Project Based Section 8
 - ❖ Public Housing
 - ❖ Project Based Vouchers
 - ❖ Multifamily Direct Loans (“MFDL”)
 - ❖ HOME funds
 - ❖ NSP
 - ❖ TCAP RF



Utility Allowances

Applications of MFDL

If TDHCA is the awarding PJ, the Department will calculate the utility allowance using the HUD Utility Schedule Model (“HUSM”)

If the application has a MFDL from the Department and another PJ, the Department will require the use of the allowance calculated by the Department

If the application includes a MFDL where the Department is not the PJ, Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction



Utility Allowances

- ❖ The HUSM will be calculated for MFDL applications using the rates in effect for the utilities for which the residents will be responsible
- ❖ The Applicant will be provided the HUSM, along with all applicable back up, and have a 5 day period to review and note any errors
 - ❖ Only errors related to the physical characteristics of the building(s) and utilities paid by the residents will be reconsidered
 - ❖ Applicant provided the opportunity request use of any of the available Green Discounts
 - ❖ In this case, both the standard and Green Discount HUSM will be provided and REA will decide the most appropriate to use in underwriting
 - ❖ Applicant will have to evidence the Green Discount is met to use at placed in service



Utility Allowances

- ❖ For buildings that are **NOT** RHS or HUD-Regulated, the following methods are available:
 1. Public Housing Authority (“PHA”)
 2. Written Local Estimate
 3. HUD Utility Schedule Model (“HUSM”)
 4. Energy Consumption Model
 5. Actual Use Method/Agency Estimate



Utility Allowances

- ❖ Things to consider for the PHA...
 - ❖ Must be the most applicable PHA to the proposed site
 - ❖ Must be the utility allowance schedule for the Section 8 Voucher program
 - ❖ Must be for the correct building type(s)
 - ❖ Must include all Flat fees
 - ❖ Prior approval from the Department is not required to use this method
 - ❖ 10.614(c)(3)(A)

