

UTILITY AND RENT SCHEDULE POLICY

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Utility and Rent Schedule Overview

MSHDA-Financed developments must complete an annual review of utility expenses paid by tenants to provide a reasonable estimate to development tenants for the potential costs of monthly utilities. This estimate of tenant-paid utility expenses is known as the *Utility Allowance*. This process is performed at the same time as the annual analysis of rents to accommodate annual changes in the market and published maximum rents.

This process begins with the sampling of past utility costs and includes adjustments to rent amounts due to utility changes and the release of new maximum rents for the Low-Income Housing Tax Credit (LIHTC), HOME, HTF, NSP, and Section 8 programs. To prepare for the

annual sampling requests, an “Authorization to Release Utility Data” should be included with each tenant’s initial lease signing and at each lease renewal.

If a rent increase/decrease will occur for the upcoming year, this affects the gross rent potential for budgeting purposes. Thus, review of the rent and utility amounts occurs in conjunction with the budget submission process for MSHDA-financed developments.

Review Timeline

For all MSHDA-financed developments, the following timing applies when completing the annual utility and rent schedule revision process:

At Move-in and Annual Renewal – Obtain Authorization to Release Utility Costs and information forms from each household in the project and retain a copy in each household’s file.

Aug 1st – Begin collecting utility sampling data.

Oct 1st – **The Utility Rent Schedule Template and supporting documentation are due to MSHDA with the budget package submission.**

- Post Utility Change Notice – For utility increases or decreases in the ***proposed utility allowances, management must notify all tenants in the building.*** A sample Utility Change Notice (MSHDA Mgmt. 451A) is provided on the “UA Chg Notice” tab of the Utility Template workbook. A utility change notice is required for LIHTC developments even if the rent will not change. Notify the tenants according to the Treasury Regulation Section 1.42-10.

January 1st – Implement the utility allowance and rent schedule changes. When the utility change is submitted and able to be approved timely, the approved utility allowances and rent schedules become effective as of January 1st provided tenants have received 30-day notice of any rent increase.

- Section 8 developments rent and utility allowance changes occur on the HAP anniversary date.

Submission Requirements (“The Utility and Rent Schedule Package”)

Utility packages are due as identified in the Review Timeline section above. Below is a list of the required forms and data that must be submitted to update the utility allowance. Include the following information with each development’s utility allowance submission:

1. **Excel Utility Rent Schedule Template (URST) Workbook** – If utility sampling was performed to generate the annual utility allowances, provide an electronic copy of the Excel

template that includes the Summary, Utility Allowance Certification, Rent Schedule, and the various utility allowance data tabs.

2. **Owner's Utility Allowance Certification (MSHDA Mgmt. 451C)** – *All developments* must provide a **signed** electronic copy (pdf format) **to certify** the method(s) used to generate the annual utility allowances and the proper procedures were completed.
 - Developments with Section 8 that use the HUD rent schedule form (HUD-92458) for all or a portion of the development rent and utilities must complete this form to satisfy the LIHTC program's utility allowance certification requirement.
3. **Copies of Tenant Utility Expense Information** – Provide an electronic copy (pdf file) of all the tenant expense details used in the sampling calculations, when using sampling methods. Copies must include:
 - a. The utility company name/information on each page.
 - b. The unit type, unit number and tenant name or address.
 - c. All fees and taxes, so that the total monthly bill for each unit is easily determined, if the total is not listed on the page. This may require at least one actual monthly bill each tenant receives directly from the utility company.
 - d. Verification that the utility rate in effect for the last billing of the sampling was in effect within 60 days of the posting notice. *Only required if the last billing cycle of the sampling does **not** end within 60 days of the posting notice date.*

Note: The State of Michigan's network has a limit of 25 megabytes on the size of files e-mailed to the state. If backup documentation exceeds this limit the file will need to be zipped or broken into separate e-mails for submission.

Independent utility sampling contractor's sampling data may be submitted if the development contracts out the utility sampling process.

4. **Utility Allowance Change Notice** – Provide an electronic copy of Utility Allowance Change Notice (MSHDA Mgmt. 451A) to tenants posted at least 90 days prior to the change effective date, if applicable. This form is included in the URST workbook submission.
 - If the utilities do not change, no posting is required.
 - This posting is required for all restricted units that are not reviewed as part of another agency's rent and utility review approval. If the other agency's approval does not include all the restricted units at the development, then this form must be submitted.
 - Developments that use the HUD rent schedule may submit the approved HUD rent schedule for proof of this posting.
 - Developments that perform Rural Development (RD) posting may submit the RD posting in lieu of the MSHDA posting form.
5. **Verification of HUD utility rates** – For all developments with HAP units, submit the HUD rent schedule **in effect** at the time of the budget submission. HUD rent schedules in process are not acceptable documentation.

6. **Verification of Rural Development (RD) utility rates** – For all developments with RD funded units. Developments with RD funding use RD rental rates and utilities. Submit verification of RD’s approved rental rates and utilities for the RD units.
7. **Utility Engineering Study** – For all developments where an engineering study was performed to calculate the utility allowance, submit the engineering study form and the study backup with the budget submission.
8. **Rent Schedule (Excel version)** – For all developments, provide an updated rent schedule in the Utility Rent Schedule Template (URST).
9. **Additional items** – If the rent schedule includes the various unit types below, provide the additional supporting documentation:
 - Project Based voucher units – The approved PHA rent and utilities.
 - Tenant Based voucher units – The approved TBV rent and utilities.
 - HAP units – The HUD **approved** rent schedule (HUD-92458). HUD Rent Schedules in the process of being reviewed and approved by HUD are not acceptable documentation.
 - RD restricted units – The RD **approved** rent schedule.

