



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



8

August 23, 1988

Budget and Finance Committee
of the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Utility Allowance Revisions

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Housing Authority of the City of Sacramento. A similar report will be submitted to the Housing Authority of the County of Sacramento.

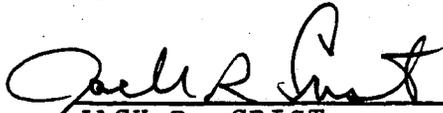
RECOMMENDATION

The staff recommends approval of the attached resolution approving the utility allowance revisions.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:


JACK R. CRIST
Deputy City Manager

Attachment



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**

August 23, 1988



Housing Authority of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Utility Allowance Revisions

SUMMARY

Pursuant to Federal Low Income Housing Regulations, Agency staff have conducted an updating of the Utility Allowances applied to individual tenant rent computations to arrive at a contract rent charged to the tenant. These changed allowances will usually decrease the rent the tenant pays thus making more of the tenant's income available to pay higher utility costs due to rate increases.

The income lost to the Agency from decreased rents will be made up by increased subsidy from HUD for this purpose.

The Conventional Public Housing Program will begin using these new allowances for new lease contracts and tenants in residency after October 1, 1988.

BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) has regulations that require low income housing tenants in Conventional Public Housing Programs to receive a reduction in their already subsidized family contribution to rent in the form of a utility allowance. This allowance is set at an average dollar figure that an energy conserving household could be expected to incur as a monthly utility cost (seasonal variations are calculated into this). Therefore, after a family's Total Tenant Payment (TPP), which includes rent and utilities, is computed at 30% of adjusted family income, a utility allowance is further subtracted from that amount to arrive at a "Contract Rent" entered on the lease between the tenant and the Housing Authority.

8-23-88
All Districts

(1)

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The allowance is not intended to cover all of every tenant's utility consumption. The tenant may consume more or less depending on his or her individual habits and practices in utility consumption. The allowances are calculated for different building configurations and bedroom sizes, combinations of gas and electric service, type of appliances used and energy conserving measures retrofitted or built into the buildings as well as local climatic data. Allowances for City and County units of the same type will differ because of the 8% utility users tax in City.

Most allowances have been developed by utilizing suggested consumption figures supplied by HUD for various building types (house, apartment, highrise, etc.) and unit sizes. These consumption figures are expressed in terms of kilowatt hours for electricity and therms for gas. The applicable utility rates are then applied to the consumption figures with appropriate weighting for seasonal variations and PG&E and SMUD Baseline rate brackets. The final product of all these computations is a computerized schedule of utility allowance combinations compiled by a computer program. The Agency presently has over 200 possible basic combinations which vary with energy conservation measures which have been incorporated into individual buildings in the Conventional Public Housing Program.

Some allowances were developed with assistance by SMUD for special situations such as all electric and heat pump situations where HUD does not have well-established figures available. Some allowances have had the consumption figures reduced slightly to compensate for energy conserving improvements installed in the building.

It is worth noting that all tenant rents may not necessarily go down when the new utility allowances are implemented since other factors may affect the rent a tenant pays and offset the reduction of a utility allowance increase. Attached as Exhibit A is a sample of the computer produced Utility Allowance Report detailing unit utility allowance combinations with calculated dollar utility amounts.

FINANCIAL DATA

Because the general effect of a utility allowance increase is a decrease in individual tenant rents there is an overall reduction in rental income. For units of the City Housing Authority under contract with the HUD Conventional Public Housing Program the

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decrease is \$18,540.00 monthly, or \$222,480.00 annually. For County units of this program the decrease will be \$8,416.00 monthly or \$100,992.00 annually. For the fiscal year ending December 31, 1988, the City Conventional Program will require an additional \$55,620.00 (3 months x \$18,540.00), and the County Conventional Program will require an additional \$25,248.00 (3 months x \$8,416.00) in HUD subsidy. Both of these amounts will be funded by budget revisions approved by HUD. In the 1989 budget these reductions will be built into the rent roll and will be funded automatically through increased subsidy from HUD, according to their pre-established formulas.

It should be noted that due to utility company energy conservation rebate incentives over the past 3 years, the Agency has been able to produce energy savings retrofitting measures to many Agency owned properties. As a result of these energy savings efforts the overall annual utility allowance change is lessened by \$164,820.00.

ENVIRONMENTAL REVIEW

There is no environmental impact.

POLICY IMPLICATIONS

The actions proposed in this staff report are consistent with previously approved policy, and there are no policy changes being recommended.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of August 15, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Pettit, Simon, Simpson, Strong, Wiggins, Wooley, Moose

NOES: None

ABSENT: Sheldon, Yew

NOT PRESENT TO VOTE: Amundson

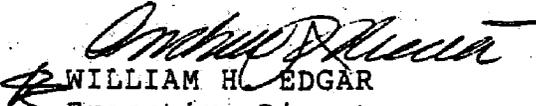
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RECOMMENDATION

The staff recommends that utility allowance schedules be adopted as developed by staff and approved by HUD.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: John Harmon

3200WPP(17)

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

August 23, 1988

NEW UTILITY ALLOWANCES FOR CONVENTIONAL PUBLIC HOUSING

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The Utility Allowance Report dated August 8, 1988 prepared by staff for the 1895 HUD Conventional Public Housing units owned by the Housing Authority is hereby adopted and incorporated by reference.

