

C Community Development Committee

Meeting date: October 5, 2009

ADVISORY INFORMATION

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.

METRO HRA

Section 8 Existing Housing Allowances for Tenant –Paid Utilities and Appliances

Effective 11/1/09

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
(3 or more units attached)

T/D = Townhouse/Duplex
(2 units attached)

H = Single Family Home
(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	H
HEATING Gas	22	33	42	48	43	51	66	49	62	81	85	97	111
Electric	22	40	51	68	51	67	86	68	86	104	104	123	142
Oil			92			119			149			161	197
Propane			72			92			112			136	154
COOKING STOVE Gas	4		5			6			8			10	11
Electric	5		7			9			11			14	16
OTHER ELECTRIC (lights)	18		26			33			41			52	59
WATER HEATING													
Gas			11			13			16			19	23
Electric			22			28			34			44	50
WATER & SEWER			27			35			43			55	63
TRASH COLLECTION			14			18			22			28	33
RANGE (tenant-owned)	4		4			4			4			4	4
REFRIGERATOR (tenant-owned)	4		4			4			4			4	4

TOTAL UTILITY ALLOWANCE													
+ RENT													
= GROSS RENT													