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CHAPTER 18

ALLOWANCES FOR UTILITIES AND OTHER SERVICES

18.1 CHAPTER OVERVIEW

In calculating the gross rent for units leased under the housing choice voucher program, as well as the HAP payment for which the family qualifies, the PHA must consider not only the contract rent that is paid to the owner, but also the anticipated cost of any utilities that the tenant family is required to pay. The request for tenancy approval submitted by the owner and the prospective tenant tells the PHA the utilities the tenant will pay for directly, and the utilities that are included in the rent. These provisions are incorporated into the lease and the HAP contract. Any time a change is made in the responsibility for payment of utility expenses, the owner and the tenant must report the change to the PHA so that the contract rent and the utility allowance can be adjusted accordingly.

A PHA is responsible for establishing and maintaining a utility allowance schedule that provides reasonable allowances for tenant-paid utilities. The utility allowance is intended to enable participating families to pay typical costs for utilities and services paid by energy-conserving households occupying units of similar size and type in the same locality. If the family is extravagant in its use of utilities, the additional costs incurred are not the responsibility of the PHA. A family complaining that its utility allowance is inadequate should be counseled about reasonable conservation measures, such as turning down the thermostat at night or setting the air conditioner at a higher temperature during the day when family members are out of the unit. Many utility companies also provide useful materials on energy conservation and/or energy audit services that can help participants identify conditions or practices that result in high utility bills.

Payment of bills for tenant-paid utilities is the responsibility of the family, and any interruption or termination of utility services because of the family's failure to pay is considered a breach of the family's obligations under the housing choice voucher program. The PHA administrative plan should include the PHA's policies regarding the termination of assistance to families who cause their unit to be in violation of HQS because of failure to pay for necessary utilities or services.

18.2 PROGRAM REQUIREMENTS FOR THE UTILITY ALLOWANCE SCHEDULE

A PHA is required to maintain a utility allowance schedule for tenant-paid utilities, tenant-supplied refrigerators and ranges, and other tenant-paid housing services (such as trash collection). The utility allowance schedule must include the utilities and services necessary to provide housing that complies with HQS. In areas where the majority of housing units provide central air conditioning or wiring for tenant-installed air conditioners, the utility allowance schedule must provide an allowance for tenant-paid air conditioning costs. The utility allowance schedule should not include allowances for personal expenses, such as telephone, and non-essential utility costs such as the cost of cable or satellite TV.

The PHA must classify utilities and other housing services according to the following general categories:

- Space heating
- Air conditioning
- Cooking
- Water heating
- Water
- Sewer
- Trash collection
- Other electric
- (Tenant-provided) refrigerator
- (Tenant-provided) range
- Other specified housing services

The cost of each utility and housing service category must be stated separately. For each category, the schedule must take into consideration the type and size of the unit, and the type of utility used.

- *Unit types* each requiring separate utility allowances typically include garden and high-rise apartments, row houses or town houses, end-of-row or semi-detached units, detached units, and manufactured homes.
- *Unit sizes* are classified by number of bedrooms. When calculating the utility allowance for a family, the PHA must use the allowance for the unit size actually leased by the family, rather than the family unit size determined under the PHA's subsidy standards.
- *Type of Utility* generally refers to the type of fuel used. The utility allowance schedule should include allowances for each type of utility or fuel commonly used in the community. If the utility or fuel is available from more than one supplier, the PHA can determine an average cost across all suppliers, or can use different allowances for utilities or fuels purchased from different suppliers.

The PHA's utility allowance schedule must be entered on form HUD-52667, Allowances for Tenant Furnished Utilities and Other Services. Separate forms should be completed for each housing type. Allowances for other electric, water heating, and water/sewer costs will typically be the same across all unit types for each unit size, while the allowance for cooking may vary slightly based on the type of utility. Allowances for heating and air conditioning will vary based primarily on the number of exterior walls exposed and the type of utility. An example of a correctly completed form HUD-52667 for detached units is included as Exhibit 18-1.

