Office Hours: Utility Allowances

August 7, 2026

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Contact Information

Mailing Address:
TDHCA
PO Box 13941
Austin, TX 78711-3941

Physical Address:
TDHCA
221 East 11th Street
Austin, TX 78701

Website: https://www.tdhca.texas.gov

Email: multifamilycompliance@tdhca.texas.gov

Division Phone Number: (512) 305-8869
or (800) 525-0657 (toll free in Texas only)

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Announcements

Schedule:

- The webinar and open forum will run from 9:00 am until approximately 11:30 am
- We will take a break mid-morning to shift from the webinar to the open forum
- Staff will be present to answer any questions

Housekeeping:

- Certificates <u>**will not**</u> be emailed but you will receive an email confirming your attendance, usually within 24-hours in an email from the GoTo Platform, please check your "junk" folders as we cannot reissue these emails
  - If you did not use your emailed link for the training from your registration you will not receive a follow-up email or show as having attended the webinar
- We suggest you silence your phones and put an "out of office" email response to help avoid distractions during the training
- Please pose questions and comments to the "Questions Box"

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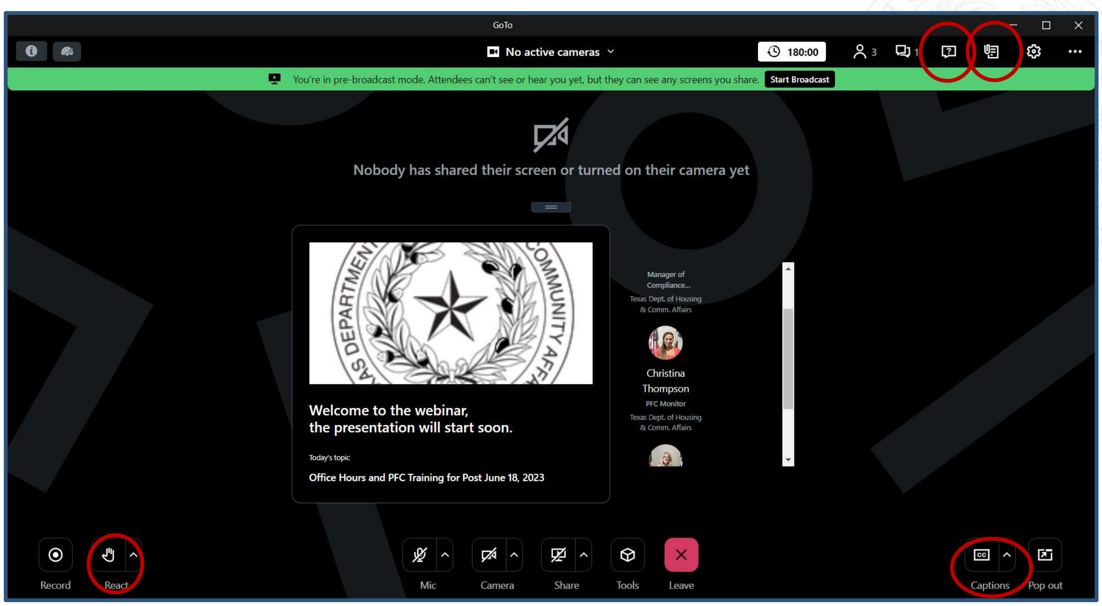
GoTo Meeting Platform



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If You or Your Tenants Need Housing Assistance:

If you need housing assistance, such as rental assistance, utility assistance or finding affordable apartments, please contact:

Phone: (800) 525-0657

Email: info@tdhca.texas.gov

Or visit Help For Texans:

https://www.tdhca.texas.gov/help-for-texans

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Office Hours: Remainder of 2026

- At this time, there are no office hours planned for September, October or December.
- We plan to have office hours in November to discuss 811 changes; however, this is a moving target and may be moved to the new year.
- We will be recording our podcast, Coffee Chat, monthly and posting to the website and YouTube channel.
- Office hours will be offered on a quarterly basis in 2027, but we will have more sessions of our podcast, so you will not miss us too much!

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Resources

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General Resources

- **Housing and Urban Development (HUD)**
  - https://www.hud.gov/
  - https://www.hud.gov/hudclips/handbooks/housing-4350-3
  - https://www.hud.gov/program_offices/public_indian_housing/hotmaresources
  - https://www.hudexchange.info/programs/home-arp/
  - https://www.ecfr.gov/current/title-24/subtitle-A/part-92
- **Texas Department of Housing and Community Affairs (TDHCA)**
  - https://www.tdhca.texas.gov/
  - https://www.tdhca.texas.gov/compliance
  - https://www.tdhca.texas.gov/compliance-manuals-and-rules
  - https://www.tdhca.texas.gov/compliance-division-staff
  - https://www.tdhca.texas.gov/programs/multifamily-housing-programs
  - https://www.tdhca.texas.gov/programs/home-american-rescue-plan
  - https://texas-sos.appianportalsgov.com/rules-and-meetings?chapter=10&interface=VIEW_TAC&part=1&subchapter=F&title=10

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Utility Allowances Resources

- **Utility Allowance Information**
  - https://www.tdhca.texas.gov/compliance-utility-allowance-information
- **HUD Utility Allowances**
  - https://www.huduser.gov/portal/resources/utilallowance.html
- **Taxes**
  - https://comptroller.texas.gov/taxes/public-utility/
  - https://comptroller.texas.gov/taxes/misc-gross-receipts/
  - https://comptroller.texas.gov/taxes/sales/city.php
  - https://comptroller.texas.gov/taxes/sales/utility/cities.php
- **PHA Contact Information**
  - https://www.hud.gov/sites/dfiles/PIH/documents/PHA_Contact_Report_TX.pdf
- **Power to Choose**
  - www.powertochoose.com
- **Date calculator website** – not required, but helpful
  - https://www.timeanddate.com/date/dateadd.html

Compliance - Utility Allowance Information

Compliance - Utility Allowance Information

- Requests for an Application for Funding:
  - Upon completion, submit utility allowance requests related to applications for funding to UA-Application@tdhca.texas.gov (please note that this is a separate process than for established developments).
  - The submission must include the Utility Allowance Questionnaire for Application and all back-up documentation to support the request. Requests not submitted to this e-mail address will not be reviewed.
- Requests for Existing/Established Developments:
  - All submissions must be uploaded to the Development's Compliance Monitoring Tracking System (CMTS) account.
  - When uploading, please be sure to choose "Utility Allowance Documents" in the "Type" dropdown menu. In the description box, please identify the method (e.g., written local estimate, HUD model) and if it is an initial request or annual review.
  - In the "TDHCA Contact" dropdown menu, please select "Utility Allowance."

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Requests for an Application for Funding

TDHCA Utility Allowance Questionnaire for Application

Property Name: HTC File#:
City: County: Zip Code:

1. Are you applying for Multifamily Direct Loans (MFDL) with THDCA; select type or none? select
2. Are you applying for Multifamily Direct Loans (MFDL) from another jurisdiction? select
3. Will there be HUD-Regulated buildings (other than those with MFDL funding)? select
4. Will there be any Rural Housing (USDA) assisted buildings or tenants? select
5. What utility allowance method are you requesting to use? select
6. Will the Development utilize any renewable energy sources for tenant utilities? select
7. Is the Owner
8. What Utilities

	Owner Pays	Resident Pays	Not Applicable	Paid directly to utility provider or to/thru the owner?	If YES, select billing method
Gas	☐	☐	☐	select one	select one
Electric	☐	☐	☐	select one	select one
Water/Sewer	☐	☐	☐	select one	select one
		☐	☐	select one	select one

gas	☐ electric	select type
gas	☐ electric	If tenants are not responsible for water heating (e.g., boiler system), please do not select gas/electric on that selection item.
evaporative	☐ electric	
gas	☐ electric	

9. What is the Building Configuration? (if there are multiple building types, indicate below)
   a. Building Type 1:
   b. Building Type 2:
10. What are the Unit Types?
    a. 0 Bedroom Yes ☐ No ☐
    b. 1 Bedroom Yes ☐ No ☐
    c. 2 Bedroom Yes ☐ No ☐
    d. 3 Bedroom Yes ☐ No ☐
    e. 4 Bedroom Yes ☐ No ☐

Upon completion, submit this form, along with all back-up for the utility allowance method requested to UA-Application@tdhca.texas.gov. Requests not submitted to this email address will not be reviewed.

