



PO Box 60  
Denver, Colorado 80201  
800.877.chfa (2432)  
www.chfainfo.com

# utility allowance policy for specialized multifamily loan program developments

## CHFA Asset Management

Effective 03.01.2025

This policy outlines Colorado Housing and Finance Authority's (CHFA's) Utility Allowance Policy (the "Policy") regarding the ways in which utility allowances and gross rents are determined for properties with financing through CHFA's specialized multifamily loan programs and where residents pay for their own utilities. Specialized multifamily loan programs include: Small-scale Permanent Loans, Middle Income Loans, and Preservation Fund Loans. Developments financed through the Proposition 123 Concessionary Debt Multifamily Finance Program or Proposition 123 Equity Program and where residents pay their own utilities are also subject to this policy.

### Gross rent definition

"Gross rent" is generally defined as the total of resident-paid rent plus a utility allowance and any non-optional fees. The utility allowance is used to account for any utilities a household is required to pay to occupy a unit. Gross rents are in compliance when the appropriate utility allowance and non-optional fees are included and the total does not exceed the maximum rent based on unit size and the applicable income limits (refer to [CHFA's LIHTC and Multifamily Loan Income Limits and Maximum Rent Tables](#) by year).

Owners of developments that are subject to this policy should refer to their property's regulatory agreement for the gross rent definition applicable to that property and whether a utility allowance and fees must be included.

### Owner obligation to review annually

Owners are required to obtain and analyze a utility allowance schedule from their elected source and demonstrate that the basis on which utility allowances have been established has been reviewed at least once during each calendar year. The review must consider changes in utility rates and any changes to the building, such as energy conservation measures, that affect energy consumption.

Property owners must document their review on an annual basis and update allowances according to this Policy.

Owners may choose to calculate new utility allowances more frequently than once per calendar year, provided the owner complies with the requirements of this Policy.

### Noncompliance

Failure to properly update and calculate utility allowances and charging gross rents that exceed the maximum rent allowed may lead to the owner, agent, and property being designated as Not in Good Standing with CHFA programs. The designation can result in the following.

- suspension of reserve withdrawals
- a prohibition of any modification to existing financing terms
- disqualification for future CHFA financing, and/or

- legal action, including a change in management agent, if necessary

For developments financed through the Proposition 123 Concessionary Debt Multifamily Finance Program or Proposition 123 Equity Program, noncompliance will be reported to the Colorado Office of Economic Development and International Trade (OEDIT) annually for any unresolved noncompliance noted during the previous calendar year.

## Utility allowance source options

Utility allowances for rent-restricted units may be determined using one of the following options. Click the links below for detailed information on each option.

[Option 1: Applicable Public Housing Authority \(PHA\) Schedule \(includes the Colorado Department of Local Affairs-Division of Housing \(DOLA\) Schedule\)](#)

[Option 2: Actual Usage and Rate Estimate](#)

[Option 3: HUD Utility Schedule Model](#)

[Option 4: Energy Consumption Model](#)

[Addendum: Additional Information for Options 2, 3, or 4](#)

## Utility allowance source changes

Changing from one utility allowance source to another source requires written approval by CHFA prior to implementation. Please contact your Program Compliance Officer (PCO) in writing for approval. The request must include the reasons for the change and an explanation of how it will impact residents. See policy for new developments below.

## Changing to or from owner-paid utilities

Changing from owner-paid utilities to resident-paid utilities, and vice versa, requires written approval by CHFA prior to implementation. Please submit a written request to your PCO for approval. The request must include the reasons for the change and an explanation of how it will impact residents. Additional information, including a current consumption analysis, summary of outreach to residents and education efforts to reduce consumption, etc. may be required. See policy for new developments below.

## Utility allowance updates

As part of the annual update, the new utility allowance must be used to calculate gross rents immediately on the effective date of the new utility allowance schedule (as defined below). As part of regular CHFA Multifamily Loan Compliance reviews, Program Compliance Officers review utility allowance schedules and Tenant Income Certifications to ensure compliance with update requirements.

Failure to implement updated utility allowances and adjust rents timely could cause gross rents to exceed the applicable maximum rent and lead to noncompliance.

## New developments applying for financing

### Utility allowance sources permitted during the application process

New construction developments must rely on utility allowances from one of the following three sources: Applicable Public Housing Authority (includes the Colorado Department of Local Affairs-Division of Housing, HUD Utility Schedule Model), or Energy Consumption Model. Requests to change to an Actual Usage and Rate Estimate may be submitted to the assigned PCO after one year of occupancy, when 12 months of actual usage data are available.

