

C Community Development Committee
For the Metropolitan Council meeting of October 22, 2008

Item: 2008-232

ADVISORY INFORMATION

Date Prepared: October 8, 2008

Subject: 2008-2009 Section 8 Utility Allowance Schedule

Proposed Action:

That the Metropolitan Council approve the attached 2008-2009 Section 8 Utility Allowance Schedule effective November 1, 2008 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:

Council Members Meeks and Pistilli asked questions about how the increase in the utility allowances and correlating increases in monthly rent subsidies would impact the funding levels for the program. Staff explained that currently program expenditures are tracked quarterly by the U.S. Department of Housing and Urban Development and if program expenses increase from one quarter to the next, the increase is made up with the following quarterly funding allocation. Members Sanda and Meeks asked questions about the level of rent default by Family Affordable Housing Program residents and Section 8 Program participants. Staff explained that the levels are very low because families do not want to lose their program benefits or be evicted for rent default. However, if a resident or participant leaves the program owing the Council money, they are ineligible to participate again until the balance owing is paid in full.



Community Development Committee

Business Item

Item: 2008-232

Meeting date: October 6, 2008

ADVISORY INFORMATION	
Date:	September 24, 2008
Subject:	2008-2009 Section 8 Utility Allowance Schedule
District(s), Member(s):	All
Policy/Legal Reference:	CFR Title 24, Part 903
Staff Prepared/Presented:	Beth Reetz, HRA Manager, 651-602-1278
Division/Department:	CD/Housing and Redevelopment Authority

Proposed Action

That the Metropolitan Council approve the attached 2008-2009 Section 8 Utility Allowance Schedule effective November 1, 2008 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 2007.

Staff recently completed a review of current average utility rates. Based on the review a 21.9% increase in natural gas, a 1.7% increase in electricity, a 24.5% increase in propane, a 29.8% increase in fuel oil, 1.4% decrease in trash collection, and 18.6% increase in water and sewer charges have been reflected on the proposed utility schedule. 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 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-one percent (71%) 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 greater increase will occur due to the increase in the rates for natural gas, propane, and fuel oil.

Funding

Funding for the rental subsidies received 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 tenant's portion paid toward rent and therefore the amount of the 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 11/1/08

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 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	
HEATING Gas	28	41	53	61	53	64	83	61	77	101	107	122	139
Electric	20	37	47	62	47	62	79	62	79	96	96	113	131
Oil			143			183			231			249	304
Propane			94			119			145			176	194
COOKING STOVE Gas	4		6			8			10			12	13
Electric	5		7			8			10			13	15
OTHER ELECTRIC (lights)	17		24			31			37			48	54
WATER HEATING													
Gas			14			16			20			24	28
Electric			20			26			32			40	46
WATER & SEWER			21			29			32			42	49
TRASH COLLECTION			18			18			20			20	21
RANGE (tenant-owned)	4		4			4			4			4	4
REFRIGERATOR (tenant-owned)	5		5			5			5			5	5

TOTAL UTILITY ALLOWANCE													
+ RENT													
= GROSS RENT													