

Ensuring Adequate Utility Allowances in Federal Housing

National Housing Law Project

California Webinar

February 24, 2009

FORECASTED U.S. REGIONAL UTILITY PRICES

2007 - 2009

Source: Energy Information Administration - November 2008

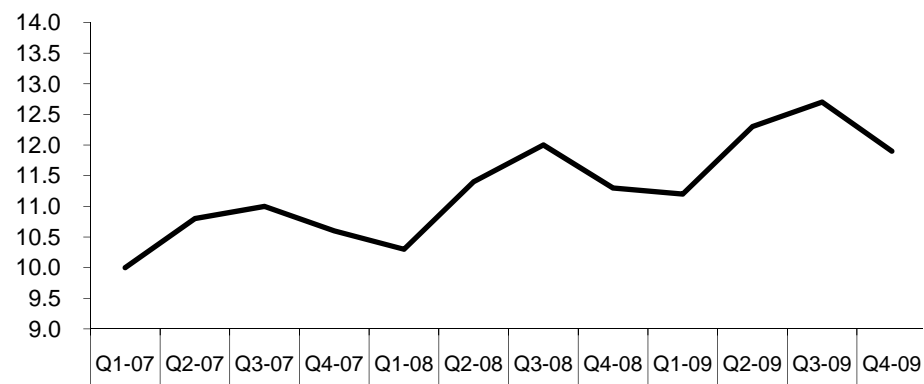
Residential Electricity (Cents per Kilowatthour)

	Quarterly Averages												Total Year Average			Percent Change		
	Q1-07	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	2007	2008	2009	07:08	08:09	Q1-07:Q4-09
East	14.8	15.5	15.6	15.0	15.2	16.3	17.4	16.5	16.3	17.3	17.8	17.0	15.3	16.3	17.1	6.9%	4.9%	14.9%
North	8.3	9.4	9.5	8.9	8.6	9.9	10.2	9.3	9.3	10.6	10.9	9.9	9.0	9.5	10.2	5.0%	7.4%	20.0%
South	9.3	10.0	10.1	9.9	9.5	10.6	11.2	10.6	10.3	11.4	11.8	11.1	9.8	10.5	11.2	7.1%	6.6%	19.7%
West	9.8	10.7	11.4	10.2	10.1	10.9	11.7	10.8	10.7	11.7	12.2	11.1	10.6	10.9	11.4	3.3%	4.6%	13.3%
Total	10.0	10.8	11.0	10.6	10.3	11.4	12.0	11.3	11.2	12.3	12.7	11.9	10.6	11.3	12.0	6.6%	6.2%	19.0%

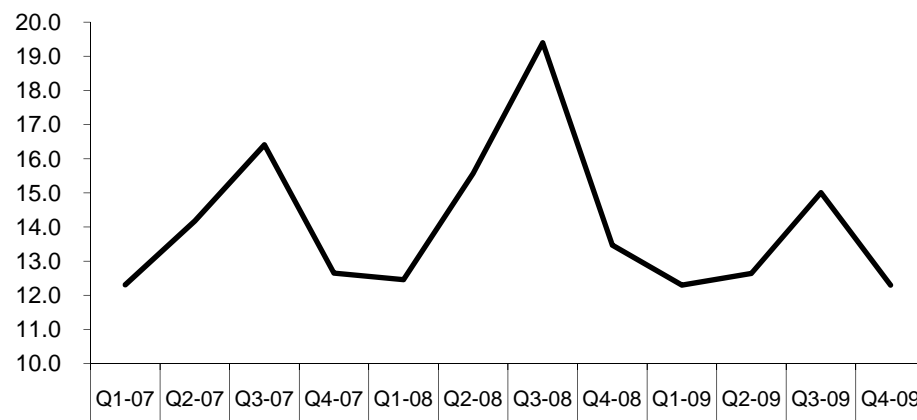
Residential Natural Gas (Dollars per Thousand Cubic Feet)

	Quarterly Averages												Total Year Average			Percent Change		
	Q1-07	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	2007	2008	2009	07:08	08:09	Q1-07:Q4-09
East	15.1	16.3	18.8	15.8	15.4	17.7	21.7	16.7	15.6	15.3	18.0	15.4	15.8	16.6	15.6	5.4%	(5.8%)	1.7%
North	11.2	13.1	16.3	11.4	11.3	14.7	19.9	12.3	11.0	11.8	14.8	11.1	11.8	12.6	11.4	6.2%	(9.4%)	(0.8%)
South	12.9	16.2	19.9	14.6	13.5	18.8	23.4	15.4	13.1	14.6	18.4	14.5	14.3	15.5	14.0	8.0%	(9.2%)	12.1%
West	11.2	12.2	13.5	10.9	11.3	13.4	15.9	11.8	11.4	10.9	12.6	10.8	11.5	12.2	11.2	6.7%	(8.6%)	(3.7%)
Total	12.3	14.2	16.4	12.7	12.5	15.6	19.4	13.5	12.3	12.6	15.0	12.3	13.0	13.7	12.6	5.7%	(8.7%)	(0.1%)

U.S. Residential Electricity Prices (2007-2009)



U.S. Residential Natural Gas Prices (2007-2009)



What's the Problem?

- Under housing programs with:
 - (1) income-based rents and
 - (2) tenant-paid utilities,
 - (3) recent increases in utility costs that are
 - (4) not reflected in adequate utility allowances
- may result in tenants paying more than the federal rent limits.

Review: Federally Assisted Programs

- Public Housing
- HUD-Subsidized Mortgages (e.g. 236)
- Project-Based Section 8
- Section 8 Vouchers
- Low-Income Housing Tax Credit
- Rural Development (e.g., 515 & RA)

Federally Assisted Housing Programs

Detailed descriptions for each of these programs can be found at: NHLP, HUD Housing Program: Tenants' Rights (3d ed. 2004) ("Greenbook").

