

**Community Development Committee**

Meeting date: October 6, 2014

For the Metropolitan Council meeting of October 22, 2014

**Subject:** Adoption of the 2014-2015 Metro HRA Utility Allowance Schedule  
**District(s), Member(s):** All  
**Policy/Legal Reference:** Code of Federal Regulations Title 24, Part 903  
**Staff Prepared/Presented:** Terri Smith, HRA Manager, (651) 602-1187  
**Division/Department:** Community Development / HRA

**Proposed Action**

That the Metropolitan Council approve the attached 2014-2015 Utility Allowance Schedule for the federal Section 8 Housing Choice Voucher and other rent assistance programs effective November 1, 2014.

**Background**

The Metropolitan Council must establish and maintain a utility allowance schedule that provides credit for tenant-paid utilities. The allowances are based on average consumption for an energy-conservative household. The federal regulations require a schedule revision if there has been a change, up or down, of ten percent (10%) or more in any utility rate since the last time the allowance for that utility was revised. The Council last approved allowance changes, due to a rate change exceeding 10% in October 2012.

Staff completed the annual review of current utility rates for natural gas, electric, propane, fuel oil, water, sewer and trash collection along with average prices for appliances sometimes provided by tenants as required by the lease. The review resulted in two utility rates with a change of more than ten percent (10%) as follows:

<u>Utility Type</u>	<u>Rate Change (%)</u>
Natural Gas	11% decrease
Electric	11% decrease
Propane	8% increase
Fuel Oil	4% decrease
Water / Sewer	3% decrease
Trash Collection	7% decrease
Tenant-Provided Appliances	0% change

Staff recommends a decrease in the natural gas and electric allowance amounts. The changes are reflected in the attached Utility Allowance Chart.



## **Rationale**

Utility allowances are used to determine the total housing cost (rent and utilities) charged to the tenant as specified in the lease. The total housing cost including an estimate for tenant-paid utilities is used to determine if the cost is reasonable and affordable to the family and within the rent limits established for the program.

Currently sixty-two percent (62%) of Section 8 participants are assisted in one, two and three bedroom apartments where typically all utilities are included in the rent except electricity for cooking and lights. These households will experience a decrease in their utility allowance of approximately \$6.00. The remaining participant population live in townhouses, duplexes, and single family homes, where most, if not all utilities are the tenant's responsibility. The impact to these families will be an approximate reduction in the electric (\$6.00) and gas (\$10.00) allowances per month.

Decreases in utility allowances increase the tenant's rent portion and decrease the rent subsidy payments to landlords. Therefore, the Metro HRA will experience an overall decrease in the per unit per month per household subsidy cost. However this is projected to be offset by higher rent charges in the rental market with vacancy rates remaining below 3% in most communities.

## **Funding**

Funding for the Section 8 Housing Choice Voucher, Continuum of Care and Housing Opportunities for People with Aids programs is received from the U.S. Department of Housing and Urban Development. Funding for the Minnesota Housing Trust Fund Programs (Bridges and Rental Assistance for Anoka County) is received from Minnesota Housing.

## **Known Support / Opposition**

There is no known opposition to this action



