



# HUD RAP

## (Relocation & Acquisition Policies)

Policy Newsletter of the Relocation and Real Estate Division  
Department of Housing and Urban Development  
Community Planning and Development

Vol. 2 No. 2 (Subpart E)

August, 2006

Office of Affordable Housing Programs

**Q1:** Under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), the replacement housing payment calculation for a residential tenant considers “the monthly rent and **estimated** average monthly cost of utilities for a comparable replacement dwelling” (see 49 CFR 24.402(b)(1)(i)) and “the monthly rent and **estimated** average monthly cost of utilities for the decent safe and sanitary dwelling occupied by the displaced person” (see 49 CFR 24.402(b)(1)(ii)). Since Public Housing Authorities (PHAs) develop schedules of utility allowances for government assisted housing under the HUD Public Housing Program and the Housing Choice Voucher Program (formerly called Section 8), can these PHA schedules be used in lieu of researching and using estimates based on actual utility costs of the comparable and replacement dwelling for either government assisted or private market tenants?

**A1:** Using PHA utility allowance schedules developed for government assisted housing to estimate the tenant-paid utility costs to be included in the rental assistance payment calculated under 49 CFR 24.402(b)(1)(i) & (ii) may not always be a reasonable solution to address the requirements under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA). “Utility Costs” are defined in the URA regulations under 49 CFR 24.2(a)(30) as, “...expenses for electricity, gas, other heating and cooking fuels, water and sewer.”

Where agencies have difficulty obtaining actual estimated utility costs for the comparable and replacement dwellings from the applicable utility company, PHA schedules may be helpful. However, before using a PHA utility allowance schedule, it is important to know: 1) which program schedule is being used (public housing or housing choice voucher), 2) what utilities are included and/or excluded in the computation of the utility allowances for the program, and 3) the date the utility allowance schedule was established or revised (is it current?).

- In HUD’s Public Housing program, utility allowances are established to approximate

“...a reasonable consumption of utilities by an energy-conservative household of modest circumstances...” (see 24 CFR 965.505(a)). Air conditioning is not included in the utility allowances established for a public housing project unless a resident has no option other than to use the air conditioning (e.g. air conditioning is centrally controlled and cannot be turned-off by the resident). In any case in which the tenant can choose to use or not use the air conditioning, the tenant must pay for the air conditioning and this cost is not included in the utility allowance provided. See 24 CFR 965.505(e).

- In HUD’s Housing Choice Voucher Program (formerly Section 8), utility allowances “...must be determined based on the typical cost of utilities and services paid by energy conservative households...” (see 24 CFR 982.517(b)). Further, the PHA must provide a utility allowance for tenant-paid air conditioning costs if the majority of housing units in the market provide centrally air conditioned units or there is appropriate wiring for tenant-installed air conditioners.” (see 24 CFR 982.519(b)(ii)).

Adjustments to the utility allowances developed for government-assisted housing programs may be required if they are to be used for URA computational purposes based on the circumstances of displacement (private market unit vs. government assisted unit), and/or the utilities that are included in the comparable and replacement units. If a displaced government-assisted tenant was paying excess utility charges over and above the standard utility allowance, these additional charges should be included in the computation of the actual cost of utilities at their displacement unit.

**Q2:** Can PHA utility allowance schedules be used to calculate the average monthly cost of utilities at the displacement dwelling for a residential tenant?

**A2:** The base monthly rental calculation for the displacement dwelling under 49 CFR 24.402(b)(2)(i) is based on “the average monthly cost for rent and utilities at the displacement dwelling for a reasonable period prior to displacement...”. Although calculations for the comparable and replacement dwellings are based on “**estimated** average monthly cost of utilities,” the regulatory language in 24.402(b)(2)(i) does not provide for such estimates, especially considering actual utility costs should be readily available from the displaced person. PHA utility allowance schedules may not be used to establish the average monthly utility costs at the displacement dwelling for HUD programs and projects *unless*: 1) The displacement is from one government-assisted housing unit to a similarly subsidized unit *or* 2) The displaced person refuses to provide the agency with his/her actual utility costs and such information can not be obtained from the applicable utility company. As noted above, if a displaced government-assisted tenant was paying utility charges over and above the standard utility allowance, these additional charges should be included in the computation of the actual cost of utilities at their displacement unit.