

TEXAS DEPARTMENT OF  
HOUSING & COMMUNITY AFFAIRS

*Building Homes. Strengthening Communities.*

## Utility Allowances

§10.614

February 4, 2019

(Note that the most recently adopted Compliance Rule will  
become effective prior to March 1, 2019)

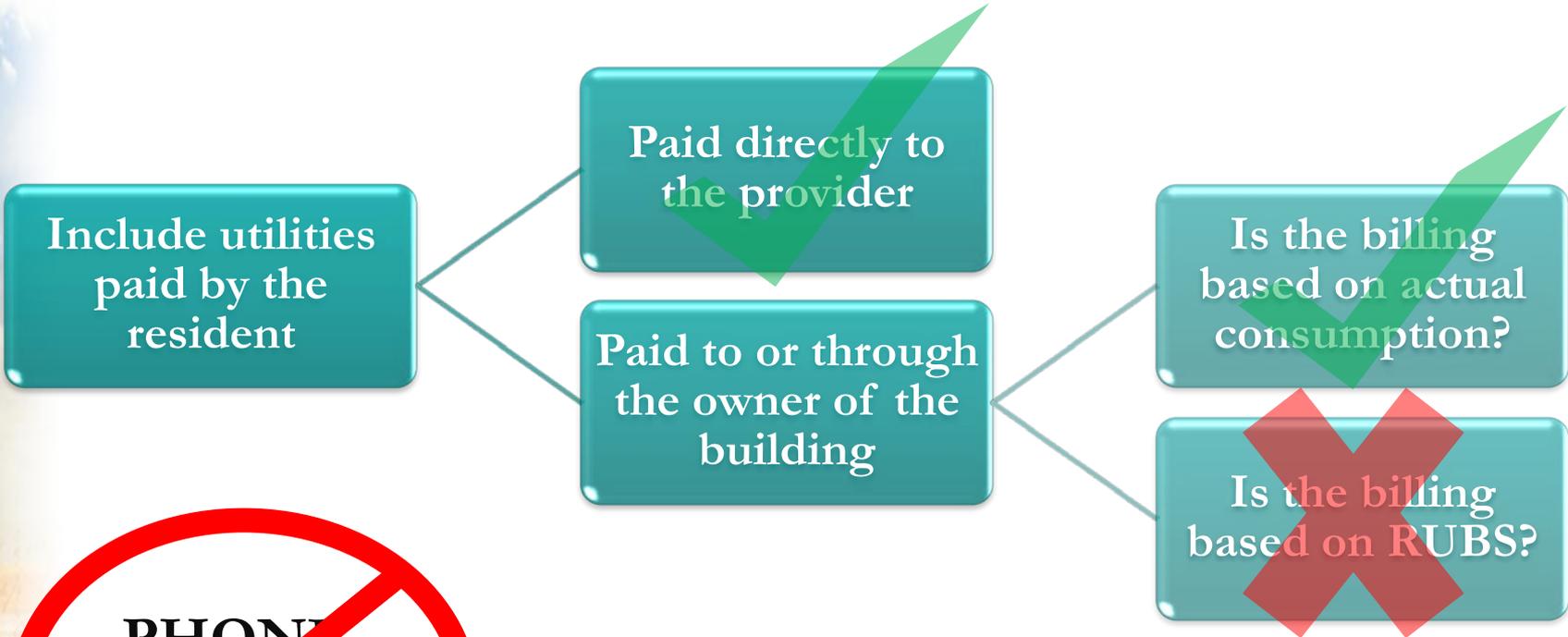


# Utility Allowances

- ❖ Treasury Regulation 1.42-10
  - ❖ Federally approved methodologies
  - ❖ Recently revised March 3, 2016
- ❖ 8823 Audit Guide, Chapter 18
  - ❖ Identifies compliance
- ❖ 10 TAC §10.614
  - ❖ TDHCA's rule that details how methodologies are implemented in Texas
  - ❖ Most recently revised January 17, 2019 (the rule can be found in the board book starting on page 265 at <https://www.tdhca.state.tx.us/board/docs/books/190117-book-190110.pdf>)

# Utility Allowances

What utilities are included in the utility allowance?



**PHONE,  
CABLE,  
INTERNET**



# Utility Allowances

## Utility Allowance Methodologies

1. Rural Housing Services (RHS)
  2. Housing and Urban Development (HUD)
  3. Public Housing Authority (PHA)
  4. Written Local Estimate
  5. HUD Utility Schedule Model (HUSM)
  6. Energy Consumption Model
  7. Actual Use Method/Agency Estimate
- ❖ See 10 TAC §§10.614(f) and (g) for information about changes in the utility allowance and requirements for annual review.

# Utility Allowances

Rural Housing  
Services (RHS)  
Buildings/Tenants

- **ONLY** method allowed for the entire building is the one prescribed under RHS

HUD Regulated  
Buildings

- **ONLY** method allowed for the entire building is the one prescribed under the applicable HUD program

**If the building has both RHS and HUD, the utility allowance for the building is the one prescribed under RHS**



# Utility Allowances

- ❖ What is a HUD-Regulated Building?
  - ❖ A building where the rents and/or utility allowances are regulated by HUD
  - ❖ Some common examples:
    - ❖ Project Based Section 8
    - ❖ Public Housing
    - ❖ Project Based Vouchers
    - ❖ Multifamily Direct Loans (“MFDL”)
      - ❖ HOME funds
      - ❖ National HTF
      - ❖ NSP
      - ❖ TCAP RF

# Utility Allowances

## Applications of MFDL (changed from prior years)

If the application has a MFDL from the Department and another PJ, the Department will require the use of the allowance approved by the Department

If the application includes a MFDL where the Department is not the PJ, Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction

For Applications which have MFDL funding from the Department (and no RHS funding), applicants may submit a utility allowance request using any of the methods available to other applications except for the PHA allowance. While the Department previously required Applicants to use a HUD Model calculated by the Department, Applicants may now submit a request that they've prepared themselves using either the HUD Model, the actual use method, a written local estimate, or an energy consumption model. If the application includes only HOME funds not provided by TDHCA, applicant must get the utility allowance from the awarding PJ.



