

U.S. Department of Housing and Urban Development
 550 12th Street, SW
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 Washington, DC 20410

Dated : 2/5/2020



OFFICE OF PUBLIC AND INDIAN HOUSING
 REAL ESTATE ASSESSMENT CENTER
 FINANCIAL MANAGEMENT DIVISION

Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2020

The data for calculating the UEL Inflation factor for CY 2020 is extracted from the Bureau of Labor Statistics (BLS) ‘Consumer Price Index for All Urban Consumers (CPI-U). The reporting periods for operating subsidy calculation run from July 1 to June 30. Using the monthly indices for the 12-month period, an average index is calculated for each of the reporting periods, by utility type. Nationally, the weighted change in utility price between the CY 2018 and CY 2019 reporting periods (weighted by the percentage of total public housing spending on utilities, by type) was 02.17% (see Table 1).

The rate of change in the reporting period (02.17%) is then multiplied by 1.5 to reflect the anticipated rate that PHAs will pay during the funding period. In essence, the funding period lags the reporting period by 18 months (1.5 years). As shown below, this calculation results in a CY 2020 UEL inflation factor of 3.25%. The 02.17% (weighted rate of change in reporting period) x 1.5 (18 month lag) = 3.25% (2020 UEL Inflation Factor). **The inflation factor to be used on the CY 2020 HUD-52722 is 1.0325, (1 + 0.0325).**

Table 1: Calculation of CY 2020 UEL Inflation Factor

Utility Type	Percent of Total Utility Costs	July 2017-June 2018 CPI Average	July 2018-June 2019 CPI Average	Inflation Factor	Weighted Inflation Factor
[a]	[b]	[c]	[d]	[e] = ([d]-[c]) ÷ [c]	[f] = [b] x [e]
Water	38.97%	\$541.53	\$559.45	3.31%	1.29%
Electricity	34.17%	\$212.98	\$213.08	0.05%	0.02%
Gas	13.35%	\$174.21	\$172.69	-0.88%	-0.12%
Fuel	11.84%	\$269.67	\$291.57	8.12%	0.96%
Other Utilities	1.66%	\$240.03	\$242.26	0.93%	0.02%
Total Utility Costs	100%				
Weighted Average Inflation Factor					2.17%
CY 2020 UEL Inflation Factor - Using 18-months Adjustment					3.25%

See Table 2 for details on the computation of utility specific CPI indices.

Table 2: Calculation of Inflation Factor by Utility Type Using CPI-U

Dated : 2/5/2020

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Water & Sewerage Maintenance														
CY 2019 (Jul 17 - Jun 18)	532.833	535.029	536.055	536.295	538.466	539.531	543.112	545.227	546.202	547.718	548.392	549.461	541.527	
CY 2020 (Jul 18 - Jun 19)	551.385	553.374	553.383	554.109	557.447	559.042	561.114	561.677	563.105	565.470	565.803	567.442	559.446	3.31%
Electricity														
CY 2019 (Jul 17 - Jun 18)	219.696	219.078	218.117	210.424	208.111	208.406	210.171	210.97	210.273	209.215	212.646	218.591	212.975	
CY 2020 (Jul 18 - Jun 19)	217.900	217.967	215.536	211.937	209.339	210.637	210.920	210.939	210.937	210.525	212.326	217.947	213.076	0.05%
Utility (Piped) Gas Service														
CY 2019 (Jul 17 - Jun 18)	174.301	173.646	172.111	172.373	173.504	175.909	172.658	179.557	176.567	174.318	173.42	172.167	174.211	
CY 2020 (Jul 18 - Jun 19)	172.062	173.867	170.1	168.77	169.821	179.999	180.106	174.95	174.089	171.004	168.826	168.628	172.685	-0.88%
Fuel Oil														
CY 2019 (Jul 17 - Jun 18)	220.152	226.590	245.085	250.640	263.132	270.955	298.173	292.718	288.737	293.991	292.165	293.685	269.669	
CY 2020 (Jul 18 - Jun 19)	296.602	296.617	302.419	316.185	305.370	276.103	274.051	285.668	287.496	291.424	289.711	277.244	291.574	8.12%
All Utilities (Fuels and Utilities)														
CY 2019 (Jul 17 - Jun 18)	242.119	241.936	241.574	237.015	236.410	237.423	238.77	240.938	239.786	238.857	240.911	244.560	240.025	
CY 2020 (Jul 18 - Jun 19)	244.269	245.052	242.834	240.641	239.691	242.343	242.374	241.549	241.550	240.773	241.390	244.703	242.264	0.93%