- Public Housing (p. 1/23)
- HUD-Subsidized Mortgages (p. 1/29)
- Project-Based Section 8 (p. 1/42)
- Section 8 Vouchers (p. 1/37)
- Low-Income Housing Tax Credit (p. 1/64)
- Rural Development (RHS) (p. 1/54)

Review: Income-Based Rents

- Usually 30% of adjusted income
 - Public Housing, Project-Based Section 8 or RD Rental Assistance
- Variations:
 - Voucher tenants
 - LIHTC tenants
 - some HUD-Subs 236 tenants paying more than basic rent
 - some RD 515 tenants similar to HUD 236

Straight Income-Based

- Tenant's 30% of income contribution must cover both rent *and* reasonable amount of utilities
 - Rent limit in statute, 42 USC Sec. 1437a(a)
 - Utility allowances and required adjustments usually set by agency regulations
 - Base allowances: “**reasonable**” consumption
 - Required adjustments for rate increases >10%

Tenant-paid Utilities

- Common utility metering systems:
 - Retail-metered (T pays utility bill)
 - Master-metered (LL pays)
 - Master-metered with check-meters (rare)
- Different utilities for a unit can have different metering systems (e.g., water & sewer vs. gas & electric)
- Where tenant-paid, need to provide “utility allowance” as credit against rent contribution

Utility Allowance Regulations:

Public Housing and Project-Based Section 8

- Utility allowance should cover reasonable consumption of energy-conservative household for basic functions: heating, cooking, refrigeration, lighting, hot water, and use of other small appliances
 - PHAs: 24 C.F.R. § 965.505 (but *not* air conditioning)
 - Project-Based Section 8: 24 C.F.R. § 5.603(b)
- PHA or Section 8 project owner must review utility allowance schedules at least annually
 - PHAs: 24 C.F.R. § 965.507(a)
 - Project-Based Section 8: 24 C.F.R. § § 880.610 and 881.601
- If applicable utility rates have increased by more than 10% since the previously established allowance, PHA or owner must immediately increase the utility allowance accordingly.
 - PHAs: 24 C.F.R. § 965.507(b)
 - Project-Based Section 8: 24 C.F.R. § § 880.610 and 881.601
- Unfortunately, the latter 10% trigger-adjustment rarely occurs, shifting to tenant interim cost burden until next annual adjustment

Sample Rent/Utility Allowance Schedule: Project-Based Section 8

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS") BY SIZE AND APPLICABLE CONTRACT RENTS

Contract Number _____

Effective Date 09/19/04

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance*	Gross Rent
5	1 BR	\$896	\$24	\$920
32	2 BR	\$1,514	\$29	\$1,543
24	3 BR	\$1,804	\$35	\$1,839
2	4 BR	\$2,352	\$39	\$2,391

*gas heating, gas cooking, other electric

NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract

Basis Renewal Contract

EXHIBIT A

Variations: Vouchers

- Voucher statute requires assistance payment to include utility allowance, 42 USC Sec. 1437f(o)(2)
- BUT max. asst'ce pymt limited by Payment Standard
- Tenant's actual rent contribution is 30% of income ***plus*** any excess in unit rent over the local Payment Standard
 - Payment Standard 90-110% of HUD-published FMR: ***what's yours?***
 - Each unit has its own actual rent

2009 Nor Cal FMRs and Payment Standards

HUD Published FMRs (73 Fed. Reg. 56638 (Sept. 29 2008))

Metropolitan FMR Areas	Fair Market Rent					Counties within FMR Area
	0 BR	1 BR	2 BR	3 BR	4 BR	
Napa	890	997	1295	1791	2034	Napa
Oakland-Fremont	905	1093	1295	1756	2174	Alameda, Contra Costa
Sacramento-Arden-Arcade-Roseville	737	838	1022	1475	1690	El Dorado, Placer, Sacramento
San Francisco	1078	1325	1658	2213	2339	Marin, San Francisco, San Mateo
San Jose-Sunnyvale-Santa Clara	961	1113	1338	1924	2118	Santa Clara
Santa Cruz – Watsonville	1034	1220	1590	2288	2358	Santa Cruz
Vallejo-Fairfield	940	1012	1161	1628	2005	Solano

Sample Nor Cal Payment Standards (source: phone calls to PHAs)

Housing Authority	0 BR	1 BR	2 BR	3 BR	4 BR
Alameda County	1084	1300	1540	2145	2632
Contra Costa County	905	1093	1295	2174	2500
Napa	917	1028	1335	1846	2097
Richmond	874	1055	1250	1695	2099
Sacramento	813	992	1431	1640	1887
San Francisco	1185	1457	1823	2434	2572
Santa Clara County	1057	1224	1471	2116	2329
Santa Cruz	941	1183	1542	2219	2287
Vallejo	971	1045	1199	1681	2070

Variations: Vouchers

- Tenants paying some or all of utilities **may** receive benefit for a utility allowance (UA)
- Each Tenant's UA depends on PHA's matrix for different uses and fuel sources
- Because max. voucher subsidy is PS – 30% of income, Tenant benefits from UA or higher UA only if gross rent (Unit rent plus UA) is less than Payment Standard (see example)
- Tenants with gross rents already above Pymt Std must bear all utility cost increases

Effect of Utility Allowance Increase on Section 8 Housing Choice Voucher Participants

Rent w/o Utilities	1,250
Monthly Utility Costs	125
Family's Monthly Income	1,333
30% of Income	400
PHA's Payment Standard	1,350

	Utility Allowance (UA)	Total Rent to Owner (RTO) RTO=HAPO + FRTO	Gross Rent (GR) GR=RTO+ UA	Total Tenant Payment (TTP) TTP = 30% of Income	Housing Assistance Payment (HAP) Lesser of: GR-TTP <u>or</u> PS -TTP	Family Rent to Owner (FRTO) FRTO=RTO- HAPO	Family Share (FS) FS=GR-HAP	Family Share % of Income	Actual Shelter Costs %
Scenario 1	50	1,250	1,300	400	900	350	400	30.0%	35.6%
Scenario 2	75	1,250	1,325	400	925	325	400	30.0%	33.8%
Scenario 3	100	1,250	1,350	400	950	300	400	30.0%	31.9%
Scenario 4	200	1,250	1,450	400	950	300	500	37.5%	31.9%

Variations: Vouchers

- Adequacy of PHA's Payment Standard will determine which and how many tenants actually benefit from higher UA
- Need for advocacy on Payment Standards in **annual PHA Plan process** to counter pressure from inadequate or uncertain federal funding

Utility Allowance Regulations:

Section 8 Voucher Program

- Utility Allowance should cover reasonable consumption of energy-conservative household for basic functions: heating, cooking, refrigeration, lighting, hot water, and use of other small appliances
 - 24 C.F.R. § 982.517
- Utility Allowance schedules must be reviewed at least annually and must be increased if utility rates have risen more than 10% since last established
 - 24 C.F.R. § 982.517(c)
- Need to advocate for increases in both the utility allowance and the applicable payment standard.
 - PHAs may establish their payment standard at 90% - 110% of the published FMR, and possibly higher with HUD approval. 24 C.F.R. 982.503(b)(1)(I)

