




**Berkeley Housing Authority**

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*Office of the Executive Director*

Item 6E  
NEW BUSINESS  
April 16, 2013

To: Honorable Chairperson and  
Members of the Housing Authority Board

From: Tia M. Ingram, Executive Director 

Subject: Approving a Resolution Revising the Utility Allowance Schedule for the Section 8 Housing Choice Voucher Tenant, Section 8 Project Based, and Low Income Public Housing Program effective July 1, 2013.

RECOMMENDATION

Approve a resolution adopting a revised Utility Allowance schedule for the Section 8 Housing Choice Voucher, Section 8 Project Based, and Low Income Public Housing Programs effective July 1, 2013.

BACKGROUND

"Family rent" in both Section 8 programs and the Public Housing program is the sum of rent to the owner and the allowance for tenant paid utilities. BHA is required to review the Utility Allowances at least annually, and if there has been an increase in rates of 10% or more, make an appropriate adjustment in the Allowances.

The utility allowance is important in determining:

- 1) The family's reasonable ability to maintain basic utility service. A family cannot live safely in a unit without basic utilities. Thus in determining the family rent portion, the family is eligible for an allowance (from the 30% of adjusted income figure) to pay for basic utilities (cooking, heating, lighting, water, garbage) for which the household is financially responsible under the rental lease (the allowance schedule is based on the number of bedrooms in the unit). For example, assume 30% of income is \$175 and the utility allowance for the unit (gas and electricity) is \$60. The family rent obligation to the landlord would be \$115 (\$175-\$60). Because the utility allowance is a predetermined amount (based on bedroom size), it is incumbent that all family members actively conserve energy to the extent possible (there are additional allowances if the family pays garbage, water or sewer). A number of factors will determine if that allowance is sufficient to cover the actual utility expense, including but not limited to:
  - a. the number of people in the household;
  - b. the number of exterior walls; and
  - c. the age and condition of the unit, including any energy efficiency upgrades or appliances.

2) The ability to retain owner participation in the program. The Housing Authority competes with the open market for available rental units, where income to the owner is critical. Note the difference in *rent to the owner* for an assisted and unassisted unit. Consider a 2-bedroom unit renting for \$1,400 per month.

	Unassisted Unit	Assisted Unit
Rent requested by Owner	\$1,400	\$1,400
Utilities paid by owner	Garbage, water	Garbage, water
Family utility allowance (gas & electricity)	\$0	\$60
Contract Rent for unit	\$1,400	\$1,340

By definition, a unit that could rent in the open market for \$1,400 is “renting” for \$1,400 (contract rent) in the Section 8 Program, but the net proceeds to the owner is \$1,340.

In addition, Owners participating in the S8 program in neighboring jurisdictions (serving Alameda, Oakland, Emeryville and Albany) with units in more than one jurisdiction often compare our rates – and the impact it has on the rent received for comparable units. Owners don’t understand why the \$1,400 unit in another jurisdiction nets more income than a unit of the same size in Berkeley. Thus, it is important to confirm our utility allowance rates are within the basic ranges of the surrounding jurisdictions.

Analysis

BHA has contracted for the annual review the past four years. The study was conducted by Nelrod Associates in 2009, 2010, and 2011, and by independent contractor Alan Fox in 2012 and 2013. To preserve consistency with neighboring jurisdictions, and minimize the change in tenant and BHA rent portion for existing contracts, we adjusted the recommendations in the utility allowance schedule that was adopted. We asked participants to provide a copy of their most recent utility bill along with the annual recertification paperwork. Based on the very small sample (December/January when utility expense is historically highest) in 70% of the 137 cases reviewed, the utility allowance received for gas and electricity (each month) was more than the actual expense by 2-7%.

Mr. Fox’s review compared our adopted 2012 utility allowances against current utility rates, with the following findings:

1. **Electric** rates are up approximately 12%; significant for households that rely on electric for heat and cooking (as well as for lighting and appliances).
2. **Gas** rates are virtually unchanged, with 3% increases in transportation charges mostly counterbalanced by a 3% drop in commodity charges.
3. **Water and sewer** rates have gone up 6% across the board. However, the rate was erroneously entered last year (over stated) by approximately the same amount, so no change in proposed to the schedule.
4. **Trash** rates are up 2%.