FDS utility Expenses

% Total to be used as weights to CPI data

Table 3: FDS Utility Data

Utility Type	2015	2016	2017	2018	2019	5 Year Total
Water	586,200,894	596,362,105	602,127,415	613,198,833	617,636,242	3,015,525,489
Electricity	562,571,711	558,945,196	530,142,007	495,024,937	497,622,578	2,644,306,429
Gas	255,778,144	227,903,231	177,031,874	181,332,668	191,226,234	1,033,272,151
Fuel	202,236,997	200,554,096	181,948,166	162,217,987	169,071,755	916,029,001
Other Utility Expense	27,394,799	27,332,502	24,794,810	23,796,924	25,203,781	128,522,816
Total Utility Expense	1,634,182,545	1,611,097,130	1,516,044,272	1,475,571,349	1,500,760,590	7,737,655,886

Table 4: % Total FDS Utility Data

Utility Type	2015	2016	2017	2018	2019	5 Year Average
Water	35.87%	37.02%	39.72%	41.56%	41.15%	38.97%
Electricity	34.43%	34.69%	34.97%	33.55%	33.16%	34.17%
Gas	15.65%	14.15%	11.68%	12.29%	12.74%	13.35%
Fuel	12.38%	12.45%	12.00%	10.99%	11.27%	11.84%
Other Utility Expense	1.68%	1.70%	1.64%	1.61%	1.68%	1.66%
Total Utility Expense	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 5: Rolling Average

Utility Type	2015	2016	2017	2018	2019
Water	34%	35%	36%	38%	39%
Electricity	37%	36%	36%	35%	34%
Gas	15%	15%	14%	14%	13%
Fuel	13%	12%	12%	12%	12%
Other Utility Expense	2%	2%	2%	2%	2%
Total Utility Expense	100%	100%	100%	100%	100%