**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. 2577-0166(exp. 4/09/2001)

See Public Reporting Statement and Instructions on Back

Locality San Francisco Housing Authority		Unit Type Dwelling Unit					Date 09/02/08
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2BR	3BR	4BR	5 BR
Heating	a. Natural Gas	39	54	70	85	109	124
	b. Bottle Gas						
	c. Oil/Electric	39	55	71	86	110	126
	d. Coal/Other						
Cooking	a. Natural Gas	6	9	12	14	18	21
	b. Bottle Gas						
	c. Oil/Electric	6	9	11	14	18	20
	d. Coal/Other						
Other Electric		19	26	34	41	53	60
Water Heating	a. Natural Gas	17	24	31	37	48	54
	b. Bottle Gas						
	c. Oil/Electric	20	28	35	43	55	63
	d. Coal/Other						
Water (includes Sewer)		22	28	33	39	48	56
Sewer							
Trash Collection		25	25	25	25	25	25
Range/Microwave		4	4	4	4	4	4
Refrigerator		10	10	10	10	10	10
Other -Specify							
CCS CODE = UD\$							
Actual Family Allowances: To be used by the family to compute allowance Complete below for the actual unit rented.							
Name of Family		Utility or Service			Per Month Cost		
Address of Family		Heating					
		Cooking					
		Other electric					
		Air Conditioning					
		Water Heating					
		Water					
Number of Bedrooms		Sewer					
		Trash Collection					
		Range/Microwave					
		Refrigerator					
		Other					
		Total			\$		

Previous Editions are obsolete

Form HUD-52667 (12/97)
Ref. Handbook 7420.8

**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. 4/30/2001)

See Public Reporting Statement and Instructions on Back

Locality San Francisco Housing Authority		Unit Type Apartment Unit					Date 09/02/08
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2BR	3BR	4BR	5 BR
Heating	a. Natural Gas	16	22	28	34	43	50
	b. Bottle Gas						
	c. Oil/Electric	16	22	28	35	44	50
	d. Coal/Other						
Cooking	a. Natural Gas	6	9	12	14	18	21
	b. Bottle Gas						
	c. Oil/Electric	6	9	11	14	18	20
	d. Coal/Other						
Other Electric		19	26	34	41	53	60
Water Heating	a. Natural Gas	15	21	27	34	43	49
	b. Bottle Gas						
	c. Oil/Electric	18	25	32	39	50	57
	d. Coal/Other						
Water		7	8	10	12	14	17
Sewer							
Trash Collection		25	25	25	25	25	25
Range/Microwave		4	4	4	4	4	4
Refrigerator		10	10	10	10	10	10
Other -Specify							
CCS CODE = UA8							
Actual Family Allowances: To be used by the family to compute allowance							
Complete below for the actual unit rented.							
Name of Family				Utility or Service		Per Month Cost	
				Heating			
Address of Family				Cooking			
				Other electric			
Number of Bedrooms				Air Conditioning			
				Water Heating			
				Water			
				Sewer			
Number of Bedrooms				Trash Collection			
				Range/Microwave			
				Refrigerator			
				Other			
				Total		\$	

Previous Editions are obsolete

Form HUD-52667 (12/97)
Ref. Handbook 7420.8

PHA Plan Process:

Public Housing and Vouchers

- Aside from the UA itself, PHA Plans address many issues that are of particular importance to advocates when analyzing a PHA's PH & Section 8 UA schedules, including:
 1. the Voucher payment standard calculations; and
 2. effective date of changes to the payment standard.
- Your PHA's most recent and past PHA plans are on HUD's website:
<http://www.hud.gov/offices/pih/pha/approved/>
- Assisting a tenant organization in the PHA Plan process represents an opportunity to find joint solutions to common problems and for creating a better living environment for many tenants

Variations: LIHTC

- Rent limits *for LIHTC units* established by formula and election in LIHTC Reg Agreement between agency (CA TCAC) and each owner
 - 30% of 60% of AMI, or
 - 30% of 50% of AMI, or
 - 30% of 40% of AMI or perhaps lower
- Under LIHTC statute, rent limit must include a utility allowance
- Per IRS regulations, allowance often derived from local PHA's UA for Sec. 8 Voucher

Utility Allowance Regulations: LIHTC Program

- The statutory maximum rents include a utility allowance for any tenant-paid utilities.
 - 26 U.S.C.A. § 42(g)
- The utility allowance to be deducted is often determined by a public agency depending on the type of property involved. Where the unit or tenant is not otherwise regulated or assisted, the rules in effect until mid-2008 (still used by most LIHTC owners) required use of the PHA utility allowance, unless otherwise provided by the utility supplier under specified procedures. In July of 2008, the regs were revised to permit owner choice of one of four methods.
 - 26 C.F.R. § 1.42-10 (2007) & 26 C.F.R. § 1.42-10 (2008), 73 Fed. Reg. 43863 (July 29, 2008)
- Changes in the allowance must become effective within 90 days.
- Any increased allowance directly reduces the owner's rental income on a dollar-for-dollar basis with no prospect of increased public subsidy from federal appropriations.

Review: Utility Allowances

- Vary by program, by LL, & by property
- Separate components for each tenant–paid utility fuel source
- Base allowance set per applicable program rules
- Adjustments required for >10% rate increases
- To determine current allowance, get lease, tenant recertification form and LL or PHA's allowance schedule (on various documents)
- Seek historical info from LL, PHA or regulatory agency (e.g., HUD, RD or Sec. 8 Contract Admin.)

Local Utility Rate Increases

- Get data from local utility suppliers; factor in any special rate structure for low-income or elderly
- Check most recent one-year period
 - E.g, Jan. 2008 to Jan. 2009, PG&E Gas Down 5%, Electricity Up 4%
- Check prior periods since ?? (statute of limitations)
 - Gas Up XX%
 - Electricity Up YY%
 - Fuel Oil Up ZZ%
- Specific increases depend on utility supplier(s)
- Will utility price level decline? If so, how far? Need to evaluate averages over relevant period

