

# Adoption of Utility Allowance Schedule

for Metro HRA Rent Assistance Programs



November 7, 2022

Community Development Committee



# 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 costs for energy conservative household
  - Average consumption
  - Data obtained from local utility providers

# Utility Allowance Schedule



## 2021 HOUSING CHOICE VOUCHER ADMINISTRATIVE PLAN

Metropolitan Council Housing and Redevelopment Authority

Approved by Metropolitan Council:

September 22, 2021  
September 23, 2020  
February 12, 2020  
September 25, 2019  
November 28, 2018

## Required by the U.S. Department of Housing and Urban Development

- 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	\$1,000	Plus
Electricity for lights and cooking	\$50	From Utility Allowance Chart
Gross Rent	\$1,050	
Total Monthly Income	\$1,300	
\$30% Income	\$390	Total Tenant Payment
MINUS Utility Allowance	\$50	
Tenant Rent to Owner	\$340	
HRA Rent Payment	\$660	Equals (\$1000 MINUS \$340)

# Utility Allowance Review Results

Utility	Rate last updated	Rate used when last updated	2022 Rate	Percentage change since last update	Update Required?
Natural Gas (cost per therm)	2016	\$0.710	\$1.050	47.9%	YES
Electricity (Annual average cost per KWH)	2016	\$0.128	\$0.141	10.2%	YES
Bottle Gas (cost per lb)	2020	\$1.51	\$2.39	58.3%	YES
Oil (cost per gallon)	2020	\$2.87	\$3.69	28.6%	YES
Water (average household cost)	2019	\$20.54	\$22.24	8.3%	No
Sewer (average household cost)	2018	\$27.49	\$30.94	12.6%	YES
Rural Water (average household cost)	2020	\$38.96	\$39.24	0.7%	No
Rural Sewer (average household cost)	2016	\$50.17	\$56.60	12.8%	YES
Trash (35 gal)	2019	\$24.70	\$31.49	27.5%	YES
Trash (64 gal)	2019	\$29.36	\$34.47	17.4%	YES
Trash (96 gal)	2019	\$31.86	\$36.15	13.4%	YES
Refrigerator (total cost)	2016	\$500	\$500	0.0%	No
Range (total cost)	2016	\$500	\$500	0.0%	No

# Financial Impact

## Tenant and Metro HRA Impact

- 94% Voucher holders pay for electricity
- 47% Voucher Holders pay for natural gas heat
- Higher Utility Allowance = Lower Tenant Rent
  - Results in Higher Metro HRA Rent Portions

Total Budget Impact = \$161,285 monthly; \$1.9 million annually

Utility Allowance Increase Amount	# Voucher Holders Impacted
0	377
\$1 - \$9	1484
\$10-\$19	1580
\$20-\$39	1730
\$40-\$59	1014
\$60-\$80	425

# 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 January 1, 2023.



# Thank You

Terri Smith, Director, Metro HRA  
[Terri.smith@metc.state.mn.us](mailto:Terri.smith@metc.state.mn.us)

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November 7, 2022