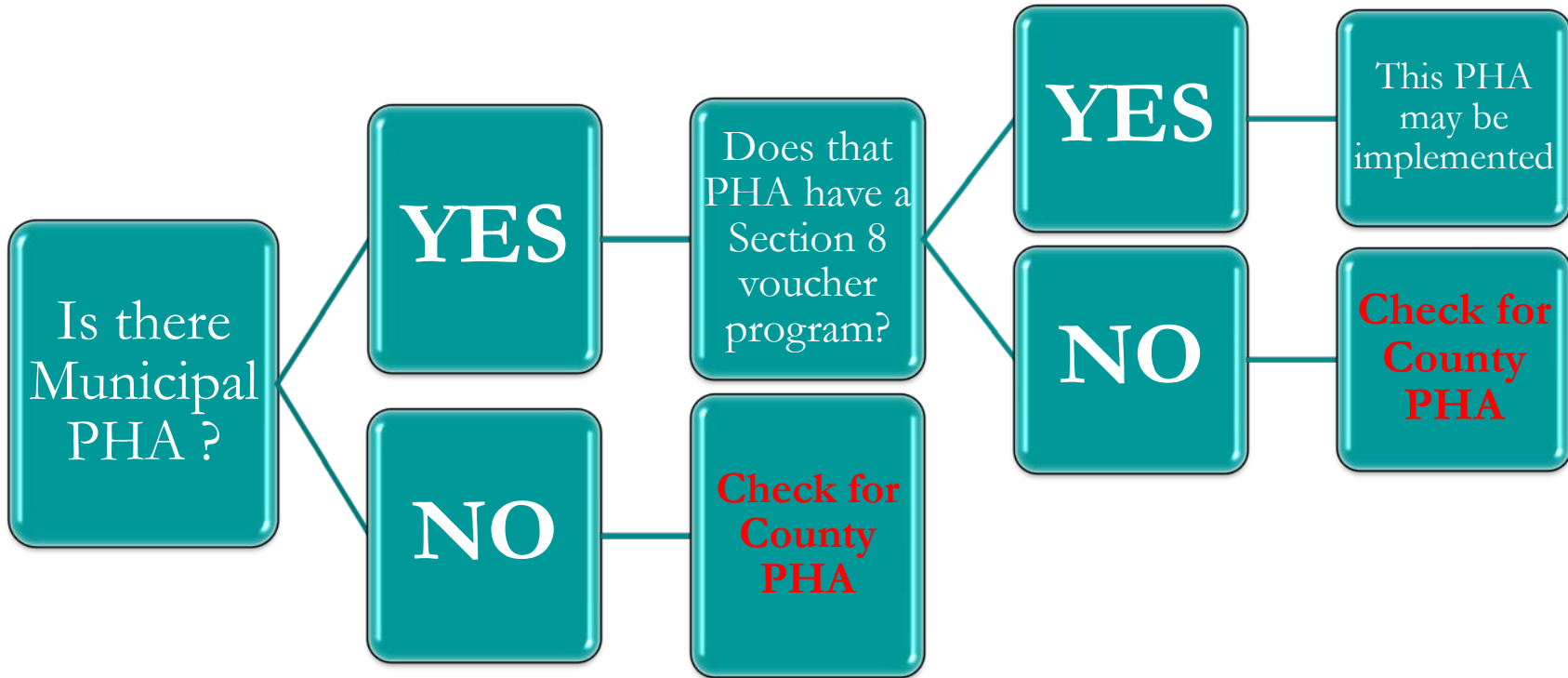


Utility Allowances

- ❖ To determine what PHA is applicable to the proposed site, defer to Chapter 392 of the Texas Local Government Code
<http://www.statutes.legis.state.tx.us/Docs/LG/pdf/LG.392.pdf>
- ❖ A list of all the PHA's in Texas can be found:
<http://www.txtha.org/index.php/by-county/>
- ❖ To determine if the PHA has a Section 8 Voucher Program:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/pha/contacts/tx
- ❖ To find out if TDHCA is the applicable PHA:
<http://www.tdhca.state.tx.us/section-8/docs/ServiceAreas.pdf>

