



A home for every story



Introduction

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Background

- Federal housing law directs that the resident's share of rent in federally assisted housing should equal 30 percent of the household's adjusted monthly income. In interpreting the federal housing law, HUD has defined the **Total Resident Payment** for "rent" to include both shelter and the costs for reasonable amounts of utilities.
- The **Utility Allowance** is the amount that a Housing Authority determines is necessary to cover the resident's reasonable utility costs.
- Such allowances are estimates of the expenses associated with different types of utilities and their uses. The utilities for which allowances may be provided include electricity, natural gas, propane, fuel oil, wood or coal, and water and sewage service, as well as garbage collection.

Background

- A **Utility Allowance** is calculated for an assisted family if the family is responsible for paying the cost of any utilities.
- For some units, the cost of all utilities is built into the amount of rent charged by the owner. In these cases, utility allowances do not apply.
- By definition, a **Utility Allowance** is “an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of [tenant-paid] utilities . . . by an energy-conservative household.”
- A family’s utility allowance is determined by the size of the unit the family leases or by the size on the family’s voucher (whichever is the lowest of the two)

Background

- Each PHA is responsible for maintaining a utility allowance schedule for all tenant-paid utilities. According to the regulations, utility allowances apply to the family's share of housing costs only when the tenant pays for utilities (except telephone), for the cost of tenant-supplied refrigerators and ranges, or for other tenant-paid housing services (e.g., trash collection (disposal of waste and refuse)). See 24 CFR 982.517(a)(1).
- The functions, or **end-uses**, covered by an allowance may include space heating, water heating, cooling, refrigeration, lighting, or appliances.
- Non-essential utilities such as cable, satellite television, and Internet service are not included in the utility allowance schedule. See 24 CFR 982.517(b)(2)(i)

Utility Allowance Schedule

- A PHA must use normal patterns of consumption for the community as a whole and current utility rates to develop utility schedule. See 24 CFR 982.517(b)(1).
- HUD gives PHAs wide latitude in how they develop utility allowances for their public housing units. Although the federal regulations state the various factors that should be taken into account, they do not require that any particular methodology be used to calculate allowances. Instead, it is left to the PHA to decide which methodology to use in establishing allowances.
- There are two basic ways to calculate allowances:
 - [Engineering-Based Methodology](#). Allowances are based on engineering calculations, standardized consumption tables, and/or in-house information; or
 - [Consumption-Based Methodology](#). Allowances are developed using actual consumption data from dwelling units in the PHA's portfolio

Utility Allowance Schedule

- The HUD Utility Schedule Model (HUSM) is the tool the BHA uses to determine utility allowances (huduser.gov/portal/resources/utilallowance.html) on an annual basis.
- The current HUSM is a web application that uses correlations and regression techniques to calculate allowances for end-uses, as specified on form HUD-52667 (Allowances for Tenant-Furnished Utilities and Other Services). This version of the model is primarily based on the 2009 Residential Energy Consumption Survey (RECS) dataset that is published by the Energy Information Administration (EIA) of the Department of Energy (DOE).
- A PHA must review its schedule of utility allowances annually and revise its allowance for a utility category if there has been a change of 10 percent or more in the utility rate since the last time the utility allowance schedule was revised.



Rent Calculations

- Newer Regulatory Provisions limits the utility allowance payment for tenant-based vouchers to the family unit size for which the voucher is issued, irrespective of the size of the unit rented by the family, with an exemption for families with a person with disabilities.
- Project-based Vouchers and HCV Homeownership uses the actual unit size for the Utility Allowance.

Rent Calculation

- 1 Bedroom Payment Standard = \$2450
- Rent to Owner (aka Contract Rent) = \$2200 (This must be approved by BHA)
- Utility Allowance = \$ 168 (Tenant is responsible for Electric Heating + Electric)
- Gross Rent = \$2368 (Rent to Owner + Utility Allowance)
- Select the lower of \$2368 or \$2450
 - HAP is based on lower of Payment Standard or Gross Rent – Here it is Gross Rent \$2368.
- 30% Monthly Adjusted Income = \$360 (Total Tenant Payment or TTP)
- Housing Assistance Payment (HAP) = \$2368 – \$360 = \$2008
- Family Rent to Owner = \$2200 – \$2008 = \$192
- Remainder of families TTP is set aside for Utility Payments = \$360-\$192 = \$168



Utility Reimbursement

- Where the family income is \$0 or very low the family may receive a Utility Allowance Payment or reimbursement.
- The PHA may elect to establish policies regarding the frequency of utility reimbursement payments for payments made to the family.



