

# Having Trouble Paying Your Utilities and Rent? Read On...

July 2009

## *In a Nutshell:*

If you live in federally subsidized housing, a utility allowance is an amount you receive to cover reasonable utility bills. If the utility allowance is too low, you are getting overcharged for rent. This pamphlet helps you figure out whether there is a problem with utility allowances and what to do about it.

## *This pamphlet applies to tenants in these programs:*

- Public Housing
- Section 8 Voucher
- Project-Based Section 8
- Low-Income Housing Tax Credit
- Rural Development

## **What Is a Utility Allowance, and How Does it Affect Me?**

Many tenants in federally subsidized housing have trouble paying their utility bills. If you're having difficulty, there may be a problem with your utility allowance, and you may be getting overcharged for rent. This pamphlet explains how to get information and help about utility allowances. Fixing the utility allowance will benefit you and many other families.

### **What is a utility allowance?**

A "utility allowance" is an amount federally subsidized tenants receive to help pay for reasonable utility bills.

### **What are reasonable utility bills?**

A utility allowance must cover a reasonable amount of utilities that an energy-conscious household would use. It does not cover excessive or wasteful utility use.

### **Should I be getting a utility allowance?**

If you live in federally subsidized housing AND pay for utilities, you usually must receive a utility allowance. If the housing



authority or your landlord pays the utility bills for the building, and you do not pay for utilities, you are NOT eligible.

### **Which utilities are covered?**

- Electricity
- Gas
- Heating fuel
- Water
- Sewer
- Trash collection
- Renting a range, microwave, or refrigerator

### **Which utilities are NOT covered?**

- Telephone
- Cable television
- Internet

## How are my utility costs and my rent related?

If you pay for your own utilities, your rent plus your utility costs generally should not be more than 30% of your monthly income. (This may not be the case for tenants in tax credit buildings.) If your utility bills regularly cost more than the utility allowance, the utility allowance may be too low. When the utility allowance is too low, you are getting overcharged for rent.

### I never get a check in the mail. Am I still getting a utility allowance?

For most tenants, the utility allowance is subtracted from their rent. The example at the right shows how this works. Some tenants may receive a check if their rent is less than the utility allowance.

### An Example of How Utility Costs Affect Rent

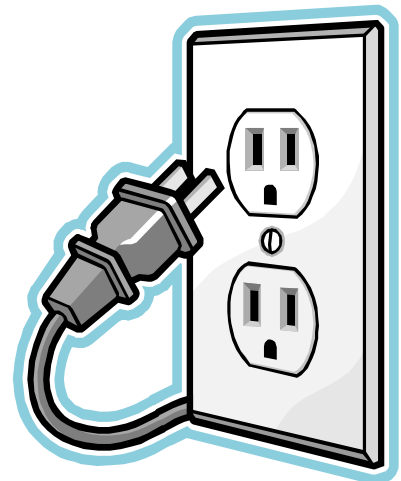


- Mary is a public housing tenant on social security, and her **monthly income is \$667**
- Mary's rent amount is 30% of \$667, so **her rent is \$200**
- The housing authority has found that based on her apartment size, Mary's **utility allowance is \$80**
- The housing authority subtracts the utility allowance from Mary's rent.  $\$200$  (rent) —  $\$80$  (utility allowance) = **\$120 (Mary's final rent she pays to the housing authority)**
- Mary then pays her utility bills directly to the utility companies.
- If Mary's utility bills are more than the \$80 utility allowance, the extra amount must come out of her own pocket.

## How do I find out what my utility allowance is?

There are several places you can look to find out what the utility allowances are.

- Your utility allowance may be stated in your lease, or it may be attached.
- The utility allowance may be in the income recertification paperwork you complete each year.
- You can request the utility allowance schedule from the housing authority or your landlord.
- A legal aid attorney or housing rights organization can help you send a formal public records request.



## Who decides the amount of the utility allowance?

Utility allowances can be small or large, ranging from less than \$20 to more than \$200 monthly, depending on climate, local utility rates, the number of utilities used, and the size of your unit. The person in charge of the

utility allowance depends on the program you are in.

### Housing authorities set utility allowances for:

- Public housing
- Section 8 vouchers

### Landlords set utility allowances for:

- Project-based Section 8
- Low-Income Housing Tax Credit
- Rural Rental Housing

## How is the amount of utilities that I use measured?

For tenants who pay for utilities, there are two systems that measure utility use:

### Retail meters:

If you have an account with the utility company and pay your utility bills directly to the company, you live in a retail-metered building. The hous-



ing authority or landlord sets a monthly dollar amount that is supposed to cover reasonable utility costs. This dollar amount is your utility allowance.

