

**Tenant Paid Utility Allowance Summary
HUD Los Angeles Policy
Effective May 1, 2010**

According to HUD Handbook 4350.1 REV-1, Chapter 7, Section 4, 7-24, the owner must recommend a utility allowance for each unit type for properties that have tenant paid utility allowances. The recommended utility allowance should represent the owner's best estimate of the average monthly utility cost that an energy-conscious resident will incur for the year. The owner must request approval of revised utility allowances whenever a utility rate change would cause a cumulative increase of at least 10 percent or more in the most recently approved utility allowances.

For those properties that have entered MAHRA, the owner must submit an annual recommendation, with their Project Based Section 8 Contract Renewal/Rent Adjustment submission. Mid-year adjustments are not permitted in accordance with the Section 8 Renewal Policy Guide, Chapter 16, unless approved by the HUD field office.

Analysis required every third year: A property specific usage or cost analysis will be submitted every three years for Section 8 units with the owner's contract renewal or rent adjustment submission packet. Owner/agents will obtain the actual usage or cost for each unit type for a recent twelve month period. The analysis period will provide the owner adequate time to prepare and post in accordance with 24 CFR 245 (30 day posting/comment period) and submit their renewal/rent adjustment owner packet to the CA/HUD at least 120 days (4 months) prior to the contract expiration and/or anniversary date. Baseline analysis:

- ✓ The analysis must include 100% of all unit types that have 1 - 10 units
- ✓ The analysis must include 20% of all unit types that have 11 or more units
- ✓ Units that have experienced a vacancy within the analysis' 12 month period, are to be omitted from the calculations
- ✓ Supporting documentation (billing statements, data from the utility provider, etc) must accompany the analysis

Example:

Property	Contract Expiration	# of One Bedroom Units	# of Two Bedroom Units	# of Three Bedroom Units
Point Apts.	6-1-10	10	50	160

Number of Units to be included in the 1-1-09 thru 12-31-09 Analysis:

Property	Contract Expiration	# of One Bedroom Units	20% of Two Bedroom Units	20% of Three Bedroom Units
Point Apts.	6-1-10	10	10	32

Interim year adjustments: At years one and two, the owner/agent will base their tenant-paid utility allowance recommendation on residential utility rates, or submit an analysis.

Whichever method the owner/agent chooses, documentation (billing statements, rate charts, data from utility provider, etc) must be sent to support the recommendation.

When utility provider rates are the selected method, the owner/agent will provide current residential rates and the residential rates that were in effect when the last utility allowance adjustment occurred. Written rates may be obtained and printed from utility provider websites, billing statements, or a written statement/email from the utility company.

Discrepancies between the owner/agent recommendation and the CA/HUD calculations:

When a 10% or higher cumulative increase in utility allowance is demonstrated and the owner/agent's recommendation does not coincide with supported calculations, the CA/HUD will inform the owner/agent that an adjustment to the utility allowance is required. Calculation differences, and any other concerns, will be communicated with the owner/agent in writing. The CA/HUD will set the utility allowance based on the supporting documentation, unless the owner/agent provides sufficient additional information as to why the amount(s) should be set differently.