If the utility is paid to or through the owner, at the time of the first review the owner must provide evidence of the most recent billing cycle documentation (i.e., utility bills, tenant billing, etc.) along with evidence of the rate plan used for the calculations as required by §10.614.

If Renewable Energy is used, evidence of tenant benefit must be received prior to the first review. If a green discount estimate is obtained and used, the Owner is responsible for providing all back-up (LEED certificates, Energy Star Certificates for each unit, etc.) prior to lease-up and implementing the green discount Utility Allowance.

Revised July 30, 2024

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Requests for Existing/Established Developments: Questionnaire

Utility Allowance Questionnaire

When uploading, please be sure to choose "**Utility Allowance Documents" in the "Type" dropdown menu**. In the description box, please identify the method (e.g., Energy Consumption Model, Actual Use Model, HUD model) and if it is an initial request or annual review. In the "TDHCA Contact" dropdown menu, please select "Utility

This form must be completed by all owners requesting to switch utility allowance methodologies, tenan
and when submitting an allowance for annual review. Please contact Cara Pollei with any questions at (
or cara.pollei@tdhca.texas.gov. All applicable Utility Allowance information can be foun
https://www.tdhca.texas.gov/compliance. All submissions must be uploaded to the Development'
Monitoring Tracking System (CMTS) account.

1. Name of Development: and CMTS ID
2. Development address:
   City: Zip Code: County:
3. Types of TDHCA Program Funding:

Type of Funding	File Number

4. Type of request:
   a. List CURRENT utility allowance method and source for utilities that residents pay.

Utility	Source (e.g. name of utility provider or housing authority)	Effective Date	Methodology

   b. List NEW or UPDATED utility allowance method and source for utilities that residents pay.

Utility	Source (e.g. name of utility provider or housing authority)	Anticipated Effective Date	Methodology

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Requests for Existing/Established Developments: Questionnaire

5. If this request is for the annual review of the current methodology, were the annual review requirements met last year? If the request is for an initial/lease-up review, select N/A.
   a. If no, please select reason:
6. What is the beginning date of the 90-day review period? List date.
7. Has the proposed utility allowance been posted in a common area of the Leasing Office for resident review (10TAC§10.614(g))? If the request is for an initial/lease-up review and there are no tenants, select N/A.
   a. As of what date:
8. What is the intended effective date? List date rents next due after end of 90 day notification period

9. Does the Development receive assistance from USDA- Rural Development?
   a. If yes, do any of the residents in the Development receive Rental Assistance from the USDA/RD?
10. Does the Development have any Federally Funded HUD-Regulated programs, Project Based Section 8, Project Based Vouchers, etc.?
11. Does the Development have Multifamily Direct Loan (MFDL) funds (HOME, HOME-ARP, TCAP RF, NHTF, NSP, ERA, etc.) from TDHCA or any other Participating Jurisdiction (PJ)?
    a. If yes, what PJ awarded the MFDL funds?
    b. Does each building have at least one (1) MFDL unit?
    c. What is the MFDL Funding source, if not through the Department?

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Requests for Existing/Established Developments: Questionnaire

12. What is the Building Configuration? (if there are multiple building types, indicate below)
    a. Building Type 1:
    b. Building Type 2:
    c. Building Type 3:

13. Utility information:

	Owner Pays	Resident Pays	Not Applicable	Paid directly to utility provider or to/thru the owner?	If paid to OWNER, select billing method and evidence
Gas	☐	☐	☐	select one	select one
Electric	☐	☐	☐	select one	select one
Water/Sewer	☐	☐	☐	select one	select one
Trash Collection	☐	☐	☐	select one	select one

The units are heated by:	☐ gas	☐ electric	select type
The stoves in the unit are:	☐ gas	☐ electric	If tenants are not responsible for water heating (e.g., boiler system), please do not select gas/electric on that selection item.
If individual hot water heaters, they are:	☐ gas	☐ electric	

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Requests for Existing/Established Developments: Questionnaire

14. Confirm documentation submitted with this request.
    a. ☐ Current UA sources (ex: last year's approval letter from TDHCA or PHA schedule)
    b. ☐ New/Updated UA sources (ex: engineer report and license along with the applicable rate sheet(s), HUD model & all required back up, PHA schedule, utility provider letter, etc.)
    c. ☐ Posted Notice to Residents (this is required for ALL requests to change methodology or utilities billed)
       i. If request is an Actual Use Request (§10.614(g)(4)) the posting will be done upon receipt of approval
    d. ☐ **If paid to or through the owner a copy of a current resident bill and the applicable rate plan for the utility.**
    e. ☐ **Provide a community area (e.g. clubhouse, etc.) electric bill to show the provider if Power to Choose was used to determine the applicable rate plan. If this information is not included the submission request may be denied or delayed.** Not all zip codes which show up on www.powertochoose.com are truly deregulated, it is the Owner's responsibility to provide correct, current information and the Department's responsibility to confirm.

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Requests for Existing/Established Developments: Questionnaire

Completed By	Date
Title	Company Name
Phone Number	Email Address

When uploading, please be sure to **choose "Utility Allowance Documents" in the "Type" dropdown menu.** In the description box, please identify the method and if it is an initial request or annual review. **In the "TDHCA Contact" dropdown menu, please select "Utility Allowance."** Any submission not uploaded correctly will not be reviewed and there may be noncompliance cited because of the incorrect upload.

This form must be completed by all owners requesting to switch utility allowance methodologies, tenant paid utilities and when submitting an allowance for annual review. Please contact Cara Pollei with any questions at (512) 475-3821 or cara.pollei@tdhca.texas.gov.

You can find all applicable Utility Allowance information online at https://www.tdhca.texas.gov/compliance. All submissions must be uploaded to the Development's Compliance Monitoring Tracking System (CMTS) account to the attention of Utility Allowance.

Utility Allowance trainings can be located online at https://www.tdhca.texas.gov/compliance-program-training-presentations.

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Requests for Existing/Established Developments: Resident Posting

NOTICE TO RESIDENTS OF ANNUAL REVIEW OF UTILITY ALLOWANCE

Date of Posting: Enter the date posted onsite

Please be aware that effective on 90 days after posting (example posting= 8/28/23 the 90 days after=11/25/23), the management and ownership of Property Name will implement the following revised Utility Allowances. These allowances were calculated using the same methodology that was used to calculate the allowance last year.

Unit Type	Current Utility Allowance	Updated Utility Allowance
	$ list total for all utilities	$ list total for all utilities
	$	$
	$	$
	$	$

During a period of 90 days from the date of service of this notice, residents of Property Name may submit written comments on these proposed changes to the management office at Management Company Contact Information.

NOTICE TO RESIDENTS OF INTENTION TO CHANGE THE METHODOLOGY USED TO CALCULATE THE UTILITY ALLOWANCE

Date of Posting: Enter the date posted onsite

Please be aware that effective on 90 days after posting (example posting= 8/28/23 the 90 days after=11/25/23), the management and ownership of Property Name will implement the following Utility Allowances.

