



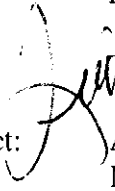
**Berkeley Housing Authority**

1901 Fairview St. Berkeley, CA 94703  
Telephone: (510) 981-5470 Fax: (510) 981-5480

*Office of the Executive Director*

Item 7F  
NEW BUSINESS  
May 13, 2010

To: Honorable Chairperson and  
Members of the Housing Authority Board

From:  Tia M. Ingram, Executive Director

Subject: Approving a resolution adopting a Certified energy efficient Utility Allowance for Multi-Family units leased in the Section 8 Housing Choice Tenant or Project Based Voucher Program effective July 1, 2010

RECOMMENDATION

Approving a resolution adopting a Certified energy efficient Utility Allowance for Multi-Family units leased in the Section 8 Housing Choice Tenant or Project Based Voucher Program effective July 1, 2010.

BACKGROUND

The Utility Allowance plays an important role for in determining "Contract Rent" and in determining "Family rent."

**Contract Rent.** The "Contract Rent" is the total amount payable to the landlord; it differs from the "Gross Rent" which is the value BHA determines is appropriate for the unit. For discussion purposes, let's assume BHA approves a gross rent of \$1,515, and the allowance for tenant paid utilities is \$105. BHA would execute a Housing Assistance Payment Contract with the owner for \$1,410 (\$1,515 minus \$105). So, the higher the utility allowance, the smaller amount of rent to the owner.

**Family Rent.** Rent is deemed affordable when the family is not required to pay more than 30% of income for rent (in some cases up to 40%). "Rent" includes the payment to the landlord, plus the allowance for tenant paid utilities. So, the higher the utility allowance, the greater the deduction from the 30% calculation, thus, a smaller family rent payable to the landlord. For example, assume adjusted monthly income of \$300, and a utility allowance of \$105. The family rent payable to the landlord would be \$195.

The governing regulations for establishing and maintaining a Utility Allowance is set forth at 24 Code of Federal Regulations, 982.517 (Attachment 2).

On March 11, 2010, the Board approved revised Utility Allowances for the Section 8 tenant and project based programs, and for the Low Income Public Housing Program. In the staff report we advised that we would be returning with a third Utility Allowance schedule ~ one that recognizes the

## STATUS

Nelrod Corporation has completed the analysis and recommended a “Section 8 Certified Energy Efficient Utility Allowance for Multi-Family Dwellings.” Staff is recommending that the analysis, and resulting proposed schedule (Attachment 3) be adopted as set forth by our utility study consultant .

Most existing structures will not meet the HUD approved “energy efficient standard.” However, the schedule is beneficial to new construction projects (such S8 Project Based developments) or substantial rehabilitation (like what we envision with the Low Income Public Housing Units) where an owner is investing considerable monies in the properties, and complying with current energy standards, including “green initiatives.” Nelrod Corporation produced specific Guidelines of Certified Energy Efficient Construction Utility Allowance (Attachment 4) that must be met in order to receive these new Utility Allowance Rates.

## FINANCIAL IMPACTS OF RECOMMENDATION

The lower utility allowance schedule may result in higher contract cost, thus require a larger rental subsidy payment. Even at full lease-up, BHA has funds remaining in the Housing Assistance Payment Restricted Account to continue assistance to our 1,841 Section 8 families.

## CONTACT PERSON

Tia M. Ingram, Executive Director, 981-5471

### Attachments:

1. Resolution
2. Code of Federal Regulations 982.517
3. Section 8 Multi-Family Certified Energy Efficient Utility Allowances (All Electric and Gas Appliances)
4. Guidelines for Certified Energy Efficient Construction Utility Allowances

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 10-\_\_\_\_\_

ADOPTING A CERTIFIED ENERGY EFFICIENT UTILITY ALLOWANCE FOR MULTI-FAMILY DWELLING UNITS LEASED IN THE SECTION 8 HOUSING CHOICE TENANT OR PROJECT BASED VOUCHER PROGRAM EFFECTIVE JULY 1, 2010

WHEREAS, the Berkeley Housing Authority is required to grant assisted households a deduction from rent for tenant paid utilities; and

WHEREAS, HUD regulations require the Housing Authority to evaluate utility cost for units within the jurisdictions; and

WHEREAS, BHA has HUD compliant Utility Allowance Schedules for the Section 8 and Low Income Public Housing Programs; and

WHEREAS, Nelrod Company analyzed the impact that constructing multi-family buildings to high energy efficiency standards has on energy consumption and costs for energy conscious families; and

WHEREAS, a utility allowance schedule that recognizes the reduced cost for monthly energy consumption of a high energy efficient standard can serve as an inducement for great owner participation in energy conservation efforts.

