

**C** Community Development Committee  
For the Metropolitan Council meeting of October 31,  
2012

Item: 2012-318

**ADVISORY INFORMATION**

Date Prepared: October 16, 2012

Subject: 2012-2013 Section 8 Utility Allowance Schedule

**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.

**Summary of Committee Discussion / Questions:**

Council Member Rummel asked if family incomes have fluctuated up or down recently. Staff responded that average housing assistance payments have increased over the last 3 years from \$640 to now \$670 per month. This is due largely to decreased family incomes and increased rents.

Council Member Chavez expressed concern about the adverse impact on the decreased number of families that will be served asking if anything can be done to fill that gap. Staff responded that the vacancy rate is lower than it has been in 10 years and rents are on the rise due to the demand. It is important to have realistic utility allowances and rent limits to ensure families can afford their units. Additionally, staff looks at many other cost saving measures on an ongoing basis to ensure service to as many families as possible within budget.

Item was unanimously approved.

# C Community Development Committee

Meeting date: **October 17, 2012**

For the Council Meeting of **October 31, 2012**

## ADVISORY INFORMATION

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.