# Utility Allowances

- ❖ For buildings that are **NOT** RHS or HUD-Regulated, the following methods are available:
  1. Public Housing Authority (“PHA”)
  2. Written Local Estimate
  3. HUD Utility Schedule Model (“HUSM”)
  4. Energy Consumption Model
  5. Actual Use Method/Agency Estimate



# Utility Allowances

- ❖ Things to consider for the PHA...
  - ❖ Must be the most applicable PHA to the proposed site
  - ❖ Must be the utility allowance schedule for the Section 8 Voucher program
  - ❖ Must be for the correct building type(s)
  - ❖ Must include all Flat fees
  - ❖ Prior approval from the Department is not required to use this method
  - ❖ 10.614(c)(3)(A)

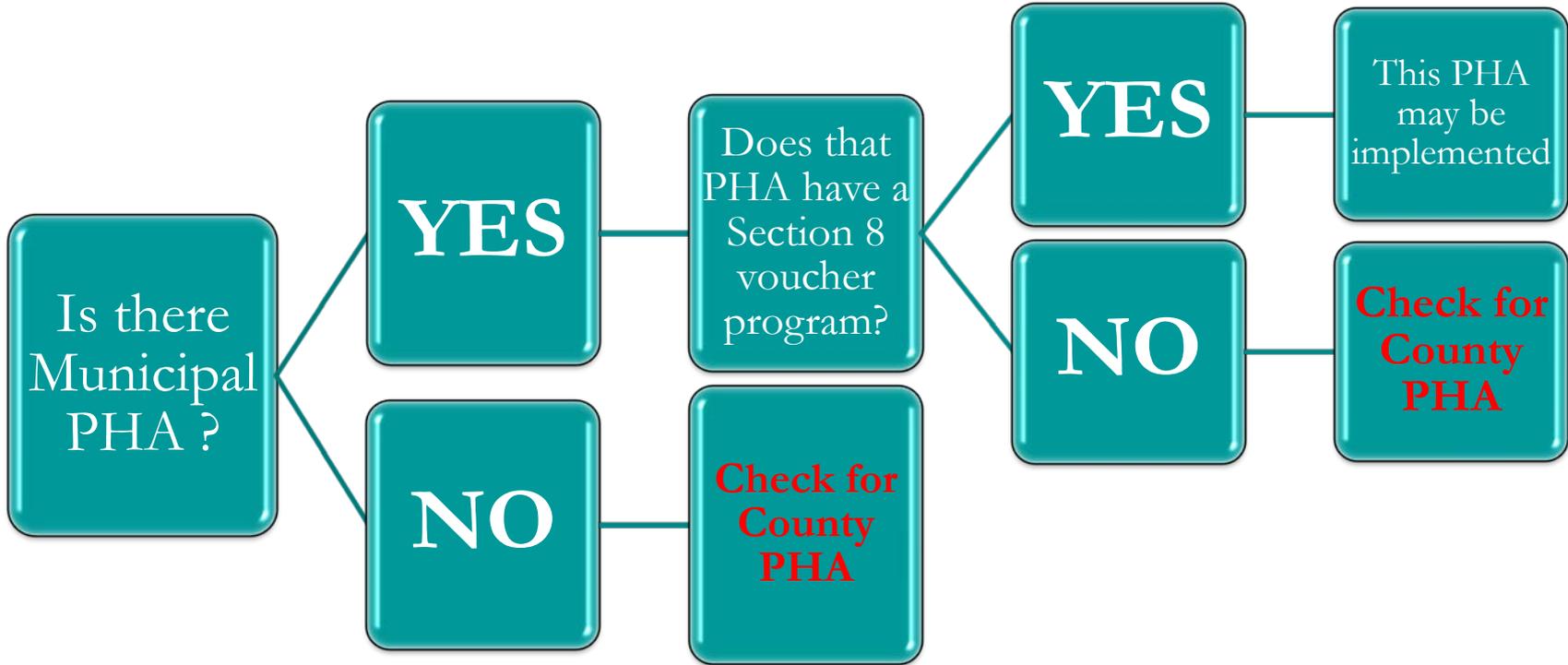


# Utility Allowances

- ❖ To determine what PHA is applicable to the proposed site, defer to Chapter 392 of the Texas Local Government Code  
<http://www.statutes.legis.state.tx.us/Docs/LG/pdf/LG.392.pdf>
- ❖ A list of all the PHA's in Texas can be found:  
<http://www.txtha.org/index.php/by-county/>
- ❖ To determine if the PHA has a Section 8 Voucher Program:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/pha/contacts/tx](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/pha/contacts/tx)
- ❖ To find out if TDHCA is the applicable PHA:  
<http://www.tdhca.state.tx.us/section-8/docs/ServiceAreas.pdf>

