

Metro HRA

Utility Allowance Schedule

October 17, 2016

Proposed Action

- That the Metropolitan Council approve the Utility Allowance Schedule in the business item for use in the Housing Choice Voucher and other rental assistance programs effective November 1, 2016.

Utility Allowance Schedule

- Required by the U.S. Department of Housing and Urban Development (HUD)
 - All housing authorities administering rent assistance programs
- Used to determine total housing costs for families
 - Rent + Tenant-paid utilities
- Must be established and reviewed annually

Utility Allowance

- Utility Allowance is a credit for tenant-paid utilities
- Provided for utilities considered essential
- Rates based on:
 - Typical utility costs for energy conservative household
 - Normal or average consumption
 - Average rates obtained from local utility providers
- Updated Consumption data for 2016
 - Used HUD's Utility Schedule Model
 - Comprehensive energy consumption data
 - Considers climate adjustments

Results Summary

- Rates remain stable
- Electricity consumption increased
 - Increase in % of homes with electronic devices
 - Increase in the number of devices per household
 - Use surpasses energy efficiencies in equipment
- Natural gas consumption decreased
 - Improvements in equipment efficiency for space heating, A/C
 - Improved insulation and more energy efficient windows and doors
- Other utility types = minimal change

Statistical Information

- 69% households live in apartments
 - Typically pay electricity
- 31% households live in townhomes / duplexes or single family homes
 - Typically pay more or all utilities
- 92% households pay electricity
- 40% program participants pay heat
 - 96% is natural gas heat

Impact to Tenants

- Decrease in utility allowance = Increase in tenant rent and decrease in HRA subsidy
 - Gas heat payers
- Increase in utility allowance = Decrease in tenant rent and increase in HRA subsidy
 - Electricity payers
- 77% households will see a change of less than \$10
- 91% households will see a change of less than \$15

Impact on HRA Budget

- Increase in electric consumption surpasses decrease in natural gas = cost to HRA
- Budget impact = \$37k per month/ \$440k per year
 - 54 less families served
- No more \$\$ from HUD
 - HRA needs to determine how many families served with \$\$ allotted
- Important to give tenant's credit for utility costs reflective of today = household success

Regional Collaboration

- 10 housing authorities in metro area
 - All have own utility allowance schedule
 - Creates complications for landlords and tenants as they move across jurisdictional lines
- Metro HRA proposed this utility allowance schedule and consumption model to all agencies
 - Creates ease of administration for tenants and owners
 - Creates efficiency in system = one agency doing the analysis instead of 10
 - Makes logical business sense
- 6 housing authorities committed – others considering

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