

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:

<u>Utility Type</u>	<u>Rate Change (%)</u>
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