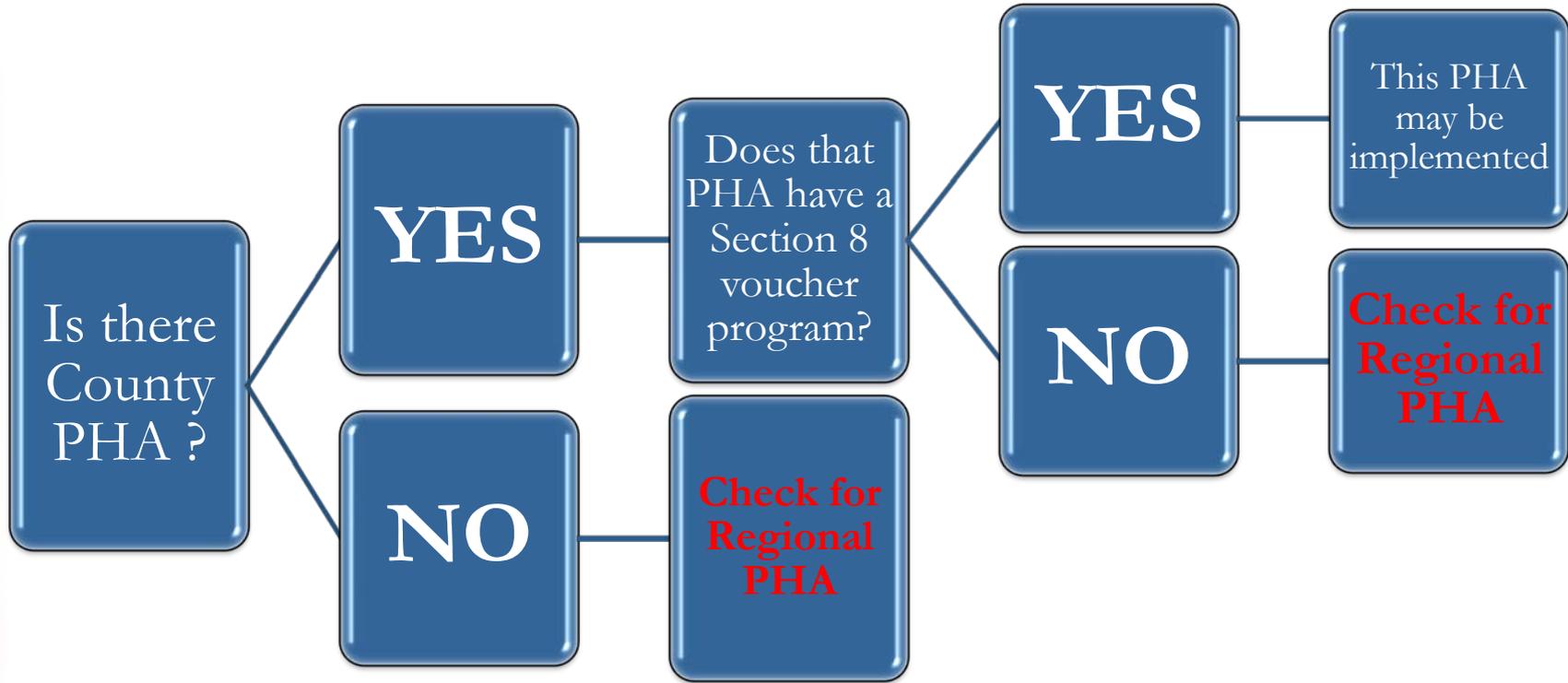
# Utility Allowances

Step 1: Is there a Municipal PHA?



