

U.S Department of Housing and Urban Development

PUBLIC AND INDIAN HOUSING

Special Attention of: Transmittal Handbook No.: 7418.1  
Public Housing Agencies; Indian CHG-1  
Housing Authorities; Secretary's Issued: May 30, 1995  
Representative; State/Area  
Coordinator; Field Office  
Public Housing Directors;  
Administrators, Offices of  
Native American Programs

1. This Transmits

Changes to the Life-Cycle Cost Analysis for Utility  
Combinations Handbook 7418.1 dated 5/95.

2. Explanation of Material Transmitted:

- A. Chapter 1, paragraph 1-2 is revised to make the use of this Handbook optional. Public housing agencies and Indian Housing Authorities (HAs) are required by statute to perform a life-cycle cost analysis of utility combinations when constructing new or substantially rehabilitating developments. HAs now have the option of performing the analysis using this handbook or using their own data and procedures as long as they include life-cycle criteria provided in this Handbook.

The Department intends to amend existing regulations to eliminate the specific requirements to use this Handbook. At that time, this Handbook will be made a guidebook.

- B. Chapter 1, paragraph 1-7.b. is changed to revise the conditions under which a higher cost utility combination may be selected.
- C. Chapter 3, Table VIII is changed to reflect the current estimated service life for central air-conditioning units and heat pumps. The estimated service life for both systems is 15 years instead of 10.

PCM:Distribution: W-3-1, W-2(H), R-3-1(PIH), R-6, R-7, R-9, 138-2,  
138-7

3. Filing Instructions:

Remove

Insert

Handbook 7418.1

Handbook 7418.1 CHG-1

Pages 1-1 and 1-2 dated 12/85  
dated 5/95

Pages 1-1, 1-1a and 1-1b

Page 1-9 and 1-10 dated 12/85  
Pages 1-9 and 1-10 dated  
5/95

Page 1-2 dated 12/85;

Page 3-11 dated 12/85

Page 3-11 dated 5/95

Special Attention of: Transmittal handbook No.: 7418.1  
Public Housing Agencies/Indian Housing  
Authorities; Regional Administrators; Issued: December 20, 1985  
Directors, Office of Public Housing;  
Directors, Office of Housing, Field  
Office Managers; Housing Development  
Division Directors; Directors, Offices  
of Indian Programs

1. This Transmits

A Handbook for the Preparation of a Life-Cycle Cost Analysis for Utility Combinations to be used in connection with the development of Public Housing and Indian Housing Projects, Handbook 7418.1, dated 12/85.

2. Explanation of Material Transmitted:

This Handbook has been developed in response to (1) Section 13 of the U.S. Housing Act of 1937 which requires that to the maximum extent practicable newly constructed and substantially rehabilitated projects shall be equipped with heating and cooling systems selected on the basis of a life-cycle cost analysis of such systems and (2) Section 5(i) of the U.S. Housing Act of 1937 which requires that passive or active solar systems be installed if cost effective over the estimated life of the system.

This Handbook provides HUD and PHA/IHA staff with methodologies for determining the most cost-effective heating and cooling systems for a project and the cost-effectiveness of solar systems.

3. Applicability:

The procedures in this Handbook must be followed to conduct a life-cycle cost analysis of heating and cooling systems, and whether passive solar systems would be cost effective for newly constructed or substantially rehabilitated public and Indian housing units.

4. Replacement

This Handbook supersedes all methods of utility analysis, such as "Selection of Utilities Low-Rent Housing Bulletin No. LR-11," issued in 1963.

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