



Berkeley Housing Authority

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Office of the Executive Director

Item 6C

NEW BUSINESS

September 12, 2024

To: Honorable Chairperson and
Members of the Housing Authority Board

From: James Williams, Executive Director

Subject: Utility Allowance Schedule for the Section 8 Housing Choice and Special Purpose Vouchers.

RECOMMENDATION

Approve a resolution adopting a revised Utility Allowance schedule for the Section 8 Housing Choice Voucher, Mainstream, Emergency Housing, VASH Vouchers, and Moderate Rehabilitation Programs effective October 1, 2024 for new and existing contracts.

BACKGROUND

HUD rules state affordable rent paid by Section 8 program participants is 30-40% of adjusted family income. Included in the calculation are basic utilities essential to safe and decent housing. In the Section 8 program “family rent” paid to the landlord, is 30-40% of adjusted income minus an allowance for any tenant paid utilities. If, however, the landlord covers all utilities, no allowance is permissible.

All public housing authorities are required to review the utility allowance schedules annually, and if there has been an increase in rates of 10% or more, make an appropriate adjustment in the allowances for housing categories offered in the jurisdiction. BHA has three housing categories: “single family detached homes;” “apartments with 5 or more units;” and, “duplex, townhouses, garden apartments, and apartments with 2 – 4 units.”

Atlas Technical Consultants, LLC. Assisted BHA in calculating the comprehensive utility allowances using the HUD Utility Schedule Model (HUSM). The HUSM is the HUD approved methodology to analyze the energy performance and property characteristics specific to the dwelling units in the BHA housing stock.

This is the first Utility Allowance schedule implementing the Alternative Utility Allowance in the HCV program, one of the MTW waivers in the approved MTW Supplement is. This will streamline the recertification process by employing a standard or average utility allowance for the households. This activity will allow staff more time to focus in other matters.

MTW activities/flexibilities, however, do not apply to Special Purpose Vouchers (SPV) like Mainstream and Emergency Housing Vouchers, as well as Mod Rehab certificates. Therefore, the average utility allowances in the proposed 2024 Utility Allowances shall not apply on SPV units, rather, an itemized calculation of utility allowance will be followed for SPV units.

Most notable changes in the average utility costs are:

1. The total allowances for all-electric homes for single family houses, duplexes and large apartments are up by approx. 34% to 37%.
2. Water, sewer and trash allowances are up by an average of 48% - 59%.

Higher utility schedules mean less rent portion paid by program participants to landlords. Lower utility costs mean more rent portion paid by program participants to landlords, and increase in HAP expenditure.

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, and participate in programs offered to low-income households: PG&E's CARE program and East Bay MUD's Customer Assistance Program (CAP). BHA provides, and assists applicants/participants in completing the simple application forms.

A number of factors will determine if the allowance is sufficient to cover the actual utility expense, for each family, including but not limited to:

- a. number of people in the household;
- b. number of exterior walls;
- c. energy conservation efforts by household members; and
- d. age and condition of the unit, including any energy efficiency upgrades or appliances.

STATUS

The new schedules are effective October 1, 2024 for existing and new contracts.

FINANCIAL IMPACTS

When utility allowances are higher, the amount of family rent portion paid to the landlord decreases and BHA's HAP expenditure increases. Conversely, when utility allowances are decreased, the amount of family rent portion paid to the landlord increases and BHA's HAP expenditures are decreased.

There are financial implications also for landlords—because the utility allowance is subtracted from the Payment Standard to arrive at the Contract Rent. A higher utility allowance may result in lower contract cost, thus reduces contract rent and rental subsidy payment to landlord. Property owners do not benefit from the full Payment Standard.

CONTACT PERSON

James Williams, Executive Director, 981-5485

Attachments:

1. Resolution
2. Proposed 2024 Section 8 Utility Allowance Schedules
3. Existing 2023 Section 8 Utility Allowance Schedules (for comparison)

BHA RESOLUTION NO. 24-__

ADOPTING A REVISED UTILITY ALLOWANCE SCHEDULE FOR THE HOUSING CHOICE VOUCHER, MAINSTREAM, EMERGENCY HOUSING, VASH VOUCHERS AND MODERATE REHABILITATION PROGRAMS EFFECTIVE OCTOBER 1, 2024 FOR NEW AND EXISTING CONTRACTS.

WHEREAS, the Berkeley Housing Authority is required to grant assisted households a deduction from rent paid to the landlord 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, the HUD Utility Schedule Model (HUSM), the HUD approved methodology to analyze the energy performance and property characteristics specific to the dwelling units in the BHA housing stock used in calculating the utility allowances;

NOW, THEREFORE BE IT RESOLVED, that the proposed utility allowance schedule for the Housing Choice Voucher, Mainstream, Emergency Housing, VASH Voucher and Mod Rehab programs adopted effective October 1, 2024 for new and existing contracts, 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 September 12, 2024 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
James Williams, Secretary

EXHIBIT A