Sampling Data Requirements

Utility samples must be collected prior to the tenant utility allowance change notice posting date. The 12-month sampling-period must **end no more than 60 calendar days from the change notice date.**

If the sampling period does **not** end within the period designated above, verify the utility rates in effect within the designated days of the notification are the same as the rates identified in the last month of the tenant expenses being sampled. For example, if a development posts a utility allowance update on September 20th, then the utility bills sampled must include at least the current year’s July utility bills (for LIHTC) to be a valid sampling. Otherwise, the agent must request confirmation from the utility company that the rate at the end of the sampling period was still in effect within the designated days of the posted utility allowance change notice to tenants.

When sampling:

- **Only rent restricted or subsidized units are included in the sampling** (MSHDA-financed properties). Income restricted units over 125% are not considered restricted units for sampling purposes.
- HUD has disallowed the use of employee units and non-subsidized units as part of the sampled units in determining the utility allowance (Section 8 properties). Refer to Frequently Asked Questions on the HUD Notice H 2015-14, Question #15 for further clarification.

- Authorization to Release Utility Costs and Information – Utility companies require the submission of a tenant signed release authorization prior to releasing utility data. The Utility workbook includes a recommended utility release authorization for developments with LIHTC units.
- The same tenants must be sampled for all tenant-paid utilities. For example, if Robert Smith was included in the gas sampling, then he must be part of the electric sampling data.
- All units sampled within a specified utility type must cover the same data range as the other sampled units for that utility type.
- All units must include 10 **full** months (full billing cycles) of utility expense. Refer to the Sample Sizes & Exclusions for further clarification.
- Use the same utility calculation method for electric and gas for each unit type. The utility calculation method could vary between bedroom size. E.g., Sampling is performed for 1- and 2-bedroom units' utility allowance amounts, but not enough sampling can be gathered for 3-bedroom units at the development. Then, the PHA utility amount could be used for the 3-bedroom utility allowance.
- Developments with similar building types may calculate one average for each unit type found in all the buildings. Unit types are based on the number of bedrooms; the number of *bathrooms* in a unit does *not* change the unit type.
- Developments with different building types (townhouses versus multi-story buildings) or with different heating sources (gas versus electric) must calculate separate averages for each building type and each utility source.
- Project-Based Voucher units may be used when selecting units for sampling utilities if the PBV unit overlaps with a LIHTC unit.
- Consumers Energy encourages Owners/Agents to get connected to its landlord portal to gather utility information. Further information can be obtained by contacting 855-477-9027.
- Consumer's Energy posts 12 Month Electric and Gas Rate Averages on its [Consumer's Energy website](#). Rate months are used four months after the reported period. If the rates posted is prior to April rate, wait until the April rate is posted to generate the utility allowance calculations for Consumer's Energy bills. E.g., the report dated April 2023 to April 2024 is the rate used for issuing August 2024 bills to tenants per Consumer's Energy.

Sample Sizes & Exclusions

The Utility Template workbook includes worksheets for entering utility bill information, along with a Summary worksheet, Utility Allowance Certification, Utility Change Notice, and Identity of Interest forms.

The following utility sampling requirements must be met **for each unit type (1 bedroom, 2 bedrooms, etc.) based on the number of units of that unit type:**

- The minimum sample size is identified in the following chart based on the number of restricted or subsidized units in each unit type being sampled:

Number of Restricted/Subsidized Units	Minimum Sample
1-20	All
21-61	20
62-71	21
72-83	22
84-99	23
100-120	24
121-149	25
150-191	26
192-259	27
260-388	28
389+	29

- **Excluded Units** – Do not enter data on the Electric, Gas, and Water/Sewer tabs for any of the following **exclusions**. A unit that:
 - Has been vacant for more than 2 full months (full billing cycles). For example, if the billing cycle is the 4th of each month and tenant A moves out on February 28th and Tenant B does not move in until April 6th, three full billing cycles have been affected by the vacancy and the unit must be excluded. The Feb 4th, Mar 4th, and Apr 4th billing cycles.
 - Is receiving an increased utility allowance as a reasonable accommodation.
 - Is receiving a flat utility rate as part of a low-income rate assistance utility program.
- Additional sampling suggestions/recommendations to follow **if the sample size is greater than 20 units**:
 - Units sampled must provide a fair representation of the property.
 - Different units/tenants should be chosen annually whenever possible for the sampling to gain an accurate representation of the whole property over time.
 - If a specific unit type exists in eight different buildings, sample units are required from each of the eight buildings rather than only a few of the buildings.
 - The number of household members should be considered, and the sampling must not contain a disproportionate number of smaller member households versus larger member households.
 - Request a greater sampling of units from the utility company than the required amount. This provides a buffer between the collected samples and the required sample size in case some samples do not meet the sampling requirements, such as the excluded units described above.

Utility Allowance Calculations

Developments may **only include** utility allowances for electricity, gas, and water/sewer utilities if those utilities are individually metered for each unit. Utility allowances cannot be provided for internet service, cable, parking, or other service charges not included in rent.

The worksheet adds up each tenant's ten (10) to twelve (12) full months of bills and generates a straight monthly average of the amounts entered in the template. To maintain the integrity of the calculations, do not enter:

- Credit bill amounts. Credit balances affect the next monthly bill and by entering them in the template you double dip the credit. In addition, the template does not allow negative amounts to be entered in the template, thus positive credit amounts entered further skew the utility average calculation.
- Zero-dollar (\$0) billing amounts. There is an exception for Consumer's Energy zero consumption amounts explained later in the policy under the "Consumer's Energy Rate Clarification" section.

When reviewing the calculations, if the utility allowance sampling:

- Results in a *change by any amount*, the utility allowances must be revised, and the tenants must be given a 90-day advance written notice of the utility changes. Failure to provide at least a 90-day notice of utility allowance change may result in a non-compliance finding. The Asset Manager will notify the Agent/Owner of the accepted utility allowances in the budget approval letter.
 - Notice to Tenants – Follow the Treasury Regulation Section 1.42-10 and CFR 245.15 for proper posting and delivery requirements. The development may use the completed MSHDA Mgmt. 451A form identifying the proposed utility allowance change at the property to inform the tenants of the changes requested. This notice to the tenants must occur 30 days prior to submission.
- **Does not provide enough data** to generate an update to the current utility allowance in any specific unit type, **use the PHA allowance** for that specific unit type for the upcoming year. Do **not** use a *previous year's* utility sampling generated utility allowances for LIHTC developments.

