# **Committee Report**

Business Item No. 2015-236

# **Community Development Committee**

For the Metropolitan Council meeting of October 14, 2015

Subject: Adoption of Utility Allowance Schedule for Metro HRA Rent Assistance Programs

#### **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 November 1, 2015.

## **Summary of Committee Discussion/Questions**

This business item was approved as part of the committee meeting's consent agenda with no questions or discussion.



# **Community Development Committee**

Meeting date: October 5, 2015

For the Metropolitan Council meeting of October 14, 2015

Subject: 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, HRA Manager

**Division/Department:** Community Development / 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 November 1, 2015.

#### **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 2014.

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 resulted in three utility rates with a change of ten percent (10%) or more as follows:

Utility Type	Rate Change (%)		
Natural Gas	7% increase		
Electric	4% increase		
Propane	-24% decrease		
Fuel Oil	-29% decrease		
Water / Sewer	-3% decrease		
Trash Collection	15% increase		
Tenant-Provided Appliances	0% change		

Staff recommends a decrease in the propane and oil heating allowances and an increase in the trash collection allowance. The changes are reflected in the attached Utility Allowance Chart.

#### **Rationale**

Utility allowances are used to determine the total housing cost charged to the tenant. The total housing cost is used to determine if the amount is reasonable and affordable to the family and within the program rent limits. The tenant's lease determines which utilities are paid by the tenant and which by the landlord.

There are very few units that have propane or oil heating (3 total). Although the Metro HRA assists 1,001 families that pay for their own trash service, the impact will be minimal as the change in allowance is \$1 to \$5, depending on the unit bedroom size. Increases in utility allowances decrease the tenant rent portions so these families may see a decrease of \$1 to \$5 in their rent portion. Conversely, an increase in utility allowance may result in an increase to the subsidy cost of approximately \$30,000 annually, an amount that can be absorbed within current funding levels.

#### **Funding**

Funding for the Housing Choice Voucher, Continuum of Care and Housing Opportunities for People with Aids programs is provided by the U.S. Department of Housing and Urban Development through congressional appropriations. Funding for the Minnesota Housing Trust Fund Programs (Bridges and Rental Assistance for Anoka County) is provided by Minnesota Housing Finance Agency through State appropriations.

## **Known Support / Opposition**

There is no known opposition to this action

## **METRO HRA**

# Section 8 Existing Housing Allowances for Tenant – Paid Utilities and Appliances Effective 11/1/15

Implemented December 1, 2015 New and Port; March 1, 2016 Recerts

Tenant Name	Address							
To calculate the utility allowance, circle the a for the bedroom size (BR) and circle the amounthose appliances. DO NOT circle them if providing the state of the	unt for the p	proper unit type. The						
UNIT TYPE: A = Apartment/Multi (3 or more units attached)						Home		
UTILITY/APPLIANCE	0-BR	<b>1-BR</b> A T/D H	<b>2-BR</b> A T/D H	<b>3-BR</b> A T/D H	<b>4-BR</b> T/D H	<b>5-BR</b> H		
HEATING Gas	32	43 52 59	53 62 78	60 73 93	98 110	124		
Electric	22	39 49 66	49 66 84	66 89 101	101 119	138		
Oil		96 <del>149</del>	123 <del>191</del>	155 <del>240</del>	167 <del>-260</del>	204 317		
Propane		48 <del>65</del>	61 <del>83</del>	74 <del>101</del>	90 <del>123</del>	102 <del>139</del>		
COOKING STOVE Gas	4	5	7	8	10	11		
Electric	5	7	9	11	14	16		
OTHER ELECTRIC (lights)	26	33	40	47	58	65		
WATER HEATING Gas		12	13	17	20	24		
Electric		21	27	34	43	49		
WATER & SEWER	18	25	32	39	50	57		
WATER – Single Meter Apt.	10	12	21	25	28	33		
TRASH COLLECTION	12 <del>11</del>	17 <del>15</del>	22 <del>19</del>	26 <del>-24</del>	34 <del>30</del>	39 <del>-34</del>		
RANGE (tenant-owned)	4	4	4	4	4	4		
REFRIGERATOR (tenant-owned)	4	4	4	4	4	4		
			T	T		1		
TOTAL UTILITY ALLOWANCE								
+ RENT								

= GROSS RENT