FORECASTED U.S. REGIONAL UTILITY PRICES

2005 - 2007

Source: Energy Information Administration - September 2006

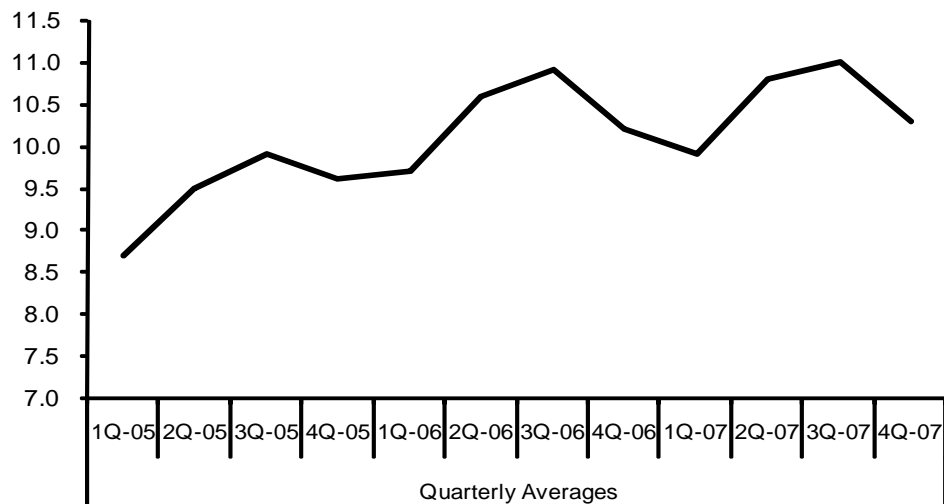
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	1Q-05	2Q-05	3Q-05	4Q-05	1Q-06	2Q-06	3Q-06	4Q-06	1Q-07	2Q-07	3Q-07	4Q-07	2005	2006	2007	1Q-05:3Q-06	1Q-05:4Q-07
East	12.2	12.9	13.5	13.4	14.3	15.0	15.3	14.8	14.6	15.8	16.1	15.1	13.0	14.9	15.4	25.9%	23.9%
North	7.5	8.5	8.7	7.9	8.0	9.1	9.3	8.6	8.4	9.1	9.2	8.6	8.1	8.8	8.9	24.2%	15.4%
South	8.0	8.8	9.1	9.1	9.2	10.0	10.1	9.5	9.1	10.0	10.2	9.6	8.7	9.7	9.7	26.8%	20.9%
West	8.7	9.6	10.0	9.3	9.5	10.5	10.9	9.9	9.7	10.6	10.8	10.3	9.4	10.2	10.3	25.3%	18.4%
Total	8.7	9.5	9.9	9.6	9.7	10.6	10.9	10.2	9.9	10.8	11.0	10.3	9.4	10.4	10.5	25.3%	18.4%

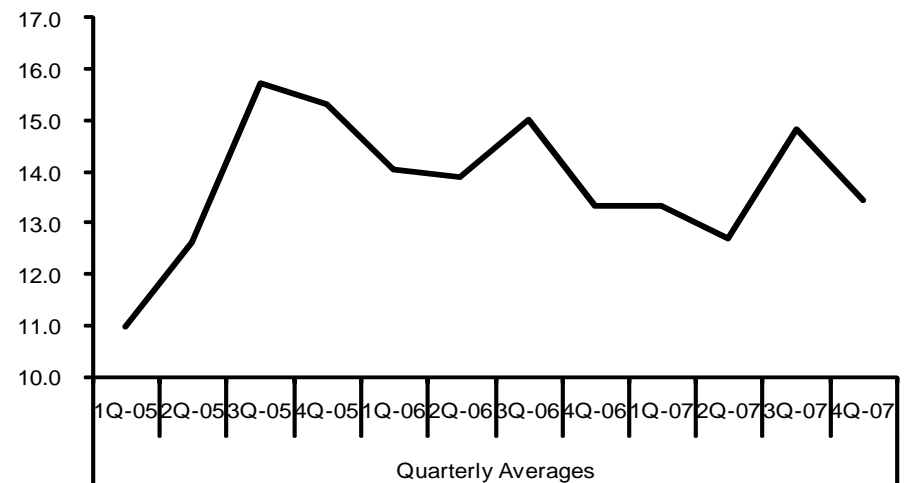
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East	13.1	14.1	17.8	17.9	16.8	16.6	17.4	15.8	15.3	14.8	17.3	15.8	14.8	16.5	15.4	33.3%	20.7%
North	9.9	12.0	16.0	14.0	12.7	12.9	14.6	12.4	12.4	11.9	14.5	12.6	11.8	12.7	12.5	47.3%	26.6%
South	11.6	14.3	18.8	17.5	15.2	16.4	18.0	14.8	14.3	14.4	17.2	14.8	14.2	15.5	14.7	54.9%	27.2%
West	10.1	10.7	12.8	13.2	12.3	12.0	12.5	11.9	12.3	11.1	12.6	12.3	11.3	12.1	12.1	23.7%	21.3%
Total	11.0	12.6	15.7	15.3	14.0	13.9	15.0	13.3	13.4	12.7	14.9	13.5	12.8	13.9	13.4	36.8%	22.5%

U.S. Residential Electricity Prices (2005-2007)



U.S. Residential Natural Gas Prices (2005-2007)



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2007 - 2009

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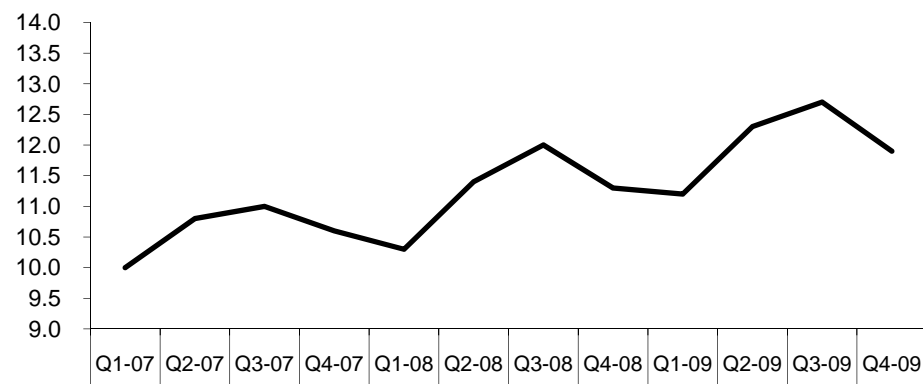
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North	8.3	9.4	9.5	8.9	8.6	9.9	10.2	9.3	9.3	10.6	10.9	9.9	9.0	9.5	10.2	5.0%	7.4%	20.0%
South	9.3	10.0	10.1	9.9	9.5	10.6	11.2	10.6	10.3	11.4	11.8	11.1	9.8	10.5	11.2	7.1%	6.6%	19.7%
West	9.8	10.7	11.4	10.2	10.1	10.9	11.7	10.8	10.7	11.7	12.2	11.1	10.6	10.9	11.4	3.3%	4.6%	13.3%
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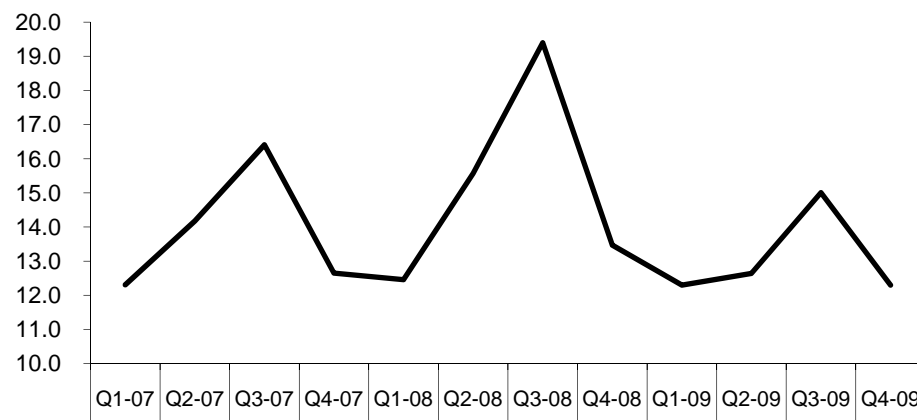
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South	12.9	16.2	19.9	14.6	13.5	18.8	23.4	15.4	13.1	14.6	18.4	14.5	14.3	15.5	14.0	8.0%	(9.2%)	12.1%
West	11.2	12.2	13.5	10.9	11.3	13.4	15.9	11.8	11.4	10.9	12.6	10.8	11.5	12.2	11.2	6.7%	(8.6%)	(3.7%)
Total	12.3	14.2	16.4	12.7	12.5	15.6	19.4	13.5	12.3	12.6	15.0	12.3	13.0	13.7	12.6	5.7%	(8.7%)	(0.1%)