### Check meters:

Some buildings have separate utility meters in each unit, but the housing authority or landlord pays util-

ity bills to the utility company. These are called check meters. The housing authority or landlord sets an amount of energy that you can use per month, such as a certain number of kilowatt hours of electricity. This amount of energy units is your utility allowance. If you use more than this amount, you must pay for the excess.

## When must the utility allowance be adjusted?

### If utility rates have gone up. . .

Housing authorities and landlords must review utility allowances at least once a year. If utility rates have gone up by 10% or more since the utility allowance was last adjusted, the housing authority or landlord must raise the allowance immediately.

### If you have a disability. . .

Your allowance must be adjusted if you have special needs because of a disability. If you have been prescribed medical equipment that uses gas or electricity, you should receive an increased utility allowance. A legal aid or senior legal services attorney can help you request a higher allowance.

### TIP:

*Some examples of medically prescribed devices that use electricity include air conditioners, oxygen concentrators, and asthma nebulizers.*

## What Is a Utility Allowance Schedule?

A utility allowance schedule is a document that lists the amount of money that should cover monthly utility bills. At right are two examples of utility allowance schedules. You can ask your housing authority or landlord for a copy of the utility allowance schedule.

### Example 1: Westbrook Apartments

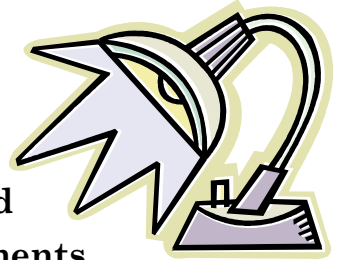
Example 1 is a utility allowance schedule from a retail-metered public housing building, where the tenant pays utilities directly to the utility company.

In this example, the housing authority has set a certain dollar amount to cover the monthly costs of each type of utility—electric and natural gas. A public housing tenant living in a one-bedroom apartment receives a total utility allowance of \$44 for electricity and natural gas. This amount is credited against the tenant's rent. If the tenant pays more than \$44 a month for utilities, the extra amount must come out of the tenant's own pocket.

### Example 2: Golden Gate Village

Example 2 is a utility allowance schedule from a check-metered public housing

### Example 1: Retail-Metered Westbrook Apartments



Utility Type	1 Bedroom	2 Bedroom
Electricity	\$33	\$46
Natural Gas	\$11	\$29
<b>TOTAL</b>	<b>\$44</b>	<b>\$75</b>

### Example 2: Check-Metered Electricity Golden Gate Village

Quarter	1 Bedroom	2 Bedroom
<b>Jan. to March</b>	764 kWh	1003 kWh
<b>April to June</b>	778 kWh	997 kWh
<b>July to Sept.</b>	717 kWh	962 kWh
<b>Oct. to Dec.</b>	870 kWh	1169 kWh

building, where the housing authority, not the tenant, pays the utility bills to the utility company. The housing authority monitors the tenant's energy use. If the tenant uses more than the allowance, the housing authority charges the tenant for the extra amount.

In this example, the housing authority has set a certain

amount of kilowatt-hours (kWh) of electricity that it will pay for each quarter. A public housing tenant living in a one-bedroom apartment receives a utility allowance of 764 kWh for the January quarter. If the tenant uses more than 764 kWh of electricity during the January quarter, the housing authority will charge the tenant for the extra amount.

## How Can I Tell if the Utility Allowances Are Too Low?

To find out if there's a problem:

1. **Look at** your past electric, gas, water, sewer, and trash bills to see how much you have been paying for utilities. If you do not have copies of your bills, your utility company can provide information about your payment history.
2. **Add up** the amount you paid to the utility company each month for electricity, natural gas, heating oil, water, sewer, and trash.
3. **Compare** this amount to your utility allowance. If

### TIP:

*Contact your utility company to see if they offer lower rates to low-income families. If so, you should apply. Some utility allowances are based on these lower rates.*

these bills are more than the utility allowance, the allowance may need to be adjusted.

4. **Remember:** Utility allowances cover only reasonable utility use, not

excessive use. Telephone, cable, and Internet service are not covered.

### Have the allowances been updated recently?

You should also check whether the allowances have been updated within the past two to three years. Housing authorities and landlords must review their utility allowances each year. If the utility allowance has not been updated for several years, it may be too low.

### Have rates gone up?

If you suspect that rates have increased, but your utility allowance has not, there may be a problem.