We are proposing a revision to the allowances for electricity: heating, cooking and other electric (general lighting). The change in rates for gas, water, and sewer are less than 10% and no change is proposed. The rate change for electricity is significant (in part because of adjustments we made last year), and thus we propose increases for electricity powered heating, cooking and general lighting ("other electric"). The proposed rate schedules are consistent with the utility allowance schedules used by Alameda City and Alameda County Housing Authorities.

The Finance Committee had previously raised some concern with regard to the fact that the allowances in the Electric category had increased over 12% as compared to last year. Staff discussed this with Mr. Fox, who reasoned that it appeared BHA did not use the figures his research produced in 2012, rather, BHA lowered the recommended allowances he provided in 2012. Staff concurs there was concern on BHA's part that the UA's had changed so dramatically from 2011 to 2012, which was the first year using Mr. Fox's methodology, that we lowered that allowance. The difference between the correct 2012 allowances and the 2013 allowances is in fact due entirely to changes in PG&E rates in the topmost price band.

#### STATUS

Historically we would propose one utility allowance schedule for the Section 8 Programs, and another schedule for the Public Housing Program. Given the timeline for transferring ownership of the Authority-owned units, and the fact that staff has completed the required 2013 annual certification for most of the remaining families, we propose using the S8 allowance for both programs (the State provides a schedule for the 14-RHCP units; the rates are significantly lower than our schedule).

To meet HUD requirements for recertifications, staff begins processing required annual recertifications between 90-120 days in advance of the contract anniversary date. Thus, we propose that the Section 8 Schedules are effective July 1, 2013, to avoid having to revise work that has already been completed.

#### FINANCIAL IMPACTS OF RECOMMENDATION

Possible modest increase in monthly HAP expense. Any increased utility allowance decreases the tenant rent payment to the landlord, and increases the amount BHA pays in rental subsidy each month.

#### CONTACT PERSON

Tia M. Ingram, Executive Director, 981-5471

#### Attachments:

1. Resolution
2. Current Utility Allowance schedules
3. Proposed Section 8 Utility Allowance Schedules

BHA RESOLUTION NO. 13-\_\_\_\_\_

ADOPTING A REVISED UTILITY ALLOWANCE SCHEDULE FOR THE SECTION 8 HOUSING CHOICE VOUCHER TENANT AND PROJECT BASED PROGRAMS, AND LOW INCOME PUBLIC HOUSING PROGRAM EFFECTIVE JULY 1, 2013.

WHEREAS, Berkeley Housing Authority is required to grant assisted households a deduction from rent for tenant paid utilities; and

WHEREAS, HUD regulations require housing authorities to examine the utility allowance schedule at least annually, and to make modifications if utility rates have changed by 10% or more; and

WHEREAS, BHA's consultant, Alan Fox has determined that rates have increased by more than 10% for electricity; and

WHEREAS, Sequestration has significantly reduced the amount of funding available to support assisted tenancies; and

WHEREAS, we are heightening our outreach to participants encouraging them to involve all family members in energy conservation, and to participate in reduced pricing plans.

NOW, THEREFORE BE IT RESOLVED, that the proposed utility allowance schedule for the Section 8 and Public Housing Programs adopted effective July 1, 2013, attached hereto and identified as Exhibit A, and incorporated by reference.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 16, 2013 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary

**Allowances for Tenant-Furnished Utilities And Other Services**

**U.S. Department of Housing and Urban Development**

Office of Public and Indian Housing

<b>Locality:</b> Berkeley, CA		<b>Unit Type:</b> Apartment With 5+ Units				<b>Date:</b> 6/1/2012	
		Monthly Dollar Allowances; Number of Bedrooms					
<b>Utility or Service</b>		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
<b>Heating</b>	a. Natural Gas	6	8	10	13	17	20
	b. Electric	8	11	16	24	32	37
	c. Heat Pump	3	4	6	8	12	14
<b>Cooking</b>	a. Natural Gas	4	6	7	9	11	13
	b. Electric	3	4	5	6	7	8
<b>Other Electric/Lighting</b>		11	16	20	25	31	36
<b>Water Heating</b>	a. Natural Gas	8	11	14	18	22	26
	b. Electric	13	18	24	29	37	42
<b>Water</b>		12	14	18	25	31	37
<b>Sewer</b>		9	9	10	11	12	12
<b>Trash Collection</b>		28	28	28	57	57	85
<b>Range/Microwave</b>		7	7	7	7	7	7
<b>Refrigerator</b>		7	7	7	7	7	7
<b>Air Conditioning</b>		0	0	1	1	1	1

