Utilities

Contents

1 Chapter Overview

This chapter covers the Department of Housing and Urban Development's (HUD's) policies regarding utilities at Public Housing Authority (PHA) public housing properties. All PHAs are required to provide adequate utility service in order to provide decent, safe and sanitary units in good repair.

PHAs must individually meter utilities for each individual housing unit and assign tenant responsibility where appropriate, legal, and feasible.[1] When the tenant is responsible for paying the bill, the PHA must provide appropriate utility allowances for utility-owned meters and tenant allotments for check-metered systems. PHAs that do not have individually-metered utilities for individual dwelling units (meaning they have mastermeter systems) must conduct a benefit/cost analysis for converting to an individually-metered system at least every 5 years.[2]

Independent of who pays the utilities, HUD encourages PHAs and residents to make reasonable efforts to conserve utilities.

The information provided in this chapter supplements 24 CFR 965 Subpart D – Individual Metering of Utilities for PHA-Owned Projects (§ 965.401 - § 965.407) and 24 CFR 965 Subpart E – Resident Allowances for Utilities (§ 965.501 - § 965.508).

2 Utility Overview

Utility services include electricity, gas, heating fuel, water, and sewerage services needed to operate and maintain buildings in good working order.[3] This does not include:

- Services to remove garbage or refuse from a facility;
- Fuel to operate vehicles, independent of whether the vehicles are owned by the PHA;
- Electricity to charge vehicles;
- Pest management services;
- Cable television or internet services; or
- Building maintenance materials or services.

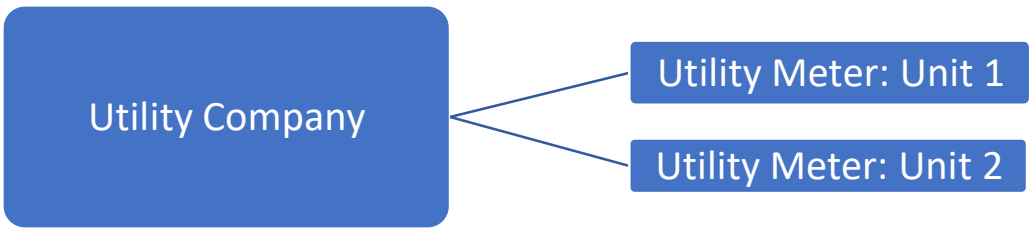
Waste removal (garbage) services are not an eligible utility expense as they are already included as part of the Operating Fund Formula Project Expense Level (PEL).[4] If the tenant is responsible for paying for waste removal services, then a reasonable cost may be included in the utility allowance calculation (see Section 6 for more information on calculating utility allowances).

3 Tenant Responsibility for Utility Consumption

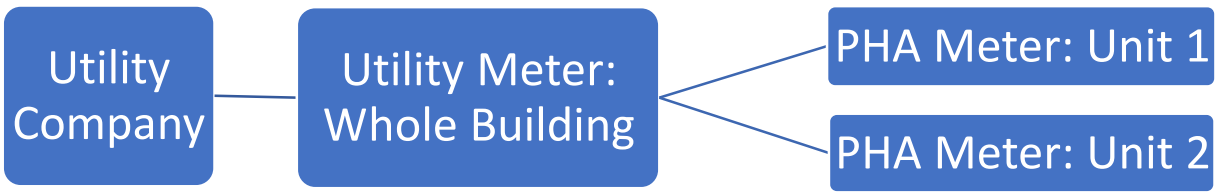
[1] 24 CFR § 965.401
[2] 24 CFR § 965.407
[3] 24 CFR § 990.115
[4] "Costs associated with the PEL are administration, management fees, maintenance, protective services, leasing, occupancy, staffing, and other expenses such as project insurance." 24 CFR § 990.165(a)

PHAs are required to individually meter utility consumption for individual dwelling units and assign tenant responsibility where practical, financially justified and in accordance with State and local law or policies of the particular utility supplier or public service commission.[5] There are only two options for PHAs to comply with this requirement:

1. Resident-Purchased Utilities – The utility company installs, owns and operates a utility meter to measure utility consumption for an individual dwelling unit and issues a utility bill for each meter. In this scenario, the tenant is responsible for paying the utility company directly and the PHA provides the tenant with a utility allowance to cover utility expenses. See Section 4 for more information on resident-purchased utilities and Section 6 for more information on calculating utility allowances.



