

Community Development Committee

Meeting date: October 5, 2015

For the Metropolitan Council meeting of October 14, 2015

Subject: Adoption of Utility Allowance Schedule for Metro HRA Rent Assistance Programs
District(s), Member(s): All
Policy/Legal Reference: Code of Federal Regulations Title 24, Part 903
Staff Prepared/Presented: Terri Smith, HRA Manager
Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council approve the attached Utility Allowance Schedule for use in the Housing Choice Voucher and other rent assistance programs effective November 1, 2015.

Background

The Metropolitan Council must establish and maintain a utility allowance schedule for use in its rental assistance programs. In calculating rents for units leased under the Housing Choice Voucher and other rental assistance programs, the housing authority must consider the cost of tenant-paid utilities. A utility allowance is a credit for tenant-paid utilities and is used to determine the family share of the total housing costs (rent + 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 in October 2014.

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 three utility rates with a change of ten percent (10%) or more as follows:

<u>Utility Type</u>	<u>Rate Change (%)</u>
Natural Gas	7% increase
Electric	4% increase
Propane	-24% decrease
Fuel Oil	-29% decrease
Water / Sewer	-3% decrease
Trash Collection	15% increase
Tenant-Provided Appliances	0% change



Staff recommends a decrease in the propane and oil heating allowances and an increase in the trash collection allowance. The changes are reflected in the attached Utility Allowance Chart.

Rationale

Utility allowances are used to determine the total housing cost charged to the tenant. The total housing cost is used to determine if the amount is reasonable and affordable to the family and within the program rent limits. The tenant's lease determines which utilities are paid by the tenant and which by the landlord.

There are very few units that have propane or oil heating (3 total). Although the Metro HRA assists 1,001 families that pay for their own trash service, the impact will be minimal as the change in allowance is \$1 to \$5, depending on the unit bedroom size. Increases in utility allowances decrease the tenant rent portions so these families may see a decrease of \$1 to \$5 in their rent portion. Conversely, an increase in utility allowance may result in an increase to the subsidy cost of approximately \$30,000 annually, an amount that can be absorbed within current funding levels.

Funding

Funding for the Housing Choice Voucher, Continuum of Care and Housing Opportunities for People with Aids programs is provided by the U.S. Department of Housing and Urban Development through congressional appropriations. Funding for the Minnesota Housing Trust Fund Programs (Bridges and Rental Assistance for Anoka County) is provided by Minnesota Housing Finance Agency through State appropriations.

Known Support / Opposition

There is no known opposition to this action

METRO HRA

Section 8 Existing Housing Allowances for Tenant –Paid Utilities and Appliances Effective 11/1/15

Implemented December 1, 2015 New and Port; March 1, 2016 Recerts

Tenant Name _____ Address _____

To calculate the utility allowance, circle the amount of the allowance listed for all utilities you must pay. Be sure to use the proper column for the bedroom size (BR) and circle the amount for the proper unit type. The “Range and Refrigerator column is only for tenants who own those appliances. DO NOT circle them if provided by the owner.

UNIT TYPE: A = Apartment/Multiple Dwelling T/D = Townhouse/Duplex H = Single Family Home
 (3 or more units attached) (2 units attached) (1 unit)

UTILITY/APPLIANCE	0-BR	1-BR			2-BR			3-BR			4-BR		5-BR	
		A	T/D	H	A	T/D	H	A	T/D	H	T/D	H		
HEATING Gas	32	43	52	59	53	62	78	60	73	93	98	110	124	
Electric	22	39	49	66	49	66	84	66	89	101	101	119	138	
Oil		96	149		123	191		155	240		167	260	204	317
Propane		48	65		61	83		74	101		90	123	102	139
COOKING STOVE Gas	4	5			7			8			10		11	
Electric	5	7			9			11			14		16	
OTHER ELECTRIC (lights)	26	33			40			47			58		65	
WATER HEATING Gas		12			13			17			20		24	
Electric		21			27			34			43		49	
WATER & SEWER	18	25			32			39			50		57	
WATER – Single Meter Apt.	10	12			21			25			28		33	
TRASH COLLECTION	12	14			22	19		26	24		34	30	39	34
RANGE (tenant-owned)	4	4			4			4			4		4	
REFRIGERATOR (tenant-owned)	4	4			4			4			4		4	

TOTAL UTILITY ALLOWANCE													
+ RENT													
= GROSS RENT													