

Community Development Committee

For the Metropolitan Council meeting of November 28, 2018

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 January 1, 2019.

Summary of Committee Discussion/Questions

Terri Smith, HRA Director, presented the staff's report to the Committee. The Community Development Committee unanimously recommended approval of the proposed action with any further question or discussion.

Community Development Committee

Meeting date: November 19, 2018

For the Metropolitan Council meeting of November 28, 2018

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, Director, Housing and Redevelopment Authority

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 January 1, 2019.

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 2017.

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.

- Heating Oil increased by 19.7%
- Bottled Gas for heating increased by 28.6%
- Sewer increased by 11.3%

The changes are reflected in the attached Utility Allowance Chart. All other allowances remain the same.

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.

Tenant and Council Impact

The overall impacts of the utility allowance changes are minimal.

Heating Oil – There are zero households with oil heating resulting in no tenant or Council impact.

Bottle Gas - There are zero households with bottled gas heating resulting in no tenant or Council impact.

Sewer – There are 1,283 households (20% of the households the Council serves) paying for sewer. The allowance amount increased between \$1 and \$5, depending on bedroom size. This will result in an increased allowance for the tenants. The total impact to the Council will be minimal (\$3,700 for the year).

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, Continuum of Care, 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 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

