1. This Transmits


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.

3. Filing Instructions:

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Handbook 7418.1 Handbook 7418.1 CHG-1
Pages 1-1 and 1-2 dated 12/85 Pages 1-1, 1-1a and 1-1b dated 5/95
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Pages 1-9 and 1-10 dated 5/95
Page 3-11 dated 12/85 Page 3-11 dated 5/95
1. This Transmits


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.