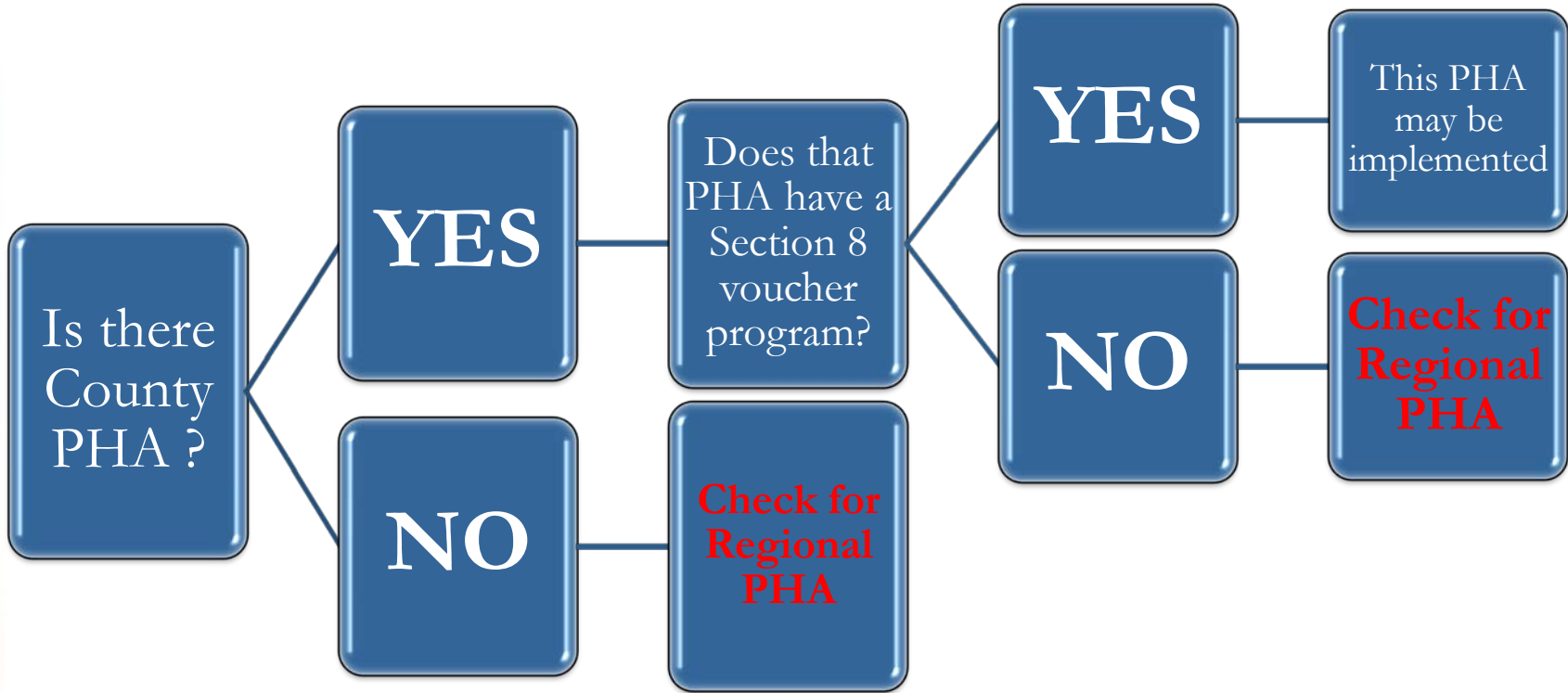
Utility Allowances

Step 1: Is there a Municipal PHA?



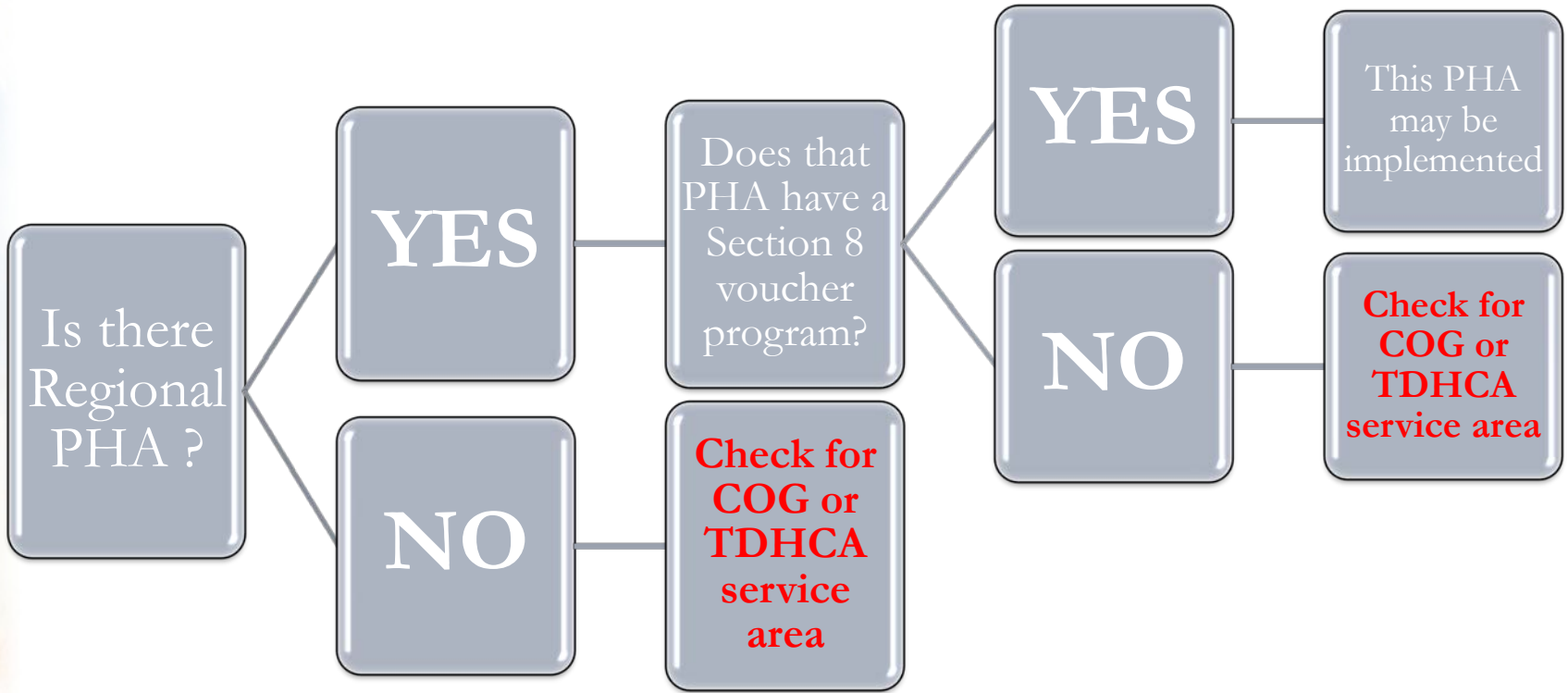
Utility Allowances

Step 2: Is there a County PHA?



