

# Adoption of Utility Allowance Schedule

for Metro HRA Rent Assistance Programs



September 15, 2025

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



## 2024 HOUSING CHOICE VOUCHER ADMINISTRATIVE PLAN

Metropolitan Council Housing and Redevelopment Authority

Approved by Metropolitan Council:

September 25, 2024  
October 11, 2023  
October 12, 2022  
September 22, 2021  
September 23, 2020  
February 12, 2020  
September 25, 2019

## 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

- 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)

# Process for updating allowances



## Utility Allowance calculation

- (Utility Consumption x Price per Unit) + Fixed Charges
  - Electricity Example:  
 $(230 \text{ Kwh} \times \$0.165 \text{ rate per Kwh}) = \$37.95$   
Fixed Service Charge = \$6.00  
Total Utility Allowance = \$43.95 – Rounded to \$44.00
- Consumption data comes from HUD'S Utility Schedule Model
  - Heating consumption calculated for each Housing Authority based on climate data (30 year average)
- Pricing data obtained from local utility providers and includes taxes, fees, and surcharges
- Pricing data is an average of rates from multiple providers

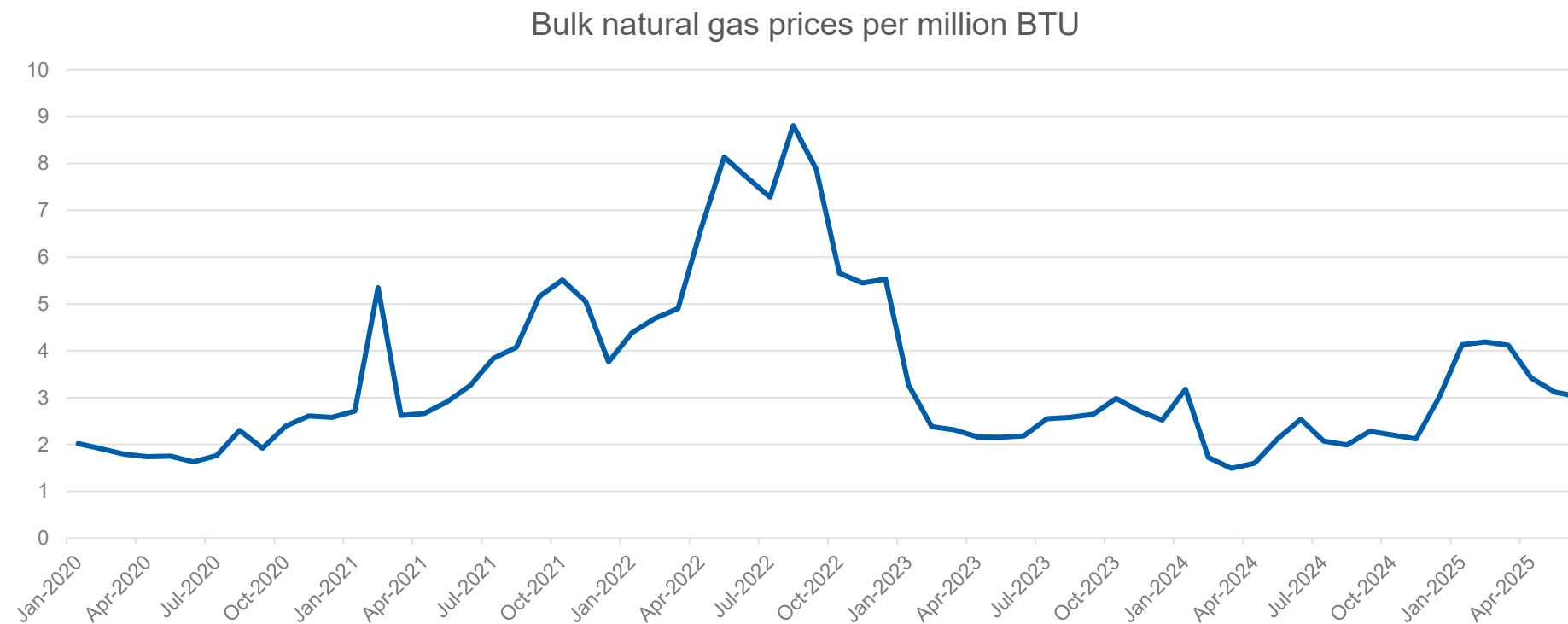


# Utility Allowance Review Results

Utility	Rate Last Updated	Rate Used when Last Updated	2025 Rate	Percentage Change since last update	Update Required
Natural Gas (cost per therm)	2024	\$0.773	\$0.929	20.19%	YES
Electricity (average annual cost per Kwh)	2024	\$0.165	\$0.171	3.51%	No
Bottle Gas (cost per lb)	2024	\$1.87	\$1.97	5.35%	No
Oil (cost per gallon)	2024	\$3.81	\$3.480	-8.66%	No
Water (average household cost)	2019	\$20.54	\$24.12	17.43%	YES
Sewer (average household cost)	2024	\$34.24	\$36.67	7.10%	No
Rural Water (average household cost)	2020	\$38.96	\$45.25	16.14%	YES
Rural Sewer (average household cost)	2022	\$56.60	\$64.42	13.82%	YES
Trash (35 gal)	2022	\$31.49	\$30.91	-1.84%	No
Trash (64 gal)	2022	\$34.47	\$33.19	-3.71%	No
Trash (96 gal)	2022	\$36.15	\$36.42	0.75%	No
Refrigerator (total cost)	2024	\$550.00	\$550.00	0.00%	No
Range (total cost)	2024	\$550.00	\$550.00	0.00%	No

# Utility Allowance Changes

- Water rates are increasing this year after not having an increase since 2019.
- The natural gas utility allowance increase is due to a spike in the cost of purchasing natural gas. Bulk pricing doubled between 2024 and 2025, leading to a 20% increase in the utility allowance amounts. The new natural gas utility allowances will still be lower than they were in 2023.





# Financial Impact

## Tenant and Metro HRA Impact

- 48% Voucher Holders pay for natural gas heat
- 27% Voucher Holders pay for water
- Higher Utility Allowance = Lower Tenant Rent
  - Results in Higher Metro HRA Rent Portions

Total Budget Impact = increase of \$50,000 monthly; \$600,000 annually

Utility Allowance Increase Amount	# Voucher Holders Impacted
Increase \$20+	735
Increase \$10 - \$19	1436
Increase \$1-\$9	2182
No Change	2243

# 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, 2026.





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