

Final HOME UA Policy

HOME contracts awarded prior to 2013 are allowed to continue to use the PHA published allowance. However, the passage of the 2013 HOME Final Rule establishes a Utility Allowance (UA) requirement for rental contracts at 24 CFR 92.252(d). This requirement was to be implemented and effective for all rental commitments made on or after 8-23-2013. This was suspended due to various reasons and errors with the HUD Utility Schedule Model (HUSM). A HOMEfires was published May 2016 lifting the suspension. This publication can be found here: <https://www.hudexchange.info/resources/documents/HOMEfires-Vol13-No2-Guidance-on-How-to-Establish-Utility-Allowances-for-HOME-Assisted-Rental-Units.pdf>

Each contract in which the Written Agreement was signed after Aug 23, 2013 should be using a utility allowance calculated from one of the four methodologies below. If a utility allowance has not yet been calculated, the UA will be required to be submitted to OHFA prior to lease-up (this is to ensure the max rent allowed is known).

The utility allowances must be updated annually; each round of updates must be submitted to OHFA no later than July 31 to be effective October 1. *(If a new contract is in lease-up, please submit the UA to OHFA prior to such. This UA will not be required to be submitted by July 31 but must be sent prior to lease-up. If the lease-up UA is submitted no more than 60 days prior to the annual OHFA UA submission requirement, OHFA will consider this as satisfactory to meet the annual requirement).*

This UA will be effective for one year (i.e. 10-1-2022 thru 9-30-2023). The UA must be updated each year and again approved by OHFA prior to implementing each October. You will receive an email with either questions or an email of approval from OHFA prior to the effective date of such UA.

As HUD has stated in the past, the rent limit and utility allowance in effect at the time a lease is executed is used for the duration of the lease. No changes are required to be made until the lease has expired. Regarding this UA policy, the HUD HOME rules will continue to apply to a household on a lease. However, upon lease expiration, the new UA should become effective. The four choices are as follows:

1. HUD Utility Schedule Model: THE HUSM enables users to calculate utility schedules by housing type after entering utility rate information (tariffs). This model is based on climate and survey information from the U. S. Energy Information Administration of the Department of Energy and it incorporates energy efficiency and Energy Star data. This model is allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(4)(D).

The HUSM and use instructions can be accessed on HUD User at <https://www.huduser.gov/portal/resources/utilallowance.html> The HUSM is available as either a spreadsheet model in MS EXCEL or a web-based model on HUD User at <https://www.huduser.gov/portal/datasets/husm/uam.html> HUD delivered a web-based training on the use of the HUSM here: <https://www.hudexchange.info/trainings/courses/hud-utility-schedule-model-calculating-utility-allowances-for-home-webinar1/>

2. Multifamily Housing Utility Analysis: In 2015, HUD published Multifamily Notice H-215-4 found here: <https://www.hud.gov/sites/documents/15-04HSGN.PDF> provide instructions to owners and management agents for completing the required utility analysis. This analysis is also used for the USDA Rural Housing Service program and allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(3). HOME PJs may use the methodology from the notice, including the required baseline utility analysis; the optional factor-based utility analysis; and, the utility analysis sample size which are described in Attachment 1 to this HOMEfires.

3. Utility Company Estimate (26 CFR 1.42-10(b)(4)(B)): – A PJ may establish or approve a UA based on estimates obtained from a local utility company for each of the utilities used in the project. IRS regulations state that the estimate must be obtained in writing and must be based on the estimated cost of that utility for a unit of similar size and construction for the geographic area in which the building containing the unit is located. **(An estimate is not averaged utility consumption by the Awardee or OHFA. OHFA does not tell the utility provider how they should arrive at an estimate. For example, if a utility provider must average usage to give an Awardee an estimate; this estimate will be allowed by OHFA. However, the Awardee must not perform any calculations to arrive at this estimate. The provider must state the estimate.)**

4. Energy Consumption Model (Engineer Model) (26 CFR 1.42-10(b)(4)(E)): – A PJ may establish or approve a UA based on an energy and water and sewage consumption and analysis model (energy consumption model) prepared by a properly licensed engineer or a qualified professional. IRS regulations require that such professionals be independent from the property owner and they specify the building factors that must be included in the model.

OHFA encourages the use of a professional to expedite the review and approval process by OHFA staff.

If submitted later than the due date of July 31, future funding could be impacted.

Another viable option that has always been available is to designate HOME rental contracts as All Bills Paid (ABP). If an Awardee would like to choose ABP for a completed contract, a modification will NOT be required. Awardees will only need to notify compliance of the method used for each contract. Although this option may not appeal to everyone, this may allow more households to apply since a utility deposit would not be required.

Note: Please remember this requirement is effective ONLY for those HOME contracts in which the Written Agreement was signed on or after August 23, 2013.