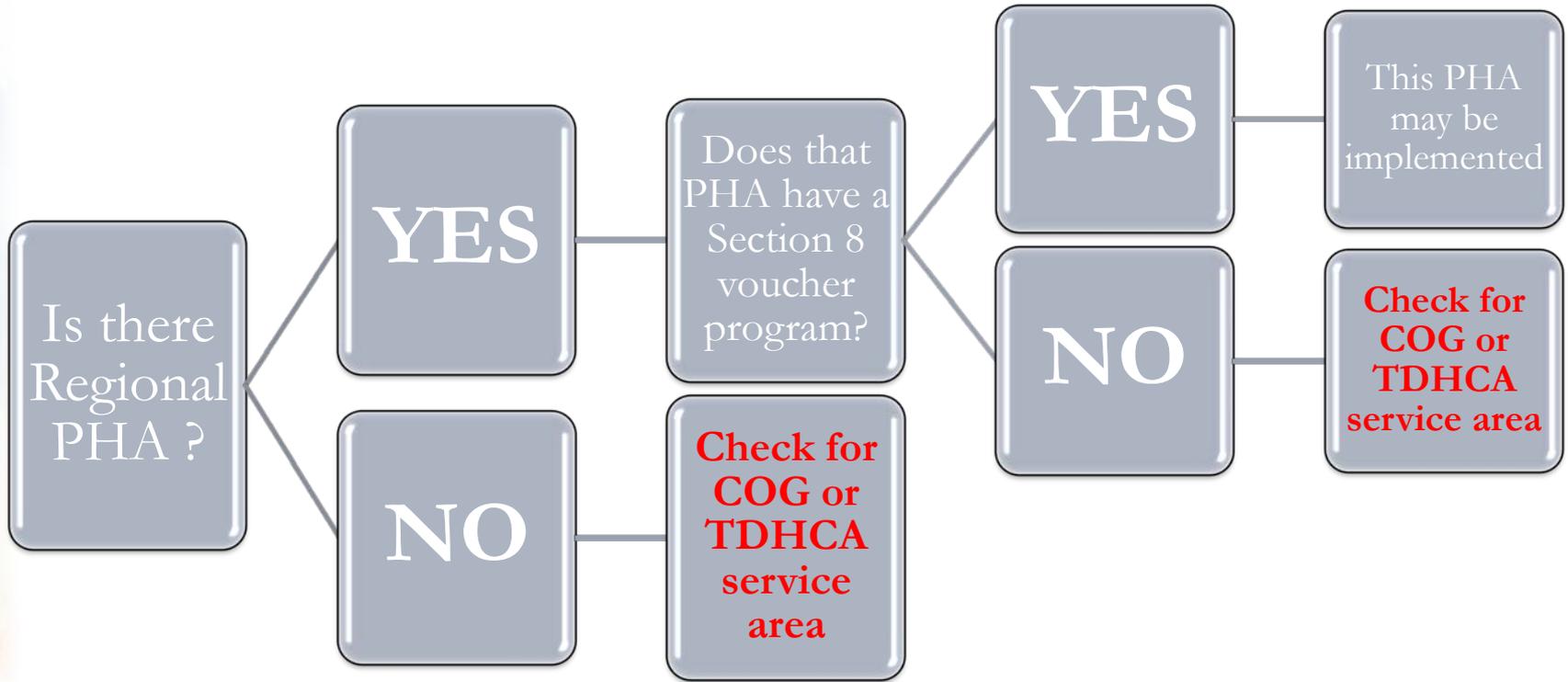
# Utility Allowances

Step 2: Is there a County PHA?



# Utility Allowances

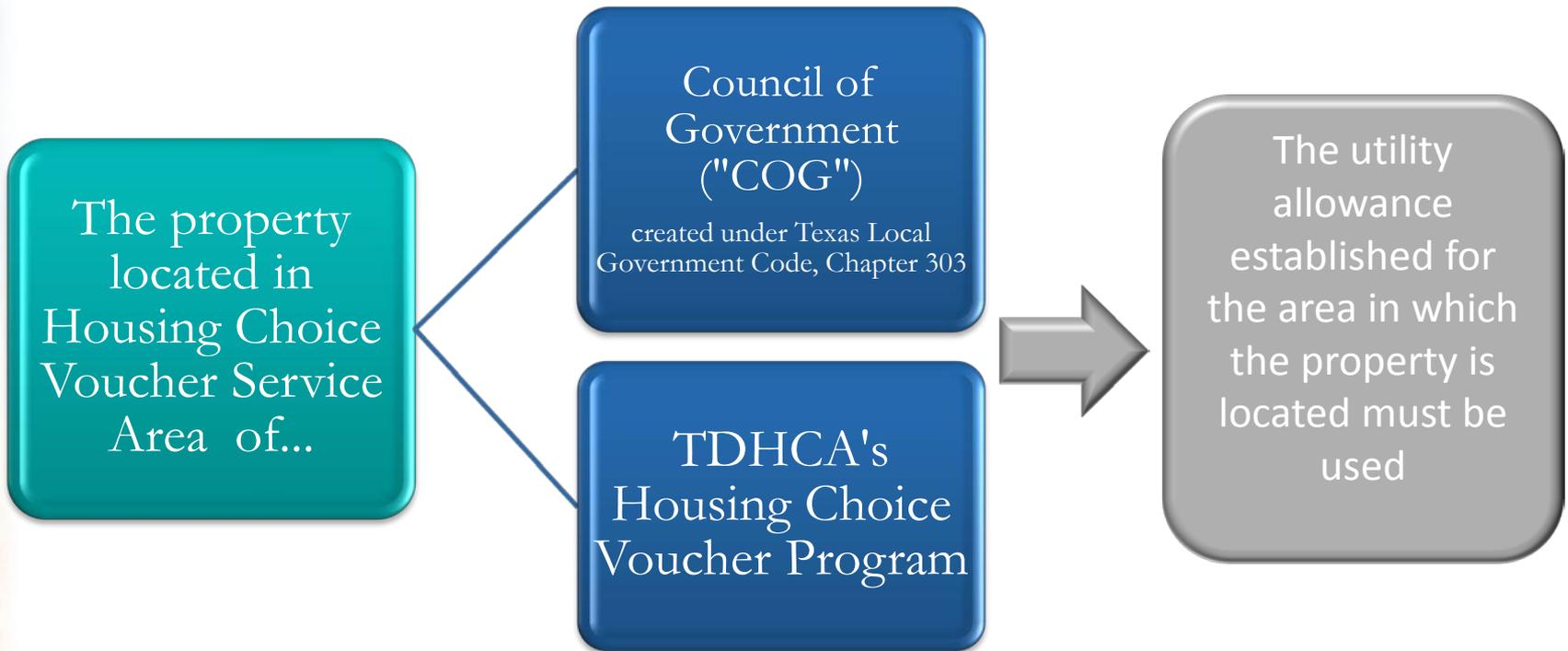
## Step 3: Is there a Regional PHA?



**Note: A Regional PHA is a specific type of creation of a Housing Authority under Texas Local Government Code, Chapter 392**

# Utility Allowances

Step 4: If you are unable to identify a Regional PHA, you may be eligible to still use the PHA method if...



