



Arizona Department of Housing 2018 Information Bulletin

PROGRAMS: Low Income Housing Tax Credit (LIHTC), HOME, State and Federal Housing Trust Fund (HTF), Neighborhood Stabilization Program (NSP)

REGARDING: LIHTC, HOME, State and Federal HTF, NSP Utility Allowance Calculations

INFORMATION BULLETIN No. 21-18

ISSUED: May 21, 2018

RE: Utility Allowance Calculations (Rounding up to nearest whole dollar)

The IRS requires that utility allowances be set according to IRS Notice 89-6 and Federal Register Vol. 73, No. 146 "Section 42 Utility Allowance Regulations Update". Beginning in 2014 The Arizona Department of Housing designated the Energy Consumption Model as the required Utility Allowance under The Qualified Allocation Plan.

For rental housing monitored by the Arizona Department of Housing and funded through the LIHTC, HOME, State and Federal HTF and NSP programs, effective June 1, 2018, any utility allowance update after this date using the Utility Company Estimate, HUD Utility Schedule Model or the Energy Consumption Model must follow the clarifications below:

Utility Company Estimate (If allowed under your project's QAP): You should use the actual estimate provided by the company. However, if you choose to round to the nearest whole dollar, you must round up. This will prevent any potential of overcharging the resident. Please note, an estimate received from the local utility provider (electric provider, gas provider, water works, etc.) is acceptable. If the local utility provider is used it must be on the utility provider's letterhead and have estimates for each utility paid directly by the household.

HUD Utility Schedule Model (If allowed under your project's QAP): By default, the HUSM instructs you to round up. You should use the actual amount estimated using this utility allowance method. Please note an owner may calculate utility allowances using the HUD Utility Model found at <https://www.huduser.gov/portal/resources/utilallowance.html>. Both the model and the supporting documentation used in the model must be submitted to ADOH for approval prior to implementation. Once approved, the utility allowance(s) will be good for one year from the date of ADOH approval.

Energy Consumption Model: You should use the actual estimate provided by the company. However, should you choose to round to the nearest whole dollar, you must round up. This

will prevent any potential of overcharging the resident. Please follow guidelines set forth in your project's QAP regarding the use of the Energy Consumption Model.

As a reminder, these utility allowance methods, along with any of the other utility allowance options must be updated annually.

Please contact Juan Bello, Senior Compliance Officer with any questions at (602) 771-1074 or by e-mail at juan.bello@azhousing.gov.



Arizona
Department
of Housing

1110 West Washington, Suite 280 | Phoenix, AZ 85007
Telephone (602) 771-1000 Facsimile (602) 771-1002 TDY (602) 771-1001
www.azhousing.gov