U.S. Residential Electricity Prices (2007-2009)



U.S. Residential Natural Gas Prices (2007-2009)



Your analysis

- Get Key Info:
 - **Historical rate information** from tenants' utility suppliers
 - **Utility allowance schedule(s)** for the tenants' particular housing program and/or provider:
 - For P-B Section 8, check the lease, Section 8 Renewal Contract, or HUD Form 92458
 - For Vouchers, check PHA's HUD Form 52667 (Ref. Handbook 7420.8)
 - Other programs may not have a specific form
- Compare changes in rates and UAs over time
- For Vouchers, also need current FMR & Pymt Std schedules; pursue ***the two-step approach*** of reviewing the adequacy of UAs while urging PHAs to increase Payment Standards as necessary

Jokers

- PHAs and owners claiming that base allowance was overly generous so adjustment not required
- Role of any local utility asst'ce program (PG&E CARE)? LIHEAP?
- Impact of increased allowance and reduced tenant rents on PHA or owner; who pays?
 - varies substantially by program & subsidy system
 - Note historical experience for 2001 utility cost spike
 - For project-based Section 8, HUD granted rent subsidy adjustments
 - For Public Housing, Operating Fund insufficient
 - For Vouchers, \$\$ for renewal & formula were OK
 - Did owners and PHAs properly adjust allowances?
- Enforceability in court
- “Moving To Work” (MTW) jurisdictions for PH and Vs

Program Subsidy Systems

- Public Housing: federal operating subsidies through Operating Fund -- *tight*
- Project-based Section 8:
 - projects on annual renewal: federal annual appropriations for contract rents -- *tight*
 - projects with unexpired initial contracts have contract authority & possible reserves
- Vouchers: annual appropriations for ACC under adjusted snapshot – *maybe tight*
- LIHTC: subsidy conferred at front end over 10 yr. period, but no annual or add'l \$\$

Enforceability

- Eviction defense in nonpayment of rent cases (see Bay Legal demurrer in UA Guide pleadings)
- Affirmative claims:
 - What is source of tenants' rights? Statute, regulation, lease, other contracts
 - Who is defendant? PHA or private subsidized owner; fed'l or state agency too?
- Public Housing or Vouchers, Section 1983 should be available vs. PHA or state agency to enforce statute and regs
 - *Wright v. Roanoke HA* – Public Housing
 - *Johnson v. Hous. Auth. of Jeff. Parish* -- Vouchers
- Framing legal claims for project-based Sec. 8, RHS RA or LIHTC more problematic due to rare availability of 1983 vehicle
- BUT most cases never reach enforceability issue, with settlement after demand letter or complaint

Key Cases: Utility Allowance Litigation

- ***Wright v. City of Roanoke Redev. and Hous. Auth.***, 479 U.S. 418, 107 S.Ct. 766 (1987) (Brooke Amendment utility allowance requirements enforceable under §1983)
- ***Dorsey v. Hous. Auth. of Baltimore***, 984 F.2d 622 (4th Cir. 1993) (same, including challenge to PHA's determination of reasonable utility allowance)
- ***McDowell v. Philadelphia Hous. Auth.***, 423 F.3d 233 (3d Cir. 2005) (Alito, J., affirming interpretation of consent decree requiring PHA to adjust UAs for rate increases more than 10%)
- ***Johnson v. Hous. Auth. of Jefferson Parish***, 442 F.3d 356 (5th Cir. 2006) (finding §1983 claim for Voucher participants to challenge calculation and adjustment of UAs), pet'n for cert filed May 06

Resource List

- NHLP and Legal Aid Society of Hawaii, *Advocating for Adequate Utility Allowances In Federally Assisted Housing: A Practical Guide* (Oct. 2007) (to obtain, see attached sheet)
- NHLP, *Utility Allowance Adjustments: How Housing Advocates Can Proactively Address Skyrocketing Energy Costs*, 35 Hous. L. Bull. 350 (2005)
- NHLP, HUD Housing Programs: Tenants' Rights, ch. 6 (3d ed. 2004) ("Greenbook")
- Michael L. Hanley, *Effect of Utility Allowance Increases on Section 8 Housing Choice Voucher Participants*, at <http://www.empirejustice.org/MasterFile/IssueAreas/Housing/Renters/Sec8UtilAllow.htm>
- HUD FMR Schedules <http://www.huduser.org/datasets.fmr.html>
- HUD Utility Allowance Guidebook (Sept. 1998) (two-part publication covering utility allowance methodologies, principles, and regulations, available from PIH Information and Resource Center at (800) 955-2232).

NHLP's Research on Northern California Utility Allowances

Supported by a generous grant from
the van Loben Sels/Rembe Rock
Foundation

How Did We Obtain the Records?

- Sent public records act requests to 41 PHAs throughout Northern California
- Focused on jurisdictions that had legal services presence
- Sought to obtain UA schedules and supporting data from 2004 to present
- Goal is to share this info with local advocates and work together to determine next steps

Participating Jurisdictions

- PHAs providing records:
Alameda City, Alameda County, Berkeley, Butte,
Contra Costa, El Dorado, Fairfield, Fresno
Livermore, Madera, Marin, Mendocino,
Monterey, Napa, Nevada, Oakland, Pittsburg, Placer,
Redding, Richmond, Sacramento, San Francisco,
South San Francisco, San Joaquin, San Mateo, Santa
Clara, Santa Cruz, Santa Rosa, Shasta, Sonoma,
Stanislaus, Suisun City, Sutter, Tehama, Vacaville,
Vallejo, Yuba