2. PHA-Furnished Utilities – The utility company installs, owns and operates a utility meter that includes consumption for at least one building/property and there are meters (checkmeters) installed to measure consumption for each of the individual dwelling units in the building/property. In this scenario, the PHA sets allotments for allowable utility consumption for each dwelling unit and surcharges residents for consumption that exceeds the allotted amount. In most cases the PHA owns the individual dwelling unit meters, however in some cases, the utility company may own the meters. Independent of who owns the utility meters, the PHA is responsible for surcharging residents. See Section 5.2 for more information on PHA-furnished utilities with assigned tenant responsibility and Section 6 for more information on calculating allotments.



It is possible to have a mix of PHA-furnished and resident-paid utilities at one site. For example, a property could have PHA-paid electricity with checkmeters, tenant-paid natural gas with utility allowances, and PHA-paid water consumption (without any submeters). A tenant's lease must identify which utilities the PHA will supply, which utilities the tenant is responsible for paying, and which utility services may be subject to surcharges.[6]

PHAs are not required to individually meter utilities at the unit level when one or more of the following circumstances exists:

[5] 24 CFR § 965.401
[6] 24 CFR § 966.4(a)(1)(iv)

1. It is not practical to individually meter units. For example, if there is a central heating system that provides heat to multiple units, it is not practical to submeter the utility consumption for the heat in individual dwelling units. In this scenario, the PHA would not be required to individually meter for the heat consumption.[7]
2. It is not financially justified to convert the master-metered utilities to individual meters. This decision shall be made based on a benefit/cost analysis that evaluates the cost of upgrading the building to install the meters and the savings associated with individual utility meters.[8] See Section 7 for more information on building conversions.
3. Individual utility meters are not allowed by state law, local law, the local utility supplier, or the public service commission. Some local jurisdictions may allow meters owned by utility providers but not submeters owned by the PHA.[9]

4 Resident-Purchased Utilities

When a building has resident-purchased utilities, the local utility company owns, operates, maintains, and reads the individual utility meters for each individual dwelling unit. Tenants are required to establish individual accounts in their name with the local utility provider(s) and pay the utility provider(s) directly for their consumption.[10] In the scenario outlined below, the PHA provides a utility allowance to tenants to cover reasonable utility expenditures for the unit and the resident pays the utility company directly each time a utility bill is issued.[11] If the utility bill exceeds the allowance, the tenant must make up the difference. If the bill is less than the allowance, the tenant will benefit from their consumption efforts.

Utility allowances aim to ensure that it will cost tenants the same amount of money to rent a unit independent of whether they are responsible for paying a utility bill. In the example below, the resident in Property A does not pay a utility bill whereas the resident in Property B is responsible for paying the electric bill.

	Property A	Property B
Tenant Utility Responsibility	None	Electricity
Total Tenant Payment (TTP)	$ 400	$ 400
Utility Allowance*	N/A	- $ 50
Tenant Rent	$ 400	$350
Utility Bill	N/A	$ 50
Total Cost to Tenant	$ 400	$ 400

*Sometimes a utility allowance is referred to as a tenant allowance or a resident allowance for utilities.

See Section 6 for more information on establishing and maintaining utility allowances as well as tenant notification procedures.

4.1 Other Requirements for Resident-Paid Utilities and Utility Allowances

- All leases must identify the utilities that the tenant is responsible for paying. Residents that fail to pay

[7] 24 CFR § 965.401(a)(1)
[8] 24 CFR § 965.401(a)(2)
[9] 24 CFR § 965.401(a)(3)
[10] 24 CFR § 965.504(b)
[11] 24 CFR § 965.502(a)

utility bills identified in their lease may have their tenancy terminated.[12]

- Residents are responsible for the entire bill, even if the bill exceeds the allowance.
- PHAs must pay the utility bill when a unit is vacant.[13]
- A PHA is required to revise utility allowances when there is a rate or cost change of at least 10 percent since the last adjustment. Required adjustments are retroactive to the first day of the month following the effective rate change and are not subject to the 60-day tenant notification requirement.[14]
- When a resident's TTP is less than the utility allowance, the PHA will pay the difference between the TTP and the utility allowance. This is referred to as a utility reimbursement. This amount may be paid either to the resident or to the utility company directly. If the PHA pays the utility company directly, the PHA must notify the resident of the amount paid.[15]

