

JUN 16 1968

MEMORANDUM FOR: Michael B. Janis, Director, Office of Public Housing, 4PH

FROM: *Thomas Sherman*
Thomas Sherman, Director, Office of Public Housing, PP

SUBJECT: Clarification of requirements applicable to paying tenants amounts owed for utility credits.

This is in response to your memorandum of April 21, 1968, regarding the Department's policy related to paying public housing tenants amounts owed for utility credits.

Section 3(a) of the U.S. Housing Act, as amended, provides that a family shall pay as the Total Tenant Payment (TTP) the highest of the following, rounded to the nearest dollar:

1. 30 percent of Monthly Adjusted Income;
2. 10 percent of Monthly Income; or
3. a designated portion of a welfare payment, if applicable.

In some projects, utilities are provided by the public housing agency (PHA) at no extra cost to the tenant; in others, the tenants are required to pay some or all of their utilities directly to the utility company.

To assure that the total housing costs of tenants of similar income and circumstances are the same and do not exceed applicable statutory limitations, PHAs are required to deduct a "utility allowance" from the TTP in those projects where tenants are required to pay their own utilities. There are some families residing in PHA projects where the amount of their TTP is less than their utility allowances. In these cases, the PHA is required to reimburse the family the difference between the utility allowance and the TTP.

Since the purpose of the utility reimbursement is to make funds available to the family to pay its utility bills, the PHA must keep these payments to the family current to meet the statutory and regulatory requirements. The PHA may not allow the utility reimbursement to accumulate as a credit to the tenant's account. This defeats the purpose of the utility reimbursement. While HUD rule 24 CFR 913 is not specific as to the frequency of utility reimbursements, PHAs should distribute utility reimbursements at similar time intervals as payment of the TTP, which is in keeping with appropriate statutory constraints. In cases where the tenant family has other charges (late rental payment, damage to the premises beyond normal wear and tear, excess utility usage, etc.) on the books, the PHA should use utility reimbursements as a means of offsetting the charges.