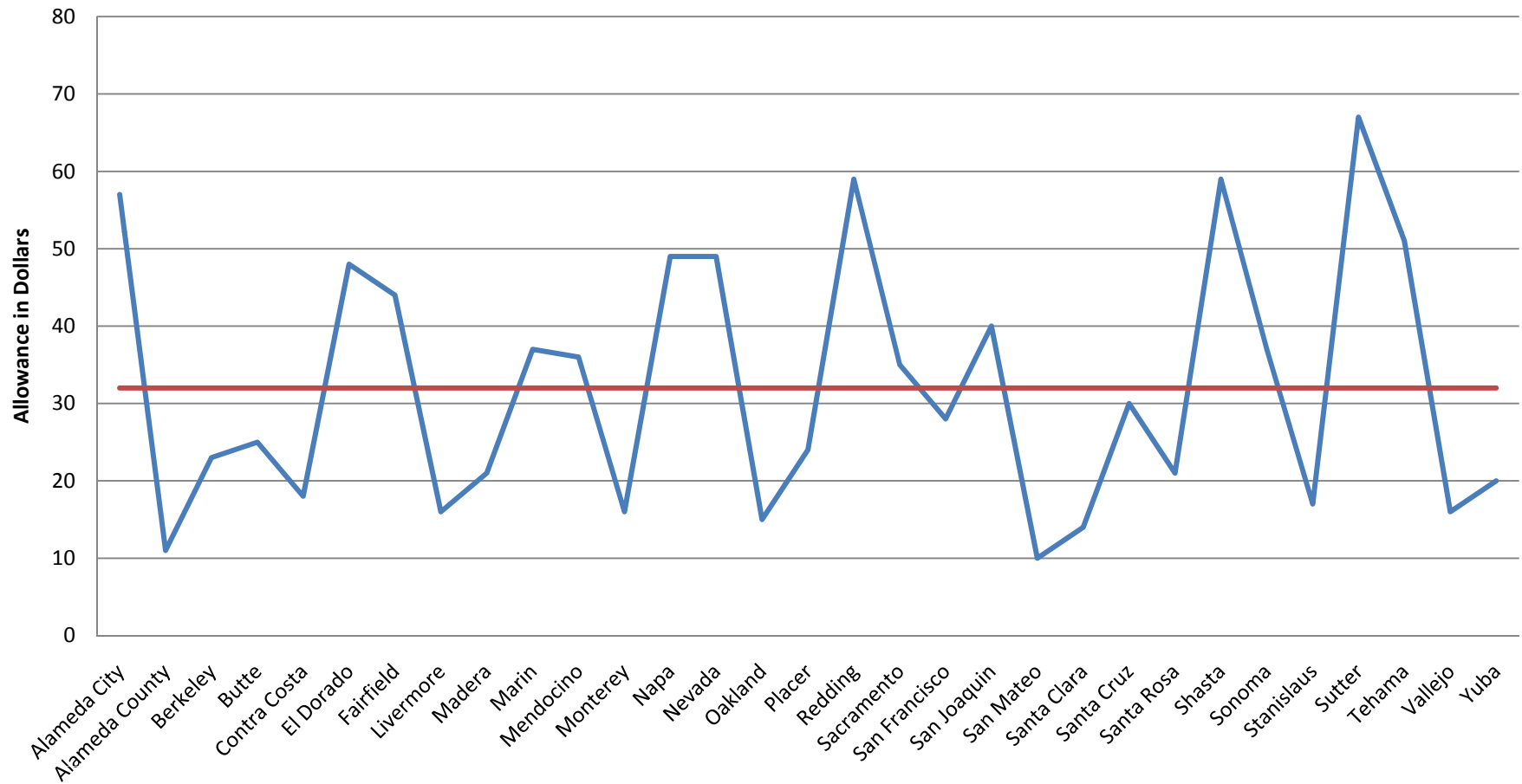
Issues

- Failure to adjust allowances for rate changes
- Incomplete public housing records
- Failure to provide allowances for water, sewer or trash
- Failure to distinguish between apartments and single-family homes
- Flawed methodology in adjusting allowances:
 - Relying on neighboring PHAs' allowances
 - Calling up customer service at the local utility

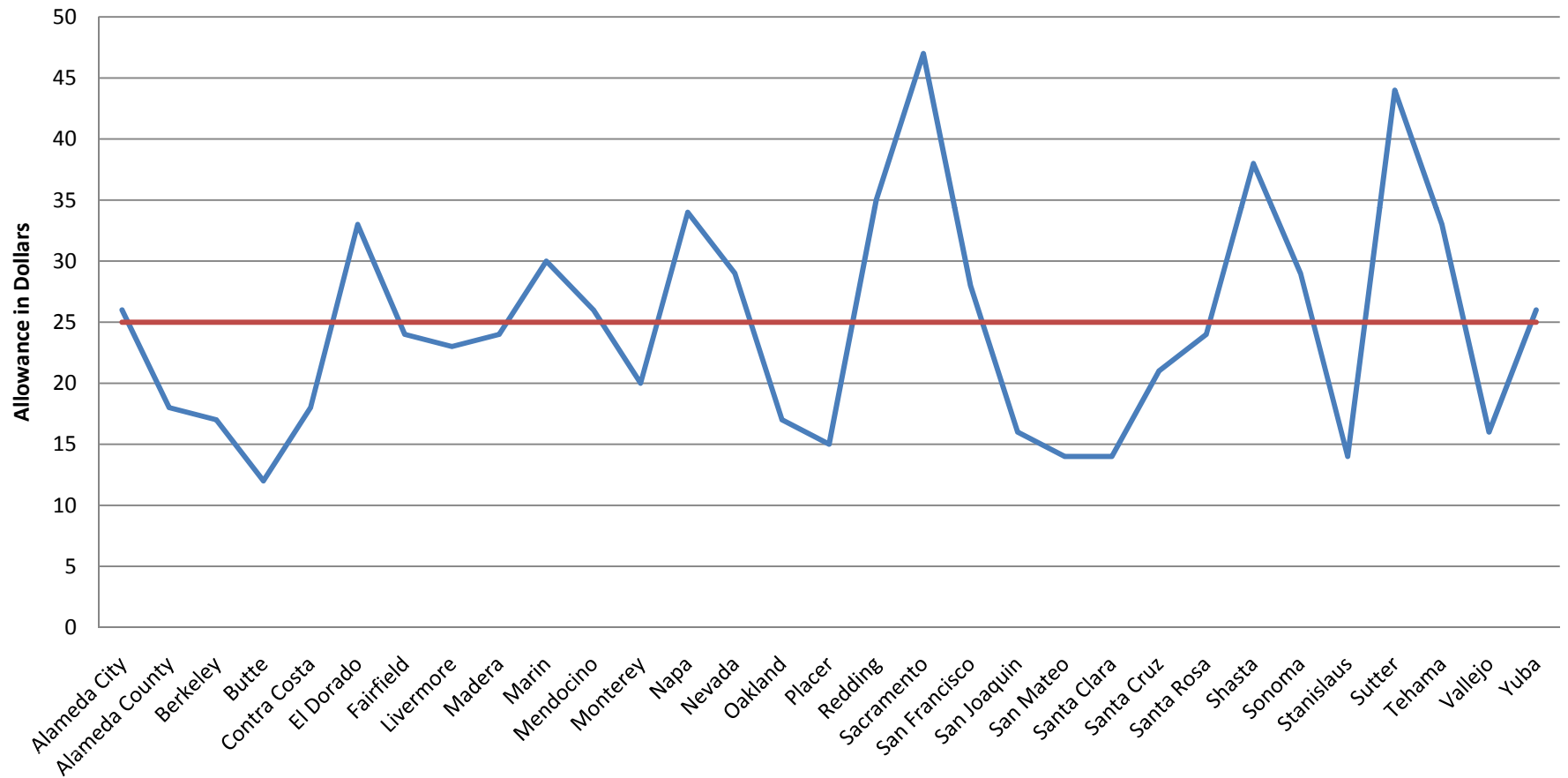
Current Section 8 Allowances

- The following 3 charts plot PHAs' current utility allowances for a 2 BR apt in the Section 8 voucher program
- We examined three categories of allowances:
 - Electric heat
 - Gas heat
 - Other electric: the “catchall” allowance that covers electric needs other than heating, cooling, and cooking, such as lighting and appliances

