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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) 2016

The data for calculating the UEL Inflation factor for CY 2016 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 2015 and CY 2016 reporting periods (weighted by the percentage of total public housing spending on utilities, by type) was -0.27% (see Table 1).

The rate of change in the reporting period (-0.27%) 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 2016 UEL inflation factor of -0.4%. The -0.27% (weighted rate of change in reporting period) x 1.5 (18 month lag) = -0.4% (2016 UEL Inflation Factor). **The inflation factor to be used on the CY 2016 HUD-52722 is 0.996 (1+ -.004)**

Table 1: Calculation of CY 2016 UEL Inflation Factor

Utility Type [a]	Percent of Total Utility Costs [b]	July 2013-June 2014 CPI Average [c]	July 2014-June 2015 CPI Average [d]	Inflation Factor [e]	Weighted Inflation Factor [f] = [b] x [e]
Water	32%	\$ 457.67	\$ 480.86	5.07%	1.63%
Electricity	36%	\$ 204.61	\$ 209.84	2.56%	0.93%
Gas	17%	\$ 182.26	\$ 176.09	-3.38%	-0.56%
Fuel	13%	\$ 376.42	\$ 310.17	-17.60%	-2.29%
Other Utilities	2%	\$ 230.56	\$ 233.22	1.15%	0.02%
Total Utility Costs	100%				
Weighted Average Inflation Factor					-0.27%
CY 2016 UEL Inflation Factor - Using 18-months Adjustment					-0.40%

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 : 12/6/2015

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Water & Sewerage Maintenance														
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	
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%
Electricity														
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	
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%
Utility Gas Service														
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	
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%
Fuel Oil														
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	
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%
All Utilities														
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	
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%