

# Committee Report

Community Development Committee



**Committee Meeting Date:** November 6, 2023

**For the Metropolitan Council:** December 13, 2023

## Business Item: 2023-271

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, 2024.

### Summary of Community Development Committee Discussion/Questions

The Community Development Committee unanimously passed the item as part of its consent agenda at the November 6, 2023 meeting.



# Business Item

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Adoption of Utility Allowance Schedule for Metro HRA Rent Assistance Programs

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Code of Federal Regulations Titel 24, Part 903
<b>Staff Prepared/Presented:</b>	Terri Smith, Director, Housing and Redevelopment Authority, (651) 602-1187
<b>Division/Department:</b>	Community Development / Metro 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, 2024.

### 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 November 2022 where there were increases in most utilities including gas and electric.

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 only utility with a required change is oil. The Metro HRA only has one household paying oil heat resulting in minimal budget impact. In this case, the tenant will get a higher credit for utilities paid.

Table 1 below shows the 2023 rate changes.

Table 1: Utility Rate Changes

Utility	Rate Last Updated	Rate Used when Last Updated	2023 Rate	Percentage Change since last update	Update Required
Natural Gas (cost per therm)	2022	\$1.050	\$0.997	-5.0%	No
Electricity (Annual average cost per kWh)	2022	\$0.143	\$0.149	6.5%	No
Bottle Gas (cost per lb)	2022	\$2.39	\$2.19	-8.4%	No
Oil (cost per gallon)	2022	\$3.69	\$4.55	<b>23.3%</b>	<b>YES</b>
Water (average household cost)	2019	\$20.54	\$21.22	3.3%	No
Sewer (average household cost)	2022	\$30.94	\$32.85	6.2%	No
Rural Water (average household cost)	2020	\$38.96	\$41.01	5.3%	No
Rural Sewer (average household cost)	2022	\$56.60	\$57.17	1.0%	No
Trash (35 gal)	2022	\$31.49	\$34.11	8.3%	No
Trash (64 gal)	2022	\$34.47	\$37.43	8.6%	No
Trash (96 gal)	2022	\$36.15	\$39.18	8.4%	No
Refrigerator (total cost)	2016	\$500.00	\$500.00	0.0%	No
Range (total cost)	2016	\$500.00	\$500.00	0.0%	No

### Rationale

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

### 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 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.