Table 6: Calculation of Inflation Factor by Utility Type Using CPI-U

CPI Detailed Report Tables

<https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Water & Sewerage Maintenance														
CY 2009 (Jul 07 - Jun 08)	314.165	315.830	316.390	316.869	318.703	319.460	322.470	324.418	325.023	325.327	326.259	327.152	321.006	
CY 2010 (Jul 08 - Jun 09)	330.693	335.915	336.067	339.437	341.181	341.965	344.374	345.232	346.222	347.420	349.813	350.418	342.395	6.66%
CY 2011 (Jul 09 - Jun 10)	354.834	359.915	360.657	363.712	364.951	365.664	370.268	373.080	374.109	375.775	377.921	377.579	368.205	7.54%
CY 2012 (Jul 10 - Jun 11)	381.694	385.242	385.959	387.509	389.255	390.362	393.336	396.895	398.361	399.072	399.649	400.044	392.282	6.54%
CY 2013 (Jul 11 - Jun 12)	403.385	405.874	408.108	409.102	409.527	411.067	414.691	418.722	420.614	424.463	425.355	426.863	414.814	5.74%
CY 2014 (Jul 12 - Jun 13)	429.460	435.793	435.246	436.200	437.628	438.486	442.190	444.814	446.071	446.612	447.548	448.234	440.690	6.24%
CY 2015 (Jul 13 - Jun 14)	451.200	452.459	452.456	454.864	454.999	455.317	458.119	461.013	462.214	462.830	462.998	463.579	457.671	3.85%
CY 2016 (Jul 14 - Jun 15)	468.197	471.538	471.925	475.476	478.295	480.698	483.308	486.233	487.250	488.293	488.981	490.072	480.856	5.07%
CY 2017 (Jul 15 - Jun 16)	492.931	498.209	498.898	499.187	500.515	501.462	504.402	506.031	508.140	510.778	513.157	513.440	503.929	4.80%
CY 2018 (Jul 16 - Jun 17)	513.040	516.427	518.004	518.722	520.577	521.107	525.645	527.759	528.876	530.602	531.355	531.685	523.650	3.91%
CY 2019 (Jul 17 - Jun 18)	532.833	535.029	536.055	536.295	538.466	539.531	543.112	545.227	546.202	547.718	548.392	549.461	541.527	3.41%
CY 2020 (Jul 18 - Jun 19)	551.385	553.374	553.383	554.109	557.447	559.042	561.114	561.677	563.105	565.470	565.803	567.442	559.446	3.31%
												212.800	211.081	
Electricity														
CY 2009 (Jul 07 - Jun 08)	184.408	184.081	184.365	177.244	173.406	173.357	175.219	174.606	175.639	177.818	182.260	194.434	179.736	
CY 2010 (Jul 08 - Jun 09)	199.068	200.795	198.579	191.513	187.473	188.342	190.471	190.645	190.065	189.007	191.066	199.924	193.079	7.42%
CY 2011 (Jul 09 - Jun 10)	199.251	198.360	198.286	190.376	187.708	187.388	186.903	185.448	189.061	190.210	192.416	200.767	192.181	-0.47%
CY 2012 (Jul 10 - Jun 11)	201.914	201.624	200.405	191.481	188.198	188.711	189.166	189.539	191.028	191.323	195.838	203.836	194.422	1.17%
CY 2013 (Jul 11 - Jun 12)	205.963	205.362	205.812	197.003	193.193	192.777	193.612	193.183	192.148	192.472	196.159	204.907	197.716	1.69%
CY 2014 (Jul 12 - Jun 13)	203.318	202.870	202.628	194.544	191.837	191.879	194.525	194.739	193.856	194.553	199.557	208.737	197.754	0.02%
CY 2015 (Jul 13 - Jun 14)	209.538	208.514	209.106	200.392	197.442	198.043	203.026	202.224	204.131	198.654	206.715	217.529	204.610	3.47%
CY 2016 (Jul 14 - Jun 15)	217.930	217.148	215.054	206.667	202.889	204.275	208.172	208.696	205.894	206.179	207.683	217.468	209.838	2.56%
CY 2017 (Jul 15 - Jun 16)	216.406	215.786	214.132	205.604	202.479	201.787	203.169	202.528	202.487	201.778	205.038	213.474	207.056	-1.33%
CY 2018 (Jul 16 - Jun 17)	214.193	214.222	214.381	206.397	202.984	203.146	205.230	206.416	205.692	206.671	210.541	218.865	209.062	0.97%
CY 2019 (Jul 17 - Jun 18)	219.696	219.078	218.117	210.424	208.111	208.406	210.171	210.970	210.273	209.215	212.646	218.591	212.975	1.87%
CY 2020 (Jul 18 - Jun 19)	217.900	217.967	215.536	211.937	209.339	210.637	210.920	210.939	210.937	210.525	212.326	217.947	213.076	0.05%
Utility Gas Service														
CY 2009 (Jul 07 - Jun 08)	219.865	211.181	208.211	209.993	218.791	220.496	220.065	225.808	233.931	244.862	258.374	271.234	228.568	
CY 2010 (Jul 08 - Jun 09)	291.713	272.982	247.788	239.218	235.114	232.548	227.000	218.459	207.179	193.534	182.464	183.979	227.665	-0.39%
CY 2011 (Jul 09 - Jun 10)	186.191	183.632	178.424	181.922	191.324	190.497	199.199	200.120	195.832	188.014	186.595	187.442	189.099	-16.94%
CY 2012 (Jul 10 - Jun 11)	192.003	190.655	183.759	185.293	182.120	185.106	186.351	188.289	185.110	185.197	184.327	185.940	186.179	-1.54%
CY 2013 (Jul 11 - Jun 12)	186.719	186.808	184.144	181.220	179.708	178.193	176.044	169.753	168.196	163.692	156.863	160.714	174.338	-6.36%
CY 2014 (Jul 12 - Jun 13)	162.972	165.953	164.528	165.966	171.243	173.098	171.597	171.888	171.248	176.159	179.173	179.557	171.115	-1.85%
CY 2015 (Jul 13 - Jun 14)	177.356	173.861	173.315	173.329	173.035	172.898	179.982	186.095	199.340	196.872	192.303	188.769	182.263	6.51%
CY 2016 (Jul 14 - Jun 15)	189.659	183.960	183.376	179.226	178.558	182.908	179.184	173.978	170.592	164.839	162.639	164.205	176.094	-3.38%
CY 2017 (Jul 15 - Jun 16)	162.733	162.885	161.189	159.422	157.750	155.746	156.513	155.981	154.822	154.130	154.994	155.914	157.673	-10.46%
CY 2018 (Jul 16 - Jun 17)	162.129	164.715	165.881	167.049	167.469	167.935	172.319	172.967	170.755	172.597	174.901	175.807	169.544	7.53%
CY 2019 (Jul 17 - Jun 18)	174.301	173.646	172.111	172.373	173.504	175.909	172.658	179.557	176.567	174.318	173.420	172.167	174.211	2.75%
CY 2020 (Jul 18 - Jun 19)	172.062	173.867	170.100	168.770	169.821	179.999	180.106	174.950	174.089	171.004	168.826	168.628	172.685	-0.88%

