



Office of the Executive Officer

CONSENT CALENDAR

December 12, 2006

To: Honorable Chairperson and  
Members of the Housing Authority

From:  Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Housing Director

Subject: Utility Allowance Schedule

RECOMMENDATION

Adopt a Resolution establishing a revised Utility Allowance Schedule for use in the administration of the Berkeley Housing Authority Section 8 and Public Housing programs, and rescinding Resolution No. 722 effective March 1, 2007.

FISCAL IMPACTS OF THE RECOMMENDATION

The deduction from the “rent” requested by the landlord will be reduced; the Housing Assistance Payments made by the Berkeley Housing Authority will decrease; and the rent portion paid by the family will increase.

CURRENT SITUATION AND ITS EFFECTS

The Housing Authorities of the City of Berkeley, Alameda County and the City of Oakland all adopted revised utility allowances in 2006. A comparative analysis of the three schedules revealed great similarities for HACA and OHA, and a large disparity for BHA. Further review of the analysis performed by the Nelrod Company identified significant limitations in their analysis, and results in this recommendation to adopt the HACA utility allowance effective March 1, 2007. See the attached analysis performed by the City of Berkeley Office of Energy and Sustainable Development (Attachment 1).

The utility allowance is not intended to cover the full cost of tenant-supplied utilities. Instead, it is intended to make “rent”, defined as payment to the landlord and basic utilities, affordable to the family practicing energy conservation and efficiencies. BHA will continue its collaborative efforts with the Office of Energy and Sustainable Development to insure that all program participants (families and owners) are aware of various energy measures and services available via the City and from other entities.

The effect of this revision is a modest change from the pre-June 2006 allowance. Because staff processes recertifications 90-days in advance, implementation of the revised schedule is delayed until March 1, 2007.

**BACKGROUND**

The Housing Authority is required to review the utility allowance schedule at least annually, and to make appropriate adjustments if the variance is 10% or greater. Earlier this year the Berkeley Housing Authority entered into a contract with the Nelrod Company to conduct a survey of utility rates charged to residents in the Berkeley area. As a result of the analysis, staff recommended and the Board approved a new schedule effective June 30, 2006.

Staff is now recommending that the Board adopt the utility allowance schedule currently utilized by the Housing Authority of Alameda County; note this allowance currently applies to assisted tenancies in Albany (North) and Emeryville (South).

**RATIONALE FOR RECOMMENDATION**

The current utility allowance is not consistent with that of surrounding jurisdictions. The excessive allowances further complicate rent negotiations and make it more difficult for families to lease higher quality units.

Attachments:

1. Resolution
2. Analysis of Utility Allowances
3. Comparison of Old and Proposed Utility Allowances

RESOLUTION NO. \_\_\_\_\_

ESTABLISHING A REVISED UTILITY ALLOWANCE SCHEDULE FOR USE IN THE ADMINISTRATION OF THE BERKELEY HOUSING AUTHORITY SECTION 8 AND PUBLIC HOUSING PROGRAMS, AND RESCINDING RESOLUTION NO. 722 EFFECTIVE MARCH 1, 2007.

WHEREAS, the Berkeley Housing Authority Section 8 and Public Housing programs utilize a Utility Allowance Schedule to compute tenant rent portions and housing assistance payments; and

WHEREAS, the current Berkeley Housing Authority allowance is inconsistent with the allowances in surrounding jurisdictions; and

WHEREAS, we have identified limitation in the analysis that lead to the adoption of the current allowances; and

WHEREAS, the City of Berkeley offers reliable alternatives to allow families to be efficient users of limited energy resources.

NOW THEREFORE, BE IT RESOLVED by the Berkeley Housing Authority that a revised Utility Allowance Schedule is hereby established for the Section 8 and Public Housing programs attached hereto and incorporated herein as Exhibit A, effective March 1, 2007.

BE IT FURTHER RESOLVED that Resolution No 722 is rescinded effective March 1, 2007.

