



Utility Allowance



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References

- HUD Section 8 Renewal Policy Guidebook, Chapter 2
- Methodology for Completing a Multifamily Housing Utility Analysis, HUD Notice H-2015-04
- Frequently Asked Questions (Revised February 2022) Methodology for Completing a Multifamily Housing Utility Analysis Notice H 2015-04
- HUD forms found on the HUDuser.gov website https://www.hud.gov/program_offices/administration/hudclips/notices/hsg/2015



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Learning Objectives

Understand what is a Utility Allowance

Determine when to submit a Baseline Utility allowance or a Utility Allowance Factor

Be able to submit the necessary information for a Baseline or UAF



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What is a Utility Allowance

What is a Utility Allowance?

Per the regulation 24 CFR part 5.603 If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the [tenant rent](#) but is the responsibility of the [family](#) occupying the unit, an amount equal to the estimate made or approved by a [PHA](#) or [HUD](#) of the "monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative [household](#) of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment"



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Tenant Paid vs. Owner Paid

Tenant Paid: Utilities paid by the tenants such as, Gas, Electric, Water, Trash, Sewer (except telephone). Property will most likely have a Utility Allowance.

Owner Paid: If the utility are paid by the owner or property the property will not receive a Utility allowance.



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Baseline or Utility Allowance Factor

- ❖ Multifamily property owners must establish baseline utility allowances for each of their bedroom sizes once every third year, which are determined by using the Baseline Utility Analysis.
- ❖ For the two years after the baseline is established, Owner/Agents have the option to perform a Factor-Based Utility Analysis



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Baseline or Utility Allowance Factor

An Owner/Agent must "Baseline" every 3 years for each bedroom type

- Owner/Agents must obtain utility data from the tenants or utility company.
- Utility data must then be entered into a spreadsheet or submitted to the PBCA.
- A minimum sample of units is required but an Owner/Agent may submit more data than the minimum sample.

For the subsequent two years, the Owner/Agent has the option to adjust the Utility Allowance based on a factor.

- Utility Allowance Factor (UAF)



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Baseline Utility Allowance

To perform a baseline analysis, the O/A must perform the following steps:

Step 1:

Request utility data from either the utility company or the tenant household for at least the number of units determined by the sample size methodology detailed below.

This must be done for each bedroom size at the property. If the property consists of multiple identical buildings (or buildings that are substantially similar), then the sampling may be performed at the property level (encompassing all buildings on a site) for each bedroom size.

If the buildings are not identical, the sampling must be done for each bedroom size for each building.

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Baseline Utility Allowance

Step 2:

Determine the average utility cost for each bedroom size without removing any units from the analysis beyond those excluded from the sample size as indicated in (1)

Do not remove the highest or lowest utility cost household when determining the average.

Step 3:

Recommend this amount to the contract administrator (CA) for approval.

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Utility Allowance Factor (UAF)

Each year HUD publishes the new UAF in the HUDuser.gov website.

Utility Allowance Factor

- Annual adjustment factor determined by HUD
- Effective February 11th of each year

This notice establishes how Owners/agents will determine their utility and state specific UAF and apply the published UAF to their existing allowance for the utility allowance they are adjusting.

<https://www.huduser.gov/portal/datasets/mauf.html>



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Utility Allowance Factor (UAF)

<https://www.huduser.gov/portal/datasets/mauf.html>



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	Oil	Natural Gas	Electric	Water/Sewer/Trash
ALABAMA	1.290	1.285	1.080	1.058
ALASKA	1.290	1.031	1.024	1.058
ARIZONA	1.290	1.566	1.057	1.058
ARKANSAS	1.290	1.512	1.095	1.058
CALIFORNIA	1.290	1.399	1.097	1.058
COLORADO	1.290	1.416	1.028	1.058
CONNECTICUT	1.272	1.249	1.303	1.058
DELAWARE	1.312	1.394	1.172	1.058
DISTRICT OF COLUMBIA	1.286	1.270	1.144	1.058
FLORIDA	1.305	1.430	1.130	1.058

Utility Allowance Factor (UAF)

UAF's are published based on utility costs per utility type.

The UAF can decrease the Utility Allowance

How will this be processed??



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UAF Differences With and Without Rounding