Rent Schedule Planning

When determining rents for the upcoming year, consider the competing rents in the market area. Rents should not be excessively high in relation to comparable housing alternatives or excessively low. They should ensure the continued stable operation of the development. Management should consider the following questions to decide whether the development rent can increase:

- Can the rental market absorb a rental increase? How much?

- Will the vacancy loss increase or decrease? What is the past trend?
- Does the development have a waiting list of eligible applicants?
- Have the rents historically been kept substantially lower than comparable housing? Why? Should the rents continue the trend?
- What is the current financial condition of the development?
- Is the development financially on track with the current year's budget? Are there any anticipated changes in expenses in the upcoming year?
- Is the development able to fund long-term reserves such as replacement reserves?
- Can the development perform repairs as required by the MSHDA Annual Physical Inspection and/or the CNA?
- Has the owner been informed and provided input on the intended rent adjustments?

Rent Schedules Compilation

Rent Increases

Review the development's Regulatory Agreement before implementing any rent increases. The Regulatory Agreements typically state that the current residents cannot receive a rent increase over 5%. Low Income Housing Tax Credit (LIHTC) restricted units also require a 5% rent increase limit on occupied units.

Vacant unit rents may be increased by more than 5% if the market can bear the increase and if the rent increase does not conflict with any program rent restrictions. Provide detailed notes regarding the gross rent calculation with all budget submissions. The Gross Rent Potential calculation multiplies the contract rent entered by the number of units for each unit type. Resident-based subsidies are included as part of this calculation since the resident-based subsidy supplement individual's rent payments. Development based subsidies and subsidy grants which support the development operations are **not** included in the Gross Rent Potential calculation.

Rent Limits and Unit Breakdowns

Completing the rent schedule requires close attention to the limits placed on rents by the governing documents, such as the regulatory agreement, tax credit agreements, and program rules. These documents also provide a breakdown of the unit sizes and types that should be listed on the rent schedule.

Rent limits can be found on the MSHDA website at the following link: [MSHDA Website](#).

The links on the page contain both income and rent limits but may only be identified as income limits.

Determining the Rent Limits – The rent limits are defined within each development's Regulatory Agreement (RA). Follow the steps below to help determine the proper rent limits for the development:

1. Find the ‘Rental Restrictions’ (not the Qualifications based on Income) defined in the Regulatory Agreement.
2. Review the website above to find the correct rent limit schedule.
3. Open the Rent Limit schedule and find the county in which development resides.
4. Check the Rent based on x person(s) field to determine if the By Bedroom (1.5) rents must be used or the By Person (1.0) rents must be used. These can be verified by reviewing the RA for the following language under the rent restrictions section. If the RA contains:
 - “...assuming occupancy of one and one-half persons per bedroom...” then reference the “By Bedroom” section of the rent limits schedule.
 - “...assuming occupancy of one person per bedroom...” then reference the “By Size” section of the rent limits schedule.
 - No language regarding the occupancy, then refer to the year the mortgage originated.
 - Developments originating in 1996 and prior were required to employ the “By Size” schedule for rent limits unless otherwise stated in the RA.
 - Developments originating in 1997 and later are required to employ the “By Bedroom” schedule for rent limits unless otherwise stated in the RA.
 - Housing Development Action Grant (HODAG) language, then the rent limits are set by the municipality, which provides the HODAG.

The following tips will also help when completing the rent schedule:

- **Maximum rent limits** – the maximum gross rent a household may pay for rent and utilities combined for a specific rental unit type. If you are unsure of what rents limits apply, review the regulatory and/or other controlling document where rent limits are established. If you are still unsure talk with the MSHDA assigned Asset Manager or a Compliance representative.
- **Multiple Program Rent Limits** – Always use the most restrictive rents when multiple programs must be enforced at a development. For example, a unit is funded by both LIHTC and HOME funds, the LIHTC rent limit equals \$600 and the HOME limit equals \$500. Use the HOME rent limit for this unit.
- **Subsidy Amounts** – A subsidized rent amount paid [where a portion of the rent is paid by a Public Housing Agency (PHA)] may be allowed to exceed the rent limit reflected on the rent schedule. Rent limits are a limit on the amount of rent a tenant may pay, which is typically a percentage of the rent when subsidies are included.
- **Rural Development (RD) funded units** – Must be separated out on the rent schedule because the rents and utilities are issued by the United States Department of Agriculture – Rural Development (USDA-RD). If RD assistance is received by a building, all rent-restricted units in the building must use the utility allowance generated under the RD method.
- **HOME units** – Must be separated from similar units to identify the proper application of rent limits for each unit type and the total number of HOME units at the development.

- On the rent schedule, HOME units are always encouraged to use the utility allowance calculated by sampling instead of the PHA allowance, except when overlapped with project or tenant-based voucher units.
- **Tenant-based vouchers** – Can be identified as part of the rent schedule unit breakdown but are not required to be itemized.
 - Rents **cannot** exceed the HOME rent limits.
 - Enhanced or “sticky” vouchers are considered tenant-based vouchers.
- **Project-Based voucher units** – Must be separate from other similar units on the rent schedule because the rents will be issued by the PHA administering the project-based vouchers. Project based voucher units paired with HOME units:
 - Must include the Section 8 subsidy in the rent calculation.
 - May exceed the Low HOME rent limits.
 - May **not** exceed the High HOME rent limit, even if the tenant’s rent portion plus utilities does **not** exceed the High HOME rent limit.
- **Project-based and Tenant-based vouchers** – Share the following similar rules:
 - Use the voucher program rent amounts unless the rent plus utility allowance exceeds the High HOME Rent limit.
 - Rents can exceed the LIHTC rent limit if some portion of subsidy is being paid on the specified unit.
- **MSHDA’s PHA issued utility allowance** – Can be found at the [MSHDA Utility Allowance webpage](#).
 - Scroll down to the “Current MSHDA PHA Allowances” section of the webpage and select the link “Utility Schedules Region A-D” to access the latest PHA Utility Allowances.
 - Scroll through the regional schedules to find the region applicable to the county where the development resides.
 - Use the bottom right hand corner table to calculate the total resident paid utility allowance amount for each bedroom size unit at the development.