  For example, if the TTP is $50 and the utility allowance is $75, the PHA has two options:
  1. Reimburse the resident $25 to cover the utility bill and do not collect any tenant rent. In this scenario, the resident must pay the utility company for the entire utility bill.
  2. Collect $50 from the resident and pay the utility company the lesser of $75 or the actual utility bill and reimburse the tenant the difference at least quarterly. If the utility bill exceeds $75, then the resident must pay the balance to the utility company.
- Residents paying a flat rent are not eligible for utility reimbursements.[16]

4.2 Other Common Practices for Resident-Paid Utilities and Utility Allowances

- PHAs are encouraged to provide residents with a phone number for each utility provider at the time of lease signing to assist the resident in setting up an account.
- PHAs are encouraged to consider if utilities can be obtained in an eligible family member's name before admitting or transferring a household to a project with resident-paid utilities. If a PHA is not able to find a suitable unit without resident-paid utilities, then the PHA has the option to place the applicable utility bill in the PHA's name and charge the resident as appropriate, similar to a PHA-furnished system described in Section 5.
- Many utility companies offer budget billing or similar programs where a customer pays the same amount each month. This helps residents have a predictable monthly bill throughout the year and protects residents from seasonal fluctuations; especially during winter months. PHAs are encouraged to inform residents of this option when available. Participation in these programs is optional and may be subject to requirements determined by the local utility company such as an analysis of a resident's bill payment history and/or credit score. PHAs are encouraged to remind residents of this option annually, such as during lease signing or during re-examinations as some utility companies may have a waiting period to participate in the program.
- A PHA may choose to pay a resident's overdue utility bill and/or have the utility service switched into the PHA's name to avoid having utilities disconnected, especially during eviction proceedings. This is a helpful tool for PHAs to protect the integrity of the unit (e.g. to prevent the pipes in the unit from freezing) or to protect the health and safety of residents.

[12] 24 CFR § 966.4(l)(2)(i)(A)
[13] 24 CFR § 966.4(e), the PHA's obligation under the lease, including maintenance of the unit.
[14] 24 CFR § 965.507(b)
[15] 24 CFR § 5.632(b)
[16] 24 CFR § 5.632(a)(2)

5 PHA-Furnished Utilities

In buildings with PHA-furnished utilities, the PHA pays for the entire building's utility consumption and the tenant is not responsible for paying the utility company.[17] Some examples of PHA-furnished utilities include, but are not limited to:

- Electricity service provided to two or more dwelling units
- Water service for the entire building
- Natural gas service for the central heating plant
- Electricity for common area hallways, meeting rooms, and offices
- Electricity, natural gas, or water service for an administration building
- Electricity for communal outdoor space such as a courtyard or a parking lot

If there are meters to measure utility consumption for individual dwelling units, the PHA must assign tenant responsibility through utility surcharges. In both scenarios, neither the utility consumption nor the surcharges impact tenant rent. The surcharges are collected in addition to the calculated tenant rent.

If the PHA surcharges a resident for either excess utility consumption or tenant appliances, PHAs must give tenants at least two weeks' notice to pay any surcharges.[18]

5.1 PHA-Furnished Utilities Without Assigned Tenant Responsibility

If a building does not have meters installed to measure actual utility consumption for individual dwelling units, the PHA would not be able to assign tenant responsibility for actual utility consumption.

When there is no tenant accountability for actual utility consumption, the PHA may surcharge residents for the installation of resident-owned major appliances (e.g. resident-owned air conditioning units) or to optional functions of PHA-furnished equipment.[19]

5.2 PHA-Furnished Utilities with Assigned Tenant Responsibility (Checkmeters)

Checkmetering is when the PHA pays the common area utility bill for the whole building, but there are utility meters to submeter utility consumption for individual dwelling units. In most cases, the PHA owns, operates, maintains, and reads individual utility submeters. In some cases, the utility company may install or own the submeters, however the PHA is responsible for paying the utility company for all consumption. Independent of who owns the meters, PHAs are responsible for charging tenants for excess consumption.[20] Neither PHAs nor tenants need to contact the local utility company when a unit is vacant as there is no individual utility account assigned to this unit.

For submetered properties, each unit type must have a tenant allotment to cover a reasonable amount of energy or water consumption for an energy conservative household of modest means to maintain a decent, safe and sanitary unit in good repair. Allotments are set in the utility's units (e.g. kilowatt hours (kWh), therms, cubic feet (CCF), gallons).

