

# AIR FORCE

## Housing Privatization



### Questions and Answers for Residents Utility Allowance Policy Change

*Your Basic Allowance for Housing (BAH) includes amounts to help cover your costs of housing, including rent and utilities, based on duty location, pay grade and dependency status. The Utility Allowance (UA) program for privatized housing empowers you to better manage your consumption and share in the savings your conservation generates. Average users will have zero out of pocket costs. Residents with above average consumption habits will have some out of pocket costs. Residents who use below the average for utilities in like-type home groupings will receive rebates for their utility conservation.*

#### **Why is the AF changing the UA Policy?**

After more than a decade of experience, the Air Force is modifying the UA program to more accurately capture utility costs and usage, while offering a financial incentive to Airmen and families who conserve electricity and natural gas. With the capability to monitor actual consumption in each home, the UA will be based on real-time monthly meter readings and will no longer include a 10-percent buffer. However, for residents already residing in privatized housing at an installation with the UA program in place when the policy changes, the 10% buffer will continue to be applied for up to one year from the policy effective date or until you move out of your current privatized home, whichever is earlier.

Air Force objectives for the new UA calculation methodology are:

1. Promote energy conservation by holding privatized housing residents accountable for their utility consumption and by offering rebates for below-average consumption.
2. Zero out-of-pocket costs for the average utility consumer with the potential to earn rebates.
3. More accurately capturing utility costs based on actual average monthly expenses instead of historical annual averages.

#### **How is the UA changing?**

Previously, the UA was calculated annually based on 110 percent of a five-year historical average for consumption in like-type homes. Like-type homes are homes with similar characteristics, such as number of bedrooms and bathrooms, square footage, number of floors, age, new or renovated, etc. The 10-percent buffer was intended to protect residents from seasonal highs and lows that were not reflected in the historical average. The AF learned that this method set the UA above actual utility costs and diverted funding away from maintaining the homes and the community amenities.

The new UA will be based on an average monthly meter readings in like-type homes. Except for residents already in privatized housing at locations already in live billing when the policy changes, the 10-percent buffer will no longer be applied because actual monthly consumption accounts for seasonal fluctuations. Residents

who consume less than the average will continue to receive rebates. Residents who use more than the average will pay out of pocket for the amount above average.

**What are “like-type” units?**

Your UA will continue to be based on the type of unit you live in. Housing communities can have 50 or more housing profiles depending on the number of floor plans and housing types in the privatized housing project.

- Only similar homes are grouped together (for example, new 3-bedroom homes are NOT grouped with older or renovated 3-bedroom homes; one-story homes are NOT grouped with two-story homes).
- Only occupied units are included in the calculation (periods of vacancy are not included in the average calculation).
- Each month, the actual energy consumption of each home in a group are added together and then divided by the number of homes in the group—that figure determines that group’s average utility consumption for that month.

**Will There Be Any Exceptions?**

There are three possible exceptions:

1. Residents in projects that receive a monthly bill directly from a local utility provider will continue to do so, but may remain on the five year rolling average without the 10% buffer. This is because actual meter readings are not always available for these projects.
2. For groupings with fewer than 10 homes, the UA may be calculated on either a per-square-foot or the rolling five-year average basis, but also with no buffer. This is because the size of the group is so small that even one resident’s habits can have a significant effect on the group average.
3. To ease the transition to the new policy, current privatized housing residents in projects with live billing prior to the policy effective date will continue receiving the 10% buffer until they move out of privatized housing or up to one year after the policy effective date, whichever is earlier.

**What are the differences between the old and new UA policies?**

	Old UA Policy	New UA Policy
Energy Calculation	110% of the 5-year historical average of like-type homes	100% of the actual average monthly consumption of like-type homes*
Rebates	Residents earn rebates for usage below 110% of the average	Residents earn rebates for usage below 100% of the average
Seasonal Fluctuation Calculations (Buffer)	10% buffer mitigated seasonal fluctuations not reflected in the 5-year average	Buffer not needed since UA accurately captures cost including seasonal fluctuations on a monthly basis
Impact on Airmen	In the first year of billing, tenants using 30% above average utility consumption received rebates	Residents using above average consumption will pay the difference out of pocket. Residents using average consumption will pay \$0 out of pocket.

*\* For groupings of fewer than 10 homes, the allowance may be calculated on either a per-square-foot or a rolling five-year average basis, with no buffer. For projects where residents receive a bill from the local*

*utility provider and pay the provider directly, the allowance will continue to be calculated on the five-year rolling average, with no buffer.*

### **How will this UA change impact my family?**

The majority of residents will not be significantly impacted by this change, although rebates will not be as large. Roughly 75 percent of all residents will be within \$8 of the allowance. In general, fewer families will receive large rebates and more residents will receive bills, but as long as a household's total consumption falls at or below the average for all homes in their housing profile, the resident will have zero out-of-pocket costs.

### **Who determines the UA for my home?**

The POs must submit what they determine to be like-type units for AF approval before a unit can be included in a housing group (a "Housing Profile"). The UA will be calculated based on the average monthly consumption for like-type units after eliminating the outliers (top and bottom ten percent of utility bills). Likewise, the average monthly consumption is based on actual metering.

### **How will I pay for utilities?**

After the UA program is implemented at your base, you will be responsible for the cost of the natural gas and electricity you consume. The project will continue to provide, at no cost to the resident, water, wastewater and trash collection as part of your rent. If you consume less energy than your UA, you will pocket the savings. If you consume more than your allowance, you will be required to pay out of pocket for the difference.

The actual billing process may vary from base to base because of differences in utility distribution systems. In most cases, the property manager will collect your full BAH and track any credits or debits owed until a specific threshold is met. In order to avoid the administrative burden associated with several small transactions each month, the PO will generally issue refunds/bills once the amount credited or owed reaches this threshold, usually \$50.

You should receive a monthly bill from the third-party provider, which will look similar to the bills your fellow Airmen receive downtown. The bill will clearly show the UA for the month based on the average use in your Housing Profile, your usage, and the bill or credit for consumption. The bill should also show a graphic depiction of your consumption over the past year compared to your UA.

### **For more information**

Contact your local Property Management Office (or government Housing Management Office) if you have UA program questions, such as how your UA was calculated for your unit type, the billing process, when a UA will be implemented at your base, or any other questions.