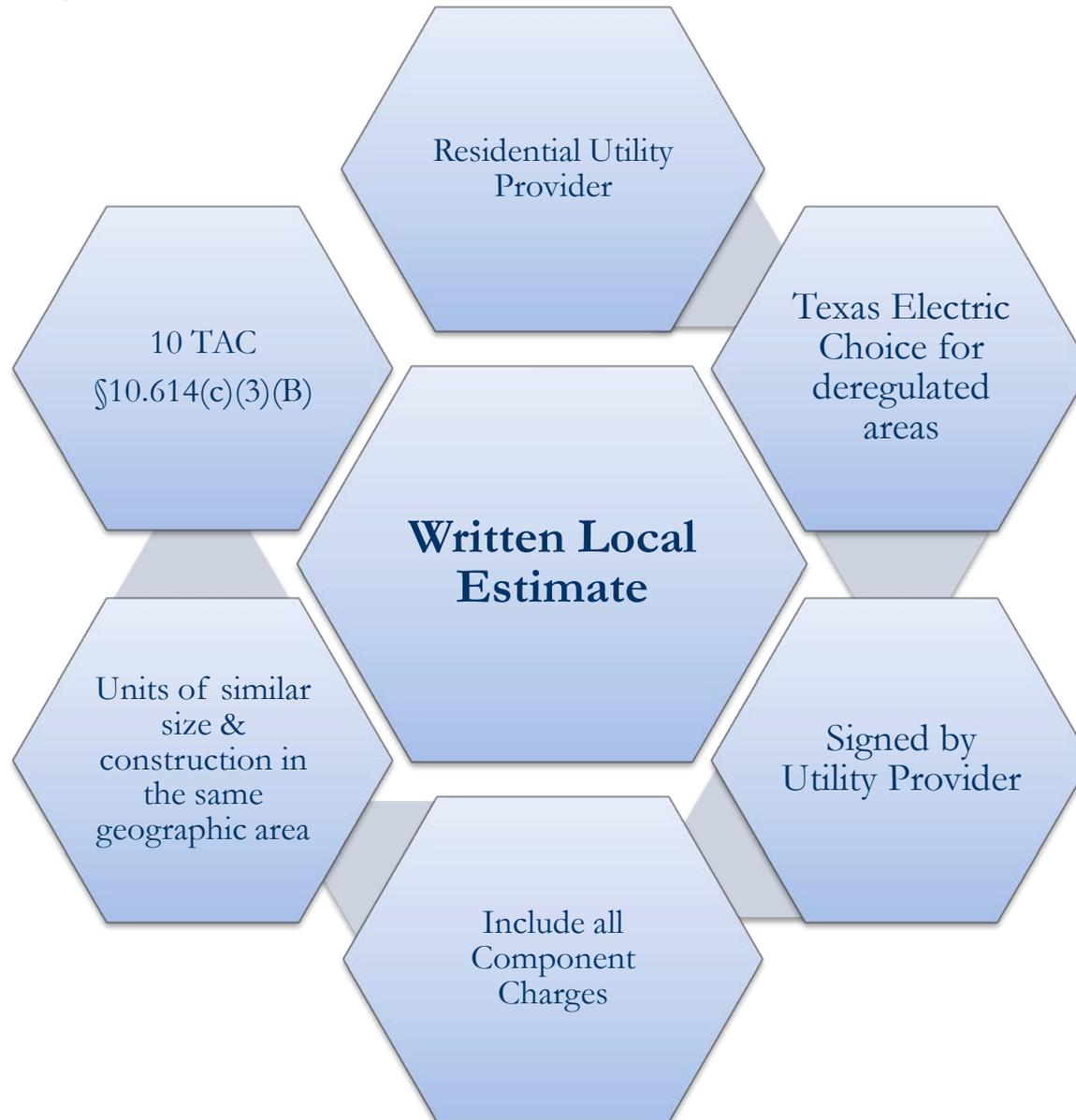
**In the event there is not an applicable PHA, this method cannot be used and an alternative method, that requires prior approval to use, must be selected.**