Table 6: Calculation of Inflation Factor by Utility Type Using CPI-U

CPI Detailed Report Tables

<https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Fuel Oil														
CY 2009 (Jul 07 - Jun 08)	257.111	257.371	265.137	274.111	310.618	319.208	326.483	328.985	363.868	380.632	411.126	447.302	328.496	
CY 2010 (Jul 08 - Jun 09)	451.625	408.493	381.707	339.343	288.406	252.024	238.731	233.018	220.067	223.648	222.165	234.500	291.144	-11.37%
CY 2011 (Jul 09 - Jun 10)	233.688	245.314	244.478	249.977	268.379	268.396	284.786	277.928	279.826	286.351	282.293	273.349	266.230	-8.56%
CY 2012 (Jul 10 - Jun 11)	268.947	271.261	273.386	286.119	298.220	312.718	333.993	353.223	375.042	386.950	383.814	375.363	326.586	22.67%
CY 2013 (Jul 11 - Jun 12)	368.867	367.286	364.563	362.809	372.654	369.085	374.377	384.747	395.016	390.483	379.681	349.807	373.281	14.30%
CY 2014 (Jul 12 - Jun 13)	348.104	364.165	379.131	383.117	382.355	382.532	381.889	393.782	385.552	368.552	357.838	355.966	373.582	0.08%
CY 2015 (Jul 13 - Jun 14)	359.780	364.124	367.519	365.450	366.749	375.607	389.522	405.344	393.705	382.025	376.855	370.317	376.416	0.76%
CY 2016 (Jul 14 - Jun 15)	367.725	363.420	355.892	341.771	329.681	303.844	273.718	279.040	295.603	270.850	272.874	267.649	310.172	-17.60%
CY 2017 (Jul 15 - Jun 16)	258.620	237.580	231.835	229.191	226.289	208.561	195.029	189.373	192.617	196.349	208.488	215.295	215.769	-30.44%
CY 2018 (Jul 16 - Jun 17)	212.482	207.143	212.019	224.453	221.808	235.127	243.347	242.467	240.619	239.822	233.216	224.542	228.087	5.71%
CY 2019 (Jul 17 - Jun 18)	220.152	226.590	245.085	250.640	263.132	270.955	298.173	292.718	288.737	293.991	292.165	293.685	269.669	18.23%
CY 2020 (Jul 18 - Jun 19)	296.602	296.617	302.419	316.185	305.370	276.103	274.051	285.668	287.496	291.424	289.711	277.244	291.574	8.12%
All Utilities														
CY 2009 (Jul 07 - Jun 08)	206.140	204.334	204.264	200.836	202.161	203.006	204.796	205.795	209.221	213.302	219.881	231.412	208.762	
CY 2010 (Jul 08 - Jun 09)	239.039	235.650	228.450	221.199	216.285	215.184	215.232	213.520	210.501	207.175	206.358	212.677	218.439	4.64%
CY 2011 (Jul 09 - Jun 10)	212.961	212.661	211.618	207.937	208.955	208.760	211.381	210.819	212.295	211.726	212.773	217.820	211.642	-3.11%
CY 2012 (Jul 10 - Jun 11)	219.614	219.602	217.695	213.031	210.978	212.505	214.045	215.587	216.672	217.254	219.956	225.022	216.830	2.45%
CY 2013 (Jul 11 - Jun 12)	226.643	226.493	226.409	220.450	218.199	217.674	218.199	217.189	216.667	216.006	216.388	221.789	220.176	1.54%
CY 2014 (Jul 12 - Jun 13)	221.449	222.769	222.634	218.287	217.964	218.496	220.228	220.992	220.251	221.382	224.847	230.506	221.650	0.67%
CY 2015 (Jul 13 - Jun 14)	230.899	229.580	230.318	225.244	223.566	224.407	230.098	232.014	235.139	230.588	234.483	240.396	230.561	4.02%
CY 2016 (Jul 14 - Jun 15)	241.250	239.790	238.285	232.192	229.680	231.150	232.309	231.912	229.829	228.304	228.748	235.136	233.215	1.15%
CY 2017 (Jul 15 - Jun 16)	234.137	233.847	232.417	226.784	224.606	223.521	224.537	224.063	223.918	223.529	226.197	231.941	227.458	-2.47%
CY 2018 (Jul 16 - Jun 17)	233.713	234.407	235.057	230.610	228.801	229.492	232.516	233.688	232.714	233.827	236.615	241.940	233.615	2.71%
CY 2019 (Jul 17 - Jun 18)	242.119	241.936	241.574	237.015	236.410	237.423	238.770	240.938	239.786	238.857	240.911	244.560	240.025	2.74%
CY 2020 (Jul 18 - Jun 19)	244.269	245.052	242.834	240.641	239.691	242.343	242.374	241.549	241.550	240.773	241.390	244.703	242.264	0.93%

