

**C** Community Development Committee  
Meeting date: October 17, 2012  
For the Council Meeting of October 24, 2012

<b>ADVISORY INFORMATION</b>	
Date:	October 8, 2012
Subject:	2012-2013 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 2012-2013 Section 8 Utility Allowance Schedule effective November 1, 2012 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 Council last approved allowance changes in October 2011.

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>	<u>Rate Change (%)</u>
Natural Gas	0% change
Electric	9% increase
Propane	-28% decrease
Fuel Oil	6% increase
Water/Sewer	-4% decrease
Trash Collection	-2% decrease
Tenant-Provided Appliances	0% change

The resulting changes 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 one, two or three-bedroom multifamily unit where all utilities are typically 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 \$5.00. For the remaining participant population living in townhouses, duplexes, and single family homes, where most, if not all utilities are the tenant's responsibility, the impact to the family and the Metro HRA will be minimal due to the 0% change in gas rates and the decreased rates for other utilities.

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 may experience an overall increase in the cost of the rent subsidy expense for 2013 of approximately \$200,000. 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 may directly impact and reduce the number of families we are able to serve by approximately 25 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.

## **Known Support / Opposition**

There is no known opposition to this action.