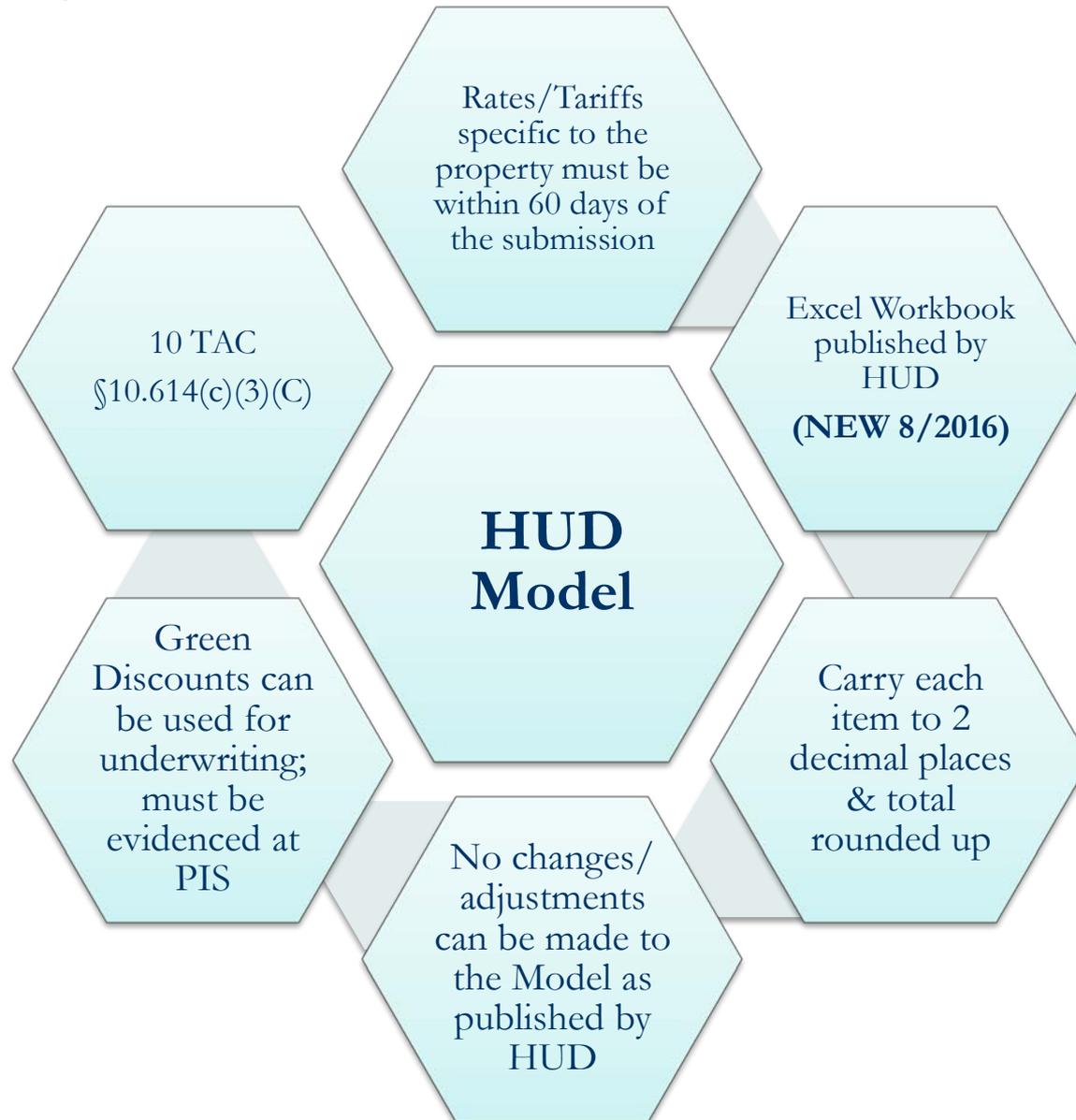
# Utility Allowances

- ❖ The following utility allowance methodologies require prior approval from the Department
- ❖ All request must be submitted to:
  - ❖ [UA-Application@tdhca.state.tx.us](mailto:UA-Application@tdhca.state.tx.us)
  - ❖ Must include:
    - ❖ Utility Allowance Questionnaire for Applications:  
<http://www.tdhca.state.tx.us/pmcdocs/UtilityQuestionnaireApp.docx>
    - ❖ All back up used in the calculation of the chosen method
- ❖ See 10 TAC §§10.614(f) and (g) for information about changes in the utility allowance and requirements for annual review.
- ❖ More information can be found at:  
<http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>