Section 8 Rent Schedules

The MSHDA rent schedule must be completed to itemize all the program rent limitations. The program rent and utilities are supported by the latest finalized HUD Rent Schedule Low Rent Housing form (HUD-92458). Additionally, sometimes the HUD rent schedule does not include all the units at a development. The MSHDA rent schedule must include all units at the development (both Section 8 and non-Section 8) to calculate the Gross Rent Potential correctly. Occasionally, Section 8 developments have set aside units which are not part of the Annual Contribution Contract (ACC) units. These units should also be included on the rent schedule.

Utility Rent Schedule Template (URST) Instructions

Complete the various tabs as needed below. To begin entering any data into the template, start with selecting the development name on the Summary Tab.

Summary Tab

After selecting the development name from the drop-down list, begin your review of utility sampling information on this tab. Standard information will populate based on the data stored in the template. Verify/ enter the following fields on the template:

Development Name: Select the development name from the drop-down list and press tab to update the template. Contact MSHDA Asset Manager if the development does not appear on the list. Selecting the development name from the drop down populates fields from data stored in the template.

MSHDA #: The MSHDA number assigned to the development.

Year: The budget year associated with the utility sampling update.

Development City: City location of the development.

MSHDA Asset Mgr.: The development's assigned MSHDA asset manager.

County: County location of the development.

Programs: Financing programs related to the development's loan.

Management Co.: Verify/ update the management company name field as needed.

U/A Contact Name: Enter the name of the person who can answer questions about the utility allowance calculation submission at your company.

E-mail: Enter the contact's e-mail address.

Phone/Ext: Enter the contact's phone number and extension.

Units by Category: Identifies the total number of units at the development and a breakdown of how many units are categorized as family, elderly, common, restricted, market, low HOME, and high HOME. The **Restricted** amount identifies the total number of units used to determine the development's sample size per unit type.

Units by Category: This column provides a breakdown of the number of units designated in each of the following categories:

- **Common** – Number of units registered as common areas or managerial units.
- **Market** – Number of units designated as market rate.
- **Elderly** – Number of units designated as elderly units.
- **Family** – Number of units designated as family units.
- **HOME** – Number of units restricted HOME rent limits.
- **Restricted** – Number of units designated as LIHTC rent restricted units.
- **Total** – Total number of units at the development.

BRS – Bedroom Size row labels for the Units and PBV/RAD columns.

Units: Identifies the total number of units of each bedroom size at the development.

PBV/RAD: Unit totals auto-populate but may be updated to reflect changes to the number of Project Based and Rental Assistance Demonstration vouchers.

Utility Method Used: Verify/ enter the method of generating the utility allowances for the development.

- **HUD Schedule** – Using the HUD utilities approved on the Rent Schedule Low Rent Housing (HUD-92458) form.
- **Included in Rent** – All utilities are paid by the development.
- **PHA Allowance** – Using Public Housing Agency published utility rates.
- **Proforma Utility rates** – Using the utilities rate published as part of the MSHDA Commitment report. When not enough sampling data is available during the first year, the development may use the PHA utility schedule or the proforma utility rates.
- **RD allowance** – Using the Rural Development approved utility allowance.
- **Sampling** – Generating the utility allowance(s) through entering sampling data into the template.
- **Other** – Other method not defined by the above list of methods.

U/A Application Date: Enter/ verify the submission date of the utility allowance submission package.

Proposed U/A Effective Date: Enter/ verify the anticipated effective date of the utility change. This date must occur at least 90 days after the initial posting/notification of the proposed utility allowances to the residents of the property.

Rate Month: Enter the month and year of the rate chart used to calculate the utility sampling amounts. Include the utility company rate sheet as part of the utility backup materials for the budget submission.

ELECTRIC SAMPLING

Electric Co: Verify/ enter the name of the company that supplies electricity to the development tenants. Enter 'Included in Rent' if the development pays for the utility.

eRate Used: Enter the rate used to calculate the electric utility allowance amounts in the template, if applicable. Attach the utility company rate sheet as part of the budget submission.

Add 4% Tax: If the electric utility amounts do NOT include sales tax, select Yes to add 4% sales tax to the electric utility amounts entered on the Electric tab. This function will not affect the gas bill amounts entered on the Gas tab.

Sample Begin Mo/Yr: Enter the starting month of the sampling for the electric sample amounts.

GAS SAMPLING

Gas Co: Verify/ enter the name of the company that supplies gas to the development tenants. Enter 'Included in Rent' if the development pays for the utility.

gRate Used: Enter the rate used to calculate the gas utility allowance amounts in the template, if applicable. Attach the utility company rate sheet as part of the budget submission.

Add 4% Tax: If the gas utility amounts do NOT include sales tax, select Yes to add 4% sales tax to the gas utility amounts entered on the Gas tab. This function will not affect the electric bill amounts entered on the Electric tab.

Sample Begin Mo/Yr: Enter the starting month of the sampling for the gas sample amounts.

BR Size: Verify/ select the bedroom size for each of the unit types at the development.

Unit Type: Verify/ enter the description of each unit type to be sampled at the development.

Number of Units: Verify/ enter the unit mix breakdown for the development under both the electric and gas tables. The total number of units entered for all the unit types must equal the total number of restricted/subsidized units at the development.