## How Can Tenants Work Together on Utility Allowances?

Here are ways that you can work with other tenants on utility allowances.

### Collecting information

Utility allowances may be stated in leases or recertification paperwork. If residents do not have these documents, request the allowances from the housing authority or landlord.

### Surveying residents

Collect copies of residents'

utility bills so that you can show the housing authority or landlord that the utility allowance is not enough. There is a sample letter and survey on the next page that you can give to other tenants to request copies of their bills.

### Reviewing information

Residents can review utility allowances from recent years to see if they have



changed. Comparing the amount of the utility allowances from one year to the next will show whether the allowances have been updated. If you cannot determine when the utility allowances were last updated, contact the housing authority or landlord to find out when the allowances were last changed.

(Continued on page 6)

## Letter to Residents About Utility Allowances

To: The Residents of \_\_\_\_\_

From: \_\_\_\_\_

Re: Survey Regarding Utility Bills

Dear Resident:

Several residents in this building are investigating whether residents are receiving enough assistance for utility bills. We are surveying all of the residents to determine whether they are being overcharged for their rent because the “utility allowances” are too low. We do not yet know whether residents are being overcharged for rent.

If you live in federally subsidized housing and pay your own utilities, you should usually receive a monthly utility allowance (a credit towards your rent). The utility allowance is automatically subtracted from your rent.

The utility allowance should cover a reasonable amount of utilities. The allowances must be updated when utility rates increase. If the allowances are not updated, then residents pay too much for rent.

By completing the enclosed survey and giving us a copy of your bill, you will help us make sure that you are not being overcharged for rent. Please return the survey to:

\_\_\_\_\_.

If you would like additional information regarding this issue, please feel free to call me at \_\_\_\_\_ . Thank you very much for your help!

## How Can Tenants Work Together on Utility Allowances?

(Continued from page 5)

### Gathering information about utility rates

Utility allowances must be increased if local utility rates have increased by 10% or more since the allowance was last adjusted. To see whether rates have increased, ask your local utility company for the residential utility rates for each month since the allowance

was last updated. It is best to gather the residential utility rates for each month for the past three to five years. The utility company’s contact information should be on your monthly bill. The company may also have rate information on their website. You can also get rate information from the agency in your state responsible for regulating utility companies, often called the “public

#### TIP:

To get the contact information for your state’s public utilities commission, visit <http://www.naruc.org/commissions.cfm>.

utilities commission” or “public service commission.”



# Survey to Residents About Utility Allowances

Name \_\_\_\_\_ Phone # \_\_\_\_\_

Address \_\_\_\_\_

## What types of utilities do you pay for? (check all that apply)

- Electricity                       Propane                       Other (please list below):  
 Natural gas                       Heating oil                      \_\_\_\_\_

## What types of appliances do you have? (check all that apply)

- Refrigerator (electric)     Water heater (gas)                       Other (please list below):  
 Refrigerator (gas)                       Water heater (solar)                      \_\_\_\_\_  
 Stove (electric)                       Space heater (electric)                      \_\_\_\_\_  
 Stove (gas)                       Space heater (gas)                      \_\_\_\_\_  
 Water heater (electric)     Space heater (oil)                      \_\_\_\_\_

How much is your utility allowance? (if you know) \$ \_\_\_\_\_

How much are your average monthly utility bills? \$ \_\_\_\_\_

How many bedrooms does your apartment have? \_\_\_\_\_

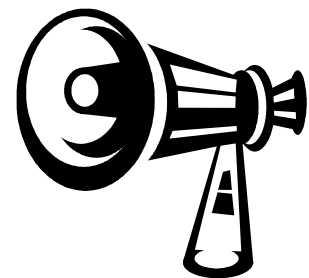
Please attach a recent copy of your utility bills.

## Who Can I Contact for Help With Utility Allowances?

If you need help with your utility allowances, contact your local legal aid office, senior legal aid office, housing advocacy agency, tenants' rights group, or social services agency. These agencies can call the National Housing Law Project at 510-251-9400 to obtain a copy of *Advocating for Higher Utility Allowances in Federally Subsidized Housing: A Practical Guide*.

### Action steps may include:

- Meeting with the housing authority or your landlord.
- Contacting the housing authority's board of commissioners or the local Department of Housing and Urban Development (HUD) office.
- Contacting your members of Congress and local media.



- Filing a lawsuit to have the allowances fixed.
- Requesting a higher utility allowance if you have a disability and need medical equipment that uses electricity.



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