Utility Allowances

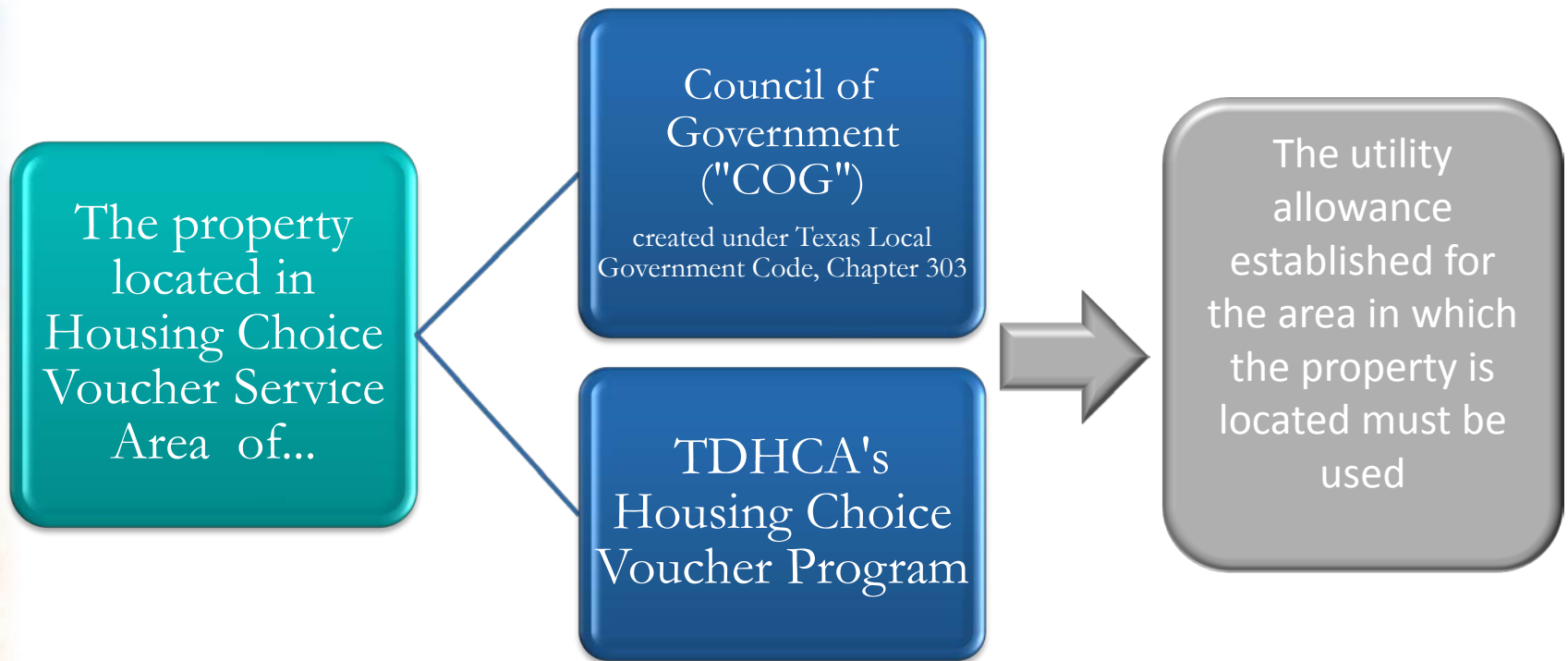
Step 3: Is there a Regional PHA?



Note: A Regional PHA is a specific type of creation of a Housing Authority under Texas Local Government Code, Chapter 392

Utility Allowances

Step 4: If you are unable to identify a Regional PHA, you may be eligible to still use the PHA method if...