Applicants relying on the HUD Utility Schedule Model or the Energy Consumption Model must submit a request for approval, including all required documents and fees outlined in this Policy, to CHFA's Multifamily Program Compliance department between 30 and 60 days before the property begins leasing.

### Applicants relying on the HUD Utility Schedule Model or the Energy Consumption Model

- Must submit a request for preliminary approval, including all required documents and fees outlined in this policy, to CHFA's Multifamily Program Compliance department 60 to 90 days prior to the application submission date.
- Applicants are encouraged to begin the utility allowance preparation and review process early to avoid delays in the financing approval process.
- If the application is approved, the owner must submit an updated request for final approval, including all required documents and fees outlined in this policy, to CHFA's Multifamily Program Compliance department 60 to 90 days before the property begins leasing.

### Approved applicants requesting to change the utility allowance source from PHA to HUD Model or Energy Consumption Model prior to lease-up

- If the application is approved with an applicable public housing authority utility allowance schedule and the applicant would like to change to the HUD Utility Schedule Model or Energy Consumption Model prior to lease-up, the owner must obtain CHFA's approval in writing.
- For consideration of approval, the owner must submit a request, including all required documents and fees outlined in this policy, to CHFA's Multifamily Program Compliance department with a copy to CHFA's Community Development Lending department 60 to 90 days before the property begins leasing. The request must include the reasons for the change and an explanation of how it will impact future residents.
- Requests submitted more than 90 days before lease up will only be accepted on a case-by-case basis.

### Approved applicants requesting to change to or from owner-paid utilities prior to lease-up

- If the application is approved with owner-paid utilities and the applicant would like to change to resident-paid utilities, or vice versa, the owner must obtain CHFA's approval in writing.
- Please submit a written request, including all required documents and fees outlined in this policy, to CHFA's Community Development Lending department, with a copy to CHFA's Multifamily Program Compliance department, 60 to 90 days before the property begins leasing.
- The request must include the reasons for the change and an explanation of how it will impact future residents. Additional information may be required.

## Excluded utilities

Cable or satellite television, telephone, and internet costs that are optional are not included in utility allowance calculations. Subject to the sub-metering discussion below, only utility costs paid by the resident(s) (other than the optional utilities noted above) and not by the owner are included in the utility allowance calculation.

## Sub-metering

If the cost of a particular utility for a residential unit is paid pursuant to an actual consumption sub-metering arrangement, then that cost is treated as being paid directly by the household and not through the building owner. The following requirements apply.

1. The billed amount must reflect the unit's actual consumption of the utility;
2. The utility rates charged to residents in each sub-metered rent-restricted unit must be limited to the utility company rates incurred by the building owner for that utility;
3. If building owner charges residents a fee for the administrative cost of sub-metering, the fee will not be considered gross rent as long as the fee does not exceed an aggregate amount per unit of \$5.00 per month; and
4. If sewerage charges are on a combined water and sewerage bill and are based on the household's actual water consumption determined with a sub-metering system, then the household's sewerage costs are treated as paid directly by the tenants for purposes of the utility allowances regulations.

## Ratio Utility Billing System (RUBS)

A RUBS is a system in which the owner pays for the property's utilities and bills each household for their estimated portion of the cost. The estimate of each unit's monthly consumption is made using a formula based on number of household members, unit square footage, etc. If RUBS is used, the owner must include the actual monthly amount charged to the household as a non-optional fee to calculate gross rent. In other words, an owner using a RUBS may not use a utility allowance to calculate gross rent.

## Record retention requirements

The property owner is responsible for the accuracy of all data submitted and is responsible for ensuring their properties remain in compliance with all CHFA requirements. The owner must retain any utility consumption estimates and supporting data as part of their records. At all times, a current utility allowance must be available for review and inspection by CHFA.

