

Committee Report

Community Development Committee



Committee Meeting Date: October 21, 2024

For the Metropolitan Council: November 13, 2024

Business Item: 2024-303

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, 2025.

Summary of Community Development Committee Discussion/Questions

The item was presented by Terri Smith, Director, and Steve Victory, Business Systems Analyst 4, Housing and Redevelopment Authority.

The Committee unanimously approved the proposed action at its regular committee meeting on October 21, 2024. Motion by Council Member Carter, seconded by Council Member Vento. Motion carried.



Business Item

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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

Staff Prepared/Presented: Terri Smith, Director, Metropolitan Housing and Redevelopment Authority, (651) 602-1187
Steve Victorey, Business Systems Analyst 4, Metropolitan Housing and Redevelopment Authority, (651) 602-1461

Division/Department: 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, 2025.

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 2023.

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 or decreases in some utilities as shown below.

Utility	Rate last updated	Rate used when last updated	2023 Rate	% change since last update	Update Required?
Natural Gas (cost per therm)	2022	\$1.050	\$0.773	-26.38%	YES
Electricity (Annual average cost per KWH)	2022	\$0.143	\$0.165	17.28%	YES

Bottle Gas (cost per lb)	2022	\$2.39	\$1.87	-21.76%	YES
Oil (cost per gallon)	2023	\$4.55	\$3.810	-16.26%	YES
Water (average household cost)	2019	\$20.54	\$22.58	9.93%	No
Sewer (average household cost)	2022	\$30.94	\$34.24	10.67%	YES
Rural Water (average household cost)	2020	\$38.96	\$42.53	9.16%	No
Rural Sewer (average household cost)	2022	\$56.60	\$58.55	3.45%	No
Trash (35 gal)	2022	\$31.49	\$31.49	0.00%	No
Trash (64 gal)	2022	\$34.47	\$35.64	3.39%	No
Trash (96 gal)	2022	\$36.15	\$38.48	6.45%	No
Refrigerator (total cost)	2016	\$500.00	\$550.00	10.00%	YES
Range (total cost)	2016	\$500.00	\$550.00	10.00%	YES

The rates for natural gas, electricity, bottled gas, and heating oil have all changed substantially from last year. It is common for bottled gas and heating oil pricing to have significant fluctuations, but natural gas and electricity pricing is more stable due to the regulation of public utility companies.

A reduction in the utility allowance increases the tenant rent portion and decreases the housing authority rent portion. 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. 92% of voucher holders pay for electricity
2. 48% of voucher holders pay for natural gas heat

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 lead to an average \$4 decrease per tenant and will reduce HRA subsidy costs by \$30,000 per month.

Change in Utility Allowance Amount	# of Households
Increase \$20+	82
Increase \$10-\$19	184
Increase \$1-9	2463
No Change	878
Decrease \$1-9	1456
Decrease \$10-\$19	1328

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 recommended changes are required by 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.



2024 Utility Allowance

	UNIT SIZE AND TYPE																	
	0			1			2			3			4			5		
	A	TH	SF	A	TH	SF	A	TH	SF	A	TH	SF	A	TH	SF	A	TH	SF
Heating																		
Natural Gas	32	39	42	36	43	48	41	55	58	46	67	71	51	80	84	55	92	97
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	4			4			5			6			7			8		
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	7			8			12			15			18			22		
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	10			14			19			23			29			33		
Water-Selected Rural Communities	19			27			35			43			55			62		
Sewer	17			24			31			38			48			55		
Sewer-Selected Rural Communities	28			40			51			62			79			91		
Trash	32			32			34			36			36			36		
Range	4			4			4			4			4			4		
Refrigerator	4			4			4			4			4			4		