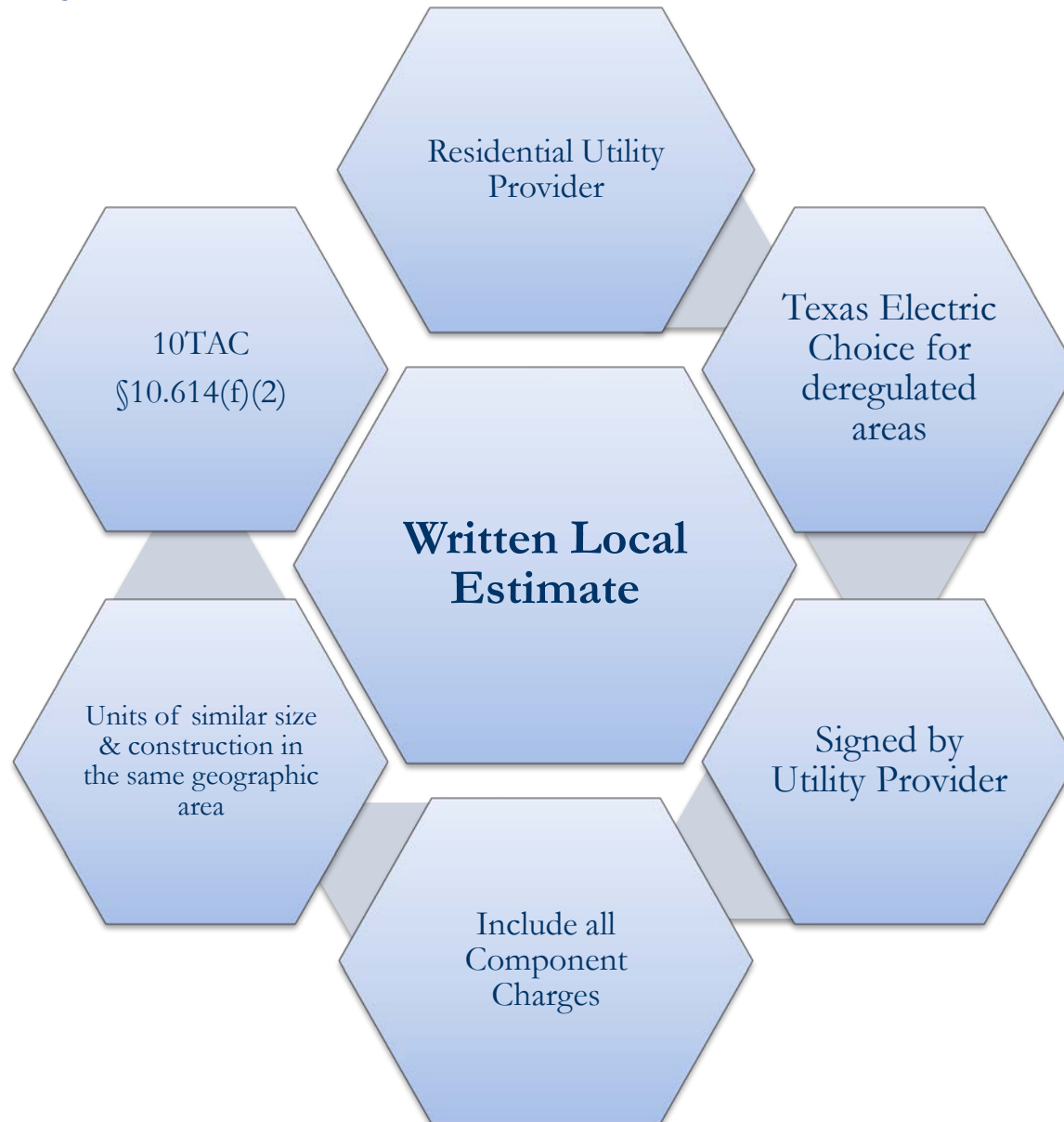
In the event there is not an applicable PHA, this method cannot be used and an alternative method, that requires prior approval to use, must be selected.



