

Why GAO Did This Study

About 5 million low-income households receive HUD rental assistance. Households that pay utilities separately from rent receive utility allowances that should cover reasonable utility costs. To the extent allowances do not fully cover costs, households may become rent-burdened.

The joint explanatory statement for the Consolidated Appropriations Act, 2022 includes a provision for GAO to study the effect of utility costs on assisted households' rent burdens, with a focus on HUD rental assistance programs administered by PHAs. This report examines (1) the risk of households being rent-burdened because of utility expenses, (2) utility allowance tools and guidance that HUD provides to PHAs, and (3) HUD's oversight of PHAs' utility allowances.

GAO reviewed laws, regulations, and HUD tools and guidance for utility allowances; analyzed HUD and AHS data; and interviewed HUD officials, industry stakeholders such as contractors that PHAs use, and a nongeneralizable sample of 13 PHAs selected for diversity in size and location.

What GAO Recommends

GAO is making five recommendations to HUD, including developing a plan to obtain feedback on the usability of its utility allowance model, improving the accessibility and feedback mechanisms for its guidebooks, and enhancing collection and analysis of allowance data. HUD neither agreed nor disagreed with the recommendations.

View [GAO-24-105532](#). For more information, contact Jill Naamane at (202) 512-8678 or NaamaneJ@gao.gov.

HUD RENTAL ASSISTANCE

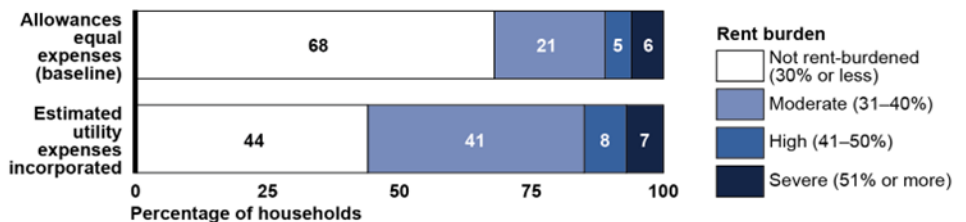
Improved Guidance and Oversight Needed for Utility Allowances

What GAO Found

The Department of Housing and Urban Development (HUD) provides rental assistance to low-income households, including through the Housing Choice Voucher (voucher) and Public Housing programs administered by about 3,700 public housing agencies (PHA). PHAs are required to provide utility allowances to assisted households that pay utilities separately from rent.

The number of assisted households that are rent-burdened (pay more than 30 percent of income on rent and utilities) because their utility expenses exceed their allowances is unknown. But GAO's analysis suggests out-of-pocket utility expenses can increase the risk of being rent-burdened. GAO estimated that 32 percent of voucher households were rent-burdened when utility allowances were assumed to equal expenses (baseline, top bar in figure). When GAO incorporated American Housing Survey (AHS) utility expense estimates, the estimated share of voucher households that were rent-burdened in 2021 (most recent data available) was 56 percent (bottom bar in figure).

Rent Burdens of Voucher Households Using Different Utility Expense Estimates, 2021



Source: GAO analysis of HUD and American Housing Survey data. | GAO-24-105532

Note: For more details, see fig. 1 in GAO-24-105532.

HUD's allowance-related tools and guidance have weaknesses that may limit their usefulness for PHAs. For instance, HUD has a model to help PHAs calculate allowances, but some PHAs and industry stakeholders told GAO it was hard to use or they could use more support and training. HUD plans to update the model if it receives funds to do so, but its proposed operating plan does not include steps to obtain feedback on the model's usability. HUD's guidebooks are not readily accessible or searchable on its website and do not provide avenues for user feedback.

HUD's oversight of utility allowances provides limited assurance that allowances are current and reasonable. For instance, HUD does not collect or regularly analyze certain program-wide data on allowances for the Public Housing or voucher programs. GAO's analysis of HUD data identified at least 97,000 households (assisted by at least 1,800 PHAs) with the same allowance in every year in 2019–2022. Utility rates increased sharply in this period, suggesting some PHAs may not have updated allowances as required.

Improvements in HUD's model usability, guidebooks, data collection, and analysis could help ensure that utility allowances better approximate expenses and help reduce rent burdens of assisted households.