**Actual Family Allowances** To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family
Address of Unit
Number of Bedrooms

Utility or Service	Monthly Cost
Heating	
Cooking	
Other Electric	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Air Conditioning	
<b>Total</b>	<b>\$</b>

**Allowances for Tenant-Furnished Utilities And Other Services**

**U.S. Department of Housing and Urban Development**  
Office of Public and Indian Housing

Locality: <b>Berkeley, CA</b>		Unit Type: <b>Row House/Town House, Semi-detached/Duplex, Triplex/Apt. 2-4 Units</b>				Date: <b>6/1/2012</b>	
<b>Utility or Service</b>		<b>Monthly Dollar Allowances; Number of Bedrooms</b>					
		<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>5 BR</b>
<b>Heating</b>	a. Natural Gas	10	14	18	23	32	37
	b. Electric	14	20	31	43	57	65
	c. Heat Pump	5	7	10	15	21	24
<b>Cooking</b>	a. Natural Gas	4	6	7	9	11	13
	b. Electric	3	4	5	6	7	8
<b>Other Electric/Lighting</b>		11	16	20	25	31	36
<b>Water Heating</b>	a. Natural Gas	8	11	14	18	22	26
	b. Electric	13	18	24	29	37	42
<b>Water</b>		12	14	18	25	31	37
<b>Sewer</b>		9	9	10	11	12	12
<b>Trash Collection</b>		28	28	28	57	57	85
<b>Range/Microwave</b>		7	7	7	7	7	7
<b>Refrigerator</b>		7	7	7	7	7	7
<b>Air Conditioning</b>		1	1	1	1	2	2

**Actual Family Allowances** To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family
Address of Unit
Number of Bedrooms

<b>Utility or Service</b>	<b>Monthly Cost</b>
Heating	
Cooking	
Other Electric	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Air Conditioning	
<b>Total</b>	<b>\$</b>

**Allowances for Tenant-  
Furnished Utilities And Other  
Services**

**U.S. Department of Housing  
and Urban Development**

Office of Public and Indian Housing

<b>Locality:</b> Berkeley, CA		<b>Unit Type:</b> Single Family Detached				<b>Date:</b> 6/1/2012	
		Monthly Dollar Allowances; Number of Bedrooms					
<b>Utility or Service</b>		<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>5 BR</b>
<b>Heating</b>	a. Natural Gas	11	16	21	27	36	42
	b. Electric	15	23	36	49	64	73
	c. Heat Pump	6	8	12	17	24	27
<b>Cooking</b>	a. Natural Gas	4	6	7	9	11	13
	b. Electric	3	4	5	6	7	8
<b>Other Electric/Lighting</b>		11	16	20	25	31	36
<b>Water Heating</b>	a. Natural Gas	8	11	14	18	22	26
	b. Electric	13	18	24	29	37	42
<b>Water</b>		14	16	22	30	39	47
<b>Sewer</b>		9	10	11	12	12	12
<b>Trash Collection</b>		28	28	28	57	57	85
<b>Range/Microwave</b>		7	7	7	7	7	7
<b>Refrigerator</b>		7	7	7	7	7	7
<b>Air Conditioning</b>		1	1	1	2	2	2

