

DATE: February 4, 2022

TO: LIHTC/HOME/SCHDF/NSP and NHFT Development Owners/Managers

SUBJECT: Utility Allowance Guidance

This memorandum outlines the Alaska Housing Finance Corporation’s updated Utility Allowance Policy. The Policy is in regard to properties where residents are responsible to pay for their own utilities and the ways in which utility allowances and gross rents are determined and implemented for programs funded under AHFC’s Greater Opportunities for Affordable Living program.

AHFC’s policy is based on the applicable federal statutes and regulations as published by the Internal Revenue Service and the Office of Housing and Urban Development as well as AHFC’s GOAL program also referred to as the Qualified Allocation Plan.

Utility Allowance

Gross rents for affordable housing developments are in compliance when the appropriate U/A is included and the total does not exceed the maximum rent based on unit size and the applicable program income limits.

All affordable housing programs with rent and income restricted units funded under AHFC’s GOAL program require that the property owner provide a U/A if the household is responsible for paying the utilities. The U/A would not include telephone, cable, or internet (unless service is not optional). The U/A is used in calculating the households gross rent.

Gross rent is calculated as follows for the programs funded under AHFC’s GOAL program:

Affordable Housing Program	Gross Rent calculation
HOME Investment Partnership program	Tenant paid rent + Rental Assistance + U/A + non-optional fees.
Low Income Housing Tax Credit Program	Tenant paid rent + U/A + non-optional fees.
Senior Citizens Housing Development Fund	Tenant paid rent + U/A + non-optional fees.
Neighborhood Stabilization Program	Tenant paid rent + Rental Assistance + U/A + non-optional fees.
National Housing Trust Fund	Tenant paid rent + Rental Assistance + U/A + non-optional fees.

Annual Review Requirements

Owners are required to review their development’s U/A at least once during each calendar year. Development owners may choose to calculate a new U/A more frequently provided the Owner complies with the requirements of this policy, including resident notification.

Utility Allowance by Program Type

Program	Utility Allowance Source
USDA Rural Development Developments	Use the development specific U/A as approved by USDA.
HUD-regulated Developments (with Project Based Section 8)	Use the development specific U/A as approved by HUD.
LIHTC Developments without USDA or HUD rental assistance	The following options are available: <ul style="list-style-type: none"> • Public Housing utility allowance • Utility Company Estimate • Actual per unit costs using the Multifamily Housing Utility Analysis process (Actual Building Usage) • HUD Utility Schedule Model
HOME and NSP Developments (funded before 8/23/13) without USDA or HUD rental assistance	The following options are available: <ul style="list-style-type: none"> • Public Housing utility allowance • Actual per unit costs using the Multifamily Housing Utility Analysis process • HUD Utility Schedule Model
HOME, NSP and NHTF Developments (funded after 8/23/13) without USDA or HUD rental assistance	The following options are available: <ul style="list-style-type: none"> • Actual per unit costs using the Multifamily Housing Utility Analysis process • HUD Utility Schedule Model
SCHDF with rent and income limits (<i>if the development has other funding sources the utility allowance must comply with the other affordable housing program</i>)	The following options are available: <ul style="list-style-type: none"> • Public Housing utility allowance • Actual per unit costs using the Multifamily Housing Utility Analysis process • HUD Utility Schedule Model

Housing Choice Voucher Utility Allowance:

For households assisted with a Housing Choice Voucher, owners must use the U/A schedule issued by the public housing authority that administers the household's voucher. Owners are required to record the PHA U/A on the household's Tenant Income Certification as well as the development's Unit History and Rent Roll Report. (This will result in a different U/A for voucher households residing in a development that uses an alternate U/A method.)

The 2013 HOME Final Rule does not allow the PHA U/A to be utilized to calculate gross rent for HOME assisted units funded after Aug. 23, 2013; therefore, when a Housing Choice Voucher

household resides in a HOME assisted unit that was funded after Aug. 23, 2013 the development specific U/A must be used to determine the household's gross rent.