NOW, THEREFORE BE IT RESOLVED, that the Section 8 Certified Energy Efficient Utility Allowance for Multi-Family Dwellings attached hereto and identified as Exhibit A, and incorporated by reference, is adopted effective July 1, 2010.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 13, 2010 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary

**§ 982.517****24 CFR Ch. IX (4-1-09 Edition)**

consent to purposes directly in connection with administration of the program.

(Information collection requirements contained in this section have been approved by the Office of Management and Budget under control number 2577-0169.)

[63 FR 23861, Apr. 30, 1998, as amended at 64 FR 13057, Mar. 16, 1999; 64 FR 26649, May 14, 1999; 64 FR 56915, Oct. 21, 1999; 65 FR 16822, Mar. 30, 2000]

EDITORIAL NOTE: At 64 FR 26649, May 14, 1999, § 982.516 was amended in paragraph (e) by removing the reference to "and family unit size"; however paragraph (e) does not contain this phrase.

**§ 982.517 Utility allowance schedule.**

(a) *Maintaining schedule.* (1) The PHA must maintain a utility allowance schedule for all tenant-paid utilities (except telephone), for cost of tenant-supplied refrigerators and ranges, and for other tenant-paid housing services (e.g., trash collection (disposal of waste and refuse)).

(2) The PHA must give HUD a copy of the utility allowance schedule. At HUD's request, the PHA also must provide any information or procedures used in preparation of the schedule.

(b) *How allowances are determined.* (1) The utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, the PHA must use normal patterns of consumption for the community as a whole and current utility rates.

(2)(i) a PHA's utility allowance schedule, and the utility allowance for an individual family, must include the utilities and services that are necessary in the locality to provide housing that complies with the housing quality standards. However, the PHA may not provide any allowance for non-essential utility costs, such as costs of cable or satellite television.

(ii) In the utility allowance schedule, the PHA must classify utilities and other housing services according to the following general categories: space heating; air conditioning; cooking; water heating; water; sewer; trash collection (disposal of waste and refuse); other electric; refrigerator (cost of ten-

ant-supplied refrigerator); range (cost of tenant-supplied range); and other specified housing services. 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.

(3) The cost of each utility and housing service category must be stated separately. For each of these categories, the utility allowance schedule must take into consideration unit size (by number of bedrooms), and unit types (e.g., apartment, row-house, town house, single-family detached, and manufactured housing) that are typical in the community.

(4) The utility allowance schedule must be prepared and submitted in accordance with HUD requirements on the form prescribed by HUD.

(c) *Revisions of utility allowance schedule.* (1) a PHA must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there PHAs been a change of 10 percent or more in the utility rate since the last time the utility allowance schedule was revised. The PHA must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

(2) At HUD's direction, the PHA must revise the utility allowance schedule to correct any errors, or as necessary to update the schedule.

(d) *Use of utility allowance schedule.*

(1) The PHA must use the appropriate utility allowance for the size of dwelling unit actually leased by the family (rather than the family unit size as determined under the PHA subsidy standards).

(2) At reexamination, the PHA must use the PHA current utility allowance schedule.

(e) *Higher utility allowance as reasonable accommodation for a person with disabilities.* On request from a family that includes a person with disabilities, the PHA must approve a utility allowance which is higher than the applicable amount on the utility allowance schedule if a higher utility allowance is needed as a reasonable accommodation

in accordance with 24 CFR part 8 to make the program accessible to and usable by the family member with a disability.

(Information collection requirements contained in this section have been approved by the Office of Management and Budget under control number 2577-0169.)

**§ 982.518 Regular tenancy: How to calculate housing assistance payment.**

The monthly housing assistance payment equals the gross rent, minus the higher of:

- (a) The total tenant payment; or
- (b) The minimum rent as required by law.

