

C Community Development Committee
For the Metropolitan Council meeting of October 14,
2009

Item: 2009-349

ADVISORY INFORMATION

Date October 6, 2009
Prepared:
Subject: 2009-2010 Section 8 Utility Allowance Schedule

Proposed Action:

That the Metropolitan Council approve the attached 2009-2010 Section 8 Utility Allowance Schedule effective November 1, 2009 for use by the Metro HRA in the administration of the Section 8, Family Affordable Housing, and other Rent Assistance Programs.

Summary of Committee Discussion / Questions:

Beth Reetz, Director of Housing and Livable Communities presented the item. There was no discussion. Motion to approve by Hilker, seconded Wulff. Motion passed unanimously.

C Community Development Committee

Meeting date: October 5, 2009

ADVISORY INFORMATION

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|--------------------------------|--------------------------------------------------------|
| Date: | September 28, 2009 |
| Subject: | 2009-2010 Section 8 Utility Allowance Schedule |
| District(s), Member(s): | All |
| Policy/Legal Reference: | CFR Title 24, Part 903 |
| Staff | Beth Reetz, Director, Housing and Livable Communities, |
| Prepared/Presented: | 602-1060 |
| Division/Department: | Community Development/HRA |

Proposed Action

That the Metropolitan Council approve the attached 2009-2010 Section 8 Utility Allowance Schedule effective November 1, 2009 for use by the Metro HRA in the administration of the Section 8, Family Affordable Housing, 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 2008.

Staff recently completed a review of current average utility rates. Based on the review a 209% decrease in natural gas, a 8.5 increase in electricity, a 22.6% decrease in propane, a 35.3% decrease in fuel oil, 3.2% decrease in trash collection, and 7.9% increase in water and sewer charges have been reflected on the proposed utility schedule. The current rates are applied to average consumption data based on bedroom size and structure type.

Rationale

Utility allowances are used to determine the total housing cost incurred by a renter for rent and utilities. The total cost of the unit including an estimate for utilities paid by the tenant is used to determine if the cost of the unit is reasonable and falls within the rent standards for the program. 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 for the unit must be provided by the tenant.

Currently seventy percent (70%) 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 a slight increase in their utility

allowance this year. 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 decrease will occur reflecting the steady decrease in gas prices as a result of the recession, lower demand, and surplus in production. Currently gas pricing reflects a six year low.

Funding

Funding for the rental subsidies for the Section 8 Housing Choice Voucher, Public Housing, Shelter Plus Care, and Housing Opportunities for People with Aids 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 amount the tenant pays directly to the landlord and therefore the amount of rental subsidy paid to the landlord increases.

Known Support / Opposition

There is no known opposition to this action.

V:/HRA/Forms/Utilityallowance2006.doc 10-06
(12/97)

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Form HUD-52667

Ref. Handbook