

**U.S. Department of Housing and Urban Development**  
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OFFICE OF PUBLIC AND INDIAN HOUSING  
 REAL ESTATE ASSESSMENT CENTER  
 FINANCIAL MANAGEMENT DIVISION

**Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2017**

The data for calculating the UEL Inflation factor for CY 2017 is extracted from the Bureau of Labor Statistics (BLS) ‘Consumer Price Index for All Urban Consumers (CPI-U). The reporting periods for operating subsidy calculation run from July 1 to June 30. Using the monthly indices for the 12-month period, an average index is calculated for each of the reporting periods, by utility type. Nationally, the weighted change in utility price between the CY 2016 and CY 2017 reporting periods (weighted by the percentage of total public housing spending on utilities, by type) was -04.68% (see Table 1).

The rate of change in the reporting period -(04.68%) is then multiplied by 1.5 to reflect the anticipated rate that PHAs will pay during the funding period. In essence, the funding period lags the reporting period by 18 months (1.5 years). As shown below, this calculation results in a CY 2017 UEL inflation factor of -7.01%. The -04.68% (weighted rate of change in reporting period) x 1.5 (18 month lag) = -7.01% (2017 UEL Inflation Factor). **The inflation factor to be used on the CY 2017 HUD-52722 is .9299, (1 + -0.0701).**

**Table 1: Calculation of CY 2017 UEL Inflation Factor**

Utility Type [a]	Percent of Total Utility Costs [b]	July 2014-June 2015 CPI Average [c]	July 2015-June 2016 CPI Average [d]	Inflation Factor [e]	Weighted Inflation Factor [f] = [b] x [e]
Water	32%	\$ 480.86	\$ 503.93	4.80%	1.54%
Electricity	36%	\$ 209.84	\$ 207.06	-1.33%	-0.48%
Gas	17%	\$ 176.09	\$ 157.67	-10.46%	-1.73%
Fuel	13%	\$ 310.17	\$ 215.77	-30.44%	-3.96%
Other Utilities	2%	\$ 233.22	\$ 227.46	-2.47%	-0.05%
<b>Total Utility Costs</b>	<b>100%</b>				
<b>Weighted Average Inflation Factor</b>					<b>-4.68%</b>
<b>CY 2017 UEL Inflation Factor - Using 18-months Adjustment</b>					<b>-7.01%</b>

See Table 2 for details on the computation of utility specific CPI indices.

**Table 2: Calculation of Inflation Factor by Utility Type Using CPI-U**

**Dated : 8/2/2016**

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
<b>Water &amp; Sewerage Maintenance</b>														
CY 2016 (Jul 14 - Jun 15)	468.197	471.538	471.925	475.476	478.295	480.698	483.308	486.233	487.250	488.293	488.981	490.072	480.856	
CY 2017 (Jul 15 - Jun 16)	492.931	498.209	498.898	499.187	500.515	501.462	504.402	506.031	508.140	510.778	513.157	513.440	503.929	4.80%
<b>Electricity</b>														
CY 2016 (Jul 14 - Jun 15)	217.930	217.148	215.054	206.667	202.889	204.275	208.172	208.696	205.894	206.179	207.683	217.468	209.838	
CY 2017 (Jul 15 - Jun 16)	216.406	215.786	214.132	205.604	202.479	201.787	203.169	202.528	202.487	201.778	205.038	213.474	207.056	-1.33%
<b>Utility Gas Service</b>														
CY 2016 (Jul 14 - Jun 15)	189.659	183.960	183.376	179.226	178.558	182.908	179.184	173.978	170.592	164.839	162.639	164.205	176.094	
CY 2017 (Jul 15 - Jun 16)	162.733	162.885	161.189	159.422	157.750	155.746	156.513	155.981	154.822	154.130	154.994	155.914	157.673	-10.46%
<b>Fuel Oil</b>														
CY 2016 (Jul 14 - Jun 15)	367.725	363.420	355.892	341.771	329.681	303.844	273.718	279.040	295.603	270.850	272.874	267.649	310.172	
CY 2017 (Jul 15 - Jun 16)	258.620	237.580	231.835	229.191	226.289	208.561	195.029	189.373	192.617	196.349	208.488	215.295	215.769	-30.44%
<b>All Utilities</b>														
CY 2016 (Jul 14 - Jun 15)	241.250	239.790	238.285	232.192	229.680	231.150	232.309	231.912	229.829	228.304	228.748	235.136	233.215	
CY 2017 (Jul 15 - Jun 16)	234.137	233.847	232.417	226.784	224.606	223.521	224.537	224.063	223.918	223.529	226.197	231.941	227.458	-2.47%