## Option 1: Applicable Public Housing Authority (PHA) Schedule

Source information	<p>Owners using this option must obtain the utility allowance schedule published by the PHA in the jurisdiction where the property is located.</p> <p>CHFA considers the Colorado Department of Local Affairs-Division of Housing (DOLA) schedule to be an applicable PHA schedule for all counties in Colorado.</p>
Effective date	<p>The date listed on the utility allowance schedule.</p> <ul style="list-style-type: none"><li>• If a utility allowance schedule indicates January 2025, the effective date is January 1, 2025.</li><li>• In cases where the PHA delays publishing a new schedule until after its listed effective date, the owner must implement the new schedule immediately when the PHA makes the new schedule available.</li><li>• For CHFA compliance reviews, the owner should keep a record of the date when the PHA made the schedule available.</li></ul>
CHFA review and approval	<p>CHFA approval of the annual update is not required for the PHA schedule.</p>

## Option 2: Actual Usage and Rate Estimate

Source information	This utility allowance estimate is prepared by the property owner/agent and is based on current utility rates and property-specific historical consumption data provided by the local utility company.
Effective date	The date when the building owner received the building's 12-month consumption data in writing from the utility company.
CHFA review and approval	Required annually. When requesting CHFA's approval, the owner must submit documentation in writing to the PCO. Allow 14 business days for review and approval.
Documentation and fee to submit with annual review and approval request	<ul style="list-style-type: none"> <li>• <a href="#">Owner Certification of Utility Allowance Estimates</a></li> <li>• Actual usage data</li> <li>• Utility company documentation of current rates</li> <li>• Calculation spreadsheet</li> <li>• Review/processing fee: \$150.00 (see payment instructions on pg. 13)</li> </ul>
Calculation requirements	<ul style="list-style-type: none"> <li>• Owner must obtain actual usage data and current utility rates from the applicable local utility provider(s) for the building.</li> <li>• Usage data must cover a 12-month period ending no earlier than 60 days prior to the date when the owner received the data from the utility company (i.e., the new schedule's effective date). Refer to sample timeline in the Addendum below.</li> <li>• Usage data must include only units that were continuously occupied during the 12-month period (i.e., for at least 50 weeks).</li> <li>• Data is required for at least 25 units, representing each bedroom size and geographically dispersed across the property, or for all units if the property has fewer than 25 units.</li> <li>• The owner must itemize the monthly usage by unit into a spreadsheet, including building address, unit number, bedroom size, and square footage. Once average usage by unit size is calculated, the owner must apply current utility rates to the average consumption to determine the utility allowance for each unit size.</li> </ul>

	<ul style="list-style-type: none"> <li>The utility rates used to compute the estimates must be the rates in place no more than 60 days prior to the date when the owner received the data from the utility company (i.e., the new schedule's effective date).</li> </ul>
Costs	The owner must pay for all costs incurred in obtaining utility allowance estimates. This cost cannot be passed onto the residents.
New developments	Newly constructed or renovated buildings with less than 12 months of usage data must wait until 12 months of actual data are available before using the Actual Usage and Rate Estimate option.

### Option 3: HUD Utility Schedule Model

Source information	HUD Utility Schedule Model (HUSM) estimates are based on national data on energy characteristics of housing, usage, and demographics, on local weather data, and on local utility rates and property-specific information entered by the owner into the model. Information regarding this model can be found at: <a href="http://www.huduser.gov/portal/resources/utilallowance.html">www.huduser.gov/portal/resources/utilallowance.html</a> .
Effective date	The date entered as the “Form Date” on the Location spreadsheet of the Utility Schedule Model. The same effective date will also be reflected on the Form 52667, Allowances for Tenant-furnished Utilities and Other Services.
CHFA review and approval	Required annually. When requesting CHFA’s approval, the owner must submit documentation in writing to the PCO. Allow 14 business days for review and approval.
Documentation and fee to submit with annual review and approval request	<ul style="list-style-type: none"> <li>• <a href="#">Owner Certification of Utility Allowance Estimates</a></li> <li>• HUD Utility Schedule Model report (complete version), including Form 52667</li> <li>• Utility company documentation of current rates</li> <li>• Review/processing fee: \$150.00 (see payment instructions on pg. 13)</li> </ul>
Calculation requirements	The utility rates entered by the owner into the HUSM must be no older than the rates in place 60 days prior to new schedule’s effective date.
Costs	The owner must pay for all costs incurred in obtaining utility allowance estimates. This cost cannot be passed onto the residents.
New developments	The owner must submit a request for final approval to CHFA, including all required documents and fees, between 60 and 90 days before the property begins leasing.

