



Berkeley Housing Authority

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Office of the Executive Director

Item 5C
ACTION CALENDAR
March 8, 2012

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 and Project Based Programs effective June 1, 2012.

RECOMMENDATION

Approve a resolution adopting a revised Utility Allowance schedule for the Section 8 Housing Choice Voucher Tenant and Project Based Programs effective June 1, 2012.

BACKGROUND

“Family rent” in the Section 8 and Public Housing programs 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.

For the past 3 years BHA utilized the services of the Nelrod Company to perform the annual review and recommend revisions to the schedule. One of the cost saving measures recommended by the Quadel consultants was to bring the function in house and utilize the free software offered by HUD, or seek competitive pricing. Our research with HUD and other PHAs confirmed that the free HUD software was not an option. We also confirmed that most housing authorities, even ones much larger than BHA, contract for this specialized study. Having an independent assessment is particularly beneficial in light of the Freedom on Information Act requests received from various advocacy groups around the issue of utility allowances in recent years. As a result of our solicitation, we identified a more cost effective price for the initial study, and annual update, and went under contract with Alan Fox.

1. Implications of the Utility Allowance

Owner perspective: Owners are generally interested in maximizing the rent for the unit, while not denying the family a utility allowance, thus risking interruption in service due to lack of payment. Since the utility allowance is deducted from the gross rent, a higher utility allowance results in less total rent for the owner. For example an owner renting a 2-bedroom unit in the open market for \$1,400 would be offered \$1,320 for the same unit (with a Section 8 contract) because BHA would reduce the gross rent to allow for the family utility allowance (\$80 in this example).

Family perspective: There are two basic considerations for the family. (1) The utility allowance reduces the amount of rent the family pays to the owner, theoretically making provision within the family budget to pay for basic utilities. For example, a family with \$600 per month income would have a total rent payment of \$200, less \$80 for the utility allowance, for a net monthly rent payment to the landlord of \$120. Thus, a higher utility allowance means a smaller monthly rent payment to the owner. (2) The utility allowance also serves to restrict the units that may be available to the family, denying the family access to units with rents closer to the Payment Standard. For example, rather than qualifying for a 2-bedroom unit at \$1,200, the family may be restricted to 2-bedroom units renting for \$1,120.

Thus, the ideal situation is to (1) have the owner take advantage of energy efficiency features in the unit, (2) have the family participate in programs that reduce the rates for low-income households, and make conscious choices about how energy is used and conserved, and (3) have BHA set the standard such that it is fair to both parties, and consistent with other jurisdictions so that comparable units receive comparable contract rents (owners often express concern that notwithstanding BHA's 105% payment standard, they receive less rent than in neighboring jurisdictions).

2. Rationale for Proposed Utility Allowance Schedule

With Nelrod in the past, and with Fox this year, the utility allowance schedule assumed households are participating in PG&E's CARE program – and benefitting from the reduced pricing. For the past _____ years BHA has been a CARE partner, actively promoting participation by all program participants (Section 8 and Public Housing). We learned from Fox, that the proposed schedules also assume households are participating in EBMUD's reduced pricing program. Unaware of such a program, staff followed up and confirmed there is a program, and participants in PG&E's CARE program automatically qualify, but must apply to benefit from the reduced rates. Pending development and distribution of a Section 8 participant newsletter, we immediately modified our "annual recertification" letter (that is mailed to approximately 150 participating families each month) to include notice to households about this cost saving measure.

3. Proposed Rates

The proposed rates assume households are enrolled in reduced pricing plans offered by the utility company and practicing energy conservation. The schedules are similar to the existing rates with a few exceptions:

- a. Electricity: for heating, cooking and general lighting are increased slightly.
- b. Sewer/Water: appear to be reduced significantly, but in fact are not. EBMUD bills every other month, the utility allowance is a monthly deduction from tenant rent. The rates reflect average consumption patterns. For the sewer rate, we reviewed records of actual sewer fees assessed – utilizing statements we obtained from Public Housing residents. The average of those statements (from 3 or 4 bedroom units) was \$44 per billing cycle, or \$22 per month.