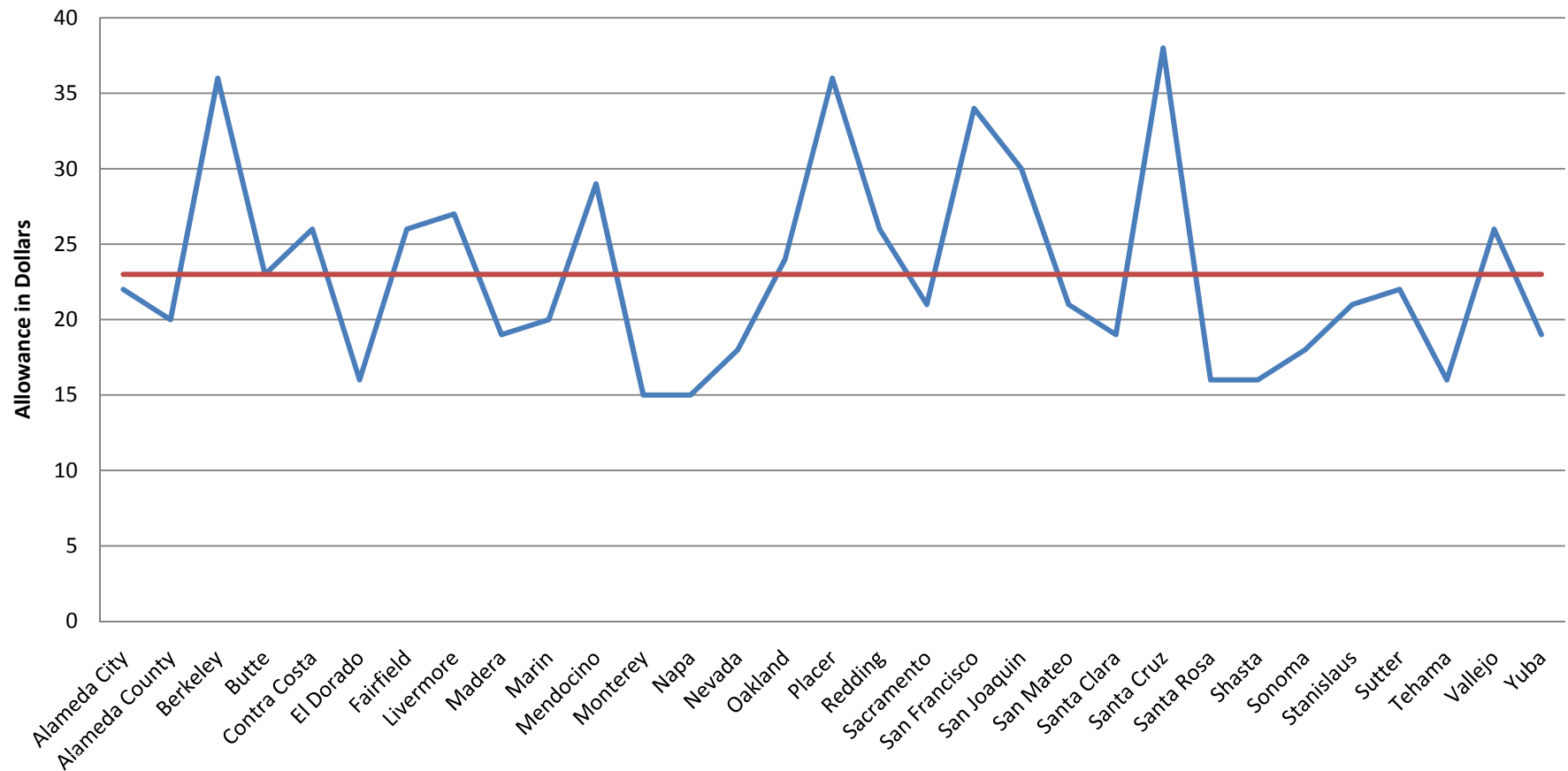
Current Section 8 Allowances for Electric Heat, 2 BR Apt



Current Section 8 Allowances for Gas Heat, 2 BR Apt



Current Section 8 Allowances for Other Electric, 2 BR Apt



What Do These 3 Charts Show?