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[17] PHA-furnished utilities are reported on Form HUD 52722 Operating Fund Calculation of Utilities Expense Level (UEL). MTW agencies should refer to their MTW agreement to determine if they need to complete and submit Form HUD 52722.

[18] 24 CFR § 966.4(b)(4)

[19] 24 CFR § 965.506(b)

[20] 24 CFR § 965.506

When a family exceeds the allotted consumption, the PHA must charge the tenant for excess consumption.[21] Tenants are not compensated for consuming less than the tenant allotment.[22]

Tenant surcharges are calculated based on the PHA's average utility rate.[23] For example, if the PHA pays $0.12/kWh, then the PHA must charge tenants $0.12 for each kWh of electricity consumption exceeding the allotment. PHAs may use a blended rate for all buildings in the property. When calculating the surcharge rate, PHAs may exclude utility bills for the property that do not cover consumption such as a bill that covers only parking lot lighting. If the PHA receives one bill for the Asset Management Project (AMP), the PHA may refer to the rate identified in the Form HUD 52722 from the most recent funding year.

Tenant allotments are normally based on quarterly (3 month) consumption. The three-month time frame accommodates normal fluctuations in consumption and billing cycle length.[24]

In the example below, the PHA has a checkmeter system in place for the electric bill. Last year, the entire building consumed 1,951,250 kWh and paid $ 195,125. Therefore, the PHA-paid $0.10 per kWh.

*All #'s in kWh	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Allotment	650	650	650	650	650	650	650	650	650	650	650	650	7,800
	1,950			1,950			1,950			1,950			
Actual Consumption	725	755	600	680	615	655	665	635	650	645	630	675	7,930
	2,080			1,950			1,950			1,950			
Excess Consumption*	130			0			0			0			130

*This is a sum of the difference between the allotments and consumption each month.

If the PHA surcharges residents based on quarterly consumption, the PHA would charge the resident above $13.00 for the July, August, and September time period.
130 kWh x $0.10/kWh = $13.00

If the PHA surcharges residents based on annual consumption, the PHA would charge the resident above $13.00 for the year.
130 kWh x $0.10/kWh = $13.00

6 How to Calculate a Utility Allowance or Allotment

PHAs must set utility allowances/allotments for each utility and for each unit type (size).[25] The allowance/allotment must cover a reasonable amount of consumption for an energy-conservative household of modest means.[26] PHAs have discretion to choose the methodology for calculating allowances/allotments.[27] The section below illustrates various methodologies that a PHA may use to calculate an allowance/allotment.

[21] 24 CFR § 965.506
[22] 24 CFR § 965.506(a)
[23] 24 CFR § 965.506(a)
[24] 24 CFR § 965.504(a)
[25] 24 CFR § 965.505(a)
[26] 24 CFR § 965.503; 24 CFR § 965.505(a)
[27] 24 CFR § 965.505(c)

PHAs have discretion to use one or more of the options below, or a methodology of their choosing. PHAs must keep documentation of how the utility allowances/allotments are calculated.[28] Documentation must be available to residents upon request and does not need to be submitted to HUD unless requested.[29]

1. Engineering approach – In this methodology, the PHA identifies existing energy consuming equipment in the unit and calculates the expected consumption for all the equipment. This includes equipment for lighting, cooking, heating, domestic hot water and general plug loads[30] and is used to calculate the average expected utility consumption for each unit type. For utility allowances, the PHA multiplies the anticipated consumption (e.g. kWh, gallons, therms) by the current utility rate in order to convert the consumption to a dollar amount.

2. Average actual utility bills – In this methodology, the PHA collects a sample set of resident-paid utility bills and averages the use and cost paid by the tenant. The recommended sample size is at least 12 months of bills from a minimum of three units for each unit type, when available. The bills are to reflect a timeframe when the unit was occupied by a tenant. PHAs may not include bills from when a unit was vacant, even if the PHA was repairing and/or renovating the unit. PHAs may need to obtain the appropriate tenant releases before gathering resident-paid bills. PHAs are encouraged to reach out to their utility company to see if they will release utility bill histories to the PHA as it may significantly reduce the administrative burden for the PHA. Some utility companies may release utility bills to a PHA subject to the utility company's privacy requirements.

3. Average historical consumption – In this methodology, the PHA reviews historical consumption as recorded in PHA-owned utility checkmeters. PHAs may only include data from when the unit was occupied by a tenant. PHAs may not include consumption from when a unit was vacant, even if the PHA was repairing and/or renovating the unit.