Updating Utility Allowance for Developments with USDA RD or HUD Rental Assistance

For USDA RD developments or buildings with RD or HUD assisted households, changes to the U/A are expected to comply with the associated program rules. As part of the annual compliance review the owner will be requested to provide copies of the U/A schedule approved by RD or HUD to confirm implementation date.

Updating Utility Allowance (Developments without USDA RD or HUD Rental Assistance)

Under the LIHTC program if the development's U/A changes, the owner must demonstrate that the new U/A was not implemented and used to calculate gross rents for existing LIHTC households until the first day immediately following the 90-day period. For example, if the effective date of the U/A is Jan. 27, 2022, the new U/A must be used to calculate gross rent no sooner or later than May 1, 2022. Gross rents are to be changed the first day of the month following the 90-day period. Owners must use the updated U/A for new households occupying the during the 90-day period.

For HOME, SCHDF, NSP and NHTF developments, rent adjustments are subject to the terms of the tenant's lease. If the lease allows for changes in rent during the lease term, the U/A must be implemented the first day immediately following the 90-day period if using the Multifamily Housing Utility Analysis or HUSM. Developments funded prior to Aug. 23, 2013 using the PHA must implement the U/A by the date identified in the right hand corner of *Form HUD-52667*. Owners must use the updated U/A for new households occupying the development immediately.

Please reference the tables below for additional information regarding required U/A documentation, effective date, and notification and approval requirements.

Public Housing Authority Utility Allowance	
Source Information	U/A schedule published by the PHA in the jurisdiction where the property is located.
Effective Date	The effective date is the date the U/A is published on AHFC's website (located here). <i>(The date identified in the right hand corner of the form 52667 is not the effective date)</i>
Resident Notification Requirements	No U/A notification is required; however, if changes in the U/A result in a change of tenant paid rent a minimum 30 day notice must be provided in accordance with the Alaska Landlord Tenant Act.
AHFC Review and Approval	AHFC approval is not required for developments using the PHA U/A.

Utility Company Estimate	
Source Information	An estimate in writing from the local utility company that offers services to the building. The estimate must be provided on the company's letterhead, dated and signed by a representative of the utility company.
Effective Date	The effective date is the date the owner receives in writing information from the utility company providing the estimated per unit cost of the utility.
Resident Notification Requirements	The owner is required to make available the new U/A to all residents at the beginning of the 90 day period.
AHFC Review and Approval	The owner must submit documentation of writing to the GOAL Program Manager at the beginning of the 90 day period.

Multifamily Housing Utility Analysis	
Source Information	U/A estimate is based on property-specific historical consumption data. While the federal regulation calls for the state housing credit agency to prepare the U/A estimate under this option, AHFC has delegated responsibility to prepare the estimate to the Owner.
Effective Date	The date when the building Owner receives written U/A approval from AHFC.
Resident Notification Requirements	The owner is required to make available the new U/A to all residents at the beginning of the 90 day period.
AHFC Review and Approval	The owner must submit documentation in writing to the GOAL Program Manager* at the beginning of the 90 day period. AHFC may require additional documentation during the 90-day period.

HUD Utility Schedule Model (HUSM)	
Source Information	HUD Utility Schedule Model estimates are based on national data on energy characteristics of housing, usage, local weather data, local utility rates and property-specific information entered by the owner into the model.
Effective Date	The date entered on the form date on the location spreadsheet of the utility scheduled model.
Resident Notification Requirements	The owner is required to make available the new U/A to all residents at the beginning of the 90 day period.
AHFC Review and Approval	The owner must submit documentation in writing to the GOAL Program Manager* at the beginning of the 90 day period. AHFC may require additional documentation during the 90-day period.

**For additional information regarding the U/A approval process please contact AHFC's GOAL Program Manager.*

Should you have any questions regarding this Notice please feel free to contact me directly at (907) 330-8414.

Sincerely,



Jerusha Gatfield
Compliance Officer
Internal Audit Department
Alaska Housing Finance Corporation

cc: Andy Petroni, GOAL Program Manager - AHFC