Unit Type	Current Utility Allowance	Updated Utility Allowance
	$ list total for all utilities	$ list total for all utilities
	$	$
	$	$
	$	$

During a period of 90 days from the date of service of this notice, residents of Property Name may submit written comments on these proposed changes to the management office at Management Company Contact Information.

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Requests for Existing/Established Developments: Resident Posting

All comments received will be transmitted to the Texas Department of Housing and Community Affairs (TDHCA). If you wish, you may also send a copy of your comments directly to TDHCA by email to cara.pollei@tdhca.texas.gov or at the following address:

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941
Attn: Cara Pollei

Please provide the following reference on all correspondence: Property Name, CMTS ID: File Number for Program selected or CMTS ID (based on option chosen in drop down box)

TDHCA will review the comments. When approved, this change will be effective for rents due Enter date rent next due after end of 90 day notification period (example:90 days after is 11/25/23 then rents next due 12/1/23).

For further information on Utility Allowances, visit the Texas Department of Housing and Community Affairs website at www.tdhca.texas.gov. To access, select the "Support and Services" tab; then select "Compliance". A side menu will appear, select "Utility Allowances".

Name of Person Posting
Title of Person Posting
Company Name of Person Posting
Contact (phone and/or email) Information of Person Posting

The above contact information is not intended for utility assistance; if you wish to request assistance, please visit https://www.tdhca.texas.gov/help-for-texans for assistance opportunities.

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Utility Allowance: Submission and Implementation

All submissions must be uploaded to the development's Compliance Monitoring Tracking System (CMTS) account. When uploading, please be sure to choose "Utility Allowance Documents" in the "Type" dropdown menu. In the description box, please identify the method (e.g., Written Local Estimate, HUD model, etc.) and if it is an initial request or annual review. In the "TDHCA Contact" dropdown menu, please select "Utility Allowance."

If the submission is not uploaded as outlined above it will not be received by the Utility Allowance Team and the development may be cited with noncompliance.

A utility allowance is considered implemented once the Unit Status Report is updated and rents are restricted.

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Compliance - Utility Allowance Information: Learning Point 1

Should Utility Allowance requests be submitted to Cara Pollei's attention in CMTS when uploaded?

Yes or No

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Compliance - Utility Allowance Information: Learning Point 2

Does it matter which resident posting we use since they are essentially the same?

Yes or No

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Utility Allowance

The purpose of this training is to provide guidance for Utility Allowances (UAs) under the Department's multifamily programs.

The Department will cite noncompliance and/or not approve a UA if it is not calculated in accordance with the requirements of 10 TAC §10.614, Treasury Regulation 1.42-10 and Chapter 18 of the 8823 Audit Guide.

Owners are required to comply with the provisions of the above sections as well as any existing federal or state program guidance.

Frequently asked questions (FAQ) can be found on the Department's website: https://www.tdhca.texas.gov/compliance-frequently-asked-questions-faqs

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Utility Allowance Methodologies

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Utility Allowance: Methodologies

Types of Utility Allowance (UA) Methodologies

- Not Department Issued/Approved
  - Rural Housing Services (RHS or RD)
  - HUD-Issued Utility Allowance (PBS8, etc.)
- Department Reviewed, Approved, or Issued
  - Public Housing Authority (PHA)
  - Written Local Estimate (WLE)
  - Energy Consumption Model (ECM)
  - Actual Use Method
  - HUD Utility Schedule Model (HUSM)

We have detailed trainings on how to complete a HUD Model and put together a Utility Allowance package on our Presentations page, this webinar will not address those processes in detail.

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Utility Allowance: Public Housing Authority (PHA) Method

- The Utility Allowance established by the applicable PHA for the Housing Choice Voucher Program (HCV Program)
- This methodology must be used for the voucher holders from the PHA
  - Unless the building has MFDL funds, in which case the MFDL UA applies all units, even voucher holders
- Annual review by the Department is not required, unless there is a change to the utilities the resident is financially responsible for or the Development has MFDL funds and has been approved to use the PHA method
- If the development is in an area that does not have a municipal, county or regional housing authority that publishes a Utility Allowance schedule for the HCV Program, owners must select an alternative methodology, unless the building(s) is(are) located in the published HCV service area of:
  - A Council of Government (COG) created under Texas Local Government Code, Chapter 303, that operates a Housing Choice Voucher Program;
  - The Department's Housing Choice Voucher Program; or
  - Another PHA which publishes a separate utility allowance schedule specific to the development's location
- The PHA method can be implemented immediately when the PHA issues a new UA schedule, but must be implemented for rents due 90 days after the effective date

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Utility Allowance: PHA Examples

Utility Allowance Schedule
See Public Reporting and Instructions on back.
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0169 (exp. 04/30/2026)

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA Housing Authority of the City of Austin, TX		Unit Type: Multi-Family (Elevator)	Date (mm/dd/yyyy)
Utility of Service	Fuel Type	0 BR	
Heating	Natural Gas	$23.00	
	Bottle Gas		

Utility Allowance Schedule
See Public Reporting and Instructions on back.
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0169 (exp. 04/30/2026)

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA Housing Authority of the City of Austin, TX	Unit Type: Multi-Family (Apartment)				Date (mm/dd/yyyy) 06-01-2026
	1 BR	2 BR	3 BR	4 BR	5 BR
	$27.00	$31.00	$32.00	$36.00	$38.00

Utility Allowance Schedule
See Public Reporting and Instructions on back.
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0169 (exp. 04/30/2026)

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA Housing Authority of the City of Austin, TX		Unit Type: Row House/Townhouse	Date (mm/dd/yyyy)
Utility of Service	Fuel Type	0 BR	
Heating	Natural Gas	$32.00	
	Bottle Gas		

Utility Allowance Schedule
See Public Reporting and Instructions on back.
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0169 (exp. 04/30/2026)

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA Housing Authority of the City of Austin, TX	Unit Type: Semi-Detached/Duplex				Date (mm/dd/yyyy) 06-01-2026
	1 BR	2 BR	3 BR	4 BR	5 BR
	$38.00	$42.00	$44.00	$48.00	$52.00

Utility Allowance Schedule
See Public Reporting and Instructions on back.
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0169 (exp. 04/30/2026)

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA Housing Authority of the City of Austin, TX		Unit Type Single-Family (Detached House)			Date (mm/dd/yyyy) 06-01-2026		
Utility of Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	$34.00	$40.00	$44.00	$48.00	$52.00	$55.00
	Bottle Gas						

It is the owner's responsibility to ensure that the appropriate building type is used, and that the UA is obtained when new schedules are released.

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Utility Allowance: PHA Issues Schedule for Another Area

What if the development is in an area that does not have a PHA, but another PHA serves the area?

In this case, the PHA that serves the area MUST issue a Utility Allowance for the specific area in which a development is located in order to use this methodology.

Effective January 1, 2026

Utility Allowance Schedule
See Public Reporting and Instructions on back.
City of Lewisville
U.S Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0169
exp. 04/30/2026

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA Denton Housing Authority, TX		Unit Type Multi-Family (Apartment/Walk-Up /Duplex/ Rowhouse)				Date (mm/dd/yyyy) 01/01/2026	
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	$7.00	$8.00	$12.00	$15.00	$20.00	$23.00
	Bottled Gas						

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Utility Allowance: PHA Issues a Flat Rate Schedule

Some Housing Authorities in Texas can issue a Flat Rate Utility Allowance Schedule. If the Owner has elected the PHA method in one of these areas, San Antonio is shown below, this is the UA even if the tenants are only responsible for Electric.

Utility Allowance Schedule
See Public Reporting and Instructions on back.

