## Federal Housing Finance Agency



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Ms. Carolyn Loomis Director, Regulatory Affairs Fannie Mae 3900 Wisconsin Avenue, NW Washington, DC 20016

Dear Ms. Loomis:

FHFA's housing goal regulations provide that affordability for rental units should be determined based on the level of rent, including the cost of utilities. Section 1282.1 of FHFA's regulation allows Fannie Mae to use a nationwide utility allowance provided by FHFA in determining affordability of rental units for which contract rent does not include utility costs.

The nationwide utility allowances are shown below and should be applied for rental units financed on or after January 1, 2015 for units for which contract rent does not include costs for all utilities.

The current nationwide average utility allowances are based on data from the American Housing Survey (AHS) for 2005. FHFA has calculated the following new average utility allowances based on updated data from the AHS for 2013. The average utility allowances vary, based on the type of property and the number of bedrooms in the unit. The new average utility allowances for rental units in multifamily properties and single-family properties are as follows:

Type of Property	Number of Bedrooms			
	Efficiency	1	2	3 or More
Multifamily	\$50	\$77	\$110	\$149
Single-family	\$70	\$111	\$161	\$219

These utility allowances do not apply to units for which contract rent includes all utilities or units for which Fannie Mae has data on the actual cost of utilities not included in contract rent. Also, utility allowances are not applicable to units for which actual rent is unknown and FHFA uses proxy rents to determine affordability, because FHFA's methodology for determining proxy rents is based on gross rental data.

If you have any questions, please contact Ted Wartell, Manager, Housing & Community Investment, at <u>Ted.Wartell@fhfa.gov</u> or (202) 649-3157.

Sincerely,

Sandra Thompson Deputy Director

Division of Housing Mission and Goals