**Allowances for
Tenant-Furnished Utilities
and Other Services**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0188
(exp. 5/30/2002)

EXHIBIT 18-1

See Public Reporting Statement and Instructions on back

Locality Anywhere MN	Unit Type Detached, Manufactured home	Date (mm/dd/yyyy) 10/01/99
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Utility or Service	Monthly Dollar Allowances						
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas			68	83	106	121
	b. Bottle Gas			75	92	117	133
	c. Oil / Electric			78	95	121	139
	d. Coal / Other						
Cooking	a. Natural Gas			11	13	17	20
	b. Bottle Gas			13	16	20	25
	c. Oil / Electric			14	17	22	25
	d. Coal / Other						
Other Electric			32	39	50	57	
Air Conditioning			N/A	N/A	N/A	N/A	
Water Heating	a. Natural Gas			25	31	39	44
	b. Bottle Gas			29	35	45	52
	c. Oil / Electric			34	42	53	60
	d. Coal / Other						
Water			15	16	18	20	
Sewer			12	12	12	12	
Trash Collection			25	25	30	30	
Range/Microwave			8	10	10	10	
Refrigerator			10	12	14	16	
Other -- specify			15	15	15	15	

Actual Family Allowances: To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family

S. Debo

Address of Unit

**Old Canada Hwy
RD3**

Number of Bedrooms

4

Utility or Service	per month cost
Heating	\$ 121
Cooking	22
Other Electric	50
Air Conditioning	
Water Heating	53
Water	
Sewer	
Trash Collection	30
Range/Microwave	
Refrigerator	14
Other	
Total	\$ 105

Previous editions are obsolete

Form HUD-52667 (12/97)
ref. Handbook 7420.8

The PHA should maintain copies of all supporting documentation used in determining both the initial allowances and any revisions. Such documentation might include the consumption estimates that are the basis of the dollar allowances, letters or rate schedules from local utility companies, as well as worksheets used to develop the schedule.

A copy of the initial utility allowance schedule, and any later revisions, must be sent to the HUD field office. If directed by HUD, the PHA must revise the utility allowance schedule to correct any errors to update the schedule to reflect changes in utility costs or as necessary.

18.3 ESTABLISHING A UTILITY ALLOWANCE SCHEDULE

When establishing a utility allowance schedule, a PHA should make every effort to base the allowances on actual rates and average consumption estimates that will be adequate to cover expected average utility costs over a twelve month period. (Like the “budget plans” available through many local utility companies, the allowances are based on an estimated full year of usage divided equally over 12 months, although the family’s actual usage may fluctuate from month to month.) Information regarding typical utility usage and the cost of utilities and services is generally available through the following local sources:

- Electric utility suppliers
- Natural gas utility suppliers
- Water and sewer suppliers
- Fuel oil and bottled gas suppliers
- Public utility commissions
- Real estate and property management firms
- State and local agencies
- Appliance sales and leasing firms
- Neighboring PHAs

Average Consumption Data

If a PHA is unable to find adequate sources for local information regarding utility consumption, HUD will approve use of national average consumption data. These national average consumption figures represent average amounts for an “average” 2 ½ bedroom unit in a locality that has approximately 4,000 heating degree days and an average local water temperature of 50 degrees. The consumption figures must be adjusted for the size of the dwelling unit. The allowances for units in the PHA’s locality may need to be adjusted to reflect the higher or lower cost of utilities resulting from variations in typical outdoor temperatures and/or the temperature of the local water supply. Data on the average number of heating or cooling degree days for the locality (the sum of the number of days that the indoor temperature must be raised or lowered from the outdoor temperature level to maintain a comfortable temperature on each day for which heating or cooling is required) is generally available from the National Weather Service or other local sources. Data on the average local “degree days” will provide a basis for making local adjustments to these average consumption figures.

**NATIONAL AVERAGE MONTHLY UTILITY CONSUMPTION
FOR A 2½ BEDROOM DWELLING UNIT**

Utility Service Category E	Fuel/Utility Units of Measurement	Consumption
I. Electricity		
a. Lighting and Refrigeration	KWH	250-400
b. Cooking	KWH	110
c. Domestic Hot Water	KWH	340
d. Space Heating	KWH	680
e. Air Conditioning	KWH	180
II. Natural Gas and Bottled Gas		
a. Cooking	Therms	8
b. Domestic Hot Water	Therms	21
c. Space Heating	Therms	48
III. Fuel Oil		
a. Domestic Hot Water	Gals.	17
b. Space Heating	Gals.	40
IV. Water		
a. Domestic Use	Gals.	8,000
b. Lawn	Gals.	2,000

