

# Utility Allowance Updates



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**HOUSING JUSTICE**

A silhouette graphic of a city skyline with various buildings and houses, rendered in black and grey, positioned above the text.

National Housing Law Project

# Utility Allowances Across Programs

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- **Public Housing**
  - Reasonable consumption by energy-conservative household
  - Tied to specific projects
- **Voucher**
  - Utility Schedule Model
  - Survey
  - Average costs from utility company
- **LIHTC**
  - PHA voucher schedule
  - Engineering model for new buildings
- **Multifamily**
  - HUD Notice 2015-04 – mostly actual consumption

# Utility Allowance Example

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<b>Project-based Section 8</b>	
Contract rent	\$1,000
Utility allowance	\$100
TTP (30 % of tenant's income)	\$300
"Rent to owner" (\$300-\$100)	\$200

# HUD's New Guidance

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- **H 2015-04**
  - Methodology for Completing a Multifamily Housing Utility Allowance
  - Applies to:
    - ✦ Project-based Section 8
    - ✦ Section 101 Rent Supplement
    - ✦ Section 202/162 PAC
    - ✦ Section 202 PRAC
    - ✦ Section 202 SPRAC
  - Must follow for properties with contract anniversary date later than December 20, 2015
- **FAQs**

# HUD's New Guidance

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- Tenants required to sign release or provide consumption data
- UAs must be calculated in year 1
- Adjustment factors permitted years 2-3
- Decreases in allowance
  - 30-day notice and comment period
  - must be phased in if decreases > 15 percent AND  $\geq$  \$10

# HUD's New Guidance

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- Sampling
- By bedroom size
- Exclusions
  - Reasonable accommodation
  - Vacancies 2+ months
  - Flat utility rate (= \$X/month, not \$X/unit)

Number of units	Minimum sample
1-20	All
21-61	20
62-71	21
72-83	22
84-99	23
100-120	24
121-149	25
150-191	26
192-259	27
260-388	28
389 and above	29

# HUD's New Guidance

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- **NHLP comments to HUD**
  - Concerns regarding possibly severe consequence for tenant noncompliance on providing release
  - Suggestions for clarifying the definition of Utility Assistance and allowing the use of multiple UAs at a property, in order to properly reflect actual utility rates
  - Explanation and suggestions regarding the California Climate Change Credit, which should not be captured by HUD
  - Recommendation on additional clarity regarding LIHEAP guidance and on reasonable accommodation for people with disabilities
  - Stressing the importance of transparency with Notice and Comment for Tenants

# HUD's New Guidance

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- **Practice Tips**

- Large allowance increase may indicate prior allowance set too low
- Tenants should enroll in low-income rate programs and/or participate in energy efficiency programs
- Reasonable accommodation request if higher utility usage due to disability



# Questions?

9