Analysis of Utility Allowances  
between  
City of Berkeley, City of Oakland,  
and Alameda County  
October 2006

**Introduction:** This analysis compares the Utility Allowances between the three agencies, with an eye for any inequities, imbalances, and any missing factors that may have an impact on the allowance.

**Review of NelRod report**

NelRod Company is based in Fort Worth, Texas. Their report discusses the methodology used, but lacks any formulaic explanation to substantiate the final recommendations. For instance, while overall energy baseline rates were averaged for a 2.5 bedroom house, it does not adequately discuss PG&E's baseline Tiered rate schedule, nor the different rates available for multifamily vs. detached housing. No actual formulas were provided, so it is unclear in most instances how conclusions were drawn.

The Electric Energy charges used in all NelRod calculations are as follows:

\$0.1143/kWh for Tier 1 (baseline usage), which varies depending on seasons  
\$0.12989/kWh for Tier 2 ( $\geq$  130% of baseline usage)

This is the kWh energy charge for the E1 rate, the most expensive residential rate.

PG&E's ES rate, which is available to multifamily single-metered structures in service before June 13, 1978 (cannot have changed owners or account numbers) allows for a reduced rate of \$0.10579 /kWh. This may be applicable to a limited number of structures in Berkeley.

**Sample Bills**

The NelRod report cites a single residential utility bill as an example of a wintertime energy bill. There is no documentation as to whether this bill is from a single-family structure with electric or gas heat, electric or gas water heaters, the number of occupants or bedrooms this bill serves, or any other facts relating to the energy use shown. As such, it is difficult to determine why the wintertime electric usages is large (431 kWh), while the natural gas portion is comparatively small (43 therms). Most houses in Berkeley have natural gas heat, supplemented by electric space heaters that typically operate at a rate of about \$0.50/hour.

The same is true of the EBMUD bill; the bill shows 16 units (11,968 gallons) of water for 63 days, and excessive amount of usage at 189 gallons per day for wintertime use, unless there are a large number of people in the house, or a plumbing leak. There is also no indication of whether or not the bill includes appliances for laundry or dishwashing, two factors which would skew the sample.

A typical household water usage for a two bedroom, detached house would be more in line with 4,488 gallons every two months, or about 75 gallons per day wintertime use (excludes summer

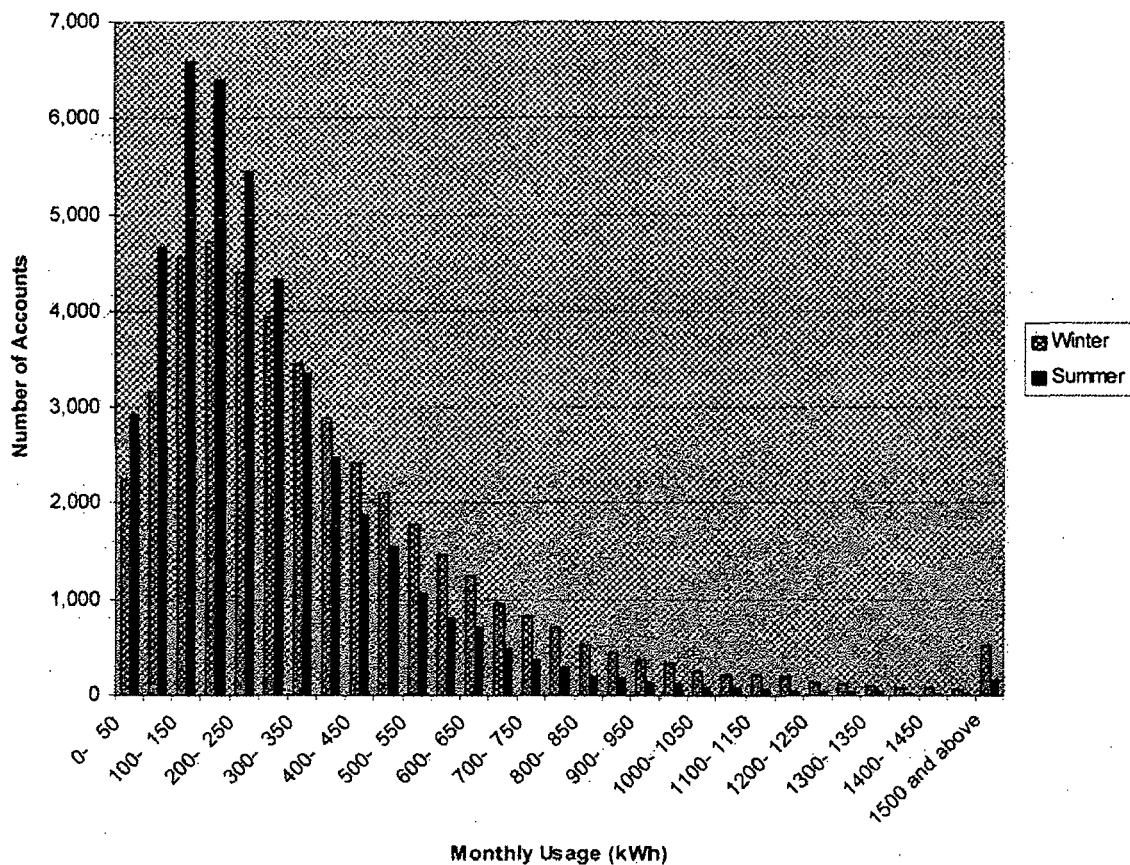
landscape irrigation). This would include laundry appliances and manual dishwashing, which uses more than an automatic dishwasher.