The utility allowance for a typical 2-bedroom voucher holder under the proposed utility allowance schedule is \$74, compared to \$ 70 under the current schedule (after adjusting the water and sewage rate to match the EBMUD billing cycle. Residents will be encouraged to enroll in reduced pricing plans, and to continue energy conservation measures.

4. Implementation 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 June 1, 2012, to avoid having to revise work that has already been completed.

Other

We have a number of over-housed families in the Section 8 Program. While the family typically pays a larger portion of the rent, there remains a concern about the utility allowance the family receives. Consider the amount of energy utilized by 2 people (a Mother and child) occupying a 2 bedroom unit (with a 2 bedroom voucher) versus the energy utilized by a single person occupying a 2 bedroom unit. Unfortunately the regulations require BHA to base the utility allowance on the actual number of bedrooms in the unit occupied by the family. So in the situation described above, both households would receive the same 2-bedroom utility allowance. We are reviewing the number of households we have that are currently over-housed, and may request a waiver from HUD to base the utility allowance on the smaller of the voucher size or the size unit occupied.

FINANCIAL IMPACTS OF RECOMMENDATION

Any decrease in utility allowance increases the amount of rent paid by the family, and in the Section 8 Programs, decreases the monthly rental assistance payment by the Housing Authority. In the public housing program, the increased utility allowance decreases the tenant rent payment, and increases the amount BHA will request from HUD for utility expense in the next budget revision.

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. 12-_____

ADOPTING A REVISED UTILITY ALLOWANCE SCHEDULE FOR THE SECTION 8 HOUSING CHOICE VOUCHER TENANT AND PROJECT BASED PROGRAMS EFFECTIVE JUNE 1, 2012.

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

WHEREAS, HUD regulations require the Housing Authority 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 for basic utilities; and

WHEREAS, declining income makes it increasingly difficult for families to pay rent and maintain utility service; and

WHEREAS, we are heightening our outreach to participants encouraging them to participate in reduced pricing plans.

NOW, THEREFORE BE IT RESOLVED, that the proposed utility allowance schedule for the Section 8 Program adopted effective June 1, 2012, 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 March 8, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest:

Tia M. Ingram, Secretary

ATTACHMENT 2

Allowances for Tenant Furnished Utilities and other Services

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

OMB Approval No. 2577-0169

Locality: City of Berkeley Housing Authority, CA		Unit Type: Row House/ Townhouse & Semi-Detached/ Duplex, Triplex, Fourplex				Date (mm/dd/yyyy) 6/1/2011	
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	\$8.00	\$12.00	\$17.00	\$22.00	\$26.00	\$31.00
	b. Bottle Gas						
	c. Electric	\$10.00	\$13.00	\$17.00	\$21.00	\$24.00	\$28.00
	d. Oil / Other						
Cooking	a. Natural Gas	\$3.00	\$4.00	\$6.00	\$7.00	\$8.00	\$9.00
	b. Bottle Gas						
	c. Electric	\$5.00	\$6.00	\$8.00	\$10.00	\$12.00	\$13.00
	d. Coal / Other						
Other Electric (Lights & Appliances)		\$13.00	\$21.00	\$30.00	\$43.00	\$52.00	\$61.00
Air Conditioning		\$1.00	\$1.00	\$1.00	\$1.00	\$2.00	\$2.00
Water Heating	a. Natural Gas	\$5.00	\$8.00	\$11.00	\$13.00	\$17.00	\$19.00
	b. Bottle Gas						
	c. Electric	\$8.00	\$13.00	\$18.00	\$22.00	\$27.00	\$33.00
	d. Oil / Other						
Water		\$24.00	\$25.00	\$34.00	\$40.00	\$45.00	\$50.00
Sewer		\$29.00	\$30.00	\$37.00	\$45.00	\$51.00	\$58.00
Trash Collection		\$28.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00
Range / Microwave (Tenant-purchased)		\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Refrigerator (Tenant-purchased)		\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Other-specify:							
Actual Family Allowances					Utility or Service		per month cost
To be used by the family to compute allowance. <i>Complete below for the actual unit rented.</i>					Heating		\$
					Cooking		\$
Name of Family					Other Electric		\$
					Air Conditioning		\$
Address of Unit					Water Heating		\$
					Water		\$
Number of Bedrooms					Sewer		\$
					Trash Collection		\$
					Range / Microwave		\$
					Refrigerator		\$
					Other		\$
					Other		\$
					Total		\$