4. Review local utility rates – In this methodology, the PHA reviews the local utility company rates in order to identify the current and/or expected utility rates. Most utility companies make this information available on their website. PHAs are encouraged to reach out to the utility company for more information on rates.

PHAs may find it helpful to use more than one methodology. For example, a PHA may use the engineering approach (1) to determine reasonable consumption and review the local utility rates (4) to determine the dollar amount for each allowance. The PHA may consider reviewing actual utility bills (2) or the average historical consumption (3) to check that the utility allowances/allotments are reasonable.

6.1 Sample Utility Allowance/Allotment Calculation

Step 1: The PHA identified the uses for electricity for each of the apartments. In this example, the unit was furnished with an electrical stove, electrical hot water heater that serves only this unit, a refrigerator, and ceiling lights in each room. The calculation also included an estimated consumption for general plug load that is intended to cover minor equipment such as resident-owned equipment such as lights, televisions, or toasters.[31]

Step 2: The PHA found a current utility rate schedule on the utility company's website to confirm the monthly

[28] 24 CFR § 965.502(b)
[29] 24 CFR § 965.502(d)
[30] Plug loads refer to energy used by equipment that is plugged into an electrical outlet.
[31] 24 CFR § 965.505(b)

meter charge and current electricity rate. The PHA reviewed five resident bills to ensure that the published utility rate included all charges that show up on an actual utility bill.

		1-Bedroom	2-Bedroom	
Estimated Monthly Electric Consumption (kWh)	Cooking	110	127	
	Lights	65	75	
	Refrigerator	50	50	
	Hot Water	95	109	
	General Plug Load	85	102	
	Total	405	463	Tenant Allotment
Estimated Utility Bill Cost	Monthly Meter Charge	$ 12.75	$ 12.75	
	Delivery ($ 0.0742 / kWh)	$ 30.05	$ 34.35	
	Commodity ($ 0.062 / kWh)	$ 25.11	$ 28.71	
	Total	$ 67.91	$ 75.81	Utility Allowance

Note: The numbers in this example are for illustration purposes only and should not be used to calculate an actual allowance.

6.2 Other Information on Calculating Utility Allowances and Allotments

- PHAs must calculate each utility and each unit type separately. For example, if tenants pay both the electricity and water bill, the PHA needs to determine an appropriate allowance to cover both the electric and the water bill individually. This must be done for each unit type (e.g. 1-bedroom large, 1-bedroom small, 2-bedroom, 3-bedroom). It is normal to expect that the electric bill for a 1-bedroom unit will be less than a 2-bedroom unit.[32]
- PHAs must review utility allowances/allotments at least once a year and update as necessary.[33] PHAs are encouraged to maintain documentation of annual reviews regardless of whether changes to allowances or allotments are made.
- PHAs must notify tenants at least 60 days before changing the utility allowances/allotments. All residents shall be allowed to submit comments regarding the changes at least 30 days before the proposed effective date.[34]
- If a PHA updates utility allowances/allotments, the PHA has the option to conduct interim adjustments for all tenants at the time the allowances are updated, or apply the updated allowances at the tenant's next annual reexamination.
- PHAs may adjust utility allowances/allotments for families where at least one occupant has a special need. PHAs must inform tenants of this option and how to request the accommodation.[35] HUD recommends that PHAs include this information whenever they publish updated allowance/allotment information.
- If the utility company website states that there is an approved utility rate increase, the PHA should take this into account when determining allowances for the upcoming year.
- Utility allowances/allotments may provide for seasonal variations through the year.[36]

[32] 24 CFR § 965.503
[33] 24 CFR § 965.507(a)
[34] 24 CFR § 965.502(c)
[35] 24 CFR § 965.508
[36] 24 CFR § 965.504

- For example, if the allowance/allotment includes heat, the allowance/allotment may account for the additional consumption by having a different allowance/allotment for the winter months rather than averaging the seasonal variation throughout the year.

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Utility Consumption	100	100	200	200	300	300	300	300	200	200	100	100
Utility Cost	$10	$10	$20	$20	$30	$30	$30	$30	$20	$20	$10	$10

Option 1 = The PHA may have utility allowances that vary throughout the year according to the schedule displayed above.

Option 2 = The PHA may have a utility allowance fixed at $20 per month, the average of the numbers above.

