

TENANT-PAID UTILITY ALLOWANCE POLICY AND SUBMISSION REQUIREMENTS

Properties with tenant-paid utilities must analyze the tenant paid utility allowance with each request for a rent adjustment.

Owners of properties with a tenant-paid utility allowance are required to submit an **updated** tenant-paid utility analysis with each contract and funding renewal and/or rent adjustment. According to **U.S. Department of Housing and Urban Development's (HUD's) Handbook 4350.3**, each year the owner must analyze the last twelve months of utility data and recommend what the utility allowance should be for the upcoming year. Additionally, the project owner must request that the Contract Administrator approve a new utility allowance whenever a utility allowance analysis results in a change (increase or decrease) of 10% or more.

Please review the last 12 months of tenant utility usage and submit the following:

- A written analysis based on an average of the previous 12-month **actual usage** costs incurred by resident per unit type. The analysis should describe the type of utility (e.g. gas, electric, etc).
- Supporting documentation with your submission, such as a printout from the utility company.
Note: Generally, utility companies require tenant signatures to release tenant utility documentation.
- A written recommendation regarding the intended increase, decrease, or no change for each unit type, as supported by the documentation from the utility company.

Tenant Notice Requirements and Implementation:

- If the utility allowance **decreases**, tenants must receive at least a 30-day written notice before the new utility allowance is implemented informing them of the decrease in their rent subsidy.
- The utility allowance change must be implemented for all tenants within 75 days of approval.

Minnesota Housing does not intend this document to be an all-inclusive list of the federal requirements.