

C Community Development Committee
For the Metropolitan Council meeting of October 27,
2010

Item: 2010-361

ADVISORY INFORMATION

Date October 20, 2010
Prepared:
Subject: 2010-2011 Section 8 Utility Allowance Schedule

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.

Summary of Committee Discussion / Questions:

Staff reported a typographical error in the Business Item stating the review resulted in a 7.4% decrease in natural gas rates rather than an increase as stated in the Business Item.

No other discussion. Motion by Wulff, seconded by Hilker. Motion passed unanimously.

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

