



STATE OF MICHIGAN

GRETCHEN WHITMER  
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

GARY HEIDEL  
ACTING EXECUTIVE DIRECTOR

June 16, 2020

TO: Owners & Management Agents of LIHTC, 1602, and TCAP Properties  
FROM: Nathan Thelen, Compliance Manager  
SUBJECT: Non MSHDA Approved Utility Allowances Submission Policy

A proper Utility Allowance is essential in maintaining compliance with the rent restrictions imposed by the LIHTC, 1602, and TCAP programs and must be updated at least annually. Since using the incorrect utility allowance can result in overcharging rents and is an event of noncompliance that could be reported to the IRS or other penalties, care should be taken in making a correct calculation and in using current utility allowance figures.

To reduce noncompliance issues, MSHDA Compliance is instituting a new procedure for Utility Allowance (UA) reviews. Effective as of the date of this letter, MSHDA is requiring that a copy of each new utility allowance update and approval letter for all LIHTC, 1602, and TCAP projects be submitted to MSHDA **within 30 days** of the owner or management agent's notification of a utility allowance change, utility allowance approval date, or the utility allowance effective date, whichever is soonest. This applies to all utility allowances determined by the following sources or methods:

- HUD
- Rural Development
- Housing Choice Voucher Program
- PHA Utility Allowance Schedules.

Utility allowance approval letters and updates made by MSHDA Compliance or the MSHDA Asset Managers do not have to be resubmitted to MSHDA. For all utility allowances effective January 1, 2020 through today, please send a copy of the new UA by July 1, 2020, and with-in 30 day after issuance going forward.

All utility allowance documentation should be sent to: [MSHDAcompl@michigan.gov](mailto:MSHDAcompl@michigan.gov).

If you have any questions or need any assistance regarding utility allowances, please contact your assigned compliance officer.