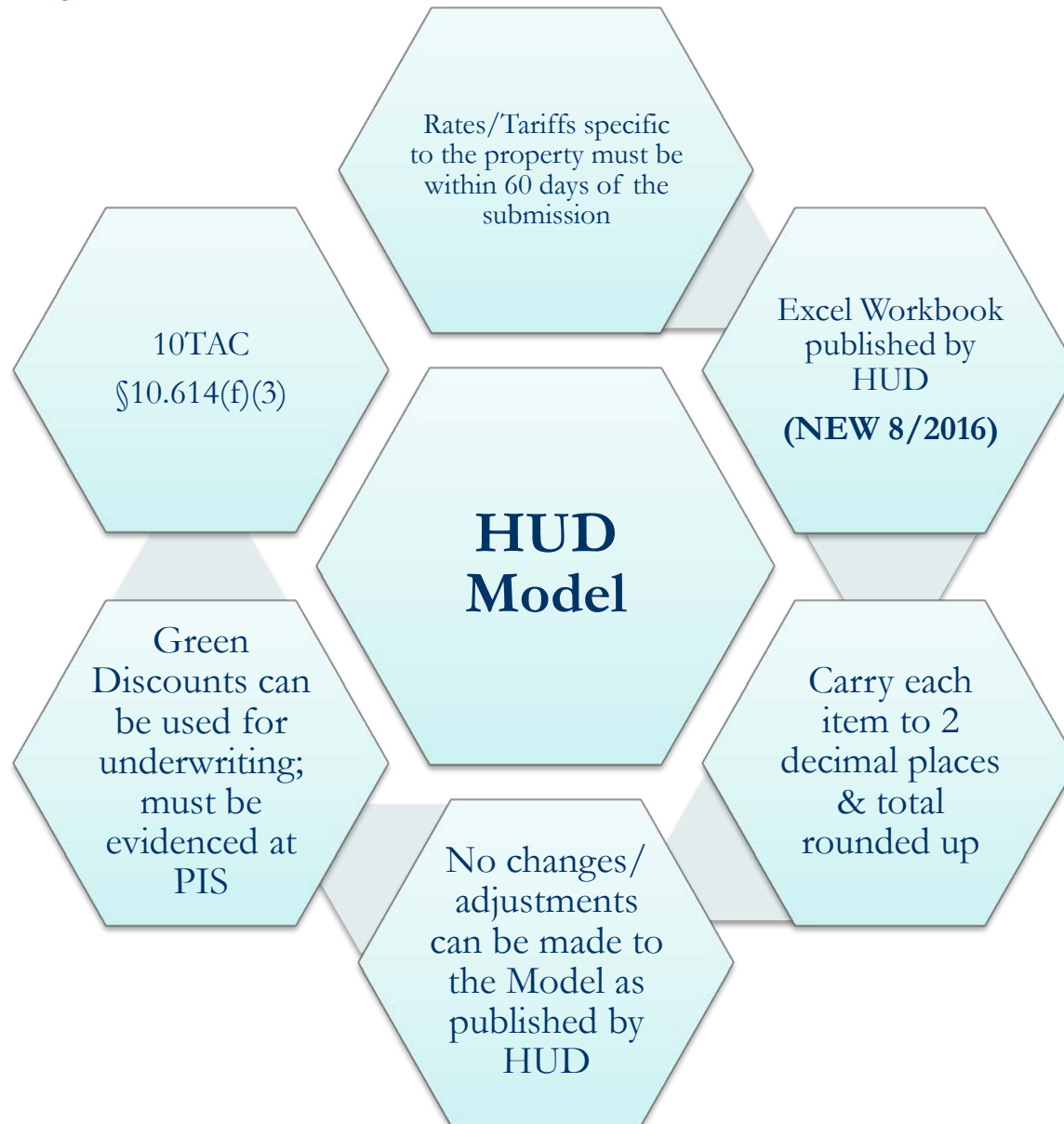
Utility Allowances

- ❖ The following utility allowance methodologies require prior approval from the Department
- ❖ All request must be submitted to:
 - ❖ UA-Application@tdhca.state.tx.us
 - ❖ Must include:
 - ❖ Utility Allowance Questionnaire for Applications:
<http://www.tdhca.state.tx.us/pmcdocs/UtilityQuestionnaireApp.docx>
 - ❖ All back up used in the calculation of the chosen method
- ❖ More information can be found at:
<http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>

