

UTILITY ALLOWANCE POLICY

Date: June 23, 2011

To: Owners and Management Agents/Section 8 Program

From: Oregon Housing & Community Services
HUD Contract Administration (HCA) Section
Asset & Property Management Division

Subject: **Utility Allowance (UA) Policy – Applicable Only to Projects with Tenant-Paid Utilities**

HCA has been actively seeking ways to improve and streamline discretionary practices and processes we currently utilize for the work we do. As a bonus of this effort, the requirements for external partners, in some areas, are anticipated to become less onerous.

Regulations require that owners complete an analysis of the utility allowance in conjunction with any rent increase requests. In addition, owners must assess any **mid-year** utility rate changes, and recommend an **adjustment of the current allowance if application of new rates would effect a change of more than 10%**.

HCA has established that owner and agency requirements **would be met** by implementation of the following policy:

HCA requirement for consumption records:

Owners must determine a utility allowance, for each unit size in the project, using actual consumption records obtained from the utility company. *The actual consumption records will be valid for 5 years.* In year 6, new consumption records must again be gathered and used to establish a new allowance. **Send a copy of the consumption records to HCA only in the year they are collected. HCA will retain that data until new consumption data is gathered and submitted in year six (6).**

Reporting requirements for owners:

Provide your recommendation for the utility allowance using the UA Analysis form. *Along with the UA Analysis form (attached), an O/A must provide a worksheet(s) showing how the UA analysis calculation was completed and recommended UA(s) determined.* **Owners are required to adjust their properties' utility allowances every year at the time of the annual adjustment of rents, irrespective of the percentage of increase or decrease.** Submissions that do not meet the reporting requirements will be returned.

Record-keeping requirements for owners:

Owners must maintain consumption records in the project files for the period of use. HCA reserves the right to request copies of the consumption records, or review the records during any on-site management review.

The above policy fulfills the owner's regulatory requirements as listed in 24 CFR sections 880.101, 881.101, 882.40, 883.101, 884.101, 886.101, 886.301 and the attached **HUD Memorandum (June 20, 2011) clarifying UA Regulations (highlighted above).**