



# Federal Housing Finance Agency

Constitution Center  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20219  
Telephone: (202) 649-3800  
Facsimile: (202) 649-1071  
[www.fhfa.gov](http://www.fhfa.gov)

December 15, 2023

Mr. John P. Henley  
SF Affordable Lending Senior Manager  
SF Mission & Community Engagement  
Single-Family Division  
Freddie Mac  
1551 Park Run Drive  
McLean, VA 22102

Dear Mr. Henley:

FHFA's housing goal regulation provides that affordability for rental units should be determined based on the level of rent, including the cost of utilities. 12 CFR 1282.1 allows Freddie Mac to use a nationwide utility allowance provided by FHFA in determining affordability of rental units for which contract rent does not include utility costs.

The current nationwide average utility allowances are based on data from the American Housing Survey (AHS) for 2013. FHFA has calculated the following new average utility allowances based on updated data from the 2021 AHS. The average utility allowances vary, based on the type of property and the number of bedrooms in the unit. The new average utility allowances for rental units in multifamily properties and single-family properties are as follows:

| Type of Property | Number of Bedrooms |       |       |           |
|------------------|--------------------|-------|-------|-----------|
|                  | Efficiency         | 1     | 2     | 3 or More |
| Multifamily      | \$66               | \$88  | \$116 | \$143     |
| Single-family    | \$96               | \$106 | \$161 | \$246     |

These utility allowances do not apply to units for which contract rent includes all utilities. Also, utility allowances are not applicable to units for which actual rent is unknown and FHFA uses proxy rents to determine affordability, because FHFA's methodology for determining proxy rents is based on gross rental data.

The nationwide utility allowances shown above are effective for rental units financed on or after January 1, 2024, and may be applied after that date for units for which contract rent does not include costs for all utilities.

If you have any questions about these new AHS-based utility allowances, please contact Padma Raman, Supervisory Policy Analyst, Office of Housing & Community Investment, Division of Housing Mission & Goals, at [Padmasini.Raman@fhfa.gov](mailto:Padmasini.Raman@fhfa.gov) or (202) 431-6891.

Sincerely,

Naa Awaa Tagoe  
Deputy Director  
Division of Housing Mission and Goals