Note: The numbers of units entered are used to generate the sampling size and set the minimum amount of billing samples required to generate an average dollar/ unit/ month amount on the utility sampling tabs. Employee and other non-revenue units should **not** be included in the total number of units, or the sample size may be incorrect.

Exclusions: Identify the number of units that must be excluded from the unit total, because the units meet the sampling exclusion reasons identified in the 'Sample Sizes, Exclusions, & Additional Parameters' subsection above.

Adj. Units: [Automatically calculates] number of units less exclusions. This number is used to calculate the sample size from HUD's sampling chart and algorithm.

Sample Size: [Automatically calculates] total number of units to be sampled based on the adjusted unit's quantity.

Actual Samp.: [Automatically calculates] total number of units entered on the specified utility tab (Electric, Gas, Water/Sewer) for the specified unit type (bedroom size and unit type identified).

Avg./ unit/ month: [Automatically calculates] the average monthly utility allowance amount for each bedroom size based on the utility sampling data entered in the utility (Electric, Gas, Water/ Sewer) tabs.

Name of Water/Sewer Co: Verify/ enter the name of the utility company that supplies water/sewer services to the development tenants. Enter 'Included in Rent' if the utility is **not** tenant paid. This section only appears for developments that have tenant-paid water/sewer services. Contact MSHDA, if this section is needed for your development and does not appear on the template.

Sample Begin Mo/Yr: Enter the starting month of the sampling for **each** of the utility types.

UA OWNER CERTIFICATION

Current UA: Enter the amount of the current utility allowance amounts for each bedroom size.

Adjustment Amt. / %: [Automatically calculates] the amount of change and percentage of change automatically calculates based on the Proposed/ Calculated UA field.

Proposed/ Calculated UA: The sum of the utility sampling averages calculated by the utility sampling analysis for each unit type automatically populates this field. This field opens for entry if the HUD schedule, PHA Allowances, Proforma Utility Rates, RD schedule, or Other is selected under the Utility Method Used field.

Comments: Provide information and an explanation of the utility sampling data that does not align with the utility sampling data or the rent schedule. Identify any excluded units in the comments.

Utility Tabs (Electric, Gas, Water/Sewer) Tabs

For each of the unit types identified on the Summary tab, enter a complete 12 months (or at least 10 full months if the 12 months was not available) of billing data for at least the required number of units identified in the “Sample Size” Column of the Summary tab. The utility tabs data collection corresponds with the sequence of unit types entered on the summary tab. The Utility tabs allow more units than the required sample size units designated. If more than the required number of units were sampled, all the units entered are included in the averaging. Enter the following fields for each sample unit:

Unit # or Address: Identify the sample tenant’s unit location (unit number or address). This field carries over from the Electric tab into the Gas and Water/ Sewer tabs. Row 1 in this column identifies the development name.

Current Tenant Name: Identify the sample tenant’s or tenants’ name(s). This field carries over from the Electric tab into the Gas and Water/ Sewer tabs. **In this column**, above the Current Tenant Name title:

- Row 1 – identifies the number of bedrooms from the Summary tab.
- Row 2 – identifies the unit type description from the Summary tab.

Month Columns (e.g. Sep-22 to Aug-23): Identify the billing amount for each of the sample periods designated months sampled. Entering the data into the proper column’s month helps improve accuracy and normalize the data for review and approval. At least 10 full months of data must be entered to generate an average monthly amount for each unit/ tenant.

- Do not enter credit amounts in the monthly columns as a positive number.
- Do not enter \$0 amounts in the month columns. This could skew the average billed column amount if the unit was not occupied during that month.

Total Mths Reported: Identifies the number of months with amounts greater than zero entered in the monthly columns for the specific unit (row). When less than 10 months of data has been entered, the message “Need > 9 mo” will appear in the row and the unit’s utility data will not be included in the average billed amount.

Average Billed: [Automatically calculates] average utility bill amount for the unit based on the total of the billing amounts entered divided by the Total Mths Reported number.

Average Billed w/tax: [Automatically calculates] average utility bill amount with four (4) percent sales tax included in the total.

Along the top of each utility sampling tab is a summary of the totals and averages generated by the utility samples entered in each column.

Consumer’s Energy Rate Clarification

The published Consumer’s Energy rates include all the access and service fees for each monthly electric and gas bills. Do **not** include those fees when completing a zero consumption month’s billing amounts on the utility tabs.

The example below includes four zero-consumption months, two months (October and November) where full occupancy did not occur. The other two zero-consumption months (July and August), require a dollar to be entered into the cells to account for occupancy and the \$2

is subtracted from the next month's bill. Ex1 is incorrect (\$13 represents the service fee) and Ex2 shows the correct way to enter the billing amounts:

Gas Exam.							Occupied		Occupied		Partial	Not		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Month	Occupied	Nov	Dec	Avg
Usage	5	4	6	4	3	1	0	0	4	0	0	5		
Ex1	\$53	\$42	\$64	\$42	\$32	\$11	\$13	\$13	\$42	\$13	\$13	\$53	\$32	
Ex2	\$53	\$42	\$64	\$32	\$32	\$11	\$1	\$1	\$40	\$0	\$0	\$53	\$27	

UA Owner Cert Tab

The required "Owner Utility Allowance Certification" automatically generates based on the sampling summary provided in the summary tab. Complete the following parts of the form:

- **Part A:** Check all the utility calculation methods that apply to the current year's utility allowances.
- **Part B:** If the Agency Estimate sampling method was used to determine the annual utility allowances for the upcoming budget year, complete this section.
- **Part C:** Enter the name and title of the development's authorized signatory.
 - Print, sign, and scan the form or electronically sign for the pdf submission to MSHDA.

Rent Schedule Tab

Complete the rent schedule to present the desired rents for the upcoming budget year and verify the individual rents do not exceed the maximum rents allowable for each unit type. The rent schedule template should have a pre-loaded breakdown of each development's unit rent limitations. The form also provides the gross rent potential amount for the Budget 450A form.

