

## **NAHMA Tax Credit Update: Final and Temporary Utility Allowance Submetering**

Dear NAHMA Member,

Today, the Internal Revenue Service (IRS) published a notice containing final and temporary regulations that amend the utility allowance regulations for the Low-Income Housing Tax Credit (LIHTC). This notice is attached to this message and linked to the NAHMA website below.

The final and temporary regulations affect owners of low-income housing projects that use the LIHTC, the tenants in those projects, and State and local housing credit agencies. The final regulations clarify the circumstances in which utility costs paid by a tenant based on actual consumption in a submetered rent restricted unit are treated as paid by the tenant directly to the utility company and they extend the principles of submetering rules to situations in which a building owner sells renewable energy to tenants and is not delivered by a local utility company.

In 2012, the IRS published in the Federal Register a notice of proposed rulemaking stating that utility costs paid by a tenant based on actual consumption in a submetered rent-restricted unit are treated as paid by the tenant directly to the utility company and therefore do not count against the maximum rent that the building owner can charge. The IRS received comments responding to the 2012 proposed regulations; after consideration of all the comments, the final regulations released today will adopt the 2012 proposed regulations as amended, and the temporary regulations extend those rules to the provision of energy that the building owner acquires directly from renewable sources and then provides to low-income tenants.

The IRS is inviting public comments for these final and temporary regulations. NAHMA will draft its comments in consultation with our Tax Credit and Regulatory Affairs Committees. To submit your own feedback to be included as part of NAHMA's comments, **please submit your comments to NAHMA staff by April 18, 2016**

To view this notice, please [click here](#)

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