



Office of the Executive Officer

CONSENT CALENDAR

February 27, 2007

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 May 1, 2007.

FISCAL IMPACTS OF THE RECOMMENDATION

Reduction of the utility allowance will help the BHA maintain assistance to approximately the current number of assisted households, since there is a limited amount of Federal funding available. A higher utility allowance will result in more funds used per household and assistance of fewer households overall.

CURRENT SITUATION AND ITS EFFECTS

The BHA anticipates reduced Federal funding for Housing Assistance Payments (HAP) over the current calendar year as a result of changes in the HUD funding formula. The BHA's current utility allowance has resulted in major increases in individual utility allowances. This has the effect of increasing the average HAP subsidy paid by the BHA. If the average HAP increases, the number of tenants that can be assisted by the BHA will decrease because the funding anticipated from HUD is barely sufficient to cover the number of tenants currently assisted. Since tenants have a significant degree of control over their own utility costs, it seems preferable to reduce the utility allowance to the greatest extent justifiable rather than face reducing the number of people assisted. In addition, since the BHA practice is that when tenants rent a unit their gross rent (rent plus utilities) should not exceed the payment standard, the increased utility allowance results in a lower allowable rent and reduces tenant access to many units in Berkeley.

The Housing Authorities of the City of Berkeley, Alameda County (HACA) and the City of Oakland (OHA) 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 for the BHA identified significant limitations in their analysis, because it was based on national models for utility use where due to its climate Berkeley is an area with much lower utility use, and results in this recommendation to adopt the HACA utility allowance effective May 1, 2007.

The utility allowance is not intended to cover the full cost of utilities supplied to the tenant. 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 ensure 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 May 1, 2007.

The City of Berkeley Office of Energy and Sustainable Development is currently analyzing utility costs based on data specific to the City of Berkeley and staff will bring back a report at a future date that may contain some modifications of the proposed rates. However, at present, the situation with BHA funding is urgent and we believe that the Housing Authority of Alameda County rates should be adopted at this time.

BACKGROUND

Earlier this year, the BHA 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. 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 complicate rent negotiations and make it more difficult for families to lease higher quality units and increase the average housing assistance payment, which will result in the BHA serving fewer families unless the utility allowance is brought back down to a more sustainable and reasonable level.

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 MAY 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, the analysis upon which the current allowances were based are limited due to the use of a national model that does not adequately reflect local conditions; and

WHEREAS, the City of Berkeley offers reliable alternatives to allow families to conserve energy resources through the Community Energy Services Corporation and the City weatherization program and other programs;

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 May 1, 2007.

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