Public Housing UA

- BHA does not have utility allowances for Public Housing – All utilities are BHA provided

EOHLC Utility Allowances

State-aided public housing & MRVP

State-Aided Public Housing

- ANUEL
 - Allowable Non-Utility Expense Level
- EOHLC provides Operating Subsidy with the following formula:
 - ANUEL + Budget Exemptions + Actual Utility Costs for the fiscal year – Revenue
- Two types of Local Housing Authorities (LHAs)
 - Deficit: Those who receive operating subsidy (most LHAs)
 - Surplus: Those who have sufficient revenue to cover their expenses

How do Utility “Allowances” Work?

- In state-aided public housing, it’s very simple.
 - Deficit LHAs: EOHLC reimburses the LHA for their utility costs
 - Surplus LHAs: no utility reimbursement
- What about residents? Do they pay for utilities?
 - Sometimes!
 - Leases stipulate electricity, heat, and water responsibilities
 - Residents may pay for some, all, or none

Implications for Electrification

- If there are cost increases, and:
 - LHA pays utilities- submit to EOHLC for higher reimbursement
 - Residents pay:
 - LHA can renegotiate leases to switch responsibility

Massachusetts Rental Voucher Program (MRVP)

- Two types of vouchers
 - Mobile: tied to the tenant, usable at market rate rental properties
 - Project-based: tied to a specific unit
- Tenants pay for all, none, or some utilities depending on unit and lease
- If tenants pay for any utilities, there's an allowance (next slide)
- Leases typically stipulate tenant pays for "Heat", "Hot Water", or "Other Electric"
- Leases auto-renew for both voucher types, but:
 - Mobile- owner could propose new lease terms, but tenant doesn't have to accept
 - Project-based: owner must wait for turnover to change lease terms

To: All Local Housing Agencies and Regional Non-Profits
 Administering Massachusetts Rental Voucher Program (MRVP) Vouchers
From: Cecilia Woodworth, Assistant Director, State Rental Assistance Programs
Subject: MRVP Utility Allowance Schedule, effective January 1, 2023
Date: November 7, 2022

As required in the [FY23 MRVP Budget Line Item](#), DHCD is implementing new calculation methods for both Mobile and Project Based Voucher Tenant Rent Shares for MRVP. Included in this calculation is a Utility Allowance, as described below. (For more information on rent calculations using the Utility Allowance, see [Revised Calculations for Both Mobile and Project Based Vouchers](#).)

The Utility Allowance is an amount published by DHCD of the monthly cost for heat and other electricity if either utility is not included in the Contract Rent and for which a Household must pay separately. Utility Allowances apply to both Mobile and Project Based Vouchers. MRVP is adopting a simplified Utility Allowance schedule, shown below. The Utility Allowance is based on the number of bedrooms in the Contract Unit, regardless of Voucher Size.

Unit Size	0/									
	SRO	ESRO	Studio	1	2	3	4	5	6	7+
Heat Utility Allowance	\$23	\$25	\$30	\$45	\$65	\$85	\$100	\$125	\$150	\$175
Other Electric Utility Allowance	\$12	\$14	\$16	\$17	\$18	\$19	\$20	\$21	\$22	\$23

The “Heat Utility Allowance” shall be applied to all Households whose heat, regardless of fuel type, is not included in the Contract Rent. “Other Electric Utility Allowance” shall be applied to Households whose electricity for anything other than heat is not included in the Contract Rent. A Household may receive the “Heat” and/or “Other Electric” Utility Allowance depending on the specifics of their Lease.

Depending on the Household’s net income, Contract Rent, and Utility Allowance, the Household may qualify for a Utility Reimbursement. The Utility Reimbursement is a payment made to the Head of Household to help offset the cost of utilities when, in some cases, the Utility Allowance exceeds Required Household Contribution. Utility Reimbursement does not count as income when calculating Household income.