How to Calculate the 2020 UEL Inflation Factor

Table 1: Calculation of CY 2020 UEL Inflation Factor

Utility Type	Percent of Total Utility Costs	July 2017-June 2018 CPI Average	July 2018-June 2019 CPI Average	Inflation Factor	Weighted Inflation Factor
[a]	[b]	[c]	[d]	[e]	[f] = [b] x [e]
Water	38.97%	\$541.53	\$559.45	3.31%	1.29%
Electricity	34.17%	\$212.98	\$213.08	0.05%	0.02%
Gas	13.35%	\$174.21	\$172.69	-0.88%	-0.12%
Fuel	11.84%	\$269.67	\$291.57	8.12%	0.96%
Other Utilities	1.66%	\$240.03	\$242.26	0.93%	0.02%
Total Utility Costs	100%				
Weighted Average Inflation Factor					2.17%
CY 2020 UEL Inflation Factor - Using 18-months Adjustment					3.25%

Step One: Calculate the Percent of Total Utility Costs

The Department calculates the Percent of Total Utility Costs using the national level income statements (FDS Data).

Percent of Total Utility Costs = Five Year Average of Percent of Total Utility Costs (FDS)

Table 3: FDS Utility Data

Utility Type	2015	2016	2017	2018	2019	5 Year Total
Water	\$586,200,894	\$596,362,105	\$602,127,415	\$613,198,833	\$617,636,242	\$3,015,525,489
Electricity	\$562,571,711	\$558,945,196	\$530,142,007	\$495,024,937	\$497,622,578	\$2,644,306,429
Gas	\$255,778,144	\$227,903,231	\$177,031,874	\$181,332,668	\$191,226,234	\$1,033,272,151
Fuel	\$202,236,997	\$200,554,096	\$181,948,166	\$162,217,987	\$169,071,755	\$916,029,001
Other Utility Expense	\$27,394,799	\$27,332,502	\$24,794,810	\$23,796,924	\$25,203,781	\$128,522,816
Total	\$1,634,182,545	\$1,611,097,130	\$1,516,044,272	\$1,475,571,349	\$1,500,760,590	\$7,737,655,886

Table 4: % Total FDS Utility Data

Utility Type	2015	2016	2017	2018	2019	5 Year Average
Water	35.87%	37.02%	39.72%	41.56%	41.15%	38.97%
Electricity	34.43%	34.69%	34.97%	33.55%	33.16%	34.17%
Gas	15.65%	14.15%	11.68%	12.29%	12.74%	13.35%
Fuel	12.38%	12.45%	12.00%	10.99%	11.27%	11.84%
Other Utilities	1.68%	1.70%	1.64%	1.61%	1.68%	1.66%
Total	100%	100%	100%	100%	100%	100%

Step Two: Calculate Inflation Factor

Source: Bureau of Labor Statistics CPI-U Detailed Report Tables (<https://www.bls.gov/cpi/tables/supplemental-files/home.htm>)

Document monthly utility costs, and calculate annual growth (see Historic CPI Table)

Inflation Factor = Annual Growth Rate for each utility (Water, Electricity, Gas, Fuel, Other Utilities)

CPI Inflation Factor (BLS)	Jul 17 - Jun 18	Jul 18 - Jun 19	Inflation Factor
	CY 2018	CY 2019	
Water	\$541.53	\$559.45	3.31%
Electricity	\$212.98	\$213.08	0.05%
Gas	\$174.21	\$172.69	-0.88%
Fuel	\$269.67	\$291.57	8.12%
Other Utilities	\$240.03	\$242.26	0.93%

Step Three: Calculate Weighted Average Inflation Factor

Weighted Inflation Factor = [Inflation Factor] X [Percent Total Utility Cost]

	Annual % Total Utility Costs	Inflation Factor	Weighted Inflation Factor
Water	38.97%	3.31%	1.29%
Electricity	34.17%	0.05%	0.02%
Gas	13.35%	-0.88%	-0.12%
Fuel	11.84%	8.12%	0.96%
Other Utilities	1.66%	0.93%	0.02%
Weighted Average Inflation Factor			2.17%

Step Four: Calculate 18-months Adjustment

CY 2020 UEL Inflation Factor - Using 18-months Adjustment = [Weighted Inflation factor] X 1.5

CY 2020 UEL Inflation Factor - Using 18-months Adjustment	3.25%
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