

## Utility Allowance Methodology Change Requests

It is the responsibility of the building owner to comply with all federal and state regulations. Utility allowances must be considered when owners determine the rent for affordable housing residents (i.e., HOME, Tax Credit, etc.). DCA will review the property utility allowances utilized during the longer of the Compliance Period, Loan Term, or Period of Affordability. The owner must maintain all information for the established utility allowance and make the information available to DCA upon request. Tax Credit properties in the Extended Use Period must maintain the current approved utility allowance documentation in hardcopy and/or in an electronic format and provide it upon request.

DCA will review requests for a change in the property's established utility allowance methodology. Where utility allowance adjustments are pursued, they should reflect savings from energy efficiency improvements in a manner that is fair to tenants, financially feasible for owners, and reduces long-term public subsidy expenditures.

### **Notification Requirements**

Owners changing their established utility allowance to one of the four (4) approved utility allowance methodologies must make the documents available to residents **and** to DCA 90-days prior to the effective (i.e., implementation) date.

Residents have the right to question the requested change in utility allowance methodology during this 90 day time frame. Once the new methodology has been approved, annual updates to the utility allowance methodology does not require a 90-day notice to the resident. The owner must maintain the documentation for all annual updates for their property.

### **How to Submit a Request to Change the Utility Allowance Methodology**

Utility allowance change requests must include the project ID, project name and UACHng in the email subject line and be e-mailed to:

**Email:** [Review.submissions@dca.ga.gov](mailto:Review.submissions@dca.ga.gov)  
**Subject line example:** 15-025ABCUACHng

### **Email Request Attachments**

Each request for a change in utility allowance methodology must include:

1. Cover letter with the current utility allowance and proposed utility methodology
2. 90-day Notice to the residents
3. Utility allowance schedule or report
4. Supporting documentation as required (See the approved utility methodology section)

DCA will provide a written response within 15 business days of receiving complete and accurate information from the owner.

### **Approved DCA Utility Allowance Methodologies**

Any building receiving assistance from the Rural Housing Service (RHS) is required to use the RHS utility allowance; if any resident received RHS rental assistance, all restricted units in the building must use the applicable RHS utility allowance; and any building that has rents and utilities regulated by HUD must use the HUD utility allowance for all restricted units. DCA will not consider requests to change the RHS or HUD utility allowance methodology once it has been established for your property.

Ratio Utility Billing (RUBs) are **ineligible** for determining consumption and is not an acceptable billing method for Tax Credit or HOME properties. If RUBs are in place at the property, any amount paid by a tenant for utilities must be included in gross rent, and will be limited to the appropriate rent restriction.

DCA understands that a property may have multiple utility allowance schedules for similar units at a property, because of program requirements, or because the utility source provides the greatest benefit to a project or a portfolio of projects. The owner must establish the correct utility allowance for all programs in the property, submit a request for review and approval to DCA, and maintain annual updates in their records.

The property owner may request to use one or more of the following utility allowance methodologies that meets the HOME and/or Tax Credit regulatory requirements:

1. **Public Housing Authority Estimates** - The Public Housing Authority (**PHA**) utility schedules are based on average consumption rates across a PHA's portfolio. The PHA utility allowance is the most common utility allowance method used by Tax Credit and HOME properties. The PHA allowance must be used for any unit that is receiving rental assistance from a Section 8 voucher, Project Based Rental Assistance or other public housing subsidy.

The PHA utility allowance is applicable to all Tax Credit properties and HOME assisted properties committed **before August 23, 2013**.

For HOME assisted properties committed **after August 23, 2013**, the utility allowance must be based upon the specific utilities used by the project, therefore, the PHA utility allowance methodology does not meet the HOME requirements for projects with a HOME commitment after August 23, 2013. However, if the HOME assisted unit is layered with Tax Credits and also receives rental subsidy administered by a housing authority, the owner may also be required to use the PHA utility allowance to meet both the HOME and Tax Credit program requirements.

#### **Required Documents for PHA – Current PHA utility allowance schedule**

2. **HUD Utility Schedule Model (HUSM)** - The HUSM enables users to calculate utility schedules using a project specific methodology by entering the property housing type, and utility rate information (tariffs) for the property location. This model is based on climate and survey information from the U. S. Energy Information Administration of the Department of Energy and it incorporates energy efficiency and Energy Star data.

The HUSM (web based and Excel format) and use instructions can be accessed on the HUD Exchange website User at,

<https://www.hudexchange.info/trainings/courses/hud-utility-schedule-model-calculating-utility-allowances-for-home-webinar1/>

#### **Required Documents for HUSM**

1. A copy of the HUD utility allowance form with the utility calculation results for each bedroom size in the property
  2. Supporting documentation showing the utility tariff for electricity and gas from the applicable utility provider
  3. Other documents required to calculate the applicable utility allowance for the property, including proof of LEED, Energy Star Certification or Significant Green Retrofit eligibility (if applicable)
3. **Utility Company Estimate (UCE)** (26 CFR 1.42-10(b) (4) (B)) – DCA may approve a UA based on estimates obtained from a local utility company for each of the utilities used in the project. The estimate must be obtained in writing from the local utility company that offers services to that property. For properties with less than 12 months of usage, (i.e., new construction), the estimate may also be based on the estimated cost of that utility for a unit of similar size and construction for the geographic area in which the building containing the unit is located.

**Required Documents for UCE** - The property estimate of monthly utilities must be provided on the utility company letterhead and dated and signed by a representative of the utility company for each bedroom size and for the property location

4. **Energy Consumption or Engineered Model (ECM)** (26 CFR 1.42-10(b)(4)€) – DCA may approve a UA based on an energy and water and sewage consumption and analysis model (ECM) prepared by a properly licensed engineer, or qualified professional. The owner and qualified professional must also certify that the model complies with all requirements and 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.

#### **Required Documents for ECM Prepared by a Properly Licensed Engineer**

1. The projected consumption for each applicable utility, as well as the dollar amounts including taxes and fees per unit size (number of bedrooms, generally) per month.
2. The ECM report showing the steps of the process for this determination.
3. Letter from the engineer or architect certifying that they are not related to the owner within the meanings of Section 267(b) or 707(b) of the IRS regulations.
4. Certification that the model complies with the minimum requirements for the project type, unit sample, and consumption data
5. Supporting documentation, if applicable (i.e., utility rates, taxes, and fees, including monthly administrative fees charged to residents)

### **ECM Prepared by an Unlicensed Engineer or Other Qualified Professional**

If the ECM report is completed by a qualified professional that is not a properly licensed engineer, the request must include the qualifications and experience of the qualified professional in providing energy consumption utility allowance reports for a minimum of 2 years.

### **Required Documents for Unlicensed Engineer or Other Qualified Professional Additional Information**

1. Description of the firm's or energy professional's experience compiling energy consumption models for use in residential multifamily properties for a minimum of 2 years
2. Resumes of staff responsible for completing the utility report
3. Certifications and licenses relevant to the development and implementation of an energy consumption model (e.g. Professional Architect license, Certified Energy Manager or similar designation)