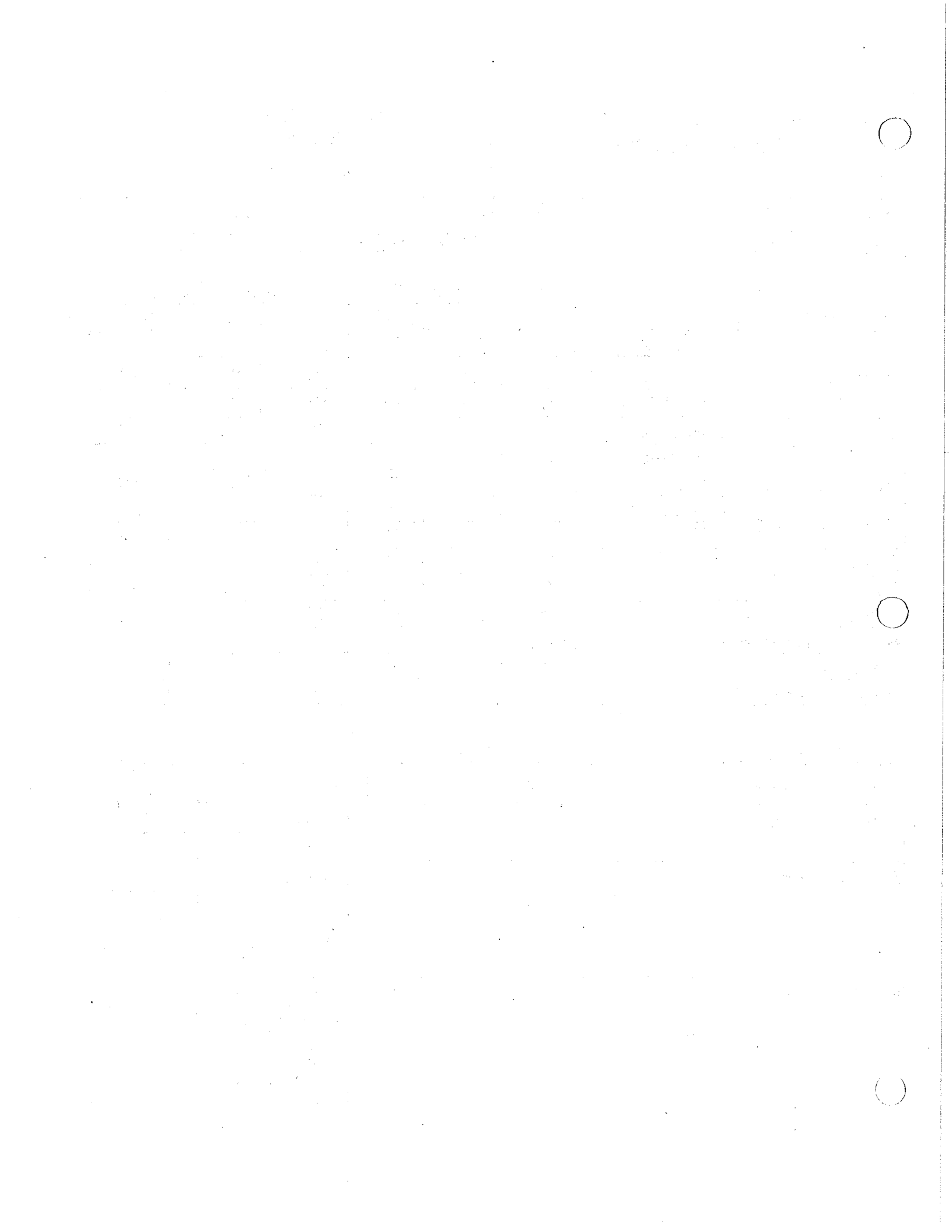
**Actual Family Allowances** To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family

Address of Unit

Number of Bedrooms

<b>Utility or Service</b>	<b>Monthly Cost</b>
Heating	
Cooking	
Other Electric	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Air Conditioning	
<b>Total</b>	<b>\$</b>





Allowances for Tenant-Furnished  
Utilities And Other Services

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

Locality: Berkeley, CA		Unit Type:		Date:							
		Apartment With 5+ Units		6/1/2013							
Utility or Service		Monthly Dollar Allowances; Number of Bedrooms									
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR	
Heating		6	8	10	13	17	20	25	30	36	
a. Natural Gas		8	13	23	29	36	42	48	55	63	
b. Electric		3	4	8	10	13	15	17	19	22	
c. Heat Pump		0	0	1	1	1	1	1	1	2	
Air Conditioning		4	6	7	9	11	13	15	17	19	
Cooking		6	8	11	13	16	19	21	25	28	
a. Natural Gas		16	22	28	34	44	50	58	66	76	
b. Electric		8	11	14	18	22	26	30	34	39	
Other Electric/Lighting		14	19	25	30	39	44	51	58	67	
Water Heating		10	13	17	24	30	37	44	50	57	
Water		9	10	11	12	12	12	12	12	12	
Sewer		29	29	29	58	58	87	87	87	87	
Trash Collection		7	7	7	7	7	7	7	7	7	
Range/Microwave		7	7	7	7	7	7	7	7	7	
Refrigerator											

**Actual Family Allowances** To be used to compute allowance.

Complete below for the actual unit rented.

