



Utility Allowance Procedures

Utilities paid by low income tenants must be counted as part of the unit's gross rent. Accordingly, the rent collected from tenants must be reduced by the amount of a utility allowance, as set forth in Treasury Reg Section 1.42-10 and IRS Notices 89-6 and 2009-44. Section 1.42-10 states that if any time during the building's compliance or extended use period the applicable utility allowance for a unit changes, the new utility allowance must be used to compute gross rents of rent-restricted units due 90 days after the change.

IRS Notice 2009-44 establishes 6 sources for which utility allowances may be obtained:

1. Rural Housing Services
2. HUD
3. Local PHA
4. Utility provider estimate
5. Energy Consumption Model
6. HUD Utility Schedule Model

In response to the reporting requirements described above, MHDC will require all affordable properties to submit utility allowance information quarterly through the Asset Management Reporting System (AMRS) located at amrs.mhdc.com. Submissions must be received by the last day of each quarter – 3/31, 6/30, 9/30, and 12/31.