U.S Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
exp. 4/30/2026

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Locality/PHA		Unit Type			Date (mm/dd/yyyy)		
Opportunity Home - HCV		ALL UNIT TYPES			1/1/2026		
Utility or Service	**Fuel Type**	**0 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**	**6 BR**
Flat Utility Allowance		$68	$85	$114	$169	$200	$273	$292

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Utility Allowance: TDHCA Section 8 Division is the PHA

Some areas of Texas are served by the Section 8 Division of TDHCA, you can find the UA schedules for these areas online at https://www.tdhca.texas.gov/section-8-resources.

Section 8 Resources

If you or someone you know is in need of assistance, please visit our Help for Texans Page. Help for Texans

General information about the TDHCA Section 8 Program, including Payment Standards and Utility Schedules, PHA Plans, and TDHCA's Administrative Plan

Housing Choice Voucher Service Area +

PHA Plans +

Administrative Plan and Program Descriptions +

Payment Standards +

Utility Allowance Schedules −

Utility Allowance Schedules are developed in accordance with the Code of Federal Regulations 24 CFR 982.517 as required by the U.S. Department of Housing and Urban Development and are updated annually. Schedules are available for select counties in TDHCA's Housing Choice Voucher service area.

- Schedules effective 1-1-2026

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Utility Allowance: PHA Pitfalls

Things we see that affect the PHA method

- Using the wrong PHA
  - City versus County versus Council of Government
- Using a PHA that does not have a voucher program
- Not including the fees listed on the schedule
- Submitting annually; not required unless the property is subject to the 2025 HOME Rule or has MFDL funds and has been approved to use the PHA methodology
- Failing to submit annually for MFDL funded properties
- Using the wrong building type
- Not checking with the PHA regularly to determine if a new schedule has been released
- Implementing the PHA method without Department approval
  - If the owner has been approved to use another methodology at the Development, approval to change to the PHA method is required before implementing

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Utility Allowance: WLE Method

Written Local Estimate (WLE)

- The estimate must…
  - come from the local utility provider
  - be signed by the utility provider representative
  - include all component charges for providing the utility service
  - include all items which contribute to the utility
    - An estimate from the electric provider must include all items which are reflected on the electric bill for the resident. If the estimate does not include the air conditioning, for example, it is not an acceptable estimate and may result in noncompliance during the development's next monitoring review.
- The beginning of the 90-day notification period should be the date of the letter from the utility provider; however, a full 90-day posting is required.
- The Department will acknowledge the receipt of the annual submission; however, this methodology is reviewed during the Monitoring Reviews for the Development.

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Utility Allowance: WLE Pitfalls

Things we see that affect the WLE method

- Submitting a provider letter that explicitly excludes the air conditioning, or any other tenant paid item
- Obtaining the provider letter in April (for example) and not submitting to the Department until October
  - Please submit to the Department and post to the tenants on the day you receive the report
- Using a provider that is not listed on the Power to Choose website
  - If you are in a deregulated area that can pick their provider from the website, please make sure you are obtaining the letter from a reputable provider that stays on the website

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Utility Allowance: ECM Method

Energy Consumption Model (ECM)

- The model must be calculated by a properly licensed mechanical engineer.
  - The license of the engineer must be submitted along with the model.
- The estimate must, at a minimum, take into consideration specific factors that include, but are not limited to, unit size, building type and orientation, design and materials, mechanical systems, appliances, characteristics of building location, and available historical data.
- Component charges used must be no older than those in effect 60 days prior to the beginning of the 90-day period described in §10.614(f)(3) related to effective dates.
- Beginning of 90-day notification period should be 60 days after the end of the last month of the 12-month period for which data was used to compute the estimate.
- Annual review is required and will be approved by the Department if compliant.
- **If the upload to CMTS is more than a reasonable amount of time (I think a week is reasonable) after the resident posting, rates and engineer's report date the submission will be denied.**

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Utility Allowance: ECM Method Change Announced in March

Energy Consumption Model (ECM) Bills Required

- **The Department is requiring a copy of the common area electric bill (e.g. community center electric bill) to evidence the applicable provider for all submissions after March 31, 2026.**
  - Please note: the Department is not necessarily requiring the same provider be used for the community center and the UA calculation; this will only be used to determine whether the development is located within a regulated or deregulated area.
- Failure to include the updated Questionnaire and/or common area bill will result in delays and possibly denials of the UA submission.
- **Tenant billing reports or copies of tenant bills are required for submetered/RUBS billing requests.**
- If the form/bill is missing, the CMTS contacts and person that submitted the UA package to CMTS will receive an email giving a 5-day window to correct and provide the missing information. Failure to do this will result in a denial of the UA package.

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Utility Allowance: ECM Pitfalls

Things we see that affect the ECM method

- Submission does not include the rate sheet used
- Rate sheet used and submitted is older than 60 days from the time of posting/submitting
- The submission was not completed by a mechanical engineer, as required
- Submission does not include the engineer's license
- The posting is blank or incomplete, or the development has edited the posting
  - **Use what the Department has on the website, this should not be edited other than the form-fillable items that are required**
- Questionnaire is filled out incorrectly
- The resident posting is not submitted with the ECM review package
- The ECM package is not submitted and posted when the owner receives it
- The provider is not on the Power to Choose website
  - Save a screenshot (see next slide) that shows the zip code, date, provider, etc. to evidence the presence on the date obtained
- ECM and RUBS calculated utilities do not really "talk" to each other

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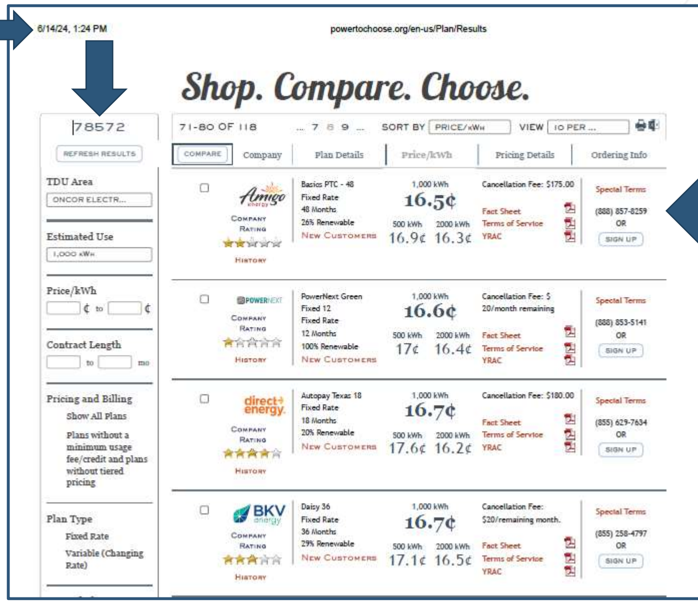
Utility Allowance: Provider List from Power to Choose



37

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Utility Allowance: Actual Use Methodology

Actual Use Methodology

- This is an allowance based on an average of the actual use of similarly constructed and sized units in the building using actual utility data and Component Charges.
- Upon receipt of the required information, the Department will determine if the owner has provided the minimum information necessary to calculate using this methodology, the Department will communicate with the development to obtain missing information/documentation.
- The Department will complete its evaluation and calculation within 45 days of receipt of all information requested.
- The update and all back-up documentation <u>must be submitted to the Department no later than August 1st of each year</u>; however, owners are encouraged to submit prior to the deadline.
- Once the Department issues the response the development must then post to the residents on the date that the Department issues the response.

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Utility Allowance: Actual Use Methodology Submission

What must be provided:

- A minimum sample size of usage data for at least five continuously occupied units of each unit type or 20% of each unit type; whichever is greater. If there are less than five units of any unit type, data for 100% of the unit type must be provided.
- Upload the following documents into the development's CMTS account using data no older than 60 days prior to the 90-day implementation period intended.
  - An Excel spreadsheet listing each unit used for the sample size, unit number, number of bedrooms, bathrooms and square footage, household's move-in date, utility usage for each month for the 12-month period, and the Component Charges in place at the time of the submission.
  - All documentation obtained from the Utility Provider and/or copies of the actual utility bills.
  - Rent Roll showing occupancy as of the end of the month for the month in which the data was requested from the provider.
  - Documentation of the current UA used by the development.

