



Air Force Civil Engineer Center

Talking Points

Air Force Housing Privatization (HP) Program Utility Allowance (UA) Policy Change

After more than a decade of experience, the Air Force is modifying the UA program to more accurately capture utility costs and usage, while continuing to offer a financial incentive to Airmen and families who conserve electricity and natural gas. Residents will still be individually responsible for their utility consumption. The current UA methodology uses a five-year rolling average utility consumption and 10% buffer. This methodology sets UA rates above actual utility costs and results in diverting funds from maintaining the homes and providing community amenities. With the capability to monitor actual monthly consumption, the Air Force will now set the UA based on real-time monthly meter readings and eliminate the 10% buffer. In order to ease the transition, current residents at those projects in “live billing” with an established UA program will continue to have the 10 percent buffer for one year from the start of the new program or until they move out of their current privatized home, whichever is earlier.

KEY MESSAGES

How the new UA Policy works

Like the existing UA policy, the new UA policy empowers residents to manage their energy consumption while rewarding them for below-average consumption.

- Basic Allowance for Housing (BAH) helps cover the cost of rent and average utility consumption. The portion of BAH for natural gas and electricity in privatized housing is determined each month by the average utility use of homes in their respective “like-type” group.
- Homes are grouped at each installation into profiles with similar characteristics, such as the number of bedrooms; floors; single-family versus multiplex homes; age of home; type of structure, new or renovated, etc. Bases may have 50 profiles or more.
- The new UA methodology will no longer calculate the UA based on a five-year rolling average of consumption and will not include the 10% buffer on top of the average use.
- The monthly UA will be determined by the group’s average use based on real-time monthly meter readings (cumulative utility use divided by total number of homes in group) and will be clearly shown on the utility bill. The top and bottom 10% of samples will be excluded from the average so that extreme conservers and extreme users do not skew the average.
- The new policy will set the UA each month for the majority of homes based on real-time monthly meter readings.
- There are some exceptions:
 - Current residents in privatized housing prior at the 22 project installations in live billing prior to the policy effective date will continue receiving the 10% buffer until they move out of their privatized housing unit or for one year after the policy effective date, whichever is earlier.
 - For like-type groups that have 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 may continue to be calculated on the five-year rolling average, but with no buffer.
- The project owner will continue to pay for water, wastewater, and trash as part of the rent. The resident will not be responsible for those utilities.

- Residents who make a conscious effort to conserve energy in their home will be rewarded.
 - The average consumer will neither receive a bill nor a rebate.
 - Residents who consume less than the average will receive a rebate.
 - Residents who consume more than the average will receive a bill.
 - Residents will only receive a rebate or be required to pay a bill after they accrue a balance in excess of a specified amount, typically \$50. For example, a resident who consumes the equivalent of \$11 more than the UA in June will not receive a bill until their consumption to date exceeds \$50.
- Twenty-two (22) of the 63 installations with privatized housing implemented the old UA program. Implementation of the new policy will occur for all new residents in stages with bases already in live-billing status transitioning first.
- At projects locations that did not implement the old UA program, tenants may participate in a 90-day “mock-billing” cycle to allow residents the opportunity to assess their consumption habits and alter routines to conserve energy and qualify for potential rebates.

Why the new UA policy works

- Rebates are a positive motivator for reducing energy consumption.
 - Since the UA program’s implementation 13 years ago, housing energy consumption decreased 21-percent at those project locations in live billing.
- Accurate, fair utility billing allocates energy cost to the user in accordance with DoD policy.
 - UA was previously calculated at 110 percent of the five-year rolling-average consumption for like-type homes, which skewed estimated energy consumption compared to actual use.
 - The UA will now be calculated at 100 percent of the monthly average consumption within the like-type groupings, which more closely mirrors the actual energy consumption, while maintaining the incentive to reduce energy consumption within the housing-type profile.
 - The Air Force revised its UA policy to continue to cover utility costs for the average energy consumer while ensuring quality housing for military families.
- The health of the HP program depends on sound financial management of project resources.
 - Nearly \$8.3 billion in private sector and government funding has been invested into the housing privatization program to accelerate the Air Force’s ability to provide quality homes where Airmen and their families will choose to live.
 - HP deals are designed to be financially self-sustaining: BAH is the lifeblood of the program.
 - Accurately capturing utility costs ensures an appropriate balance between financial incentives to residents and adequate funding for maintenance, repairs and mid-term renovations or replacements for each 50-year deal.
- The new UA policy supports today’s Airmen as well as future generations.
 - Prior to HP, Air Force housing was in an unacceptable state. At some installations as much as 60% of the homes fell below Air Force standards. Today, Air Force housing in the United States is essentially 100-percent privatized, extending Airmen and their families the opportunity to live in thriving privatized housing communities.
 - In order to continue providing quality housing for future Air Force generations, these multi-decade housing deals must remain financially stable.

- By more accurately identifying the portion of BAH allotted for utilities, the Air Force and the Project Owners can better invest in future sustainment of the housing communities.