All unit types must be included on each rent schedule that will be used for budget purposes. This guarantees the maximum gross rent potential is accurate before accounting for reductions in income due to Loss to Lease, Vacancy Loss, Non-Rental Unit, Bad Debt/Former Resident, and Market Concessions line items.

Below is a description of the rent schedule fields. Yellow shaded fields allow for the entry or revision of information that auto-populates in some instances. Blue shaded fields are locked and auto-populate development data.

Development Name: Auto-populates with the development's name entered on the Summary tab.

MSHDA #: Auto-populates with the MSHDA assigned loan number.

City: Auto-populates with the development's city location.

County: Auto-populates with the development's county location.

Management Co.: Auto-populates the name of the Company managing the development.

MSHDA Asset Manager: Auto-populates the assigned MSHDA Asset Manager's name.

Programs: Auto-populates the programs funding the development.

MSHDA Use Only: Provides a signature box for the MSHDA Asset Manager's signature and date.

HOME Gross Rent Floor (GRF) Date: Auto-populates the HOME program gross rent floor date.

Placed in Service (PIS) Date: Auto-populates the placed in-service date.

Gross Rent Floor (GRF) Date: Auto-populates the gross rent floor date. The presence of the GRF date in the field does not designate whether the date is being used for rent limits.

HERA: Auto-populates to designate whether the HERA limits are being used. This is based on the PIS date being effective before 1/1/2009.

Rent Eff. Date: Enter the rent effective date for the revised rent schedule. This typically is January 1st of the budget year.

Sec 8 Rent Eff. Date: Enter the Section 8 units rent effective date. This typically coincides with the HAP anniversary date.

Rent based on x persons: Auto-populates with the following options:

- 1.0 - Rent by Person restriction applies.
- 1.5 - Rent by bedroom restriction applies.
- Both – Both restriction parameters apply to various units.

Sec 8 HUD project #: Auto-populates the HUD Project number.

Last CR Adj. Date (PBV): Auto-populates the last Contract Rent Adjustment Date for Project Based Vouchers attached to the development, if known. Enter updated adjustment dates.

Rent Increase Limit %: Auto-populates the rent increase limit percentage for in place residents over a 12-month period. Five (5) percent is required by LIHTC regulations for the first three years, but typically the Regulatory Agreement places a rent limit for the term of the Regulatory Agreement.

PROGRAMS: This section provides the expiration date of each program's rent restrictions and the number of units affected by each program's rent restrictions identified in the development's Regulatory Agreement. All fields auto-populate the program restriction parameters.

- **MSHDA:** MSHDA program rent restrictions. These restrictions typically remain until all MSHDA loans have been paid off.
- **Tax Credits:** LIHTC rent restrictions.
- **1602:** 1602 program rent restrictions.
- **TCAP/TCAP-R:** Tax Credit Assistance Program (TCAP) and TCAP-R (this is a new revised version of the TCAP parameters) restrictions.
- **NSP/NPP/QPP:** Neighborhood Stabilization Program (NSP), Neighborhood Preservation Loan Program (NPP), and Qualified Project Period (QPP) restrictions.
- **HOME:** HOME Investment Partnerships Program (HOME) restrictions.
- **HAP:** Housing Assistance Plan (HAP) expiration date, if known, and the number of units receiving HAP.
- **Rural Dev (RD):** Rural Development restrictions.
- **HTF:** Housing Trust Fund (HTF) rent restrictions.
- **RAD:** Rental Assistance Demonstration restrictions.

Units by Category: This column provides a breakdown of the number of units designated in each of the following categories:

- **Common** – Number of units registered as common areas or managerial units.
- **Low HOME** – Number of units restricted to Low HOME rent limits.
- **High HOME** – Number of units restricted to High HOME rent limits.
- **Market** – Number of units designated as market rate.
- **Elderly** - Number of units designated as elderly units.
- **Family** - Number of units designated as family units.

COLUMNS

- **BRS** – Bedroom Size row labels for the Units and PBV/RAD columns.
- **Units**: Identifies the total number of units of each bedroom size at the development.
- **PBV/RAD Units**: Identifies the number of MSHDA project-based vouchers assigned to each bedroom size at the development, if any. These fields may be updated to reflect changes to the number of project-based vouchers.

NOTE: Auto-populates a recorded annual note for the development and allows additional space to include budget year specific notes on the rent schedule.

TOTALS: Auto-populate based on the units and rents entered into the rent schedule. These fields are presented along the top of the rental unit data for easier viewing and summary.

- **Number of Units:** Matches the total number of units entered to the development’s total units identified in cell Q15. This field changes to green when the totals match
- **Special Units:** This total calculates the total number of units identified as PBV in the column.
- **Monthly Rent Potential:** Provides the total amount of monthly rent for all the unit rents entered.
- **Annual Rent Potential:** Provides the Gross Rent Potential (GRP) of the development based on the unit rents entered.

RENTAL UNIT ENTRY: Enter a summary of the various unit types broken down by bedroom size, unit type, and program restrictions. For each unit type, enter the following fields to generate the total annual Gross Rent Potential:

- **BR Size:** Enter the number of bedrooms in the specified unit.
- **Unit Type:** Enter a short description of the unit, such as Apartment (APT), Townhomes (TH), etc.
- **No. of Units:** Enter the total number of units available for rent in the described unit type.
- **LIHTC & Other Rent Restrict.:** If applicable, enter the LIHTC rent restriction percentage or other program rent limitations.
- **HOME LH/HH:** If applicable, enter whether the unit(s) have Low HOME (“LH”) or High HOME (“HH”) restrictions.
- **Special Units:** If applicable, select the one of the following special unit types from the drop-down box:
 - HAP – Housing Assistance Payment contract units.
 - PBV – Project-based voucher units.
 - RAD – Rental Assistance Demonstration units.
 - RD – Rural Development units.
 - TBV – Tenant-based voucher units.

