

Business Item

Community Development Committee



Committee meeting date: September 15, 2025

For the Metropolitan Council: September 24, 2025

Business Item: 2025-236

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 982

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Division/department: Community Development / Metro HRA

Proposed action

That the Metropolitan Council approve the attached Utility Allowance Schedule as shown in Table 2 for use in the Housing Choice Voucher and other rent assistance programs effective January 1, 2026.

Background

The Metropolitan Council must establish and maintain a utility allowance schedule for use in its rental assistance programs. In calculating rents, 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 utility 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 November 2024.

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 some utilities as shown below.

Table 1: Utility Rates

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

Water rates are increasing this year after not increasing since 2019.

The price of purchasing fuel makes up the majority of the total cost of natural gas utilities. Natural gas prices fell by 48% between the 2022 and 2024 utility allowances, and the utility allowance fell by over 25% over this time. The natural gas rates have doubled between the winter of 2024 and 2025 (Jan-April), which caused the utility allowance rates to increase by 20%.

The US Energy Information Administration tracks the bulk cost of natural gas, which directly impacts the cost of gas that public utilities charge. Natural gas prices spiked in 2021 and 2022 before falling in the summer of 2023. Natural gas prices fell in early 2024 but rose sharply at the end of the year.

An increase in the utility allowance decreases the tenant rent portion and increases the housing authority rent portion.

Financial Impact

There is a financial impact resulting from the required utility allowance changes.

1. 48% of voucher holders pay for natural gas heat
2. 27% of voucher holders pay for water

The utility allowance changes will occur gradually over the next year and are implemented with regular annual recertifications. Overall, the new utility allowance schedule will increase HRA subsidy costs by \$50,000 per month, \$600,000 per year.

Rationale

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

Thrive lens analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. 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.

Table 2: Utility Allowance Schedule

2025 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	37	45	49	42	50	56	48	64	68	53	79	84	59	94	98	65	109	114
Electric	36	52	86	42	61	101	58	80	119	73	99	136	89	119	154	105	138	172
Bottle Gas	60	75	86	71	89	101	83	103	119	95	118	136	108	133	154	120	148	172
Oil	97	122	139	115	144	164	135	168	192	155	192	221	175	216	250	195	240	279
Cooking																		
Natural Gas	5			5			6			8			9			10		
Electric	7			9			13			16			20			24		
Bottle Gas	6			7			10			13			15			18		
Oil	NA			NA			NA			NA			NA			NA		
Water Heating																		
Natural Gas	9			10			14			18			22			26		
Electric	25			29			37			45			53			61		
Bottle Gas	14			17			24			32			40			47		
Oil	23			28			40			52			64			76		
Other Electric	35	43	47	45	56	61	58	72	80	71	89	98	84	105	116	97	122	135
Water	12			17			22			27			34			39		
Water-Selected Rural Communities	23			32			41			50			63			72		
Sewer	17			24			31			38			48			55		
Sewer-Selected Rural Communities	32			45			58			71			90			103		
Trash	32			32			34			36			36			36		
Range	4			4			4			4			4			4		
Refrigerator	4			4			4			4			4			4		

