



**DATE:** March 8, 2010

**TO:** Owners and Managers of VHDA Allocated Tax Credit Properties

**FROM:** Brenda D. Hawkins, Program Manager *BDA*

**SUBJECT:** Clarification on Submission of Utility Allowance Estimates

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According to the revised Utility Allowance Regulations published July 29, 2008, utility allowances are applied individually to each building in a property. Therefore, depending on the property, an owner could have buildings in the same property using different utility allowances.

With the implementation of the new UTA regulations in 2009, the VHDA Compliance Department erred in accepting utility allowance estimates from owners using estimates from local utility companies that were not building specific. Since it was the Compliance Department's oversight and no property has been identified as having gross rents exceeding the maximum tax credit rent limit for 2009, we will not require owners to revise the 2009 submitted estimates. However, effective immediately with all 2010 and future utility allowance estimates where the owner submits estimates from the Local Utility Company, HUD Utility Model or Energy Consumption Model, a spreadsheet must be submitted to reflect the utility allowance for each bedroom type per building (BIN), including the square footage of each unit bedroom size/type and the address of each building (BIN). The VHDA Certification of Completeness and Accuracy Form currently request a spreadsheet to be included with the annual utility allowance estimate submission when one of those three options is selected. (Sample spreadsheet is attached and available on our website [www.vhda.com](http://www.vhda.com)).

The appropriate utility allowance depends on the type of building involved. Allowances must be updated at least once each calendar year. The following is a refresher on what options are available to owners when obtaining utility allowance estimates.

### Regulated Buildings

- HUD regulated buildings are buildings for which the annual rents and utility allowances are reviewed annually by HUD. ***HUD regulated buildings with Tax Credits must use the HUD determined utility allowances.***
- HUD tenant assistance buildings are buildings that are occupied by one or more tenants who use Section 8 rental vouchers. ***HUD tenant assistance buildings with Tax Credits must use the applicable Public Housing Authority (PHA) utility allowance established for the Voucher Program for units with voucher holders.***
- RHS (Rural Housing Service) assisted buildings are buildings wherein the building or the tenants of the building receive RHS housing assistance. ***RHS assisted buildings with tax credits must use the RHS determined utility allowance.***

### All other building types –non-regulated

Owners of non-regulated buildings have more options to obtain utility allowances. As stated in the UTA regulations prior to 2008, owners may use the applicable PHA utility allowance for all buildings in the property or obtain estimates from a Local Utility Company. Those two options continue to be available to owners. The 2008 revised UTA regulations allowed for 3 additional options: State Agency Estimate, HUD Utility Model Estimate and the Energy Consumption Model Estimate.

VHDA is only allowing two of the three additional options for owners to obtain utility allowances. They are the HUD Utility Model and the Energy Consumption Model. Therefore, owners of non-regulated buildings may use the Local PHA, Local Utility Company, the HUD Utility Model or the Energy Consumption Model to obtain annual utility allowance estimates.

The 2008 revised UTA Regulations require owners, who select options for non-regulated buildings to submit to the state agency,

- notification of which option selected to obtain utility allowance estimate,
- a copy of the notice of the new estimates to the residents
- a copy of estimates if using estimates from
  - a Local Utility Company
  - the HUD Utility Model
  - the Energy Consumption Model

Additionally, VHDA require owners to complete and submit a fully executed Certification of Completeness and Accuracy Form along with supporting documentation when obtaining annual utility allowance estimates from a Local Utility Company, the HUD Utility Model and the Energy Consumption Model. The Certification of Completeness and Accuracy Form can be obtained from our website [www.vhda.com](http://www.vhda.com). As a reminder,

owners using the three methods above must notify the residents and VHDA of new estimates 90 days prior to implementation. The review and approval process remains as outlined in our Utility Allowance Procedures located on our website [www.vhda.com](http://www.vhda.com).

Owners using the local PHA published utility allowances are not required to obtain approval from VHDA or submit a request to use the local PHA published utility allowances. However, owners should be aware that when the local PHA publishes and makes available updated allowances, they must utilize those updated utility allowances to determine gross rents 90 days from the date the PHA published updated allowances were available. Owners using the local PHA utility allowances are encouraged to check with the local PHA frequently to determine if there has been a recent update published.

Please feel free to contact your assigned Compliance Officer at VHDA should you have additional questions.

Enclosure