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Utility Allowance: Actual Use Methodology Processing

RENT ROLL FORM

Utility Allowance Questionnaire

This form must be completed by all owners requesting to switch utility allowance methodologies and when submitting an allowance for annual review. Please contact Cara Pollei with any questions at (512) 475-3821 or

1 Bedroom Electricity U

	Unit #	Meter number	Move-In Date	Aug. 2019	Sept. 2019	Oct. 2019	Nov 201
1	726	50078242	7/13/2016	168	314	154	10
2	1038	46346066	5/1/2013	159	183	186	14
3	1141	43521422	5/31/2019	281	301	275	21
4	1349	46346057	2/1/2012	319	193	305	19
5	624	46346070	1/1/2012	273	342	334	22
6	1765	43520447	11/2/2015	276	333	284	23

PCRF -0.003665
customer charge of $15.00
energy charge of $0.099 per KWH

April 2020	May 2020	June 2020	July 2020	Annual Usage
293	253	132	142	4506
442	398	524	501	6474
435	487	466	269	6394
523	473	463	574	7341
634	575	634	648	8167
	Total KWH			32882
	5 units X 12 months			60
	Average KWH per unit			**548.03**
	Avg Energy Charge			$67.25
	State Tax			$4.20
	City Tax			$1.34
	Avg Monthly Charge			**$72.79**

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Utility Allowance: Actual Use Pitfalls

Things we see that affect the Actual Use method

- Submission is not uploaded by August 1st
- Spreadsheet lists the tenant billed amounts and not the kWh or gallons used
- Posting is done at the time of the submission
  - This is one method where the posting does not happen until the Department issues an approval with amounts
- Please upload the submission with the words "Actual Use" in the upload description
  - We must review within 45 days, if we do not know that this is an Actual Use submission we might miss that and delay your implementation date

- **We have a **NEW** Guide to help with these submissions, you can find it in the handouts section of this webinar and online at https://www.tdhca.texas.gov/compliance-utility-allowance-information.**

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Utility Allowance: HUD Model Method

HUD Utility Schedule Model (HUSM)

- The HUD Model and related resources can be found at http://www.huduser.gov/portal/resources/utilallowance.html.
  - Each item on the schedule must be displayed out two decimal places. The total allowance must be rounded up to the next whole dollar amount.
- The component charges used can be no older than those in effect 60 days prior to the beginning of the 90-day period described in §10.614(f)(3) related to effective dates.
- The beginning of the 90-day notification period is the date entered as "Form Date" on the HUD Model.
- The allowance must be calculated using the MS Excel version.
- If the Zip Code or PHA Code for the local PHA to the development is not listed in "Location" in the workbook, the Department will use the PHA code for the PHA that is closest in distance to the development.
- If the owner elects any of the green discount options for a development, documentation to evidence that the units and the buildings meet the green discount standard as prescribed in the model is required for the initial approval and every subsequent annual review.
- Do not take into consideration any costs or credits that a consumer would incur because of their actual usage.
- During the annual review, the Department will complete a HUD Model and issue an approval, partial approval or denial. The HUD Model will be attached to the approval letter.

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Utility Allowance: HUSM Method Change Announced in March

HUD Utility Schedule Model (HUSM) Bills Required

- **The Department requires a copy of the common area electric bill (e.g. community center electric bill) to evidence the applicable provider for all submissions after March 31, 2026.**
  - Please note: the Department is not necessarily requiring the same provider be used for the community center and the UA calculation; this will only be used to determine whether the development is located within a regulated or deregulated area.
- Failure to include the updated Questionnaire and/or common area bill will result in delays and possibly denials of the UA submission.
- Tenant billing reports are required for utilities that are billed using submetering or RUBS.
- If the form/bill is missing, the CMTS contacts and person that submitted the UA package to CMTS will receive an email giving a 5-day window to correct and provide the missing information. Failure to do this will result in a denial of the UA package.

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Utility Allowance: HUD Model Pitfalls

Things we see that affect the HUD Model method

- Provider is not listed on the Power to Choose website, see screenshot example on slide 32 to mitigate this
- Submission is not done in conjunction with completion and resident posting
- Rates used are older than 60 days at the time of the submission and posting
- The Zip Code was not listed on the HUSM and the PHA code was not used
  - If the PHA code is available we will calculate with that data, not an adjoining Zip Code
- Posting not submitted or is blank
- Rates not included in the submission
- Excel Version (or a copy of it with all tabs included) not submitted for review
- Using an average of all rates on the Power to Choose website instead of a specific rate plan
- Wrong building type is used, if you are not sure please reach out and we can assist

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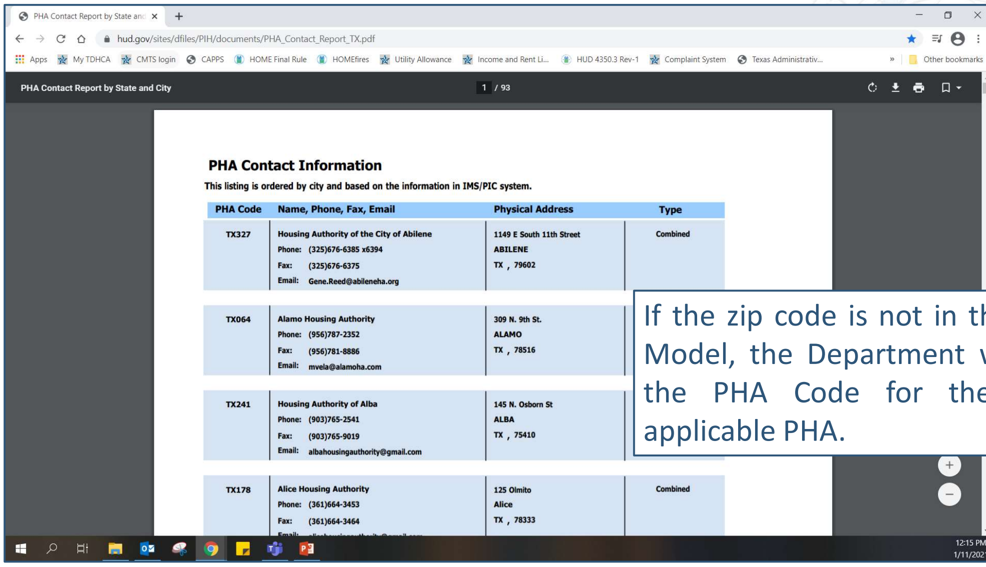
Utility Allowance: PHA Codes



PHA Contact Report by State and City 1 / 93

PHA Contact Information

This listing is ordered by city and based on the information in IMS/PIC system.