**Allowances for Tenant
Furnished Utilities and other
Services**

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

OMB Approval No. 2577-0169

Locality: City of Berkeley Housing Authority, CA		Unit Type: Apartment (5 or more units)				Date (mm/dd/yyyy)	
						6/1/2011	
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	\$7.00	\$8.00	\$8.00	\$9.00	\$10.00	\$11.00
	b. Bottle Gas						
	c. Electric	\$7.00	\$10.00	\$13.00	\$16.00	\$19.00	\$22.00
	d. Oil / Other						
Cooking	a. Natural Gas	\$3.00	\$4.00	\$6.00	\$7.00	\$8.00	\$9.00
	b. Bottle Gas						
	c. Electric	\$5.00	\$6.00	\$8.00	\$10.00	\$12.00	\$13.00
	d. Coal / Other						
Other Electric (Lights & Appliances)		\$13.00	\$19.00	\$26.00	\$33.00	\$41.00	\$48.00
Air Conditioning		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Water Heating	a. Natural Gas	\$5.00	\$8.00	\$11.00	\$13.00	\$17.00	\$19.00
	b. Bottle Gas						
	c. Electric	\$8.00	\$13.00	\$18.00	\$22.00	\$27.00	\$33.00
	d. Oil / Other						
Water		\$25.00	\$26.00	\$31.00	\$37.00	\$42.00	\$47.00
Sewer		\$29.00	\$30.00	\$38.00	\$45.00	\$53.00	\$54.00
Trash Collection		\$28.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00
Range / Microwave (Tenant-purchased)		\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Refrigerator (Tenant-purchased)		\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Other-specify:							
Actual Family Allowances					Utility or Service		per month cost
To be used by the family to compute allowance. Complete below for the actual unit rented.					Heating		\$
					Cooking		\$
Name of Family					Other Electric		\$
					Air Conditioning		\$
					Water Heating		\$
					Water		\$
Address of Unit					Sewer		\$
					Trash Collection		\$
					Range / Microwave		\$
					Refrigerator		\$
					Other		\$
					Other		\$
Number of Bedrooms					Total		\$

**Allowances for Tenant
Furnished Utilities and other
Services**

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

OMB Approval No. 2577-0169

Locality: City of Berkeley Housing Authority, CA		Unit Type: Detached House (Single Family Residence)				Date (mm/dd/yyyy)	
						6/1/2011	
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	\$9.00	\$14.00	\$20.00	\$25.00	\$31.00	\$37.00
	b. Bottle Gas						
	c. Electric	\$12.00	\$16.00	\$20.00	\$25.00	\$29.00	\$34.00
	d. Oil / Other						
Cooking	a. Natural Gas	\$3.00	\$4.00	\$6.00	\$7.00	\$8.00	\$9.00
	b. Bottle Gas						
	c. Electric	\$5.00	\$6.00	\$8.00	\$10.00	\$12.00	\$13.00
	d. Coal / Other						
Other Electric (Lights & Appliances)		\$18.00	\$27.00	\$37.00	\$51.00	\$60.00	\$70.00
Air Conditioning		\$1.00	\$1.00	\$1.00	\$1.00	\$2.00	\$2.00
Water Heating	a. Natural Gas	\$5.00	\$8.00	\$11.00	\$13.00	\$17.00	\$19.00
	b. Bottle Gas						
	c. Electric	\$8.00	\$13.00	\$18.00	\$22.00	\$27.00	\$33.00
	d. Oil / Other						
Water		\$24.00	\$38.00	\$45.00	\$52.00	\$60.00	\$69.00
Sewer		\$29.00	\$30.00	\$37.00	\$45.00	\$51.00	\$58.00
Trash Collection		\$28.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00
Range / Microwave (Tenant-purchased)		\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Refrigerator (Tenant-purchased)		\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Other-specify:							
Actual Family Allowances					Utility or Service		per month cost
To be used by the family to compute allowance. Complete below for the actual unit rented.					Heating		\$
					Cooking		\$
Name of Family					Other Electric		\$
					Air Conditioning		\$
Address of Unit					Water Heating		\$
					Water		\$
Number of Bedrooms					Sewer		\$
					Trash Collection		\$
					Range / Microwave		\$
					Refrigerator		\$
					Other		\$
					Other		\$
					Total		\$