[63 FR 23861, Apr. 30, 1998. Redesignated at 64 FR 26648, May 14, 1999]

**§ 982.519 Regular tenancy: Annual adjustment of rent to owner.**

(a) *When rent is adjusted.* At each annual anniversary date of the HAP contract, the PHA must adjust the rent to owner at the request of the owner in accordance with this section.

(b) *Amount of annual adjustment.* (1) The adjusted rent to owner equals the lesser of:

(i) The pre-adjustment rent to owner multiplied by the applicable Section 8 annual adjustment factor, published by HUD in the FEDERAL REGISTER, that is in effect 60 days before the HAP contract anniversary;

(ii) The reasonable rent (as most recently determined or redetermined by the PHA in accordance with § 982.503); or

(iii) The amount requested by the owner.

(2) In making the annual adjustment, the pre-adjustment rent to owner does not include any previously approved special adjustments.

(3) The rent to owner may be adjusted up or down in accordance with this section.

(4) Notwithstanding paragraph (b)(1) of this section, the rent to owner for a unit must not be increased at the annual anniversary date unless:

(i) The owner requests the adjustment by giving notice to the PHA; and

(ii) During the year before the annual anniversary date, the owner has complied with all requirements of the HAP

contract, including compliance with the HQS.

(5) The rent to owner will only be increased for housing assistance payments covering months commencing on the later of:

(i) The first day of the first month commencing on or after the contract anniversary date; or

(ii) At least sixty days after the PHA receives the owner's request.

(6) To receive an increase resulting from the annual adjustment for an annual anniversary date, the owner must request the increase at least sixty days before the next annual anniversary date.

[63 FR 23861, Apr. 30, 1998, as amended at 64 FR 13057, Mar. 16, 1999. Redesignated at 64 FR 26648, May 14, 1999]

**§ 982.520 Regular tenancy: Special adjustment of rent to owner.**

(a) *Substantial and general cost increases.* (1) At HUD's sole discretion, HUD may approve a special adjustment of the rent to owner to reflect increases in the actual and necessary costs of owning and maintaining the unit because of substantial and general increases in:

(i) Real property taxes;

(ii) Special governmental assessments;

(iii) Utility rates; or

(iv) Costs of utilities not covered by regulated rates.

(2) An PHA may make a special adjustment of the rent to owner only if the adjustment has been approved by HUD. The owner does not have any right to receive a special adjustment.

(b) *Reasonable rent.* The adjusted rent may not exceed the reasonable rent. The owner may not receive a special adjustment if the adjusted rent would exceed the reasonable rent.

(c) *Term of special adjustment.* (1) The PHA may withdraw or limit the term of any special adjustment.

(2) If a special adjustment is approved to cover temporary or one-time costs, the special adjustment is only a temporary or one-time increase of the rent to owner.

[63 FR 23861, Apr. 30, 1998. Redesignated at 64 FR 26648, May 14, 1999]

**Allowances for Tenant  
Furnished Utilities and other  
Services**

U.S. Department of Housing and Urban  
Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0169  
Note: Units Must meet EPA or DOE  
Energy Efficiency Home Rating  
Score of 100 or Lower

Locality: <b>City of Berkeley, CA</b>		Unit Type: <b>Multi-Family Certified Energy Efficient</b>				Date (mm/dd/yyyy)	
Utility or Service <b>ALL ELECTRIC</b>		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas						
	b. Bottle Gas						
	c. Electric		\$9.00	\$12.00	\$15.00	\$19.00	
	d. Oil / Other						
Cooking	a. Natural Gas						
	b. Bottle Gas						
	c. Electric		\$9.00	\$12.00	\$14.00	\$17.00	
	d. Coal / Other						
Other Electric			\$38.00	\$53.00	\$57.00	\$90.00	
Air Conditioning			\$2.00	\$3.00	\$5.00	\$5.00	
Water Heating	a. Natural Gas						
	b. Bottle Gas						
	c. Electric		\$24.00	\$29.00	\$34.00	\$40.00	
	d. Oil / Other						
Water							
Sewer							
Trash Collection							
Range / Microwave (Tenant-purchased)							
Refrigerator (Tenant-purchased)							
Other-specify:							
<b>Actual Family Allowances</b>		Utility or Service		per month cost			
To be used by the family to compute allowance. Complete below for the actual unit rented.		Heating		\$			
		Cooking		\$			
Name of Family		Other Electric		\$			
		Air Conditioning		\$			
		Water Heating		\$			
Address of Unit		Water		\$			
		Sewer		\$			
		Trash Collection		\$			
		Range / Microwave		\$			
		Refrigerator		\$			
		Other		\$			
Number of Bedrooms		Other		\$			
		Total		\$			

