



The  
Road Home

BUILDING A SAFER,  
STRONGER, SMARTER LOUISIANA

[www.road2LA.org](http://www.road2LA.org)

or

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# A GUIDE TO UTILITY ALLOWANCE

To keep housing affordable for low- to moderate-income households, *The Road Home* asks you to consider a utility allowance when selecting affordable rent levels on your application.

## *What is a utility allowance?*

The utility allowance is designed to help your tenants cover some of the cost of their utilities if you are **not** providing these utilities for the residents. If you intend to pay utilities for your tenants, there is no utility allowance subtracted from the monthly rent listed in Schedule A. If however, you ask your tenant to pay for **any** of the services themselves, you must subtract an allowance from the amount of monthly rent shown in the award tables. A utility allowance is used in most Federal housing programs and helps to ensure that owners who take on the financial responsibility for tenants' utility charges are able to receive a higher rent than owners who do not. Whether you choose to use an allowance for utilities or pay for the services yourself generally depends on your preference.

## *Which utilities are part of this allowance?*

The utilities for which an allowance is provided to tenants include electricity, natural gas, water, sewer, and trash collection. If you plan to ask a tenant to pay **any** of these costs in addition to their rent, a utility allowance is required. The decision to use a utility allowance will never affect the competitiveness of your application or your chances of receiving funding in any round. You do not need to indicate this decision on the application. However, you will need to make this decision before you offer your unit for rent. As a result, it is a good idea for you to begin now to consider whether you will use the utility allowance or cover the cost of all utilities yourself.



Program Funded by:  
U.S. Department of Housing  
and Urban Development

## How to figure out your potential utility allowance

Because the amount of utility consumption tends to vary due to the characteristics of your rental unit, including the location and size, *The Road Home* has developed a set of monthly allowances for property owners to use. The chart below provides the amount of allowance you may use based on your property's characteristics.

	0 BR	1 BR	2 BR	3 BR	4 BR
<b>New Orleans MSA</b>	\$50	\$75	\$85	\$100	\$125
<b>Lake Charles MSA</b>	\$50	\$50	\$60	\$70	\$80
<b>All other Parishes</b>	\$50	\$50	\$60	\$70	\$80

## How was the allowance determined?

The utility allowance is designed to provide those tenants who must pay their own utilities with some compensation in the form of a lower monthly rent. Utility costs are generally higher for larger units and in area where the rates are higher. Consequently, the allowance for tenants in these units is higher. The utility allowances provided by *The Road Home* are also designed to assist owners by ensuring that adequate rental income is maintained to keep up the rental property. Utility costs have recently risen by a significant amount and a higher allowance for tenants would result in lower rents for your building, and could jeopardize your ability to deliver quality housing. This schedule attempts to distribute the cost of utilities in an even handed manner.

## Will the allowance change?

The Road Home will publish current allowances each year. These allowances will be calculated in the manner described above and will only change if there are significant increases or decreases in the utility rates being charged.



Housing centers are accessible,  
and reasonable accommodations  
will be provided as requested.

Hurricane Katrina Federal  
Task Force Hotline  
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