



November 29, 2022

PH PROGRAM NEWS

PIH Issues Notice on the Rate Reduction Incentive in Public Housing

Late yesterday, HUD’s Office of Public and Indian Housing ([PIH](#)) published Notice [PIH 2022-34](#), “Guidance on the Rate Reduction Incentive in Public Housing.” The notice supersedes and replaces Notice [PIH 2019-24](#) and supplements information in the current Energy Performance Contracting (EPC), Utility Partnership Program (UPP), and operating fund grant processing notices.

According to the document, this notice represents a significant update to prior notices on the rate reduction incentive (RRI), including a reorganization of the original content, clarification on the RRI approval process, and the addition of supplemental guidance. Specifically, yesterday's notice:

- Clarifies the submission and documentation requirements for a new RRI request submission versus the ongoing documentation requirements for a multi-year RRI approval.
- Reestablishes an RRI-for-EPC savings calculation methodology where an RRI is executed in conjunction with an EPC.
- Clarifies HUD’s review and approval process once a PHA has submitted RRI documentation, from initial preliminary determination of eligibility to issuance of a final RRI approval/denial letter.
- Explains that if a PHA has a multi-year RRI approval in place, unless the PHA opts not to participate in the RRI during an applicable funding year, the PHA must submit savings calculations annually for all AMPs approved for the RRI action, including AMPs with negative calculated savings to reflect total net savings for the RRI action across all participating AMPs.
- Establishes that when a PHA enters into a new contractual agreement under an eligible RRI scenario, even if the action impacts the same utility and set of AMPs as a previously approved RRI action, this is considered a new RRI action and requires a new RRI request submission and departmental approval.
- Includes additional guidance for other common RRI actions, such as withdrawing an RRI request, opting out of participating within a multi-year RRI approval, and submitting negative savings at the AMP level.
- Clarifies procurement requirements related to contract terms.

Further details can be found in the [notice](#). The RRI is a financial incentive that provides additional operating fund grant formula eligibility to PHAs that pursue special and significant efforts beyond what is required by statute and/or regulation to reduce their utility rate.



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