### Electricity Use Analysis for Berkeley, CA

In 2002 the City of Berkeley's Office of Energy and Sustainable Development acquired residential electricity data for all of Berkeley's 44,000+ residential electricity accounts, and performed an analysis of the data based on wintertime and summertime uses. The data was divided by time of year, and sorted by the amount of energy used during wintertime and summertime periods.

The following graph shows the bell curve for the number of households and the amount of energy used per household in each season.

**Attachment A**  
City of Berkeley--Distribution of Residential Usage  
Typical Winter (January 2002) and Summer (July 2002) Months



The graph clearly shows that the summertime electricity use of the majority of Berkeley households is at less than 300 kWh per month, and a wintertime use of about 300 kWh per month.

The sample bill provided to NelRod Company for the analysis showed a wintertime use of 431 kWh, more than 100 kWh over the household average.

While the PG&E data does not differentiate between household size and types of appliances, it does demonstrate that the majority of Berkeley residents use far less energy in each season than is indicated in the sample bill provided for the NelRod analysis.

Moreover, statistically, Berkeley residents use far less energy per household than the national average. The Department of Energy website [http://www.eia.doe.gov/emeu/reps/enduse/er01\\_us\\_tab1.html](http://www.eia.doe.gov/emeu/reps/enduse/er01_us_tab1.html) (see following page) shows that on average, U.S. households use 888 kWh per month. Berkeley's average is about one quarter of that, with the majority roughly 2/5 of the U.S. average.

### **Summary**

Given that the NelRod report relied on a statistical sample of one, and did not obtain Berkeley residential energy consumption rates information from PG&E, it is obvious where the flaw in their assumptions are. While the data obtained by the City of Berkeley regarding household energy use only shows electricity consumption and not natural gas consumption, it should be noted that similar comparisons could be made, given Berkeley's mild coastal climate and infrastructure.

As a result of this, a couple of different options could be employed to correct this.

The City of Berkeley could:

1. Adopt the Alameda County utility allowance guidelines;
2. Perform an internal review and rate adjustment; or,
3. Adopt the utility allowance guidelines of some other Bay area municipality with similar housing infrastructure and climate.

Staff availability and other resources should be considered when selecting one of the above options.

