

Community Development Committee

Item: 2011-269

Meeting date: October 3, 2011

ADVISORY INFORMATION

Date: September 27, 2011

Subject: 2011-2012 Section 8 Utility Allowance Schedule

District(s), Member(s): All

Policy/Legal Reference: CFR Title 24, Part 903

Staff Prepared/Presented: Terri Smith, HRA Manager, 651-602-1187

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council approve the attached 2011-2012 Section 8 Utility Allowance Schedule effective November 1, 2011 for use by the Metropolitan Housing and Redevelopment Authority (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 allowances for tenant paid utilities. The allowances are based on average utility consumption for an energy-conservative household. 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 2010.

Staff recently completed a review of current average utility rates for heating, cooking, other electric, water heating, water, sewer, garbage and tenant-provided appliances (range and/or refrigerator). The review resulted in rate increases for some utilities and decreases for other utilities as outlined in the chart below:

<u>Utility Type</u>	Rate Change (%)			
Natural Gas	26% increase			
Electric	5% increase			
Propane	23% increase			
Fuel Oil	41% increase			
Water/Sewer	5% decrease			
Trash Collection	11% decrease			
Tenant-Provided Appliances	no change			

The allowances that will change as a result of the review are only those that experience a 10 percent or more change (natural gas, propane, fuel oil, trash collection). The resulting changes to the allowances are reflected on the attached Utility Allowance Chart.

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 family's rent limit. Additionally, when the renter is responsible for some or all utilities, the utility expense is taken into consideration when determining the tenant rent portion to ensure the total cost to the tenant does not exceed 30% to 40% of the household's income.

Currently sixty-two percent (62%) of all Section 8 participants are assisted in a one, two or three-bedroom apartments where all utilities are typically included in the rent except electricity for cooking and other electric including lights. These households will not experience any change in their utility allowance this year. Participants living in duplexes and single family homes where they typically pay their own utilities will see an increase in their utility allowance due to the large increase in heating fuel prices.

Increases in utility allowances lower the tenant's rent portion which results in an increase to the rent subsidy payments made to landlords. Therefore, the Metro HRA will experience an overall increase in the cost of the rent subsidy expense for 2012 of approximately \$425,000. The U.S. Department of Housing and Urban Development does not adjust or increase its funding allocation to the Metro HRA due to this increase. Therefore, this means more dollars will be paid on behalf of fewer tenants. This will directly impact and reduce the number of families we are able to serve by approximately 50 households each month.

Funding

Funding for the Section 8 Housing Choice Voucher, Shelter Plus Care, and Housing Opportunities for People with Aids programs is received from 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 from Minnesota Housing. The funding for all programs will absorb the additional cost, but the number of families served with the allotted funding will be impacted.

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 11/1/11

Tenant Name	9	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	Н
HEATING Gas	34	47 58 65	59 69 86	66 81 104	109 123	139
Electric	22	40 51 68	51 68 86	68 86 104	104 123	142
Oil		140	180	227	245	299
Propane		91	117	142	171	194
COOKING STOVE Gas	4	6	8	9	12	13
Electric	5	7	9	11	14	16
OTHER ELECTRIC (lights)	26	34	41	49	60	67
WATER HEATING Gas		13	15	19	23	27
Electric		22	28	35	44	50
WATER & SEWER		26	34	41	52	60
TRASH COLLECTION		15	20	24	31	35
RANGE (tenant-owned)	4	4	4	4	4	4
REFRIGERATOR (tenant-owned)	4	4	4	4	4	4
TOTAL						
UTILITY ALLOWANCE						
+ RENT						
= GROSS RENT						