PHA Code	Name, Phone, Fax, Email	Physical Address	Type
TX327	Housing Authority of the City of Abilene Phone: (325)676-6385 x6394 Fax: (325)676-6375 Email: Gene.Reed@abileneha.org	1149 E South 11th Street ABILENE TX , 79602	Combined
TX064	Alamo Housing Authority Phone: (956)787-2352 Fax: (956)781-8886 Email: mvela@alamoha.com	309 N. 9th St. ALAMO TX , 78516	
TX241	Housing Authority of Alba Phone: (903)765-2541 Fax: (903)765-9019 Email: albahousingauthority@gmail.com	145 N. Osborn St ALBA TX , 75410	
TX178	Alice Housing Authority Phone: (361)664-3453 Fax: (361)664-3464	125 Olmito Alice TX , 78333	Combined

If the zip code is not in the HUD Model, the Department will use the PHA Code for the most applicable PHA.

https://www.hud.gov/sites/dfiles/PIH/documents/PHA_Contact_Report_TX.pdf

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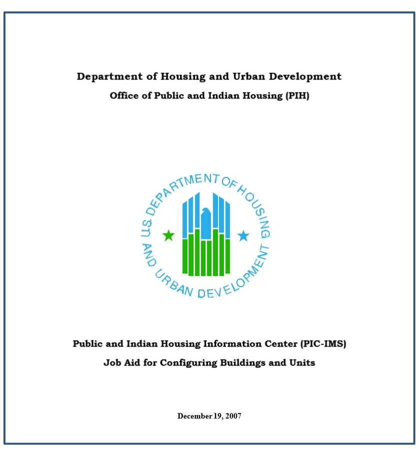
Utility Allowance: Determining Building Types

- **Identifying Buildings Types**
  - HUD Document referenced in §10.614(b)(1): https://www.hud.gov/sites/documents/DOC_11608.PDF
- Additional Resource from HUD: https://www.huduser.gov/portal/sites/default/files/pdf/HUSM-Instructions.pdf



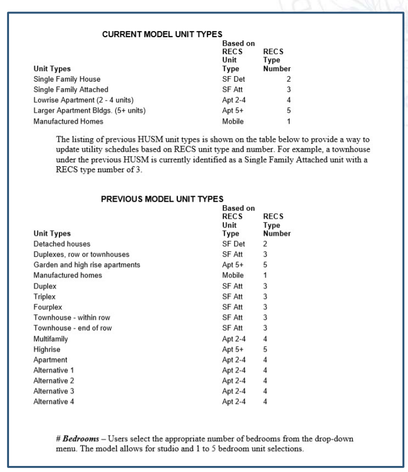
Department of Housing and Urban Development

Office of Public and Indian Housing (PIH)

Public and Indian Housing Information Center (PIC-IMS)

Job Aid for Configuring Buildings and Units

December 19, 2007



CURRENT MODEL UNIT TYPES

Unit Types	Based on RECS Unit Type	RECS Type Number
Single Family House	SF Det	2
Single Family Attached	SF Att	3
Lowrise Apartment (2 - 4 units)	Apt 2-4	4
Larger Apartment Bldgs. (5+ units)	Apt 5+	5
Manufactured Homes	Mobile	1

The listing of previous HUSM unit types is shown on the table below to provide a way to update utility schedules based on RECS unit type and number. For example, a townhouse under the previous HUSM is currently identified as a Single Family Attached unit with a RECS type number of 3.

PREVIOUS MODEL UNIT TYPES

Unit Types	Based on RECS Unit Type	RECS Type Number
Detached houses	SF Det	2
Duplexes, row or townhouses	SF Att	3
Garden and high rise apartments	Apt 5+	5
Manufactured homes	Mobile	1
Duplex	SF Att	3
Triplex	SF Att	3
Fourplex	SF Att	3
Townhouse - within row	SF Att	3
Townhouse - end of row	SF Att	3
Multifamily	Apt 2-4	4
Highrise	Apt 5+	5
Apartment	Apt 2-4	4
Alternative 1	Apt 2-4	4
Alternative 2	Apt 2-4	4
Alternative 3	Apt 2-4	4
Alternative 4	Apt 2-4	4

\# ***Bedrooms*** – Users select the appropriate number of bedrooms from the drop-down menu. The model allows for studio and 1 to 5 bedroom unit selections.

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Utility Allowance: Determining Building Types

- **Identifying Buildings Types**
  - HUD Document referenced in §10.614(b)(1): https://www.hud.gov/sites/documents/DOC_11608.PDF
- Additional Resource from HUD: https://www.huduser.gov/portal/sites/default/files/pdf/HUSM-Instructions.pdf

If the multi-story building (units on top of other units) has less than five (5) units, the Department will calculate based on Low-rise (2-4 units). If the multi-story building (units on top of other units) has five (5) or more units, the Department will calculate based on Apartments (5+ units).

Currently, the Department utilizes the HUD Guidance as shown on this slide to determine the appropriate building type for developments. This is used when calculating the HUD Model for a development.

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Utility Allowance: Combining Methodologies

- **In general, owners may combine any methodology described in §10.614 for each utility service type paid directly by the resident and not by or through the owner of the building**
  - Example: If residents are responsible for electricity and gas, an owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the HUD Model to determine the electric portion of the allowance
- **RHS and HUD-Regulated buildings (including those HUD-Regulated by MFDL funds) are not allowed to combine methodologies**
  - If the development has HOME Match units, this means the development is HUD-Regulated
  - Most Department MFDL projects have floating units, this means the whole property is HUD-Regulated

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Compliance - Utility Allowance Information: Learning Point 3

The Department (TDHCA) will send me the updated PHA Schedule annually?

Yes or No

49

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Compliance - Utility Allowance Information: Learning Point 4

Annual UA reviews should be uploaded to the attention of Cara Pollei?

Yes or No

50

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Compliance - Utility Allowance Information: Learning Point 5

The UA team, and all monitors, will be happy to help with questions so we should reach out?

Yes or No

51

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MFDL Projects & 811 PRA

52

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Utility Allowances and MFDL Projects

- Multifamily Direct Loan (MFDL):
  - Funds provided through the HOME, NSP, NHTF, TCAP RF, HOME-ARP, ERA, or other program available through the Department, local political subdivision, or administrating agency for multifamily development that require a Utility Allowance.
  - Housing Tax Credits, Tax Exempt Bonds, Texas Housing Trust Fund, Exchange, TCAP, 811 PRA, CDBG, and Project Based Vouchers are not MFDLs.

CDBG Funds at the property do not make the buildings HUD-Regulated. Some municipalities are issuing UA approvals with this funding, they are not applicable to Department programs.

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Utility Allowance: 811 PRA Program

For Owners participating in the Department's Section 811 Project Rental Assistance (PRA) Program the owner may choose the methodology they wish to use. The rules for the chosen method must be followed. On an annual basis, the Development will submit a Utility Allowance update to the 811 Division. The 811 Division will issue an approved Rent Schedule once the submission is reviewed. The allowance listed on the rent schedule only applies to 811 PRA units, not the entire building, and is the only allowance approved for use on 811 PRA units.

Utility Allowance Submissions for the 811 Program must be uploaded to the attention of Bill Cranor. This means, you will have to upload one packet to the attention of Utility Allowance and another to Bill Cranor.

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Utility Allowance: HUD Notice H-2015-4

Utility Allowance to use when there are multiple HUD programs in a building:

- If the building is covered by Multifamily Notice H-2015-4 (PBS8) or receives assistance from RHS, the applicable UA for every rent restricted unit is the UA issued by that program.
- If the building has Department MFDL funds, the applicable UA for every rent restricted unit is the UA approved by the Department (per 10 TAC). This is true even if the building also has Project Based Vouchers/Public Housing.
- If the building has multiple HUD programs that are not covered by 2015-4 (Public Housing/Project Based Vouchers) AND the building does not have Department MFDL funds, it is up to the owner to say which UA they are using.
- Tenants with Housing Choice Vouchers in a HUD-regulated building will not use the PHA UA. They will always use the UA approved by the HUD program.

