

Community Development Committee

Meeting date: October 17, 2016

For the Metropolitan Council meeting of October 26, 2016

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, Housing and Redevelopment Authority (HRA) Manager, (651) 602-1187

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, 2016.

Background

The Metropolitan Council (Metro HRA) must establish and maintain a utility allowance schedule for use in its rental assistance programs. 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.

Metro HRA has been using utility consumption data from the late 1980's to determine utility allowance amounts since then. Metro HRA surveys selected vendors for utility rate information to determine average utility pricing. The annual average rates are applied to the consumption amounts to determine the utility amounts for the year.

Due to the increasing age of this data, Metro HRA set out to revise and update consumption data for the 2016 Utility Allowance Schedule. The US Department of Housing and Urban Development released a Utility Schedule Model which is a comprehensive survey on residential energy consumption. This data includes detailed information on housing characteristics, resident use patterns and actual energy consumption amounts. Metro HRA determined that this large dataset is the best source of data to determine consumption amounts going forward.

Staff completed an 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. This new rate information was applied to the new consumption data to come up with utility allowance amounts for 2016.

In summary, natural gas consumption has gone down and electricity consumption has gone up. The other utility types experienced minimal change. A substantial part of the decrease in natural gas consumption is related to improvements in equipment efficiency for space heating, air conditioning and major appliances. Newer homes also tend to feature better insulation and more energy efficient windows and doors. The increase in electricity consumption is due to an increase in both the percentage of homes with electronic devices, televisions and computers and the increased number of devices per household. Although some appliances are

subject to federal efficiency standards, such as refrigerators and washing machines, the increased number of devices that consume energy has offset these efficiency gains.

Rationale

Sixty-nine percent of Metro HRA program participants live in apartments where, traditionally, the resident is responsible for paying the electricity for cooking and lights. Twenty percent live in townhomes/duplexes and 11% are single family homes, where residents typically pay heat and potentially all utilities. Where residents pay heat, the typical heating source is natural gas (96%). As a result, change in these two utilities – electricity and natural gas – have the largest impact on families served.

The increase in the electricity allowance will reduce what the tenant pays and increase what Metro HRA pays. The decrease in the natural gas allowance will increase what the tenant pays and decrease what the Metro HRA pays. The decrease in natural gas is more than offset by the increase in electricity. Generally, most households will see a modest change in their utility allowance resulting in a decrease in their rent. This does the opposite to the Metro HRA expense. It is estimated that the new utility allowances will cost Metro HRA \$37,000 per month in additional subsidy payments. The new allowance amounts are, however, representative of what utility costs are today.

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 are ten housing authorities administering the Housing Choice Voucher program in the metropolitan area. Each agency has historically conducted their own utility allowance analysis and adopted their own utility allowance schedule – in many cases using the same consumption data from the late 1980's. Metro HRA proposed this year that all ten agencies adopt this new utility allowance schedule using updated consumption data. This would result in consistency among local agencies, creating ease for tenants and landlords operating across jurisdictional lines. There are seven other housing authorities that have expressed interest in using the same allowance schedule.

METRO HRA

Allowances for Tenant –Paid Utilities and Appliances

Effective 11/1/16

Implemented December 1, 2016 New and Port; March 1, 2017 Recertifications

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
 (3 or more units attached)

T/D = Townhouse/Duplex
 (2 units attached)

H = Single Family Home
 (1 unit)

	UNIT SIZE AND TYPE																	
	0			1			2			3			4			5		
	A	TH	SF	A	TH	SF	A	TH	SF	A	TH	SF	A	TH	SF	A	TH	SF
Heating																		
Natural Gas	30	37	39	34	40	45	38	51	54	43	62	66	47	74	77	51	85	89
Electric	27	39	65	32	46	76	43	60	89	55	75	103	67	89	116	79	104	129
Bottle Gas	44	55	62	51	64	73	60	75	86	69	86	99	78	97	112	87	107	125
Oil	48	60	68	56	70	80	66	82	94	76	94	108	85	105	122	95	117	136
Cooking																		
Natural Gas	3			4			5			6			7			8		
Electric	5			7			10			13			16			18		
Bottle Gas	4			5			7			9			11			13		
Oil	NA			NA			NA			NA			NA			NA		
Water Heating																		
Natural Gas	7			8			11			14			17			21		
Electric	19			22			28			35			41			47		
Bottle Gas	10			12			18			23			29			34		
Oil	11			13			19			25			31			37		
Other Electric	34	40	43	37	45	48	47	57	62	57	70	77	67	82	91	77	95	105
Water	9			13			16			20			25			29		
Sewer	12			17			22			27			35			39		
Trash	24			24			27			28			28			28		
Range	4			4			4			4			4			4		
Refrigerator	4			4			4			4			4			4		
Total Utility Allowance																		
+ Rent																		
= Gross Rent																		

