



Clinic: HOME Utility Allowances



U.S. Department of Housing and Urban Development

HOME Rent Limits

- HOME statute and regulation establish maximum rent limits
- Published limits are gross HOME rents that include the cost of utilities
- PJs must adjust maximum rent limits if tenant pays utilities
 - Subtract utility allowance to determine limit for contract rent paid by tenant



Utility Allowance Requirement 92.252(d)(1)

- A PJ must establish maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually.
- A PJ must use the HUSM or otherwise determine the utility allowance for the project based on the type of utilities used at the project.



HOMEfires Vol. 13, No. 2

- The UA requirement at §92.252(d) is applicable to all rental projects to which HOME funds were committed on or after August 23, 2013.
- PJs are no longer permitted to use the utility allowance established by the local PHA.
- If PJs choose not to use the HUSM, the UA must be established using a project-specific methodology.



Responsibility for UA Determination

- PJ may establish UA using staff or contract with a qualified professional
 - Initial determination may be charged as project related soft cost
 - Subsequent determination may be charged as admin
- PJ may require owners to submit UA calc for review/approval
- PJ may accept other funder UA calc if acceptable method and data applicable to the project are used



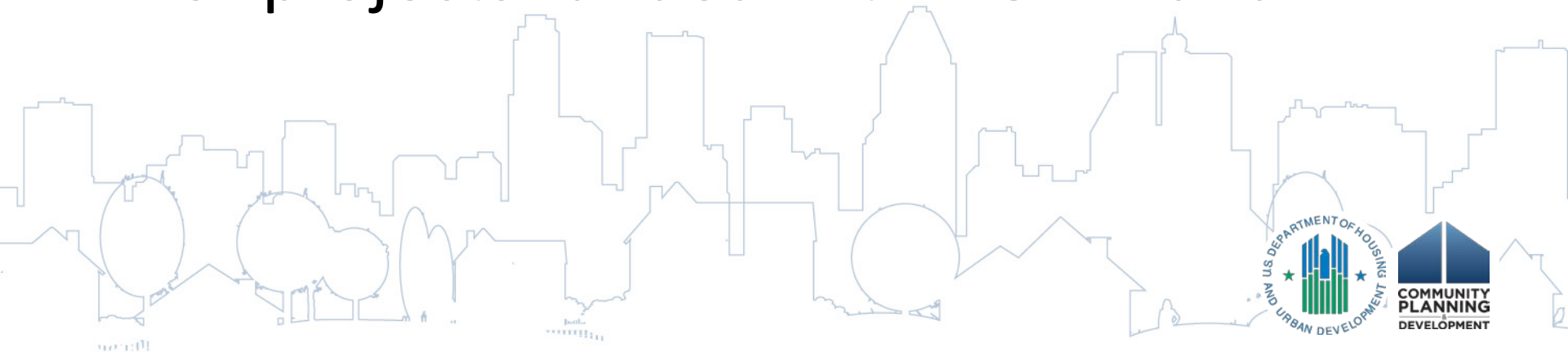
Acceptable Methods

- The following methodologies meet HOME requirements:
 1. HUD Utility Schedule Model
 2. Multifamily Housing Utility Analysis
 3. Utility Company Estimate
 4. LIHTC Agency Estimate
 5. Energy Consumption Model (Engineer Model)
- These methodologies are permitted for LIHTC projects and described in IRS regulations



Conflicting Program Requirements

- HUD recognizes that the PBV program requires the use of the PHA Utility Allowance
- PJs may request a waiver of 92.252(d)(1) for projects funded with HOME and PBV



Resources

- HOMEfires Vol. 13, No. 2:
<https://www.hudexchange.info/resources/documents/HOMEfires-Vol13-No2-Guidance-on-How-to-Establish-Utility-Allowances-for-HOME-Assisted-Rental-Units.pdf>
- HUSM
 - Web-based model: <https://www.huduser.gov/portal/datasets/husm/uam.html>
 - Excel-based model:
https://www.huduser.gov/resources/UtilityModel/Utility_Model-Ver13i_813.xlsm
- Instructions:
https://www.huduser.gov/portal/resources/UtilityModel/Instructions_HUDUtilityModel_Rev3.doc
- HUSM Webcast: <https://www.hudexchange.info/trainings/courses/hud-utility-schedule-model-calculating-utility-allowances-for-home-webinar1/>
- HUD User: <https://www.huduser.gov/portal/resources/utilallowance.html>





Questions?



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