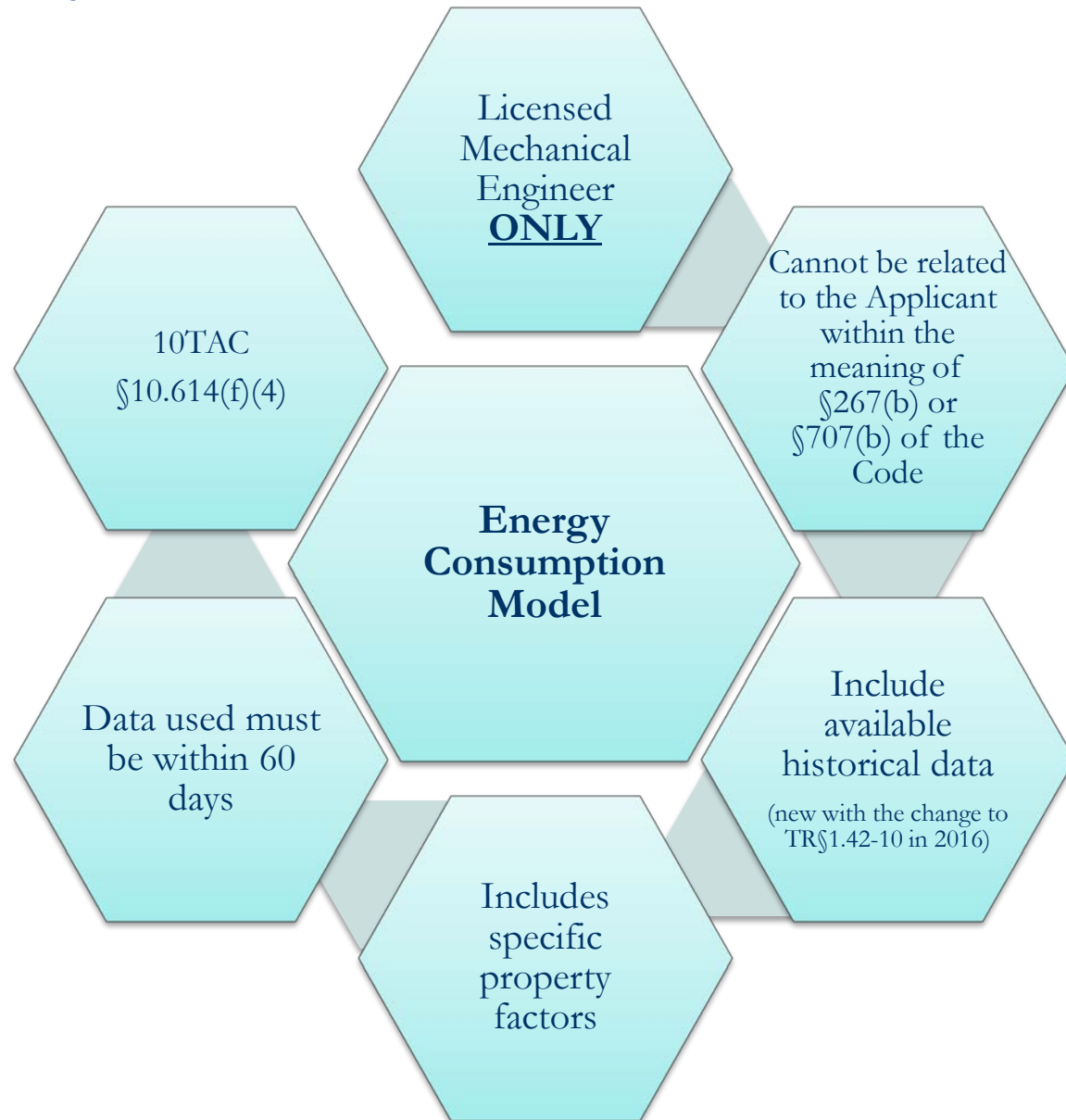
Utility Allowances



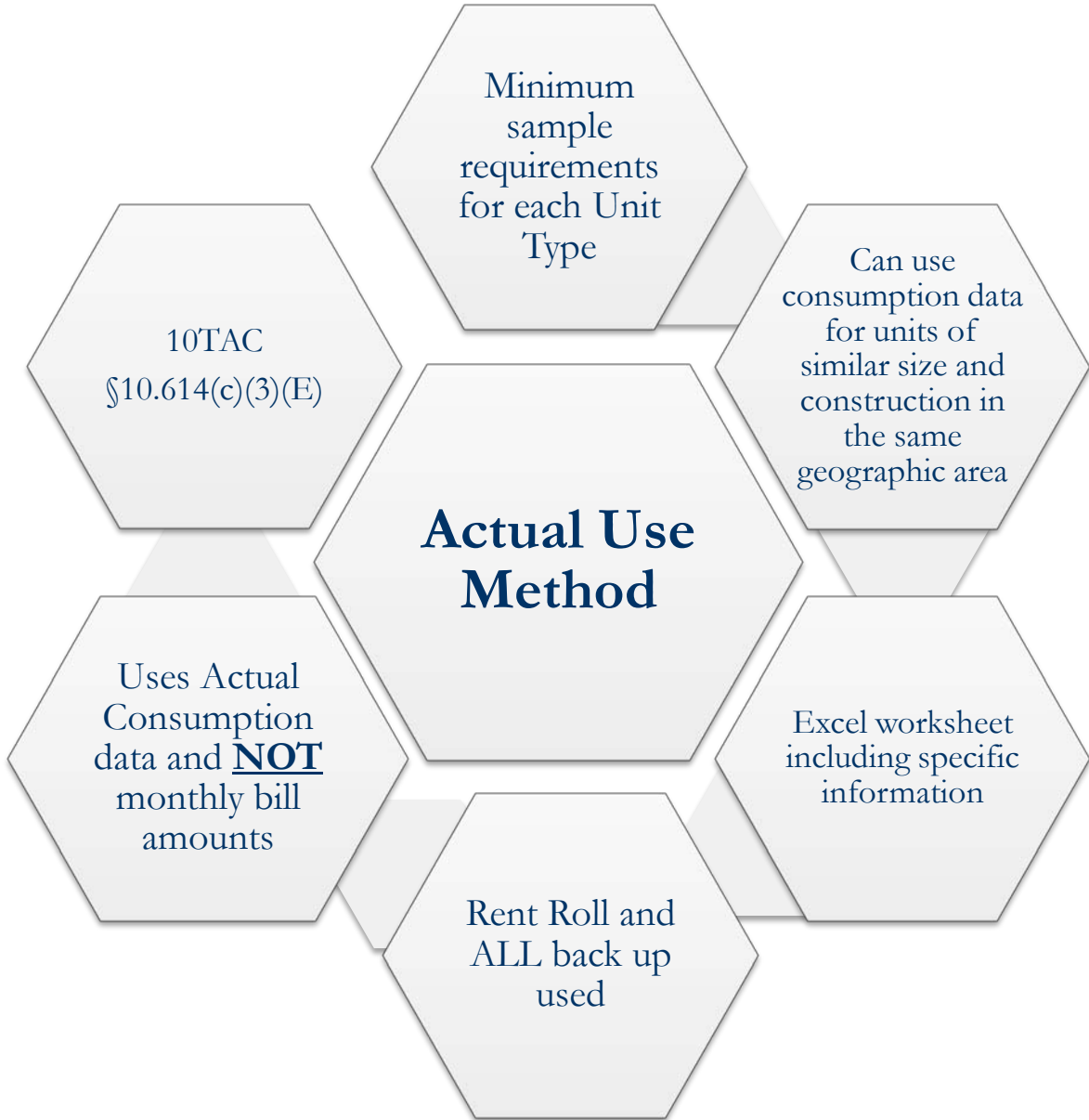
Utility Allowances



Utility Allowances



Utility Allowances





Utility Allowances

- ❖ Upon request, the Compliance Division will calculate or review an allowance within 21 days but no earlier than 90 days from when the application is due
 - ❖ **Example:** An application for a 9% HTC is due March 1, 2017. The applicant would like Department approval to use an alternative method by February 15, 2017. The request must be submitted to the Compliance Division no later than January 25, 2017, three weeks before February 15, 2017
 - ❖ **Example:** An Applicant intends to submit an application for a 4% HTC with Tax Exempt Bonds on August 11, 2017, and would like to use an alternative method. Because approval is needed prior to application submission, the request can be submitted no earlier than May 13, 2017, (90 days prior to August 11, 2017) and no later than July 21, 2017, (21 days prior to August 11, 2017)



Utility Allowances

- ❖ Approval must be obtained **prior** to the submission of the application
- ❖ Owners will be provided written approval from the Compliance Division to be included in the application
- ❖ For 9% applications:
 - ❖ The earliest a request can be submitted is 12/1/2016
 - ❖ The latest a request can be submitted is 2/8/2017
- ❖ Failure to comply could result in the termination of the application

Compliance Staff Contact

If you have *ANY* questions about the information in this presentation, please contact:

❖ Cody Campbell

ccampbel@tdhca.state.tx.us

or

❖ Stephanie Naquin

snaquin@tdhca.state.tx.us

Be on the lookout for a webinar about utility allowances that the Compliance Division will offer early next year!