Utility Allowance - Sources and Options

	Utility Allowance (UA)	Reference
LIHTC	Projects with RD or HUD funding use the UA for those programs. There are 5 additional choices for other properties: 1) Local PHA published UAs; 2) Estimate from a Utility Company; 3) Estimate from an HFA; 4) HUD Utility Schedule Model (HUSM); 5) Engineer Model. For non-RD/HUD-regulated buildings, the UA for voucher-holding households is the PHA published UA that their rent calculation is based on.	Treas. Reg. 1.42-10, 8823 Guide Chapter 18; HCV 24 CFR Part 982- §982.517
HUD	UA for a property is calculated based on actual consumption at a property every 3rd year and adjusted by a HUD published rate the other years.	MF Notice H-2015-4
RD	UA for a property is calculated based on Rural Development (RD) policy. If there is more than a 15% rate increase, owners should collect a "significant sampling" of tenant data. If any increase is 15% or less, "a sampling" is required. Buildings that receive RD assistance MUST use the applicable utility allowance provided by RD for all rent restricted units, even those units rent restricted with RD and HUD. Note: If a project receives assistance from a Rural Housing Service (RHS) program through RD, the Utility Allowance for all LIHTC units in the project must be determined by using the method required by RD.	7 CFR 3560.202; HB-2-3560 4.26/ 4-29; 7.3 / 7-3; Notice H 2015-04; Treas. Reg 1.42-10 (b)(2)
HOME & NHTF/HTF	Reference the 2025 HOME Final Rule effective April 20, 2025. In the 2025 HOME Final rule, HUD adopted language permitting participating jurisdictions to use the HUD Utility Schedule Model, the utility allowance established by a local PHA, or other methods approved by HUD for their maximum monthly allowances. (MHDC allows use of the local PHA source for properties funded prior to the 2025 change.) NHTF/HTF units are allowed to use the PHA, HUSM, Energy Consumption Model (ECM) or Utility Company Estimate utility allowances.	For the HTF, the grantee must establish UAs each year. NHTF 24 CFR 93.302 (c) 2025 HOME Final Rule, § 92.252(b).
HOME ARP	Initial Rent Schedule and Utility Allowance: The PJ must establish maximum allowances for utilities and services and update the allowances annually. The PJ may adopt the utility allowance schedule of the PHA. The PJ must review and approve the HOME-ARP rents proposed by the owner, subject to the HOME-ARP rent limitations. For HOME-ARP units where the tenant is paying utilities and services (e.g., trash collection), the PJ must determine that the rent for the unit does not exceed the maximum rent minus the monthly allowance for utilities and services. Excludes telephone.	Notice: CPD-21-10, Section VI.B.13.d
BOND	The bond program does not impose rent limits; thus, a UA is irrelevant. The bond LURA agreement may impose further rent restrictions.	N/A
811 PRA	Rental Assistance Contract (RAC) Part II, Section 2.7 (f) allows an owner to align utility allowances with other underlying programs.	HUD Handbook 4350.3; 24 C.F.R. part 5
PBRA	Calculated following HUD Notice H 2015-04; Based on actual consumption at property: Every 3 years and adjusted using HUD-published rate intervening years; HUD-published Utility Allowance Factors (UAF) could increase or decrease UA.	HUD Notice H 2015-04