- MKT – Market units.
- PHAVo – Local Public Housing Agency Voucher units.
- PHAVa – Local Public Housing Agency Veteran Affairs Supportive Housing (VASH) units

20XX (CURRENT YEAR) RENT SCHEDULE

- **Utility Allowance:** Enter the current year utility allowance amount for the unit type.
- **Rent:** Enter the current year contract rent amount for the unit type.

20XX (BUDGET YEAR) RENT SCHEDULE

- **Rent Incr.:** Enter the amount of any rent increase planned for the upcoming budget year.
- **% Incr.:** Auto-populates the percentage increase in the unit rent based on the formula – Rent Incr. divided by Current Year Rent.
- **Rent:** Auto-populates the budget year rent amount based on the formula – Current Year Rent plus Rent Incr.
- **Max Allow. Rent:** Auto-populates the maximum allowable rent based on the formula – Max County Gross Rent minus Budget Year Utility Allow.
- **Budget Year Utility Allow.:** Enter the amount of the utility allowance for the upcoming Budget Year.
- **Max County Gross Rent:** Enter the current most restrictive rent limit designated for the specified unit type and county.
- **Monthly Rent Potential:** Auto-populates based on the formula No. of units multiplied by the Budget Year Rent amount.
- **Annual Rent Potential:** Auto-populates based on the formula Monthly Rent Potential multiplied by 12.

Loss to Lease Tab

A schedule of loss to lease is required as part of the MSHDA budget submission. A standardized version of the loss to lease calculation has been included in the Utility and Rent Schedule template on the Loss_to_Lease tab.

- Note: If a development's software can adequately duplicate the loss to lease template and provide the necessary backup data, an exception can be granted to submit only the software report as the loss to lease backup data. Contact your assigned asset manager with an example of the report to get approval for a computer-generated report submission **prior** to completing the budget submission.

The yellow shaded fields are entry fields to capture the budget year rent roll and calculate the total loss to lease for the year.

- Loss to Lease equals the difference in the rent you can collect as of January 1st of the budget year and the new approved rent amounts on the rent schedule that determine the gross rent potential for line 1 of the Budget form 450A. For example, a unit's lease renews in May of the budget year and collects \$500 per month. On the rent schedule, the unit's new rent is \$525 per month per the rent schedule, so a loss to lease on the unit of \$25 per

month occurs until May 1st of the budget year. Thus, the total loss to lease for the unit is \$100 (4 x \$25/mo.).

- Loss to Lease is also accounts for the difference between the rent on the rent schedule for the budget year and the rent you can collect based on and any regulatory restriction on how much current residents can have their rent raised. For example, if a resident is currently paying \$475 per month with a lease renewal in July, and the new rent per the rent schedule is \$525 the total loss to lease for the unit is \$462.
 - January thru June the loss to lease is \$50 per month X 6 months = \$300
 - The maximum amount of rent that the resident can be charged at lease renewal is \$498 based on a 5% maximum rent increase per regulatory restrictions. $\$475 \times 1.05 = \498 .
 - July thru December the loss to lease is \$27 per month X 6 months = \$162.
 - Loss to Lease for the year: $\$300 + \$162 = \$462$

Below is a description of the loss to lease fields:

Notes: Enter any comments regarding the annual calculation of loss to lease.

Max. Rent Increase Percentage: Auto-populates the rent increase percentage from the rent schedule template.

Unfiltered Totals: These fields provide the count, average, or sum of all the data entered into the column. The total in column D turns green when the count matches the total non-section 8 units at the development. The blue shaded cell displays the total Loss to Lease amount based on the data entered. The Total GRP will not match the rent schedule if the development has section 8 units.

Filtered Totals: Provide the count, average, or sum of the entered data when filters are applied to the columns.

Unit No.: Identify the unit number being entered.

BRS: Enter the bedroom size of the unit.

Unit Type: Enter a brief description of the rent restrictions and unit structure. (For example: Apt 50% LH)

Lease Renewal Month: Enter the month that the current tenant's lease renews. If vacant, enter January.

2024 Dec Rent: Enter the rent that will be charged in December of the current year. Possibly, the rent schedule column H amount, but may be a different amount due to remaining tenant rent increase limitations (e.g. 5% annual increase limit).

Actual 2025 Rent: Enter the unit's genuine budget year contract rent based on the projected lease renewal (limited by maximum increase percentage) or new occupancy in the upcoming budget year.

2025 RS Rent (Col. K): Enter the budget year Rent Schedule column K rent amount based on the specific unit.

Is unit vacant?: Enter yes, if the unit is currently unoccupied. A "Yes" overrides the "Approved Rent Limit Exceeded," "Over Limit" error, if applicable.

Special Unit?: If applicable, does the current resident have Project-Based voucher, Tenant-Based voucher, or Rural Development rental assistance.

Approved Rent Limit Exceeded: Auto-populates when the approved rent exceeds the maximum allowable increase in rent on the unit.

Maximum Annual Rent Generated: Calculates the total amount of rent possible on the unit from a January lease renewal.

Annual Loss to Lease: Calculates the annual loss to lease based on the rents entered and the lease renewal month.

UA_Chg_Notice Tab

The required Utility Allowance Change Notice automatically populates with the data entered in the summary tab. Update the form as needed for posting. Provide an electronic copy of the notice posted to tenants with the development's budget submission.

Auth Release Tab

This tab provides an example Authorization to Release Utility Costs and Information to a development's management for use in the sampling process.

MSHDA Review

MSHDA will review the entire submission for compliance with regulations and instructions. Please make sure the backup documentation is complete and legible to help expedite the approval process. The information requested may include, but is not limited to the clarification of:

- Data for larger units calculating the same or lower average utility costs as a smaller unit.
- Differences that appear extraordinary between the current UA and the proposed UA for a specific unit type in relation to the project's other unit type changes to UA.
- Any other anomalies in the UA data or changes to the utility allowances of a specific unit type.