7 Converting from Master-Metered Utilities to Individually-Metered Utilities

In buildings where there are not individual meters installed to measure and assign tenant responsibility, PHAs must conduct a benefit/cost analysis for converting a building to individually-metered utilities at least every 5 years.[37] Operating Funds may be used to pay for both the benefit/cost analysis and the installation of individual meters.[38]

PHAs must consider submetering for individual dwelling unit consumption when a building undergoes a major renovation. If a building is undergoing a major renovation, PHAs are encouraged to convert to individually-metered utilities where appropriate as this is considered an eligible use of modernization funds.[39]

When converting a utility from PHA-furnished utilities without checkmeters to either resident-purchased utilities or PHA-furnished utilities with checkmeters, PHAs must allow for a six-month transition period before assigning tenant responsibility and/or charging residents for excess consumption.[40] During the six-month period, PHAs are required to provide appropriate notice, outreach, and education to impacted residents.[41] The education should include information on the resident's current consumption, the anticipated utility allowance/allotment amount, the surcharge amounts in order to prepare residents for the potential financial impact, and an explanation of the objectives of energy conservation and goals of achieving an equitable structure that will be advantageous to residents who conserve energy .[42]

7.1 Priority of Building Conversions

In properties with PHA-furnished utilities without tenant responsibility (via allowances or allotments), PHAs

[37] 24 CFR § 965.407
[38] 24 CFR § 965.403
[39] 24 CFR § 965.403
[40] 24 CFR § 965.405(d)
[41] 24 CFR § 965.405
[42] 24 CFR § 965.405(c)

shall prioritize building conversions in the following order:[43]

1. Properties that already have utility meters installed and the PHA is currently paying the individual bills for each dwelling unit. In this scenario, PHAs do not need to conduct a benefit/cost analysis, because there are no costs associated with physically converting a building, installing meters, or changing utility rates.
2. Properties that already have PHA-owned utility checkmeters installed but are not charging residents for excess consumption. In this scenario, PHAs do not need to conduct a benefit/cost analysis, because there are no costs associated with physically converting a building, installing meters, or changing utility rates.
3. Properties that are already wired/plumbed for individual meters but do not have individual meters installed.
4. Low and medium-rise family housing properties.
5. Low and medium-rise elderly housing properties.
6. High-rise properties.

In scenarios 3-6 above, PHA are to evaluate both resident-purchased utilities and PHA-furnished utilities with tenant responsibility.

Some PHAs prefer resident-purchased utilities because it provides an incentive for families to reduce energy consumption and may be easier for a PHA to administer. If a PHA installs a checkmetering system, HUD encourages PHAs to investigate systems that offer the ability to digitally read and transmit data as it will reduce the overall burden to the PHA. Some PHAs may prefer a checkmeter system because they are better able to prevent utilities being shut off due to non-payment.

7.2 Evaluating Building Conversions

PHAs must consider the following factors before converting a building to individually-metered utilities:

1. A review of local, state, utility, and public utility commission regulations to ensure the legality of installing apartment-level meters. When conducting research, be sure to distinguish between utility-owned meters and PHA-owned checkmeters. If individual meters are not legal, PHAs do not need to conduct any further analysis.[44] If either utility-owned meters or checkmeters are legal, then the PHA should continue to the next step.
2. A determination must be made if the building in question needs substantial weatherization. Units in need of substantial weatherization may have larger heating bills that could result in an economic hardship for tenants. PHAs may not install individual meters for utilities or fuels used in heating units that need substantial weatherization.[45]
3. A benefit/cost analysis to determine whether the conversion to individual meters would financially benefit the PHA. A financial analysis should account for the costs to purchase, install and operate the utility meters. This includes any physical changes to the building and impacts on the utility rate. The benefits reflect the projected reductions in consumption and any changes to the utility rate.[46]

If a benefit/cost analysis reveals that the change is not cost effective, PHAs do not need to perform a benefit/cost analysis for the same utility service at projects with a similar design.[47]

[43] 24 CFR § 965.404
[44] 24 CFR § 965.401(a)(3); 24 CFR § 965.401(b)
[45] 24 CFR § 965.304
[46] 24 CFR § 965.402
[47] 24 CFR § 965.406

7.3 Sample Conversion Scenario

The Apple Housing Authority (AHA) installed individual unit electricity meters and wants to assign tenant responsibility. See the table below for a sample implementation outline.