CITY OF BERKELEY HOUSING AUTHORITY						
COMPARISON OF OLD AND PROPOSED UTILITY ALLOWANCES						
Allowances are rounded to nearest dollar						
Utility or Service – one (1) bedroom						
	March 2003		June 2006		March 2007	
	Apt	House	Apt	House	Apt	House
<b>Heating</b>						
Natural Gas	13	36	43	102	<i>16</i>	<i>20</i>
Bottle Gas						
Electric	70	104	42	88	<i>8</i>	<i>10</i>
<b>Air Cond</b>			2	2	<i>2</i>	<i>2</i>
<b>Cooking</b>						
Natural Gas	3	7	11	11	<i>3</i>	<i>3</i>
Bottle Gas						
Electric	7	7	9	9	<i>2</i>	<i>2</i>
<b>Other Electric</b>	22	22	22	22	<i>14</i>	<i>14</i>
<b>Water Heating</b>						
Natural Gas	6	15	20	20	<i>11</i>	<i>11</i>
Bottle Gas						
Electric	26	40	27	27	<i>11</i>	<i>11</i>
<b>Water</b>	45	47	25	25	<i>15</i>	<i>16</i>
<b>Sewer</b>	9	9	13	13		
<b>Trash Collection</b>	17	17	18	44/50	<i>18</i>	<i>18</i>
<b>Range</b>	5	5	7	7	<i>2</i>	<i>2</i>
<b>Refrigerator</b>	7	7	9	9	<i>9</i>	<i>9</i>
<b>Other</b>						
Gas Flat Fee						
Elec Flat Fee						
<b>Note:</b> New rates are in bold italics						

**CITY OF BERKELEY HOUSING AUTHORITY**

**COMPARISON OF OLD AND PROPOSED UTILITY ALLOWANCES**  
 Allowances are rounded to nearest dollar

<b>Utility or Service – two (2) bedroom</b>						
	<b>March 2003</b>		<b>June 2006</b>		<b>March 2007</b>	
	<b>Apt</b>	<b>House</b>	<b>Apt</b>	<b>House</b>	<b>Apt</b>	<b>House</b>
<b>Heating</b>						
Natural Gas	17	49	56	129	<i>18</i>	<i>27</i>
Bottle Gas						
Electric	83	107	55	116	<i>11</i>	<i>18</i>
<b>Air Cond</b>			3	3	<i>3</i>	<i>3</i>
<b>Cooking</b>						
Natural Gas	3	12	13	13	<i>3</i>	<i>3</i>
Bottle Gas						
Electric	12	13	12	12	<i>2</i>	<i>2</i>
<b>Other Electric</b>	24	25	28	28	<i>20</i>	<i>20</i>
<b>Water Heating</b>						
Natural Gas	6	16	25	25	<i>14</i>	<i>14</i>
Bottle Gas						
Electric	35	41	33	33	<i>20</i>	<i>19</i>
<b>Water</b>	49	50	29	29	<i>19</i>	<i>2</i>
<b>Sewer</b>	14	14	14	14	<i>14</i>	<i>14</i>
Trash Collection	17	17	18	44/50	<i>18</i>	<i>18</i>
Range	5	5	7	7	<i>2</i>	<i>2</i>
Refrigerator	7	7	9	9	<i>9</i>	<i>9</i>
<b>Other</b>						
Gas Flat Fee						
Elec Flat Fee						
<b>Note:</b> New rates are in bold italics						