Allowances by Unit Size

Whenever possible, consumption data should be obtained for each unit size and type. If consumption data is available only for an average unit size (2 ½ bedrooms), the utility costs should be multiplied by the following factors to determine the costs for a specific unit size:

ADJUSTMENT FACTORS BY UNIT SIZE

Unit Size	Adjustment Factor (Times 2½ BR Monthly Consumption Figure)
0-BR	0.5
1-BR	0.7
2-BR	0.9
3-BR	1.1
4-BR	1.4
5-BR	1.6

Calculating a Utility Allowance

In the absence of reliable third-party average utility expense data, monthly utility allowances can be calculated by multiplying estimated monthly consumption times the local utility rate.

ESTIMATING UTILITY EXPENSE FROM AVERAGE CONSUMPTION DATA

The average consumption of electricity used for domestic hot water is 340 KWH.

At a scheduled rate of \$.0552362 per KWH, the *average* monthly allowance for domestic hot water for a 2½ bedroom unit would be:

$$\begin{aligned} & 340 \text{ KWH} \times \$0.0552362 \text{ (rate per KWH)} \\ & = \$19 \text{ (rounded to nearest dollar)} \end{aligned}$$

- The allowance for a 0-bedroom unit will be:

$$\begin{aligned} & \$19 \text{ (average 2½ BR cost)} \times 0.5 \text{ (0-bedroom adjustment factor)} \\ & = \$10 \end{aligned}$$

- The allowance for a 5-bedroom unit will be:

$$\begin{aligned} & \$19 \text{ (average 2½ BR cost)} \times 1.6 \\ & \text{(5-bedroom adjustment factor)} \\ & = \$30 \text{ (rounded to nearest dollar)} \end{aligned}$$

Utility Rate Schedules

The cost of gas and electricity generally varies according to the amounts consumed, as shown on the utility suppliers' rate schedules. For this reason, it may not be possible to accurately calculate the cost for a utility in any one-service category until the usage of that utility for all service categories is known. For example, a unit with electric heating, may qualify for a lower "All-Electric" rate if electricity is also used for cooking, lighting, refrigeration, and domestic hot water. Rates for gas usage may decline with the volume of gas used, resulting in a lower cost for gas used for heating, cooking, and domestic hot water than for each use considered separately. For convenience in calculating the utility allowances for any combination of utilities, it is recommended that the PHA use the higher rates. Allowances for electric cooking, water heating, and space heating should be calculated using the lower rates at the middle or bottom of the company's rate schedule.

Ranges and Refrigerators

If rental units in the PHA's jurisdiction are typically leased without owner-provided ranges and/or refrigerators, an allowance must be made for the cost to the family of providing its own. Allowances for tenant-provided ranges and refrigerators should be based on the lower of the cost of leasing the equipment or the cost of purchasing it on an installment plan.

Other Utilities and Services

The utility allowance schedule should also provide allowances for all other utilities and services for which, in the PHA's locality, the tenant is typically responsible, and which are required for compliance with HQS. Examples would be firewood used as a primary heating fuel, or the required annual flushing of a septic tank in an area without public sewers.

18.4 USING THE UTILITY ALLOWANCE SCHEDULE

The PHA should provide a utility allowance schedule to families receiving a housing choice voucher. The schedule will allow the family to calculate the estimated cost for tenant-paid utilities, and to compare gross rents for various units with local payment standards and personal affordability limits.

When a family has located a unit and submitted a request for tenancy approval (form HUD-52517) the PHA can calculate the actual utility allowance for the family.

Section 11 of the request for tenancy approval as illustrated on the following page will indicate the utilities the tenant must pay and the utilities the owner will cover.

Using the information from the request for tenancy approval and the utility allowance schedule (see Exhibit 18-1) the PHA can compute the utility allowance for a two bedroom unit for the family submitting a request for tenancy approval using the information below.

Heating	\$ 68
Cooking (gas)	11
Water Heating (gas)	25
Other Electric	32
Refrigerator	10
Utility Allowance	<hr/> \$ 146

11. Utilities and Appliances

The owner shall provide or pay for the utilities and appliances indicated below by an “O”. The tenant shall provide or pay for the utilities and appliances indicated below by a “T”. Unless otherwise specified below, the owner shall pay for all utilities and appliances provided by the owner.