Section 2: The effective date of the Utility Allowances will be October 1, 1988.

CHAIR

ATTEST:

SECRETARY

1100WPP2(100)

SAMPLE
PAGE City

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

MONTHLY UTILITY ALLOWANCE REPORT

(UTILITY: E-ELECTRICITY, G-GAS, P-HEAT PUMP,
N=NONE OR PROVIDED BY OWNER)

(6)

COL #	UNIT		BEDROOMS	UTILITY				OLD ALLOWANCE	NEW ALLOWANCE	DIFFERENCE	PERCENT DIFFERENCE
	UNIT	TYPE		COOK	WATER	HEAT	AIR COND				
5001	501001	G2	2	G	G	G	N	59.00	59.00	.00	.00
5001	501002	G2	2	G	G	G	N	57.00	59.00	2.00	.04
5001	501003	G2	2	G	G	G	N	59.00	59.00	.00	.00
5001	501004	G2	2	G	G	G	N	57.00	59.00	2.00	.04
5001	501005	G2	2	G	G	G	N	59.00	59.00	.00	.00
5001	501006	G2	2	G	G	G	N	57.00	59.00	2.00	.04
5001	501007	G2	2	G	G	G	N	57.00	59.00	2.00	.04
5001	501008	G2	2	G	G	G	N	59.00	59.00	.00	.00
5001	501009	GB	1	G	G	G	N	32.00	34.00	2.00	.06
5001	501010	GB	1	G	G	G	N	32.00	34.00	2.00	.06
5001	501011	TB	3	G	G	G	N	54.00	61.00	7.00	.13
5001	501012	TB	2	G	G	G	N	44.00	46.00	2.00	.05
5001	501013	TB	2	G	G	G	N	44.00	46.00	2.00	.05
5001	501014	TB	3	G	G	G	N	54.00	61.00	7.00	.13
5001	501015	GB	1	G	G	G	N	32.00	34.00	2.00	.06
5001	501016	GB	1	G	G	G	N	32.00	34.00	2.00	.06
5001	501017	TB	2	G	G	G	N	44.00	46.00	2.00	.05
5001	501018	TB	3	G	G	G	N	54.00	61.00	7.00	.13
5001	501019	TB	2	G	G	G	N	44.00	46.00	2.00	.05
5001	501020	TB	2	G	G	G	N	44.00	46.00	2.00	.05

LINE	ITEM	UNIT	QTY	DESCRIPTION	UNIT PRICE	AMOUNT	DIFFERENCE	PERCENT DIFFERENCE
						68.00	67.00	21.00 .31
5025	519541	W4	3	E G G N	47.00	71.00	24.00 .51	
5025	519542	W4	3	E G G N	47.00	71.00	24.00 .51	
5025	519543	W4	3	E G G N	47.00	71.00	24.00 .51	
5025								

City TOTAL \$ 94,907.00

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(UTILITY: E-ELECTRICITY, G-GAS, P-HEAT PUMP, N=NONE OR PROVIDED BY OWNER)

(00)

CAL #	UNIT		UTILITY					OLD ALLOWANCE	NEW ALLOWANCE	DIFFERENCE	PERCENT DIFFERENCE
	UNIT	TYPE	BEDROOMS	COOK	WATER	HEAT	AIR COND				
7001	701021	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701022	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701023	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701024	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701025	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701026	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701027	G2	3	G	G	G	N	69.00	63.00	- 6.00	.09
7001	701028	G2	3	G	G	G	N	69.00	63.00	- 6.00	.09
7001	701029	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701030	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701031	G2	3	G	G	G	N	69.00	63.00	- 6.00	.09
7001	701032	G2	3	G	G	G	N	69.00	63.00	- 6.00	.09
7001	701033	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701034	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701035	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701036	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14
7001	701037	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701038	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701039	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701040	G4	1	G	G	G	N	32.00	34.00	2.00	.06
7001	701043	G2	2	G	G	G	N	57.00	49.00	- 8.00	.14

MONTHLY UTILITY ALLOWANCE REPORT

(UTILITY: E-ELECTRICITY, C-GAS, P-HEAT PUMP,
N=NONE OR PROVIDED BY OWNER)

CAL #	UNIT		UTILITY				OLD ALLOWANCE	NEW ALLOWANCE	DIFFERENCE	PERCENT DIFFERENCE
	UNIT	TYPE	BEDROOMS	COOK	WATER	HEAT				

--- End of Report ---

County total 47,630.00