



Fact Sheet

Utility Allowance Methodologies

Who determines the utility methodologies to use?

U.S. Department of Housing and Urban Development (HUD) HOME Program regulations establish rent limits and utility allowance requirements for HOME-assisted rental units (24 CFR Part 92). The Final HOME Rule changed the methodology used to calculate utility allowances. HUD no longer permits the use of the utility allowance established by the local Public Housing Authority (PHA) for HOME-assisted rental projects for which HOME funds were committed on or after August 23, 2013. Additional guidance is available in the HOMEfires Vol. 13 No. 2, issued by the U.S. Department of Housing and Urban Development (HUD).

What utility allowances can I use?

- 1) HUD Utility Schedule Model (HUSM)
www.HUDUser.gov/portal/datasets/husm/uam.html.
- 2) Multifamily Housing Utility Analysis
- 3) Utility Company Estimate
- 4) Energy Consumption Model (Engineer Model)

There are five HUD-approved utility allowance methodologies to calculate utility allowance costs at rental properties; however, the LIHTC Agency Estimate Model will **not** be an option for the City of Phoenix.

Why the change?

This change occurred to ensure compliance with HUD's requirements. The provision at §92.252(d) requires the determination of an individual utility allowance for each HOME rental project based on the utilities used at each project. As projects are constructed or rehabilitated to higher energy-efficiency standards, using a standard utility allowance does not represent the actual utility costs of each rental property.

What multi-family rental properties fall under the HUD requirements?

To ensure compliance with HUD's requirements, the City determined it would apply the HOME requirements to other federally and bond-assisted multi-family rental properties, including CDBG, NSP, and the General Obligation Bond-funded projects.

When does this go into effect?

Projects that received HOME funding and were committed on or before the effective date of the 2013 HOME Rule, dated August 23, 2013, may continue to use the PHA

Section 8 utility schedule. The date when funds are considered committed is when all loan documents were signed, and escrow closed. Please note, if a project was committed prior to the August 23, 2013, the owner can choose to utilize one of the other approved methodologies.

If property managers still use the local PHA utility allowance schedule and project had committed HOME funds after August 23, 2013, a new utility allowance methodology must be selected when submitting the subsequent rent adjustment request. Property managers may also adopt one or more of the approved methodologies to use across various projects or may limit the use to a single method; however, the same methodology must be used within a single project.

How do I submit the completed forms for each property?

See the “Rent Adjustment Request Process” document for submittal details. A written approval or denial from the City will be provided for all submittals. Rental adjustments **cannot** be implemented until the City has reviewed and approved the Rental Adjustment Request Form. The review process will take approximately 30 business days to complete.

Supporting documentation for the selected Utility Allowance methodology must be submitted with the request.

Where can I find additional information?

HOMEfires - Vol. 13 No. 2

<https://www.hud.gov/sites/dfiles/CPD/documents/HOMEfires-Vol-13-No2-Guidance-on-How-to-Establish-Utility-Allowances-for-HOME-Assisted-Rental-Units.pdf>

HUD Utility Schedule Model (HUSM)

<https://www.huduser.gov/portal/sites/default/files/pdf/HUSM-Instructions.pdf>
<https://tools.huduser.gov/husm/uam.html>

Code of Federal Regulations

[eCFR: 24 CFR 92.252 -- Qualification as affordable housing: Rental housing.](#)

[eCFR: 26 CFR 1.42-10 -- Utility allowances.](#)