

Metropolitan Council Housing and Redevelopment Authority

Utility Allowance Schedule

11/19/2018

Community Development Committee



Proposed Action

- That the Metropolitan Council approve the Utility Allowance Schedule for use in the Housing Choice Voucher and other rental assistance programs effective January 1, 2019.

Utility Allowance Schedule

- Utility Allowance is a credit for tenant-paid utilities
- Provided for utilities considered essential
 - Heat, electricity, cooking, water heating, rubbish removal, water, sewer, tenant-provided range and refrigerator
- Rates based on:
 - Typical utility costs for energy conservative household
 - Normal or average consumption
 - Data obtained from local utility providers

Utility Allowance Schedule

- Required by the U.S. Department of Housing and Urban Development (HUD)
- Used to determine total housing costs for families
 - Rent + Tenant-paid utilities
- Must be established and reviewed annually
- Must be revised for any utility with a 10% or more change

Tenant Rent Portions

- Total Tenant Payment (TTP)
 - 30% of monthly household income
 - Total contribution towards housing costs
 - Rent + tenant paid utilities
- Tenant rent to Owner
 - 30% of tenant income **MINUS** Utility Allowance
- HRA Rent to Owner
 - Contract rent **MINUS** tenant rent

Utility Allowance Example

Single person 1 Bedroom apartment

Contract Rent	\$900 PLUS
Electricity for Lights & Cooking	\$44 From Utility Allowance Chart
Gross Rent	\$944
Total Monthly Income	\$1,300
30% of Income	\$390 Total Tenant Payment
MINUS Utility Allowance	\$44
Tenant Rent to Owner	\$346
HRA Rent Payment	\$554 = (\$900 MINUS \$346)

Utility Rate Review Results

Utility	Rate Last Updated	Percentage Change since last update	Change Required
Natural Gas	2016	5.5%	No
Electricity	2016	3.0%	No
Bottle Gas	2016	28.6%	Yes
Oil	2017	19.7%	Yes
Water	2016	8.7%	No
Sewer	2016	11.3%	Yes
Trash	2016	6.5%	No

Impact of UA Changes

- Sewer – 1,283 (20%) households paying sewer utilities
 - Increase in allowance for tenants between \$1 and \$5
 - Different based on bedroom size
 - Increased cost to Council will be minimal
 - \$3,700 annually
- Heating Oil – Zero households paying oil heat = no impact
- Bottled Gas – Zero households paying bottled gas = no impact

Proposed Action

- That the Metropolitan Council adopt amounts listed in the business item as Payment Standards for the Housing Choice Voucher and other rental assistance programs effective January 1, 2019.

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