MSHDA may request more information during the 90 days prior to the effective date. Owners/agents will receive a response from MSHDA regarding the acceptance of the utility analysis with the budget acceptance letter. If questions arise between submission and the notification of acceptance, contact the assigned MSHDA Asset Manager.

Disclaimer

All allowances provided under this option are based upon information submitted by the property owner. Therefore, the owner assumes full responsibility and accepts the consequences if the information is later determined to be inaccurate.

Governing Regulations

The specific regulations governing utility allowance adjustments are identified below:

- MSHDA Programs (LIHTC): [Federal Register Section 42 Utility Allowance Regulations](#) updated July 29, 2008, as amended and further updated.
- Treasury Regulations Section 1.42-10.
- HUD Notice H-2015-04 Methodology for Completing a Multifamily Housing Utility Analysis and subsequent FAQs.

* CFR means Code of Federal Regulations

Identity of Interest (IOI) Instructions

Included with the Utility Template are the Identity of Interest (IOI) worksheets. Developments can use these worksheets to begin completing the certification of no identity of interest relationships or identity of interest disclosures for the development.

IOI tab – Answer the question, “Does an Identity of Interest relationship exist at the above development?”

- If ‘No’, the tab refreshes to display the Identity of Interest Certification (MSHDA Mgmt. 450C). Complete the signature block fields, then print and sign the form.
- If ‘Yes’, the tab refreshes to request the number of identity of interest vendors and a list of the vendor names. Enter each identity of interest vendor name to create a separate identity of interest disclosure.

For clarification on the applicability and definition of Identity of Interest relationships between vendors, management companies, and owners, review the attached Identity of Interest Rule (MSHDA Mgmt. 450 – Attachment 3).

IOI-1 through IOI-10 tabs – Depending on the number of identity of interest vendors identified on the lofl tab, the template will create the necessary number of lofl-[#] tabs to generate individual identity of interest vendor approval request forms. For each request form complete the following fields for the vendor relationships to the management company or development ownership:

Vendor Name – Auto-populates from the lofl tab.

Federal ID# – Enter the vendor’s federal employer identification number in this field.

Contact Name – Enter the vendor’s primary contact person.

Street Address – Enter the street number, name, suite, etc where the vendor’s main office is located.

City – Enter the city where the vendor’s main office is located.

State – Enter the state where the vendor’s main office is located.

Zip – Enter the zip code where the vendor’s main office is located.

Vendor's Owner Name(s) [printed] – Enter the names of the individual who own the vendor company.

Type of Ownership – Enter the ownership interest each person has in the company. E.g. sole proprietor, general partner, limited partner, etc.

List of Vendor Company's Current Officer Names – Enter the names of the vendor's current company officers.

Titles – These are pre-entered but may be changed if the officers have different titles.

Identity of Interest Individuals Name – List the name of each individual that has an identity of interest relationship with the development's Ownership or Management Company.

Identity of Interest Relationships – Describe how each individual has an identity of interest relationship with the Management Company or LDHA ownership.

Description of Goods\ Services Provided – Enter a detailed description of the goods and services planned to be provided by the company to the development.

Contract Effective Date – Enter the date, which the contract is intended to start.

Contract End Date – Enter the anticipated date the contract will expire. Contracts can last up to a maximum of four years before requiring renewal of the IOI form.

MIE Line Item – Enter a list of the Monthly Income and Expense (MIE) line items where the contracted goods and services will be expensed.

Units/ # of Occurrences – Enter the anticipated number of times the product or service will be used, if applicable.

Cost per unit/ occurrence – Enter the individual cost for each use of the product or service, if applicable.

Total Cost by Unit/Occurrence – This field calculates the number of units/occurrences multiplied by the cost per unit/occurrence for each MIE line item.

Set Cost of Contract – Enter the total contract amount for the specified MIE line item, if the per cost or per occurrence breakdown of the expense is not applicable.

Total Cost – This field sums the Total Cost by Unit/Occurrence amount with the Set Cost of Contract amount.

Total Contract Amount – This field sums the total cost of all the MIE line items broke down in the above grid.

If the vendor is used on an "as needed" basis, then bids do not need to be submitted with the IOI Certification form but will need to be submitted when the vendor performs work and/or services for the development. This should be noted in the Description of Goods\ Services box on page 1 of the IOI form.

Bookkeepers and Accountants –

Name – Enter the name of each bookkeeper and accountant that works for the vendor.

Address – Enter the primary work address where the bookkeeper or accountant works.

Attachments – Include the following documents with each IOI vendor submission:

1. A copy of vendor’s organizational document.
2. A copy of the vendor’s contract for good or services for the development.
3. Three current bids (within 12 months of the approval request) for the contracted goods or services to be rendered by the IOI vendor. Bids must include the date of the bid and be comparable to the goods or services being provided.

Certification of No Cost – If the identity of interest vendor provides its services at no cost to the development, have the vendor representative sign this section as certification. This allows the Identity of Interest Disclosure to be submitted without bids.

Review the certification of the identity of interest rules and complete the signature block fields, then print and sign the form.

Forms and Attachments

The Utility and Rent Schedule Template (filename: **2025_URST_Workbookv3.0**) includes the following forms:

- 451A – MSHDA Rent Schedule
- 451B – MSHDA-Financed Utility Allowance Summary
- 451C – Owner’s Utility Allowance Certification
- 451D – Utility Allowance Calculation Worksheets
- 451E – Utility Allowance Change Notice
- 451F – Authorization to Release Utility Costs and Information Example
- 451G – Loss to Lease Worksheet

Attachments

- 450B – Identity of Interest Disclosure
- 450C – Identity of Interest Certification
- MSHDA Mgmt. 450 - Attachment 2 – Annual Fees
- MSHDA Mgmt. 450 - Attachment 3 – Identity of Interest Rule
- 451H – Maximum Rents Worksheet