## Option 4: Energy Consumption Model

Source information	A building owner may calculate a utility allowance using an energy and water and sewage consumption analysis model, referred to as an Energy Consumption Model.
Effective date	<p>The date of the engineer's Energy Consumption Model report, if the report is dated the first day of the month. If the report date is different than the first day of the month, the first day of the following month will be used as the effective date.</p> <p>Example: Energy Consumption Model report is dated November 5, 2025. December 1, 2025, is the effective date of the new utility allowance schedule.</p>
CHFA review and approval	Required annually. When requesting CHFA's approval, the owner must submit documentation in writing to the PCO. Allow 14 business days for review and approval.
Documentation and fee to submit with annual review and approval request	<ul style="list-style-type: none"> <li>• <a href="#">Owner Certification of Utility Allowance Estimates</a></li> <li>• Energy Consumption Model report (complete version)</li> <li>• Utility company documentation of current rates</li> <li>• Engineer's Certification</li> <li>• Copy of the engineer's license</li> <li>• Review/processing fee: \$150.00 (see payment instructions on pg. 13)</li> </ul>
Calculation requirements	<ul style="list-style-type: none"> <li>• The model must, at a minimum, take into account specific factors including, but not limited to: unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of the building, location, and available historical data.</li> <li>• The model estimates must be prepared by a properly licensed engineer.</li> <li>• The utility rates used for the Energy Consumption Model must be no older than the rates in place 60 days prior to new schedule's effective date.</li> </ul>

Costs	The owner must pay for all costs incurred in obtaining utility allowance estimates. This cost cannot be passed onto the residents.
New developments	The owner must submit a request for final approval to CHFA, including all required documents and fees, between 60 and 90 days before the property begins leasing.

## Addendum: Additional information for Options 2, 3, and 4

### When to begin your data collection process

To comply with data collection requirements, it is recommended to begin the data collection and/or model preparation process at least 30 to 60 days prior to your annual utility allowance schedule effective date. CHFA recommends that owners using these options aim to make the utility allowance schedule effective date around April 1st each year to align with the release of new income and rent limits, which typically occurs around April 1st.

### Sample timeline for data collection and CHFA approval

utility allowance schedule effective date: june 1, 2026	
April 1, 2026 – May 31, 2026	<p>Option 3: Begin obtaining utility data covering the previous 12-months (e.g., April 1, 2025, through March 31, 2026).</p> <p>Options 4 and 5: Begin preparing the HUSM or EC model.</p> <p>Calculate new utility allowances.</p> <p>Submit request to review new allowances to CHFA PCO.</p> <p>CHFA notifies owner of review completion, generally within 14 business days of receipt of a complete request.</p> <p>Note: usage data and utility rates used to compute new allowances must be no older than 60 days prior to the new schedule's effective date.</p>
June 1, 2026	Effective date of the new utility allowance schedule (see effective date definitions in Policy )
June 1, 2026	Owner implements new utility allowances.
Each April 1 in subsequent years	Utility allowance schedule must be reviewed by the owner.

### Payment options for \$150.00 utility allowance schedule review/processing fee

As noted above, a \$150.00 review/processing fee is required before CHFA will begin to review a request to approve utility allowance schedules using Options 2, 3, and 4. Owners are encouraged to begin this process early to avoid delays in review and approval.

#### Payment by check

The owner/agent may send a check payable to CHFA as follows.

- Email your PCO to notify them you wish to pay via check. Include the following.
  - Property name and physical address
  - Management agent company name
  - Management agent accounting contact name and email address
- CHFA's Accounting department will send an invoice directly to the owner/agent with payment instructions.
- In the memo of the check, list the CHFA invoice number.
- Include a copy of the invoice with your check.
- Email your PCO with a copy of the check and notify them of the date the check was mailed.

For FedEx/UPS (United Parcel Service), use:

1981 Blake Street  
Denver, CO 80202

For United States Postal Service, use:

PO Box 60  
Denver, CO 80201

#### Payment electronically

Electronic payment options include via Bill Manager and Wells Fargo, or by wire transfer. To pay electronically, follow these steps:

- Email your PCO to notify them you wish to pay electronically. Include the following:
  - Property name and physical address
  - Management agent company name
  - Management agent accounting contact name and email address
- CHFA's Accounting department will send an invoice directly to the owner/agent with payment instructions.
- Notify your PCO once payment has been made.

### CHFA review, approval, or denial of utility allowance schedules

Owners using Options 2, 3, and 4 who submit complete and accurate information, including all supporting documents, the [Owner Certification of Utility Allowance Estimates](#), and the applicable processing fee, to the PCO will receive notification of the approval or denial within 14 business days of receipt of the information.

CHFA staff may deny utility allowance review requests if:

- the owner fails to provide complete and accurate information and fees;

- the subject property is not eligible;
- utility costs other than those paid directly by the resident are included;
- optional costs, such as cable or satellite television, telephone, and internet, are included; or
- the owner fails to submit the Owner Certification of Utility Allowance Estimates form.