Name of Family
Address of Unit
Number of Bedrooms

Utility or Service	Monthly Cost
Heating	
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water & Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
<b>Total</b>	<b>\$</b>

**Allowances for Tenant-Furnished  
Utilities And Other Services**

**U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing**

Locality: <b>Berkeley, CA</b>		Unit Type: <b>Duplex, Townhouse, Garden Apt, Apt 2-4 Units</b>						Date: <b>6/1/2013</b>		
Utility or Service		Monthly Dollar Allowances; Number of Bedrooms								
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR
<b>Heating</b>	a. Natural Gas	10	14	18	23	32	37	45	53	62
	b. Electric	14	26	40	50	63	72	83	96	110
	c. Heat Pump	5	8	14	18	22	26	29	34	39
<b>Air Conditioning</b>		1	1	1	1	2	2	2	3	3
<b>Cooking</b>	a. Natural Gas	4	6	7	9	11	13	15	17	19
	b. Electric	6	8	11	13	16	19	21	25	28
<b>Other Electric/Lighting</b>		16	22	28	34	44	50	58	66	76
<b>Water Heating</b>	a. Natural Gas	8	11	14	18	22	26	30	34	39
	b. Electric	14	19	25	30	39	44	51	58	67
<b>Water</b>		10	13	17	24	30	37	44	50	57
<b>Sewer</b>		9	10	11	12	12	12	12	12	12
<b>Trash Collection</b>		29	29	29	58	58	87	87	87	87
<b>Range/Microwave</b>		7	7	7	7	7	7	7	7	7
<b>Refrigerator</b>		7	7	7	7	7	7	7	7	7

**Actual Family Allowances** To be used to compute allowance.

Complete below for the actual unit rented.

Name of Family
Address of Unit
Number of Bedrooms

Utility or Service	Monthly Cost
Heating	
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water & Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
<b>Total</b>	<b>\$</b>

**Allowances for Tenant-Furnished  
Utilities And Other Services**

**U.S. Department of Housing  
and Urban Development**  
Office of Public and Indian Housing

Locality: <b>Berkeley, CA</b>		Unit Type: <b>Single Family Detached</b>								Date: <b>6/1/2013</b>	
Utility or Service		Monthly Dollar Allowances; Number of Bedrooms									
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR	
<b>Heating</b>	a. Natural Gas	11	16	21	27	36	42	51	60	70	
	b. Electric	16	30	46	56	71	81	94	107	124	
	c. Heat Pump	5	9	16	20	25	29	33	38	44	
<b>Air Conditioning</b>		1	1	1	2	2	2	3	3	3	
<b>Cooking</b>	a. Natural Gas	4	6	7	9	11	13	15	17	19	
	b. Electric	6	8	11	13	16	19	21	25	28	
<b>Other Electric/Lighting</b>		16	22	28	34	44	50	58	66	76	
<b>Water Heating</b>	a. Natural Gas	8	11	14	18	22	26	30	34	39	
	b. Electric	14	19	25	30	39	44	51	58	67	
<b>Water</b>		11	15	21	30	38	47	56	65	74	
<b>Sewer</b>		9	10	11	12	12	12	12	12	12	
<b>Trash Collection</b>		29	29	29	58	58	87	87	87	87	
<b>Range/Microwave</b>		7	7	7	7	7	7	7	7	7	
<b>Refrigerator</b>		7	7	7	7	7	7	7	7	7	

**Actual Family Allowances** To be used to compute allowance.  
Complete below for the actual unit rented.

Name of Family
Address of Unit
Number of Bedrooms

Utility or Service	Monthly Cost
Heating	
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
<b>Total</b>	<b>\$</b>

