



## UTILITIES

All PHAs are required to provide adequate utility service to maintain housing units in good repair and ensure units are safe, decent and sanitary. Both PHAs and tenants share responsibility for utility consumption and conservation.



### CALCULATING UTILITY ALLOWANCES AND ALLOTMENTS

PHAs must review utility allowances/allotments at least once a year, revise the allowance for a utility category if there has been a change of 10 percent or more in utility rate since the last time the utility allowance schedule was revised, and update as necessary. PHAs are encouraged to maintain documentation of annual reviews regardless of whether changes to allowances or allotments are made. Tenants must be notified at least 60 days before changing the utility allowances/allotments. All residents must be allowed to submit comments regarding the changes at least 30 days before the proposed effective date.

When setting the utility allowance or allotment level, PHAs have discretion to use one or more of the options below, or a methodology of their choosing. PHAs must keep documentation of how the utility allowances/allotments are calculated. Documentation must be available to residents upon request and does not need to be submitted to HUD unless requested.

1. **Engineering approach** – In this methodology, the PHA identifies existing energy or water consuming equipment in the unit and calculates the expected consumption for all the equipment for energy-conservative households that occupy housing of similar size and type in the same locality.
2. **Average actual utility bills** – In this methodology, the PHA collects a sample set of resident-paid utility bills and averages the use and cost paid by the tenant over 12 months of bills from a minimum of three units for each unit type, when available.
3. **Average historical consumption** – In this methodology, the PHA reviews historical consumption as recorded in PHA-owned utility checkmeters. PHAs may only include data from when the unit was occupied by a tenant and must exclude units vacant for any reason including repairs and renovations.
4. **Review local utility rates** – In this methodology, the PHA reviews the local utility company rates to identify the current and/or expected utility rates. Most utility companies make this information available on their website. PHAs are encouraged to reach out to the utility company for more information on rates.



## DETERMINING AND APPLYING UTILITY ALLOTMENTS, ALLOWANCES, & SURCHARGES

	PHA-Furnished Utilities		Resident-Purchased Utilities
Type of Meter System	Master Metered	Check Metered	Individually Metered
About the Meter System	Utility-owned meters that measure consumption for the building as a whole.	Separate sub-meters typically owned by the PHA to measure consumption by individual units.	Utility-owned meters that measure consumption for each unit.
Who pays the utility company?	The PHA pays the utility company directly.	The PHA pays the utility company directly.	The resident pays the utility company directly.
Is there a utility allowance or allotment?	Utility allotments are not applicable since there are no submeters to monitor consumption levels per unit.	Yes, the PHA sets allotments for allowable utility consumption for each dwelling unit. Allotments are set in the utility's units (e.g., kilowatt hours for electricity).	Yes, the PHA provides the resident with a utility allowance to cover utility expenses. Utility allowances reduce the rent residents owe to the PHA. Rent owed to the PHA is equal to the Total Tenant Payment (TTP) minus the utility allowance.
How is the utility allowance or allotment determined?	Utility allotments are not applicable since there are no submeters to monitor consumption levels per unit.	The allotment must cover a reasonable amount of energy and/or water consumption for an energy-conservative household based on unit size and type.	The utility allowance is based on the PHA's utility allowance schedule and deducted from the Total Tenant Payment (TTP).  If the TTP is less than the monthly utility allowance, the difference between the TTP and utility allowance will be reimbursed to the resident.
Is there a surcharge for over consumption?	Yes, the PHA may surcharge residents for consumption of resident-owned appliances (e.g., air conditioning units) or optional functions of PHA-furnished equipment. Residents may have to pay the PHA a monthly utility use fee or surcharge to cover this additional utility consumption. PHAs must give tenants at least two weeks' notice to pay any surcharges.	Yes, the PHA surcharges residents for consumption that exceeds the utility allotment. Surcharges are calculated based on the PHA's average utility rate. PHAs must give tenants at least two weeks' notice to pay any surcharges.	No, there is no surcharge for overconsumption. The resident is responsible for paying to the utility company the entire bill, even if it exceeds the utility allowance.

**Note that it is possible to have a mix of PHA-furnished and resident-paid utilities at one site.** For example, a property could have PHA-paid electricity with checkmeters, tenant-paid natural gas with utility allowances, and PHA-paid water consumption (master metered without any checkmeters). A tenant's lease must identify which utilities the PHA will supply, which utilities the tenant is responsible for paying, and which utility services may be subject to surcharges.



## DOCUMENTING UTILITIES POLICIES AND SPECIAL CASES

PHAs should document general utilities policies, including details on surcharges and how allowances and allotments are changed, in their ACOP. Utility allowance schedules may be kept in a separate document, so that the ACOP does not have to be updated each time the schedule is updated. The lease must specify which utilities are paid by the resident and which are paid by the PHA.

- PHAs may have multiple utility allowance schedules based on unit type and size such as single-family homes vs. conventional units or new construction vs. older less energy efficient developments.
- When a family's Total Tenant Payment (TTP) is less than the monthly utility allowance, the PHA either reimburses the difference to the resident or directly pays the difference to the utility company. If the PHA directly pays the utility provider, the tenant must be notified of the amount paid.
- If a PHA supplies partial utilities, the tenant will be responsible for paying the non-provided utility and will receive a utility allowance from the PHA for that utility.
- Tenants paying flat rent are not eligible for utility allowances.

Under a Reasonable Accommodation request, a family with a member who has a disability may request a higher utility allowance to cover the cost of higher utility consumption necessitated by the disability-related medical equipment.

## COMPANION DOCUMENTS

Additional information about the content in this quick reference sheet can be found here:

- ➔ Your PHA's Admissions and Occupancy Policy (ACOP)
- ➔ The [HUD Public Housing Occupancy Guidebook](#) chapter on [Utilities](#)
- ➔ The Public Housing Management and Occupancy Division for [links to resources and tools](#)
- ➔ [Best Practices in Energy Data Collection & Tracking](#) from the U.S. Department of Energy

