

Business Item

Community Development Committee



Committee Meeting Date: November 7, 2022

For the Metropolitan Council: November 30, 2022

Business Item: 2022-289

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, Director, Housing and Redevelopment Authority, (651) 602-1187
Division/Department: Community Development / Metro 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 January 1, 2023.

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 2020. There were no changes made in 2021 because there were no increases of ten percent (10%) or more.

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 results in required increases in most utilities as shown in Table 1 below.

Table 1. Utility Costs and Previous Updates

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

Table 1. Utility Costs and Previous Updates

Utility	Rate last updated	Rate used when last updated	2022 Rate	Percentage change since last update	Update Required?
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

In 2016, Metro HRA updated the consumption amounts and the utility pricing data. Since then, new rates have been obtained annually and compared to the rates for 2016. Utility amounts that had cumulatively increased by more than 10% from the previous update were revised in accordance with the HUD regulations. Those that had a cumulative increase of less than 10% were not changed. Gas and electricity have not been revised since 2016 resulting in significant increases.

Financial Impact

There is a financial impact resulting from the required utility allowance changes. As tenants get a higher utility credit, their tenant rent paid to the landlord decreases resulting in an increased Metro HRA rent portion.

- 94% voucher holders pay for electricity
- 47% of voucher holders pay for natural gas heat

The utility allowance changes will occur gradually over the next year and are implemented with families regular annual recertifications.

Table 2. Number of Affected Voucher Holders

Utility Allowance Increase Amount	# Voucher Holders
\$0	377
\$1-\$9	1484
\$10-\$19	1580
\$20-\$39	1730



Utility Allowance Increase Amount	# Voucher Holders
\$40-\$59	1014
\$60-\$80	425

The total additional monthly utility expense to the HRA budget is estimated to be \$161,285 (\$1.9 million annually).

This increase will result in higher average subsidy payments and may impact the number of families served. Metro HRA staff will monitor costs closely to remain within the federal funding award.

Rationale

Utility allowances are used to determine the total housing cost charged to the tenant. The tenant's lease determines which utilities are paid by the tenant and which by the landlord. The changes are required under federal regulation.

Thrive Lens Analysis

The utility allowance schedule revision supports the Thrive outcomes of livability and stewardship. Reviewing and updating utility rates each year ensures program participants receive accurate rate reimbursements for tenant-paid utilities, which helps them better manage their household budgets.

Funding

Funding for the Housing Choice Voucher and Housing Opportunities for Persons with AIDS programs is provided by the U.S. Department of Housing and Urban Development through congressional appropriations. Funding for the Housing Trust Fund is provided by Minnesota Housing through State appropriations.



Metro HRA

Allowances for Tenant –Paid Utilities and Appliances

Effective 1/1/23

Tenant Name _____ Address _____

Circle the amount of the allowance for all utilities you pay. Use the column for the proper bedroom size (BR) and 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)

TH = Townhouse/Duplex
(2 units attached)

SF = Single Family Home
(1 unit)

2022 Utility Allowance																		
	UNIT SIZE AND TYPE																	
	0			1			2			3			4			5		
	APT	TH	SF	APT	TH	SF	APT	TH	SF	APT	TH	SF	APT	TH	SF	APT	TH	SF
Heating																		
Natural Gas	41	50	54	46	56	62	53	71	75	59	88	93	66	105	110	72	122	128
Electric	31	44	73	36	52	86	49	68	101	63	85	116	76	101	131	89	117	146
Bottle Gas	77	97	110	91	114	129	106	133	152	122	152	175	138	170	198	154	189	220
Oil	94	119	135	111	140	159	131	163	187	150	186	215	170	209	243	189	232	270
Cooking																		
Natural Gas	5			5			7			8			10			12		
Electric	6			7			11			14			17			20		
Bottle Gas	7			8			12			16			20			24		
Oil	NA			NA			NA			NA			NA			NA		
Water Heating																		
Natural Gas	10			11			16			21			25			30		
Electric	21			25			32			39			45			52		
Bottle Gas	18			22			31			41			51			60		
Oil	23			27			39			50			62			74		
Other Electric																		
Other Electric	34	41	44	45	55	60	56	69	76	67	83	92	78	98	107	89	112	123
Water																		
Water	10			14			19			23			29			33		
Water-Selected Rural Communities																		
Water-Selected Rural Communities	19			27			35			43			55			62		
Sewer																		
Sewer	15			22			28			34			43			50		
Sewer-Selected Rural Communities																		
Sewer-Selected Rural Communities	28			40			51			62			79			91		
Trash																		
Trash	32			32			34			36			36			36		
Range																		
Range	4			4			4			4			4			4		
Refrigerator																		
Refrigerator	4			4			4			4			4			4		