UAF Year 2 of 3 (Rounded Prevailed)	UAF Year 3 of 3 (Rounded)	UAF Year 3 of 3 (Unrounded)
1 BR Electric \$17.25	Factors: E (1.020) G (1.081)	Factors: E (1.020) G (1.081)
1 BR Gas \$18.41	2 BR Electric \$12 x 1.020 = \$12.24	2 BR Electric \$12.25 x 1.020 = \$12.44
2 BR Total Amount: \$35.63	2 BR Gas \$18 x 1.081 = \$20.58	2 BR Gas \$18.41 x 1.081 = \$21.64
Rounded Amounts: \$34	Rounded Amount: \$34	Rounded Amounts: \$36
3 BR Electric \$47.04	3 BR Electric \$37 x 1.020 = \$38.74	3 BR Electric \$37.25 x 1.020 = \$38.78
3 BR Gas \$24.66	3 BR Gas \$25 x 1.081 = \$27.08	3 BR Gas \$24.66 x 1.081 = \$26.71
3 BR Total Amount: \$111.70	3 BR Total Amount: \$115.82	3 BR Total Amount: \$115.49
Rounded Amount: \$112	Rounded Amount: \$116	Rounded Amount: \$116
4 BR Electric \$120.44	4 BR Electric \$101 x 1.020 = \$103.02	4 BR Electric \$100.64 x 1.020 = \$102.65
4 BR Gas \$28.64	4 BR Gas \$27 x 1.081 = \$29.24	4 BR Gas \$26.64 x 1.081 = \$28.85
4 BR Total Amount: \$127.28	4 BR Total Amount: \$132.26	4 BR Total Amount: \$131.50
Rounded Amount: \$127	Rounded Amount: \$132	Rounded Amount: \$132

Since the rounded and unrounded yield different UA's, one higher and one lower, the prevailing method will be the unrounded method as the current UA's match the amounts on the DNS rent schedule.

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UAF Differences With and Without Rounding

UAF Year 2 of 3 (Rounded Prevailed)	UAF Year 3 of 3 (Rounded)	UAF Year 3 of 3 (Unrounded)
0 BR Electric \$17.92	Factors: E (0.967) G (1.482)	Factors: E (0.967) G (1.482)
0 BR Gas \$7.42	0 BR Electric: \$18 x 0.967 = \$17.41	0 BR Electric: \$17.92 x 0.967 = \$17.33
2 BR Total Amount: \$25.34	0 BR Gas: \$7 x 1.482 = \$10.37	0 BR Gas: \$7.42 x 1.482 = \$11.00
Rounded Amounts: \$25	0 BR Total Amount: \$27.78	0 BR Total Amount: \$28.33
1 BR Electric \$17.85	1 BR Electric: \$18 x 0.967 = \$17.41	1 BR Electric: \$17.85 x 0.967 = \$17.26
1 BR Gas \$6.54	1 BR Gas: \$7 x 1.482 = \$10.37	1 BR Gas: \$6.54 x 1.482 = \$9.69
1 BR Total Amount: \$23.82	1 BR Total Amount: \$27.78	1 BR Total Amount: \$26.95
Rounded Amount: \$24	Rounded Amount: \$28	Rounded Amount: \$27

Since the rounded and unrounded yield different UA's, the prevailing method will be the rounded method as the rounded method yields two higher UA amounts and the unrounded method only yields one higher UA.

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Notice to Tenant of Proposed Rent Increase

24 CFR 245.310 - must have this verbiage
Can add but cannot delete language

Should include proposed Utility Allowance

Owner must indicate how this notice was distributed to tenants

Does not require an Owner signature. Can be signed by Owner/Agent

Additional 15-day posting may be required

NOTICE TO TENANTS THAT A UTILITY ALLOWANCE DECREASE HAS BEEN CALCULATED AND SUBMITTED TO HES FOR APPROVAL

Date: Checkbook's Filebook

Dear Residents:
The new utility allowance (UA) amount has been calculated based on the utility costs at each of our apartment complex, and is subject to approval by the United States Department of Housing and Urban Development (HUD)/Contract Administrator (CA).

Residence Type	Current UA	Proposed UA	Proposed Decrease Amount
1 BR	\$23.82	\$26.95	\$3.13
2 BR	\$28.33	\$28.33	\$0.00
3 BR	\$115.49	\$115.49	\$0.00
4 BR	\$131.50	\$131.50	\$0.00

You have the right to participate as provided in 24CFR 245.310. A copy of the materials that you are submitting to HUDCA for approval of the request for increase will be available during business hours at address for a period of 30 (30) days from the date of service of this notice for inspection and copying by tenants of record at each apartment complex. If the tenants wish, the signed or other representations may be provided to you in a private.

During a period of 30 (30) days from the date of service of this notice, tenants of record of apartment complexes may appeal certain conditions on the proposed utility allowance to HUDCA. Tenant representatives may assist tenants in participating these evaluations. These representatives will be appointed by HUDCA, along with our representatives. If you do not see a request for the decrease.

Tenants who need a copy of your comments already to the Contract Administrator at the following address:

Contract Administrator
Address: 1401 14th Street
City: Denver, CO 80202
Attention: Contract Department

HES will prepare, adjust approval or disapproval of the proposed UA decrease upon receiving the request and comments. When HUDCA advises us in writing of the decision on our request, you will be notified. If the request is approved, any alternate adjustment will be put into effect after the expiration of the 30-day review period. The date you are served with this notice and is accordance with the terms of existing leases.

Name of mortgage or management agent
Owner or agent name

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After Training Tasks

- ☐ HUD Section 8 Renewal Policy Guidebook, Chapter 2
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