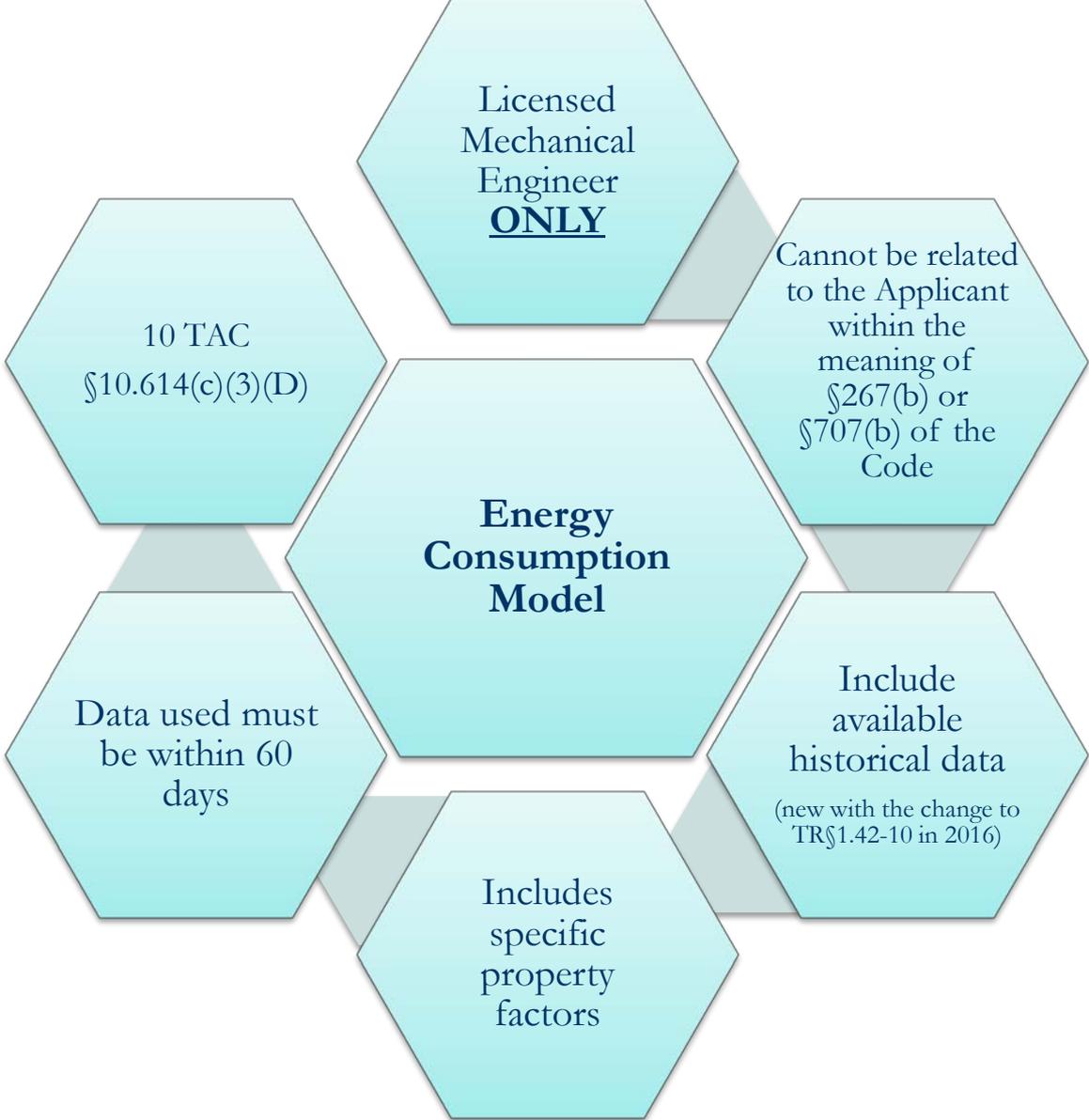
# Utility Allowances



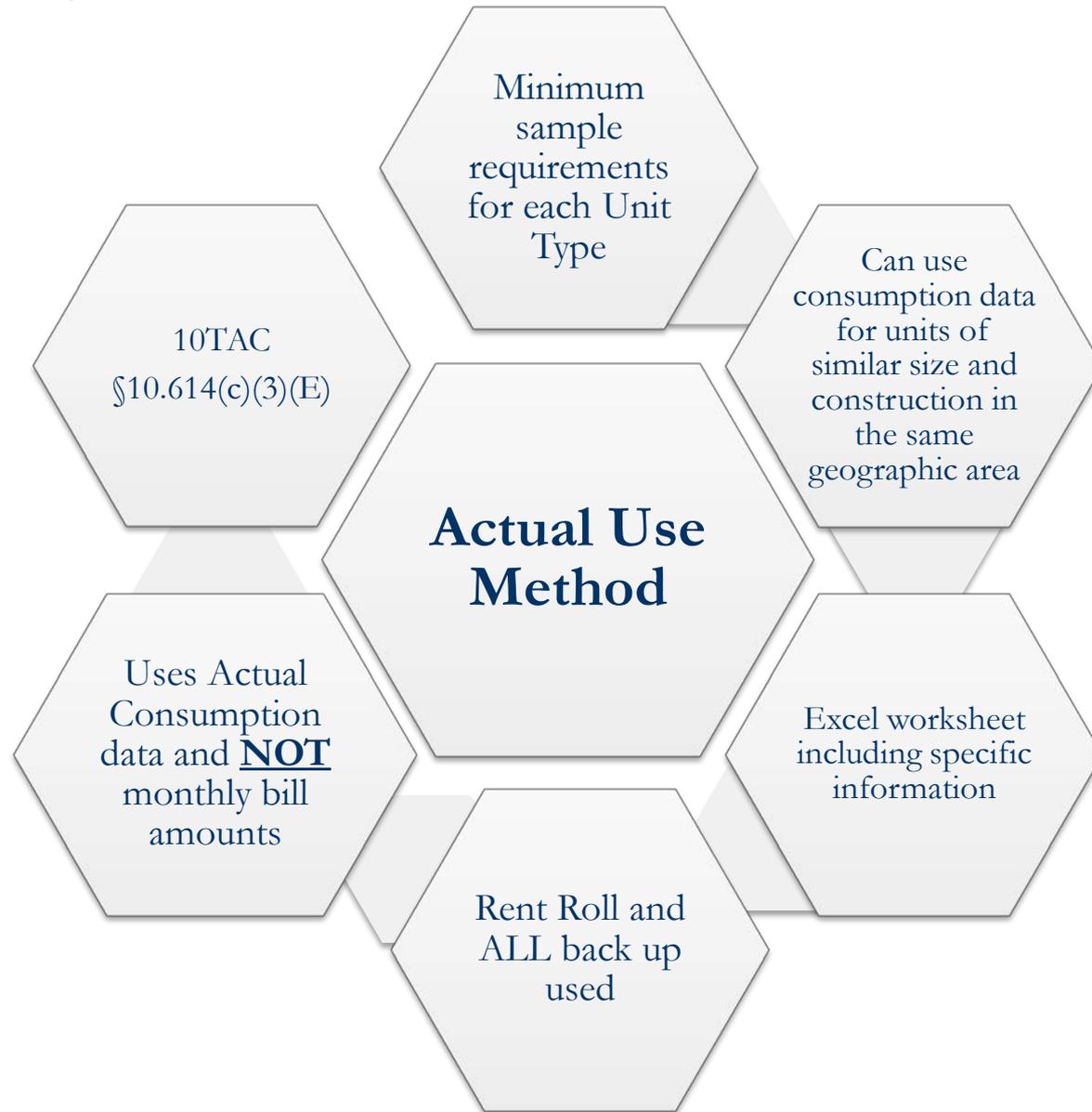
# Utility Allowances

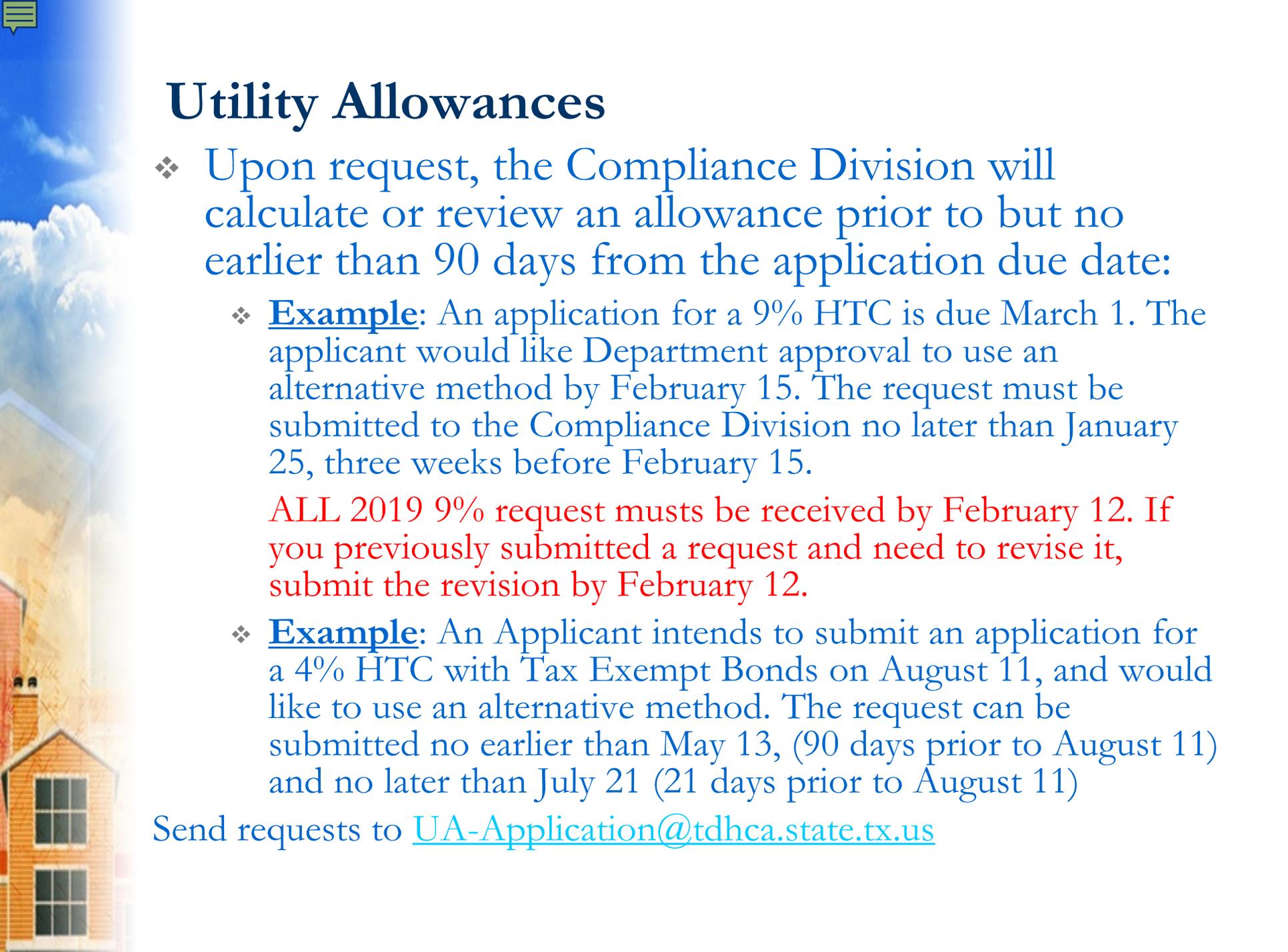


# Utility Allowances



# Utility Allowances



The background of the slide features a vertical image on the left side showing a brick house with a chimney, partially obscured by a blue sky with white clouds. The rest of the slide has a white background.

# Utility Allowances

- ❖ Upon request, the Compliance Division will calculate or review an allowance prior to but no earlier than 90 days from the application due date:
  - ❖ **Example:** An application for a 9% HTC is due March 1. The applicant would like Department approval to use an alternative method by February 15. The request must be submitted to the Compliance Division no later than January 25, three weeks before February 15.

*ALL 2019 9% request musts be received by February 12. If you previously submitted a request and need to revise it, submit the revision by February 12.*
  - ❖ **Example:** An Applicant intends to submit an application for a 4% HTC with Tax Exempt Bonds on August 11, and would like to use an alternative method. The request can be submitted no earlier than May 13, (90 days prior to August 11) and no later than July 21 (21 days prior to August 11)

Send requests to [UA-Application@tdhca.state.tx.us](mailto:UA-Application@tdhca.state.tx.us)



# Utility Allowances

- ❖ Approval must be obtained prior to the submission of the application
- ❖ Owners will be provided written approval from the Compliance Division to be included in the application
- ❖ For 9% applications:
  - ❖ Request must be received by February 12, 2019. If you previously submitted a request and need to revise it, submit the revision by February 12.
- ❖ Failure to comply could result in the termination of the application

# Compliance Staff Contact

If you have *ANY* questions about the information in this presentation, please contact:

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or

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