

# C Community Development Committee

Meeting date: October 18, 2010

## ADVISORY INFORMATION

**Date:** October 12, 2010  
**Subject:** 2010-2011 Section 8 Utility Allowance Schedule  
**District(s), Member(s):** All  
**Policy/Legal Reference:** CFR Title 24, Part 903  
**Staff:** Terri Smith, HRA Manager, 651-602-1187  
**Prepared/Presented:**  
**Division/Department:** Community Development / HRA

### Proposed Action

That the Metropolitan Council approve the attached 2010-2011 Section 8 Utility Allowance Schedule effective November 1, 2010 for use by the Metro HRA in the administration of the Section 8 Housing Choice Voucher and other Rent Assistance Programs.

### Background

Each housing authority is responsible for establishing and maintaining a utility allowance schedule that provides reasonable allowances for tenant paid utilities. The Section 8 Utility Allowance Schedule must be reviewed on an annual basis and revised if there has been a change of 10 percent or more in the utility rate. The Council last approved a change in allowances in October 2009.

Staff recently completed a review of current average utility rates. The review resulted in a 7.4% increase in natural gas, a 0.4% increase in electricity, a 2.2% increase in propane, a 7.3% increase in fuel oil, 18.3% increase in trash collection, and a 4.3% decrease in water and sewer charges. The current rates were applied directly to average consumption data rather than applying the percentage increase or decrease to the previous year's allowance figures.

### Rationale

Utility allowances are used to determine the total housing cost incurred by a tenant for rent and utilities. The total cost of the unit including an estimate for tenant-paid utilities is used to determine if the total unit cost is reasonable and falls within the program rent limits. Additionally, when the renter is responsible for some or all utilities, the utility expense is taken into consideration when determining the tenant's portion of the rent to ensure the total cost to the renter does not exceed 30 to 40% of the household's monthly adjusted income. Allowances are provided for the following utilities or services if paid by the tenant: heating, cooking, other electric, water heating, water/sewer and trash collection. An allowance is also provided when a kitchen range or refrigerator must be provided by the tenant.

Currently sixty-three percent (63%) of all Section 8 participants are assisted in a one or two-bedroom multifamily unit where all utilities are included in the rent except electricity for cooking and lights. These households will experience an increase in their utility

allowance this year by an average of approximately \$8.00. For the remaining participant population living in townhouses, duplexes, and single family homes, where most, if not all utilities are the tenant's responsibility, a greater increase will occur due to the increase in the rates for electricity, natural gas, propane, and fuel oil and trash collection.

### **Funding**

Funding for the Section 8 Housing Choice Voucher, Shelter Plus Care, and Housing Opportunities for People with Aids programs is received through the U.S. Department of Housing and Urban Development. Funding for the Minnesota Housing Trust Fund Programs (Bridges and Rental Assistance for Anoka County) is received through the Minnesota Housing Finance Agency (Minnesota Housing). Increases in utility allowances lower the tenant's rent portion resulting in increased rent subsidy payments to landlords. The funding for all programs is able to absorb the additional cost.

### **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 11/1/10**

Tenant Name \_\_\_\_\_ Address \_\_\_\_\_

To calculate the utility allowance, circle the amount of the allowance listed for all utilities you must pay. Be sure to use the proper column for the bedroom size (BR) and circle the amount for the proper unit type. The "Range and Refrigerator" column is only for tenants who own those appliances. DO NOT circle them if provided by the owner.

UNIT TYPE: A = Apartment/Multiple Dwelling T/D = Townhouse/Duplex H = Single Family Home  
 (3 or more units attached) (2 units attached) (1 unit)

UTILITY/APPLIANCE	0-BR	1-BR			2-BR			3-BR			4-BR			5-BR		
		A	T/D	H	A	T/D	H	A	T/D	H	T/D	H	T/D	H	H	
HEATING Gas	28	38	47	53	47	55	69	53	65	83	87	98			111	
Electric	22	40	51	68	51	68	86	68	86	104	104	123			142	
Oil			99			127			160			173			211	
Propane			74			94			115			139			157	
COOKING STOVE Gas	3		5			6			7			9			10	
Electric	5		7			9			11			14			16	
OTHER ELECTRIC (lights)	26		34			41			49			60			67	
WATER HEATING Gas			11			12			15			18			21	
Electric			22			28			35			44			50	
WATER & SEWER			26			34			41			52			60	
TRASH COLLECTION			17			22			26			34			38	
RANGE (tenant-owned)	4		4			4			4			4			4	
REFRIGERATOR (tenant-owned)	4		4			4			4			4			4	

<b>TOTAL UTILITY ALLOWANCE</b>															
<b>+ RENT</b>															
<b>= GROSS RENT</b>															