Item	Specify fuel type	Provided by	Paid by	
Heating	<input checked="" type="checkbox"/> Natural gas <input type="checkbox"/> Bottle gas <input type="checkbox"/> Oil or Electric <input type="checkbox"/> Coal or other		T	
Cooking	<input checked="" type="checkbox"/> Natural gas <input type="checkbox"/> Bottle gas <input type="checkbox"/> Oil or Electric <input type="checkbox"/> Coal or other		T	
Water Heating	<input checked="" type="checkbox"/> Natural gas <input type="checkbox"/> Bottle gas <input type="checkbox"/> Oil or Electric <input type="checkbox"/> Coal or other		T	
Other Electric			T	
Water		O	O	
Sewer		O	O	
Trash Collection		O	O	
Air Conditioning		O	O	
Refrigerator		T	T	
Range/Microwave		O	O	
Other (specify)			N/A	N/A

Because the allowances for utilities and services are subject to change over time, the utility allowance should be recalculated every year at the family’s annual reexamination. The PHA should ensure that the most recent update of the utility allowance schedule has been used to calculate the family’s utility allowance, and that there has been no change in the utilities and allowances supplied by the tenant.

18.5 USING A HIGHER UTILITY ALLOWANCE AS A REASONABLE ACCOMMODATION

Housing choice voucher program regulations require a PHA to approve a utility allowance amount higher than the applicable amount on its utility allowance schedule if a higher allowance is needed as a reasonable accommodation to make the program accessible to and usable by a family member with a disability. The family must request the higher allowance, and should provide the PHA with sufficient information to determine the amount of additional allowance

required. For example, if it determined that a family member had a disability that required such accommodation, the PHA would be required to approve a family’s request for an allowance for air conditioning in a locality where the majority of rental units do not have air conditioning.

18.6 REVIEWING AND REVISING UTILITY ALLOWANCES

A PHA must review its utility allowance schedule annually, and must revise its allowances at other times when there has been a change of 10 percent or more in the utility rates or fuel costs since the last revision of the schedule. To conduct a utility allowance review, the PHA must obtain new rate schedules or quotes from utility and fuel suppliers. These new rates should be compared with the rates previously used to calculate the last revision to the utility allowance schedule to determine whether an adjustment is needed.

DETERMINING WHEN A REVISION TO THE UTILITY ALLOWANCE SCHEDULE IS REQUIRED

The Anywhere Housing Authority is conducting its FY 2000 annual review of utility rates in its locality. Data on heating oil prices for the last three years are as follows:

	Average Price per Gallon	Utility Allowance Revised?
FY 1997	\$0.77	YES
FY 1998	\$0.82	NO
FY 1999	\$0.84	NO
FY 2000	\$0.85	?

Based on the increase in oil prices of more than 10 percent since FY 1997, the utility allowances for oil should be increased.

When a utility allowance adjustment is required, it should be calculated in the same way as was the original allowance. It should not be necessary to revise the consumption figures used, as there is generally very little variation in these figures over time. The new rates should be applied to the consumption figures for the locality to calculate the revised new utility allowances.

The revised allowances will be used to calculate a family’s gross rent at its next annual reexamination.

18.7 RELATED SEMAP INDICATORS

As part of the SEMAP assessment process, PHAs are required to certify that they maintain up-to-date utility allowance schedules, and that they use them to calculate correct utility allowances for participating families.

SEMAP Indicator 4, *Utility Allowance Schedule*, requires the PHA's certification that an annual utility allowance review has been conducted and that the utility allowance schedule has been adjusted where there was a change of 10 percent or more in the rate for a utility since the last revision. This requires that the PHA conduct an annual review and adjust the allowances as appropriate. The PHA should retain all information used in the annual review, whether or not revisions are made, and should document any revisions made.

Among other factors, SEMAP Indicator 3, *Determination of Adjusted Income*, measures the extent to which the PHA uses the appropriate utility allowances to determine gross rent for the unit leased. This requires that the PHA, in its supervisory quality control reviews, verify that the correct utility allowances were used in calculating the utility allowances for the families reviewed.