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Utility Allowance: MFDL Projects

Developments with Multi-Family Direct Loan (MFDL) funds issued by the Department

- May use any methodology except PHA
  - Buildings for which the only source of MFDL funding is HOME-ARP and which contain no HOME-Match Units may use the PHA. It must be submitted initially and annually for approval by the Department. Developments subject to the 2025 HOME Final Rule may be approved for PHA use also. Any MFDL project approved to use PHA must seek approval annually.
- May not combine methodologies
- Must use the Department issued/approved UA for all units in the **MFDL project**, even voucher holders. HTC buildings in which there are units under MFDL programs are considered HUD-Regulated buildings and the MFDL Utility Allowance will be the allowance for all units in the building, regardless of the resident being on the MFDL program

Developments with Multi-Family Direct Loan (MFDL) funds NOT issued by the Department

- Must use the issued/approved UA for all units, even voucher holders
- HTC buildings in which there are units under MFDL programs are considered HUD-Regulated buildings and the MFDL Utility Allowance will be the allowance for all units in the building, regardless of the resident being on the MFDL program

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Utility Allowance: MFDL Projects – Department Calculated UA

The Department will issue a Utility Allowance if annual review is not received by October 1st

- For property specific data, the Department will use:
  - The Annual Owner's Compliance Report;
  - Monitor Review Questionnaire from prior monitoring review;
  - The owner may be contacted for any missing or unclear information
- Utilities will be evaluated in the following manner:
  - For regulated utilities, the Department will contact the provider directly and apply the charges in effect no later than 60 days before the allowance will be effective.
  - For deregulated utilities:
    - The Department will use the Power to Choose website and search available providers by zip code
    - The plan chosen will be the median cost per kWh based on the average price per kWh for the average monthly use of 1000 kWh
- The Department will notify the owner contact in CMTS of the new allowance
  - The owner will be provided a **five-day period** to report errors related to the physical characteristics of the buildings and utilities paid by the residents
- The allowance must be implemented for rent due in all program units thirty (30) days after the Department notifies the Owner of the allowance.

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Compliance - Utility Allowance Information: Learning Point 6

MFDL projects can use the HUD Model for electric and the Actual Use method for water/sewer?

Yes or No

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Post-15 HTC Developments

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Utility Allowance: Post-15 HTC Changes

After the Federal Compliance Period, utilities paid to the owner are accounted for in the utility allowance.

- Regardless of how the utility is calculated (actual use or allocation method) it will all be in the utility allowance
  - For example, when the water and sewer are billed on an allocation method and were previously, during the first 15 years, counted as a mandatory fee would now be included in the utility allowance and not be counted as a mandatory fee
- TCAP, Exchange, BOND, and THTF Developments layered with Housing Tax Credits no longer within the Federal Compliance Period also include utilities paid to the owner as part of the utility allowance
- The Utility Allowance (except for the PHA method) must be submitted to the Department annually for review by October 1st (August 1st for Actual Use Method) of each calendar year
  - The owner is responsible for periodically checking with the applicable PHA to ensure that the most current utility allowance is in place

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Compliance - Utility Allowance Information: Learning Point 7

Utility Allowances are no longer a requirement on Post-15 properties?

True or False

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Changes to the UA

62

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Utility Allowance: Changes

An Owner may not change methodologies or the utilities that a resident is financially responsible for without prior written Department approval.

- The Department will review all requests, except for the Actual Use methodology requests which has 45 days, within 90 days of receipt of the request
- If the owner fails to post the notice to the residents AND simultaneously submit the request to the Department by the beginning of the 90-day period, the approval or denial will be delayed for up to 90 days after the Department notification

*** Once approval to start or stop charging for a utility is received, owners must implement the change in utilities charged at the time of each household's lease renewal, and no sooner. ***

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Utility Allowance: Annual Review Requirements

- RHS and HUD-Issued Utility Allowances
  - The owner must demonstrate that the utility allowance has been reviewed annually and in accordance with RHS and HUD regulations
- PHA Method
  - Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the effective date
  - HOME-ARP developments must submit for annual review, if approved to use this methodology
- Written Local Estimate (WLE), HUD Utility Model Schedule (HUSM) and Energy Consumption Model (ECM)
  - Owners must update the allowance once a calendar year. The update and all back-up documentation MUST be submitted to the Department no later than October 1st of each year
- Actual Use Method
  - Owners must update once a calendar year. The update and all back-up documentation MUST be submitted no later than August 1st of each year
- **A utility allowance is considered implemented once the Unit Status Report is updated and rents are restricted.**

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Utility Allowance: Failure to Submit for Annual Review

Except for MFDL developments, if an Owner fails to submit for annual review during the calendar year, the Development's Utility Allowance will default to the applicable PHA allowance.

If the Development is in an area that does not have a PHA, the Development fails to have a properly calculated Utility Allowance.

The Utility Allowance for MFDL Developments that fail to submit for annual review will be calculated using the HUD Utility Schedule Model, pursuant to subsection (d) of this section.

It is an issue of noncompliance if the Development fails to submit for annual review of the Utility Allowance. The purpose of this requirement is to allow the Department to test for gross rent issues at the time of a monitoring review.

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UA Requests for Applications

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Utility Allowance: Application Requests

- If the application includes RHS assisted buildings or tenants, the UA is prescribed by the RHS program, no other method is allowed
- If the application includes HUD-Regulated buildings for HUD programs, other than an MFDL program, the applicable UA for all rent restricted units in the building(s) is the HUD Utility Allowance, no other method is allowed
- If the application includes MFDL funds from the Department, applicants may calculate the UA in accordance with 10 TAC §10.614(c)(3)(B), (C), (D) or (E)
  - HOME-ARP may request to use the method described in §10.614(c)(3)(A), the Department must approve this request
  - HOME Match funding makes the development HUD-Regulated
- If the application includes federal funds from a unit of local government but no MFDL from the Department, applicants are required to request in writing the UA from the awarding jurisdiction
- For all other applications, applicants may calculate the UA in accordance with §10.614(c)(3)(A), (B), (C), (D) or (E)
  - Upon request, the Compliance Division (UA Team) will calculate or review an allowance within 21 days, but no earlier than 90 days from when the application is due

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Utility Allowance: Application Requests

If owners want to change to a UA other than what was used for underwriting the owner MUST submit documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities.

The Owner is not required to review the utility allowances, or implement new allowances, until the building has achieved 90% occupancy for a period of 90 consecutive days, or the end of the first year of the Credit Period (if applicable), whichever is earlier. ***Once a request to change the utility allowance is approved or implemented, the utility allowance used at underwriting is no longer valid.***

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Utility Allowance: Responses to Requests for an Application

From: [redacted]
To: UA Application
Cc: [redacted]
Subject: [redacted] Deal - ECM Application
Date: Wednesday, July 10, 2024 11:13:01 AM
Attachments: [redacted]

Good morning,

Please accept this Ut
[redacted] using
been updated since t

Please let me know if y

Thank you,
[redacted]
Austin, TX 78702
[redacted]

From: UA Application
To: [redacted] UA Application
Cc: [redacted]
Subject: RE: UA request - [redacted] Apartm
Date: Thursday, July 25, 2024 11:08:00 AM
Attachments: [redacted] Apts 2024 HUSM Applic

Good morning,

I have completed the review, thank you for y
Please let me know if you have any question
happy to help.

Best,

Cara Pollei
Senior Compliance Monitor
Texas Department of Housing and Community Affairs

Please remember, staff will review the application request within 21 days. You should receive an automated response when you originally submit to the inbox letting you know that it will be reviewed within 21 days. This mailbox is monitored on a regular basis but is not monitored all day, every day.

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Utility Allowance: Response Letters for an Application

RE: 2024 HTC Application – proposed site located in Austin, Texas Application # 24400

Dear :

The Texas Department of Housing and Community Affairs has received a request submitted for proposed a 2024 Housing Tax Credit (HTC), located in Austin, to calculate the utility allowance using the Energy Consumption Model in accordance with 10TAC§10.614(k). This allowance is calculated based on the following representations:

1. That the buildings are not HUD-Regulated;
2. That the building(s) are not RHS assisted or have RHS assisted tenants; and,
3. That the residents are financially responsible for electricity and that the utility is not paid to or through owner of the building based on an allocation formula or RUBS.

