

Missouri Housing Development Commission Low Income Housing Tax Credit Program

Utility Allowance Calculation Methodology and Reporting Requirements REVISION NOTICE #09-002

Compliance Manual section 2.3 (C): Utility Allowance:

If the cost of any utilities (other than telephone and cable) is to be paid directly by the tenant, the gross rent for that unit must include an allowance for those utilities. A copy of the updated Utility Allowance must be sent in annually with your Annual Compliance Reports. The source used to calculate the utility allowance must be the same throughout the year. The applicable utility allowance is determined as follows:

1. If a project receives assistance under Rural Development (RD) Section 515, the applicable utility allowance is the utility allowance determined by RD.
2. If a project is HUD regulated, the applicable utility allowance is the HUD utility allowance.
3. All other projects use the local Public Housing Authority utility allowance established for the Section 8 Existing Housing Program.
4. All other projects may also use the actual utility costs from the Utility Company.

Compliance Manual section 3.4 (H): Utility Allowance Documentation

MHDC requires that documentation for the utility allowance(s) used for the prior year be submitted annually along with the Annual Occupancy Reports. If there has been no change in the PHA's utility allowance, this must be documented by the PHA. NOTE: For units that have been remodeled to a different bedroom size, the total Utility Allowance remain unchanged as long as the total square footage of the unit remains unchanged.

Amendment effective 7/29/08

Federal Register/Vol. 73, No. 146 effective July 29, 2008, establishes the final regulations amending the utility allowance regulations concerning the low-income housing tax credit.

NOTE: IRS just published [Notice 2009-44](#) clarifying that utility costs paid by a tenant based on actual consumption in a sub-metered rent-restricted unit are treated as paid directly by the tenant for purposes of section 42(g)(2)(B)(ii) of the Internal Revenue Code.

Application of New Regulation:

Resources:

Energy Consumption Model: Exhibit V – LIHTC Identity of Interest (IOI) Statement
HUD Utility Schedule Model: www.huduser.org/datasets/lihtc.html

Reporting Requirements:

Due to the new utility allowance regulations, MHDC will require:

- Properties with **13 (thirteen) units or more** to submit their utility allowance information quarterly through MHDC's Asset Management Reporting System amrs.mhdc.com.

- Properties with **12 (twelve) units and less** to manually submit their utility allowance information to MHDC's St Louis Office: 4625 Lindell, Suite 300, St. Louis, MO 63108 – Attn: Teresa Jones.
- All reported utility allowance methods with supporting documentation must be available for review by MHDC upon request.

Instructions on how to submit utility allowance information through AMRS can be found on MHDC's website.