- Scenario 1: PHA-Furnished Utilities (with a checkmeter system)
- Scenario 2: Resident-Paid Utilities (with utility allowances) for a 1BR unit

Note: The example below displays the minimum time frames for each step. The information below applies to both scenarios, unless otherwise specified.

Month		Housing Authority Action
1	January	Both Scenarios: AHA notified residents January 1st about the projected change in utility responsibility for the electric bill that will begin July 1st. Scenario 1: The notification showed tenants their current consumption and the current allotments so that tenants are able to understand if they will be subjected to surcharges if they continue to consume the same amount of electricity. Scenario 2: The notification showed tenants their current consumption and cost as well as the anticipated utility allowance to help tenants understand if the current utility allowance will be sufficient to cover their utility expense should they continue to consume the same amount of electricity. Regulatory Requirement: This notification must happen at least six months before the change in responsibility.[48]
2	February	The AHA continued sharing consumption and cost information with residents.
3	March	
4	April	
5	May	The AHA continued to share consumption and cost information with residents. The AHA reviewed and updated the projected surcharge and allowance amount as necessary. Scenario 1: On May 2nd, 60 days before July 1st, the AHA informed residents that the surcharge will be $0.10/kWh. Scenario 2: On May 2nd, 60 days before July 1st, the AHA informed residents that the new utility allowance will be $45 per month (allowances will vary based on unit size). Regulatory Requirement: PHAs must give tenants at least 60 days' notice of any changes to proposed utility allowances and surcharges. Residents must be given at least 30 days to comment on the new allowances and surcharges.[49]
6	June	The AHA continues sharing consumption and cost information with residents and collected resident comments until June 1st, 30 days before the July 1st implementation deadline.
7	July	Scenario 1: July 1st AHA fully implements the checkmeter system and surcharges. Scenario 2: July 1st the AHA transferred utility bills into residents' name and fully implemented the resident purchased electricity system and applied the utility allowance to tenant rents.

[48] 24 CFR § 965.405(d)

[49] 24 CFR § 965.502(c)

Frequently Asked Questions

1. How does a PHA notify residents of an upcoming change in tenant utility responsibility?

   PHAs should use all current notification practices including but not limited to flyers, holding tenant meetings, notifying and meeting with resident councils and/or posting flyers.

   All notifications and communications must ensure effective communication for persons with disabilities. PHAs must provide appropriate auxiliary aids and services necessary to ensure effective communication, which includes ensuring that information is provided in appropriate accessible formats as needed, e.g., Braille, audio, large type, assistive listening devices, and sign language interpreters.

   This requirement applies to all oral, written, audible, visual, and electronic communications, including letters, notices, emails, social media, internet websites, forms, leases, rules, and other written documents and electronic media, as well as oral communications that occur in person, over the telephone, over the internet, and in interviews, meetings, training classes, hearings, and public presentations, when communicating with an individual with a disability or when such communications are expected.

   Under the effective communication requirement, steps must be taken to ensure that communications are provided in the most integrated setting appropriate for the individual with a disability. It is also necessary to give primary consideration to the means of communication preferred by the individual with a disability.

   PHAs should also take reasonable steps to ensure meaningful access to their programs and activities to individuals with limited English proficiency.

2. How far in advance must a PHA notify tenants of a change in tenant utility responsibility?

   At least six months.

3. When a PHA notifies residents of a change in tenant utility responsibility, what information does the PHA need to convey to residents?
   (A) A history of a tenant's consumption so they will understand if it is likely they will be responsible for additional costs if they continue consuming the same amount of the utility
   (B) Information on how to reduce utility consumption for the impacted utility.

   PHA-Furnished Utilities (Scenario 1) - The utility allotment for their unit, the surcharge cost (e.g. $/kWh, $/gal), and the collection schedule for surcharges (e.g. monthly, bi-monthly, quarterly, annually).

   Resident Purchased Utilities (Scenario 2) – The utility allowance for the utility.

4. In the example, if a tenant moves into the property May 1st, during the six-month tenant notification period, does the PHA need to wait six months before assigning utility responsibility to the new tenant?

   No. The six-month notification period is to protect current residents and help them adjust to a change from the original terms of their lease. Any tenant that signs a lease after the notification period begins will be subject to surcharges on July 1st, when the building officially begins resident-paid utilities for all units. Any tenants that sign a lease after the notification period begins will sign a lease that identifies the date in which utility responsibility will begin.