In accordance with Treasury Regulation §1.42-10, the utility allowance for those units occupied by Section 8 vou holders remains the applicable Public Housing Authority utility allowance established from where the resident rece the assistance.

Please see attached allowance calculated by Pollei Industries dated July 26, 2024. This allowance can be used underwriting purposes. If you are successful in obtaining an allocation and want to change to a utility allowance o than what was used for underwriting the Owner must submit Utility Allowance documentation for Departr approval, at minimum, 90 days prior to the commencement of leasing activities. The Owner is not required to re the utility allowances, or implement new utility allowances, until the building has achieved 90% occupancy for a pe of 90 consecutive days or the end of the first year of the Credit Period (if applicable), whichever is earlier.

If you have any further questions, please contact Cara Pollei toll free in Texas at (800) 643-8204, directly at (512) -3821, or email: cara.pollei@tdhca.texas.gov.

RE: 2024 HTC and MFDL Application – proposed site located in Austin, Texas HTC File: 24400

Dear :

The Texas Department of Housing and Community Affairs (the Department) has calculated the utility allowance a proposed 2024 Housing Tax Credit (HTC) and Multifamily Direct Loan (MFDL) application, located in Austin, Texas using the HUD Utility Schedule Model in accordance with 10TAC §10.614(k). This allowance is calculated based on the following representations:

1. That the residents are financially responsible for electricity and that the utility is not paid to or through the owner of the building based on an allocation formula or RUBS; and,
2. That the only building type is Apartments (5+ units).

As a reminder, HTC buildings with MFDL units are considered to be HUD Regulated buildings under Treasury Regulation §1.42-10 and, as such, the applicable utility allowance for all rent restricted Units in the building is the applicable this utility allowance calculated for the MFDL program. No other utility method described in this section can be used by HUD-regulated buildings.

Please see attached schedule dated . This allowance can be used for underwriting purposes. The utility allowance must be reviewed at least once a calendar year per the MFDL program requirements. 10 TAC§10.614(g) outlines requirements for annual review. If the owner wishes to switch the methodology used to calculate the utility allowance, prior approval from the Department is required. The annual review and all back-up documentation required by the method must be submitted to the Department no later than October 1, 2025. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. If a request is not received by October 1st, the Department will calculate the Utility Allowance using the HUD Utility Schedule Model in accordance with 10 TAC§10.614(d)(3).

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Utility Allowance: Application Requests for Existing Developments

Any requests for new resources (either additional funds or tax credits) on a Development with an existing Department LURA must use the method that is in effect on the existing Development. If the Owner wishes to change or if for an MFDL application is required to change the methods for the purposes of the application, a request for the existing Development must first be submitted to the Compliance Division for approval.

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Handling Rent Changes

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Utility Allowance: Rent Violations during Compliance Period

- Rent or Utility Allowance Violations of the maximum allowable limit for the HTC, TCAP, and Exchange programs:
  - Under the HTC, TCAP, and Exchange programs, the amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees, cannot exceed the maximum applicable limit (as determined by the minimum set-aside elected by the Owner) published by the Department.
  - If an HTC Development, during the Compliance Period, collected rent in excess of the rent limit established by the minimum set-aside, the Owner **must correct the violation by reducing the rent charged**.
  - The Department will report the violation as corrected on **January 1st of the year following the violation**.
    - The refunding of overcharged rent does not avoid the disallowance of the credit by the IRS.

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Utility Allowance: Rent Violations on Additional Rent Restrictions

- Rent or Utility Allowance Violations of additional rent restrictions under the HTC, TCAP, and Exchange programs:
  - If the Owner agreed to additional rent and occupancy restrictions, the Department will monitor to confirm compliance.
  - If noncompliance is discovered, the Department will require the Owner to refund or credit the affected residents the amount of rent that was overcharged.
  - The Owner must obtain in writing, from the household, the election to receive a full **refund check or** to have the entire overpaid **amount credited** to their household's account.
    - In the absence of a household's election, a full refund check must be presented to the household within thirty days.

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Utility Allowance: Rent Violations on MFDL Programs

- Rent or Utility Allowance Violations on MFDL programs:
- The amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees and any rental assistance (unless otherwise described in the LURA) cannot exceed the designated applicable limit published by the Department.
- If it is determined that the Development collected rent in excess of the allowable limit, the Department will require the Owner to refund or credit the affected residents the amount of rent that was overcharged.
- The Owner must obtain in writing, from the household, the election to receive a full **refund check or** to have the entire overpaid **amount credited** to their household's account.
    - In the absence of a household's election, a full refund check must be presented to the household within thirty days.

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Utility Allowance: Rent Violations on Other Programs & Post-15 HTC

- Rent or Utility Allowance Violations on HTC, TCAP, and Exchange Developments after the Compliance Period, HTC, TCAP, and Exchange Developments in Safe Harbor reviews, BOND Developments, and THTF Developments:
    - The amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees cannot exceed the designated applicable limit published by the Department.
    - If it is determined that the Development collected rent in excess of the allowable limit, the Department will require the Owner to refund or credit the affected residents the amount of rent that was overcharged.
    - The Owner must obtain in writing, from the household, the election to receive a full **refund check** or to have the entire overpaid **amount credited** to their household account.
        - In the absence of a tenant election, a full refund check must be presented to the household within thirty days.

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Utility Allowance: Rent Increases

- Owners are not permitted to increase the household portion of rent more than once during a 12-month period, even if there are increases in rent limits or decreases in utility allowances, unless the Unit or household is governed by a federal housing program that requires such changes or the household transfers to a Unit with additional Bedrooms.
  - If the Development increases rent more than once in a 12-month period, the Department will require the Owner to **refund or credit** the affected household. The Owner must obtain in writing, from the household, the election to receive a full refund check or to have the entire overpaid amount credited to their household account. In the absence of a tenant election, a full refund check must be presented to the household.
- If an Owner is increasing a household's rent $75 or more per month, the Owner is required to provide the household a 75-day written notice of such increase, unless the Unit or household is governed by a federal housing program that allows for such a change.
  - If an Owner increases the household's rent $75 or more without providing a 75-day notice, any amounts in excess of $75 per month must be refunded or credited to the affected household(s). The Owner must obtain in writing, from the household, the election to receive a full **refund check or** to have the entire overpaid **amount credited** to their household account. In absence of a tenant election, a full refund check must be presented to the household.

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Utility Allowance: Rent Decreases and Utility Services

- If a Utility Allowance increases and requires the tenant rent to be decreased the rent must be updated on the effective date of the UA change
  - For example: Unit 601 has a rent of $500 and a UA of $50; the limit on the unit is $550. The UA changes for rents due after July 31, 2026. The new UA is $55; which means if the Owner does not lower the rent by $5 there will be a rent issue caused by the UA change. As of August 1, 2026, this household’s rent cannot be more than $495 to remain in compliance, regardless of lease renewal dates.
- An Owner that controls utilities, may not stop service on utilities during the longer of the required period identified by the applicable federal program, or as directed by state law.

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Keys to Success

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Utility Allowance: Keys to Success

- **ALWAYS** upload Utility Allowance submissions to the attention of "Utility Allowance" on the TDHCA Contact List
- Review the UA submission prior to upload
  - Is the questionnaire accurate and complete?
  - Does the posting have the right dates and amounts and unit sizes?
- Upload all required items for the methodology chosen
- Make sure you are using the most current forms available on the Department website: https://www.tdhca.texas.gov/compliance-utility-allowance-information
- Email a member of the UA Team prior to submission if you have a question
- Remember, Utility Allowance Rules are Building Rules
- MFDL Funding means you have one UA for the whole MFDL property, unless units are fixed

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The Utility Allowance Team is here to help!

The Utility Allowance Team
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Thank you!

August Office Hours: Utility Allowances and Rent Changes

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EQUAL HOUSING OPPORTUNITY

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