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: Row House/Townhouse & Semi-detached/Duplex, Triplex, Apt 2-4 Units	Date: 6/1/2012								
Monthly Dollar Allowances; Number of Bedrooms										
Utility or Service	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR	8 BR	
Heating	a. Natural Gas	10	14	18	23	32	37	45	53	62
	b. Electric	14	20	31	43	57	65	74	85	98
	c. Heat Pump	5	7	10	15	21	24	28	32	36
Air Conditioning		1	1	1	1	2	2	2	3	3
Cooking	a. Natural Gas	4	6	7	9	11	13	15	17	19
	b. Electric	3	4	5	6	7	8	9	11	12
Other Electric/Lighting		11	16	20	25	31	36	41	47	54
Water Heating	a. Natural Gas	8	11	14	18	22	26	29	34	39
	b. Electric	13	18	24	29	37	42	48	56	64
Water		12	14	18	25	31	37	43	50	56
Sewer		9	9	10	11	12	12	12	12	12
Trash Collection		28	28	28	57	57	85	85	85	85
Range/Microwave		7	7	7	7	7	7	7	7	7
Refrigerator		7	7	7	7	7	7	7	7	7

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	
Air Conditioning	
Water Heating	
Water & Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$

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: Apartment With 5+ Units		Date: 6/1/2012							
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	a. Natural Gas	6	8	10	13	17	20	25	30	35	
	b. Electric	8	11	16	24	32	37	43	49	56	
	c. Heat Pump	3	4	6	8	12	14	16	18	21	
Air Conditioning		0	0	1	1	1	1	1	1	2	
Cooking	a. Natural Gas	4	6	7	9	11	13	15	17	19	
	b. Electric	3	4	5	6	7	8	9	11	12	
Other Electric/Lighting		11	16	20	25	31	36	41	47	54	
Water Heating	a. Natural Gas	8	11	14	18	22	26	29	34	39	
	b. Electric	13	18	24	29	37	42	48	56	64	
Water and Sewer		12	14	18	25	31	37	43	50	56	
Sewer		9	9	10	11	12	12	12	12	12	
Trash Collection		28	28	28	57	57	85	85	85	85	
Range/Microwave		7	7	7	7	7	7	7	7	7	
Refrigerator		7	7	7	7	7	7	7	7	7	

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	
Air Conditioning	
Water Heating	
Water & Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$

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: Single Family Detached								Date: 6/1/2012	
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	a. Natural Gas	11	16	21	27	36	42	50	60	70	
	b. Electric	15	23	36	49	64	73	84	96	110	
	c. Heat Pump	6	8	12	17	24	27	31	36	41	
Air Conditioning		1	1	1	2	2	2	3	3	3	
Cooking	a. Natural Gas	4	6	7	9	11	13	15	17	19	
	b. Electric	3	4	5	6	7	8	9	11	12	
Other Electric/Lighting		11	16	20	25	31	36	41	47	54	
Water Heating	a. Natural Gas	8	11	14	18	22	26	29	34	39	
	b. Electric	13	18	24	29	37	42	48	56	64	
Water		14	16	22	30	39	47	55	64	72	
Sewer		9	10	11	12	12	12	12	12	12	
Trash Collection		28	28	28	57	57	85	85	85	85	
Range/Microwave		7	7	7	7	7	7	7	7	7	
Refrigerator		7	7	7	7	7	7	7	7	7	

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	
Air Conditioning	
Water Heating	
Water & Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$