**CITY OF BERKELEY HOUSING AUTHORITY**

**COMPARISON OF OLD AND PROPOSED UTILITY ALLOWANCES**  
 Allowances are rounded to nearest dollar

Utility or Service – three (3) bedroom						
	March 2003		June 2006		March 2007	
	Apt	House	Apt	House	Apt	House
<b>Heating</b>						
Natural Gas	22	58	68	157	<i>21</i>	<i>32</i>
Bottle Gas						
Electric	104	141	68	143	<i>14</i>	<i>23</i>
<b>Air Cond</b>			3	4	<i>3</i>	<i>4</i>
<b>Cooking</b>						
Natural Gas	4	15	16	16	<i>3</i>	<i>3</i>
Bottle Gas						
Electric	20	21	15	15	<i>3</i>	<i>3</i>
<b>Other Electric</b>	26	27	35	35	<i>24</i>	<i>24</i>
<b>Water Heating</b>						
Natural Gas	11	20	32	32	<i>19</i>	<i>19</i>
Bottle Gas						
Electric	41	53	41	41	<i>25</i>	<i>25</i>
<b>Water</b>	51	52	33	33	<i>24</i>	<i>26</i>
<b>Sewer</b>	18	18	15	15	<i>15</i>	<i>15</i>
<b>Trash Collection</b>	34	34	18	44/50	<i>27</i>	<i>27</i>
<b>Range</b>	6	6	7	7	<i>2</i>	<i>2</i>
<b>Refrigerator</b>	8	8	9	9	<i>9</i>	<i>9</i>
<b>Other</b>						
<b>Gas Flat Fee</b>						
<b>Elec Flat Fee</b>						

**Note:** New rates are in bold italics

# 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  
(exp. 07/31/2007)

See Public Reporting Statement and Instructions on back

Locality		Unit Type					Date (mm/dd/yyyy)
BERKELEY HOUSING AUTHORITY		SINGLE FAMILY HOMES					03/01/2007
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	16	20	27	32	36	45
	b. Bottle Gas						
	c. Oil / Electric	10	10	18	23	41	44
	d. Coal / Other						
Cooking	a. Natural Gas	2	3	3	3	3	3
	b. Bottle Gas						
	c. Oil / Electric	1	2	2	3	3	3
	d. Coal / Other						
Other Electric		11	14	20	24	28	31
Air Conditioning							
Water Heating	a. Natural Gas	8	11	14	19	22	24
	b. Bottle Gas						
	c. Oil / Electric	10	11	19	25	26	26
	d. Coal / Other						
Water		12	16	21	26	33	37
Sewer		12	13	14	15	16	17
Trash Collection		18	18	18	27	27	45
Range/Microwave		2	2	2	2	2	2
Refrigerator		2	2	2	2	2	2
Other -- specify							

<b>Actual Family Allowances</b> To be used by the family to compute allowance. Complete below for the actual unit rented.	Utility or Service	per month cost
	Heating	\$
Name of Family	Cooking	
	Other Electric	
Address of Unit	Air Conditioning	
	Water Heating	
Number of Bedrooms	Water	
	Sewer	
	Trash Collection	
	Range/Microwave	
	Refrigerator	
	Other	
	<b>Total</b>	\$

# 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  
(exp. 07/31/2007)

See Public Reporting Statement and Instructions on back

Locality		Unit Type					Date (mm/dd/yyyy)
BERKELEY HOUSING AUTHORITY		APARTMENT					03/01/2007
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	12	16	18	21	25	26
	b. Bottle Gas						
	c. Oil / Electric	8	8	11	14	17	25
	d. Coal / Other						
Cooking	a. Natural Gas	2	3	3	3	3	3
	b. Bottle Gas						
	c. Oil / Electric	1	2	2	3	3	3
	d. Coal / Other						
Other Electric		11	14	20	24	28	31
Air Conditioning							
Water Heating	a. Natural Gas	8	11	14	19	23	25
	b. Bottle Gas						
	c. Oil / Electric	10	11	20	25	26	26
	d. Coal / Other						
Water		11	15	19	24	30	34
Sewer		12	13	14	15	16	17
Trash Collection		18	18	18	27	27	45
Range/Microwave		2	2	2	2	2	2
Refrigerator		2	2	2	2	2	2
Other -- specify							

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.		Utility or Service	per month cost	
Name of Family	Address of Unit	Number of Bedrooms	Heating	\$
			Cooking	
			Other Electric	
			Air Conditioning	
			Water Heating	
			Water	
			Sewer	
			Trash Collection	
			Range/Microwave	
			Refrigerator	
	Other			
	<b>Total</b>	\$		