**Allowances for Tenant  
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Development  
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Note: Units Must meet EPA or DOE  
Energy Efficiency Home Rating  
Score of 100 or Lower

Locality: <b>City of Berkeley, CA</b>		Unit Type: <b>Multi-Family Certified Energy Efficient</b>				Date (mm/dd/yyyy)	
Utility or Service <b>GAS APPLIANCES</b>		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas		\$9.00	\$12.00	\$16.00	\$18.00	
	b. Bottle Gas						
	c. Electric						
	d. Oil / Other						
Cooking	a. Natural Gas		\$6.00	\$7.00	\$8.00	\$10.00	
	b. Bottle Gas						
	c. Electric						
	d. Coal / Other						
Other Electric			\$20.00	\$24.00	\$27.00	\$32.00	
Air Conditioning			\$2.00	\$3.00	\$5.00	\$5.00	
Water Heating	a. Natural Gas		\$13.00	\$16.00	\$18.00	\$20.00	
	b. Bottle Gas						
	c. Electric						
	d. Oil / Other						
Water							
Sewer							
Trash Collection							
Range / Microwave (Tenant-purchased)							
Refrigerator (Tenant-purchased)							
Other-specify:							
<b>Actual Family Allowances</b>					Utility or Service	per month cost	
To be used by the family to compute allowance. Complete below for the actual unit rented.					Heating	\$	
Name of Family					Cooking	\$	
Address of Unit					Other Electric	\$	
					Air Conditioning	\$	
Number of Bedrooms					Water Heating	\$	
					Water	\$	
					Sewer	\$	
					Trash Collection	\$	
					Range / Microwave	\$	
					Refrigerator	\$	
					Other	\$	
					Other	\$	
					Total	\$	

### Guidelines for Certified Energy Efficient Construction Utility Allowance

Units must meet the following criteria in order to participate:

1. A sampling of at least seven to fifteen (7-15) percent of units in the development being certified must be inspected and tested by a Residential Energy Services Network (RESNET) Certified Rater with a Accredited Provider.
2. The sample must contain at least one of each construction type, i.e., first to third floors, interior – end units, one of each bedroom size, variations in floor area/volume within bedroom type.
3. Units must be tested for air infiltration and duct leakage to the outside, if the units have ducted HVAC systems.
  - a. Infiltration can be tested using Tracer Gas, and or blower door.
  - b. Duct leakage can be tested with a blower door, using the duct subtraction method as stated in the Energy Conservatory, "Blower Door Operation Manual" Chapter 9 **if adjusted using the correction factor.**
  - c. Using a blower door and duct blower in combination as describe in the Energy Conservatory, "Duct Blaster Operation Manual" Chapter 6 depressurization method.
4. The results must then be reviewed and analyzed using Residential Energy Services Network (RESNET) accredited software.
  - a. Using climatic data for the geographical area nearest the location of the unit.
  - b. Correct utility type (Natural gas, LP gas, electric, etc.) information.
  - c. Actual equipment efficiencies, i.e., AFUE, SEER, HPSF, EF, etc.
  - d. Actual test results.
  - e. According to the RESNET technical guidelines.
5. The units must achieve an index of at least a **100 or lower using the Home Energy Rating System scale (HERS) for Certified Energy Efficient units.** This minimum index may change in the future due to code changes or upgrades to code and/or RESNET guidelines.
6. The initial testing and certification of the units will qualify for five (5) years, at which time these units must be re-inspected and tested, and received a new Home Energy Rating System index, to continue utilizing the Certified Energy Efficient-IECC Code Compliant Utility Allowances.

Rating files both electronic and hard copy, as well as field data collection forms with calculations may be requested by the Housing Agency to be reviewed by the staff or consultants prior to approval.

The Housing Agency reserves the right to inspect the units by their staff and or consultant, prior to approval.

**An annual review of these Certified Energy Efficient-IECC Code Compliant Utility Allowances is required by HUD regulations and if there has been a 10% increase or decrease in utility rate and charges adjustments must be made.**