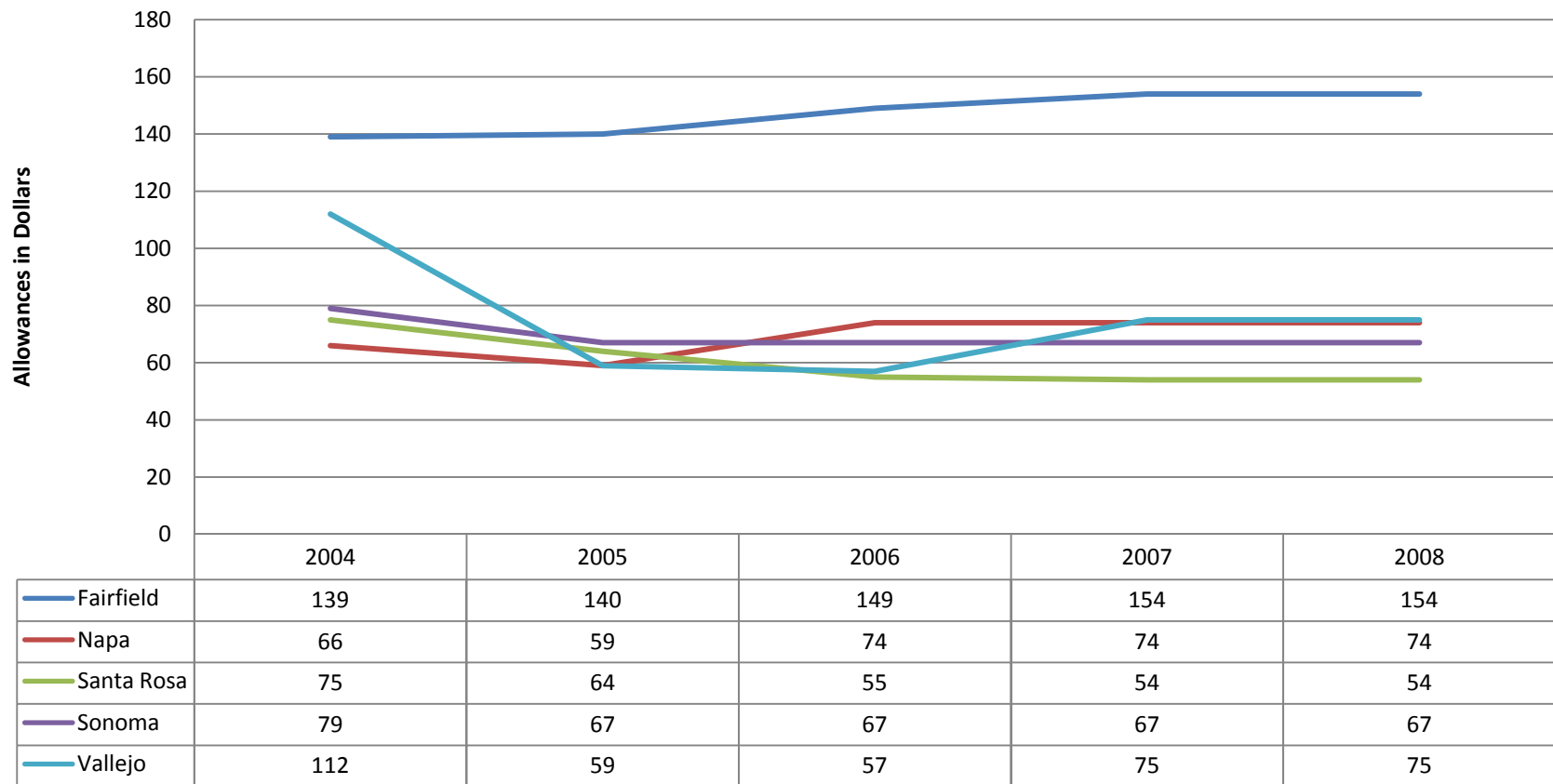
- PHAs' current allowances vary significantly from one another, possibly as a result of:
 - Climate
 - Rates used to calculate allowances
 - Base consumptions used to set the allowances
 - Failure to adjust allowances as required by law
- If your jurisdiction's allowance is significantly lower than its neighbors, further investigation may be needed

Sec 8 Allowances Over Time

- The following 6 charts represent changes in electric and gas UAs from 2004 to 2008 for a 2-BR Sec 8 apartment
- The allowances charted are the total dollar amounts for cooking, heating, & water heating
- The charts offer a quick comparison of UAs of 5 PHAs in 3 very loosely defined regions: Wine Country, Bay Area, & Central Valley
- We used regions w/the most complete records

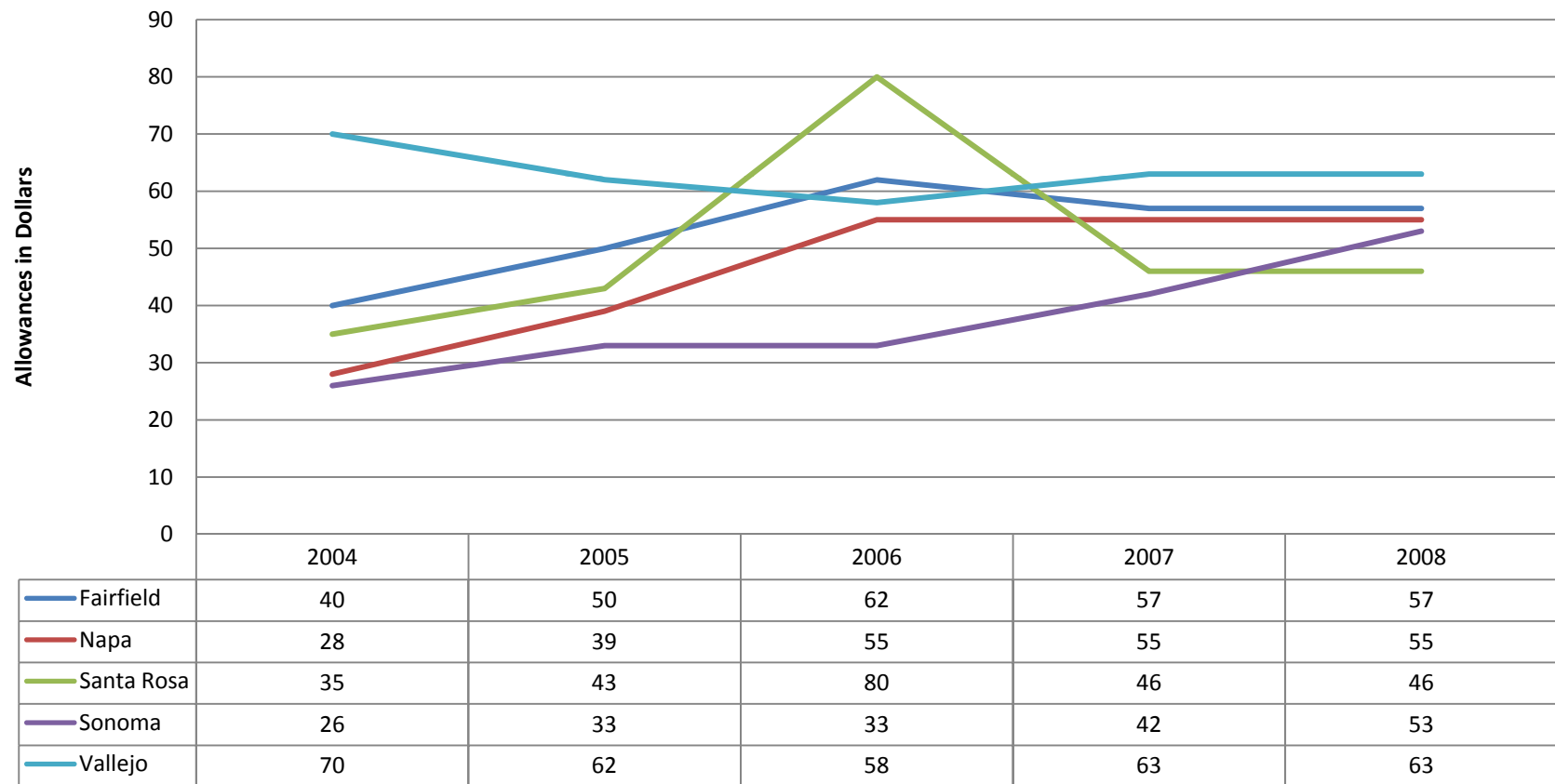
Wine Country: Electric Allowances

Electric Allowances Over Time for Sec 8, 2 BR Apt



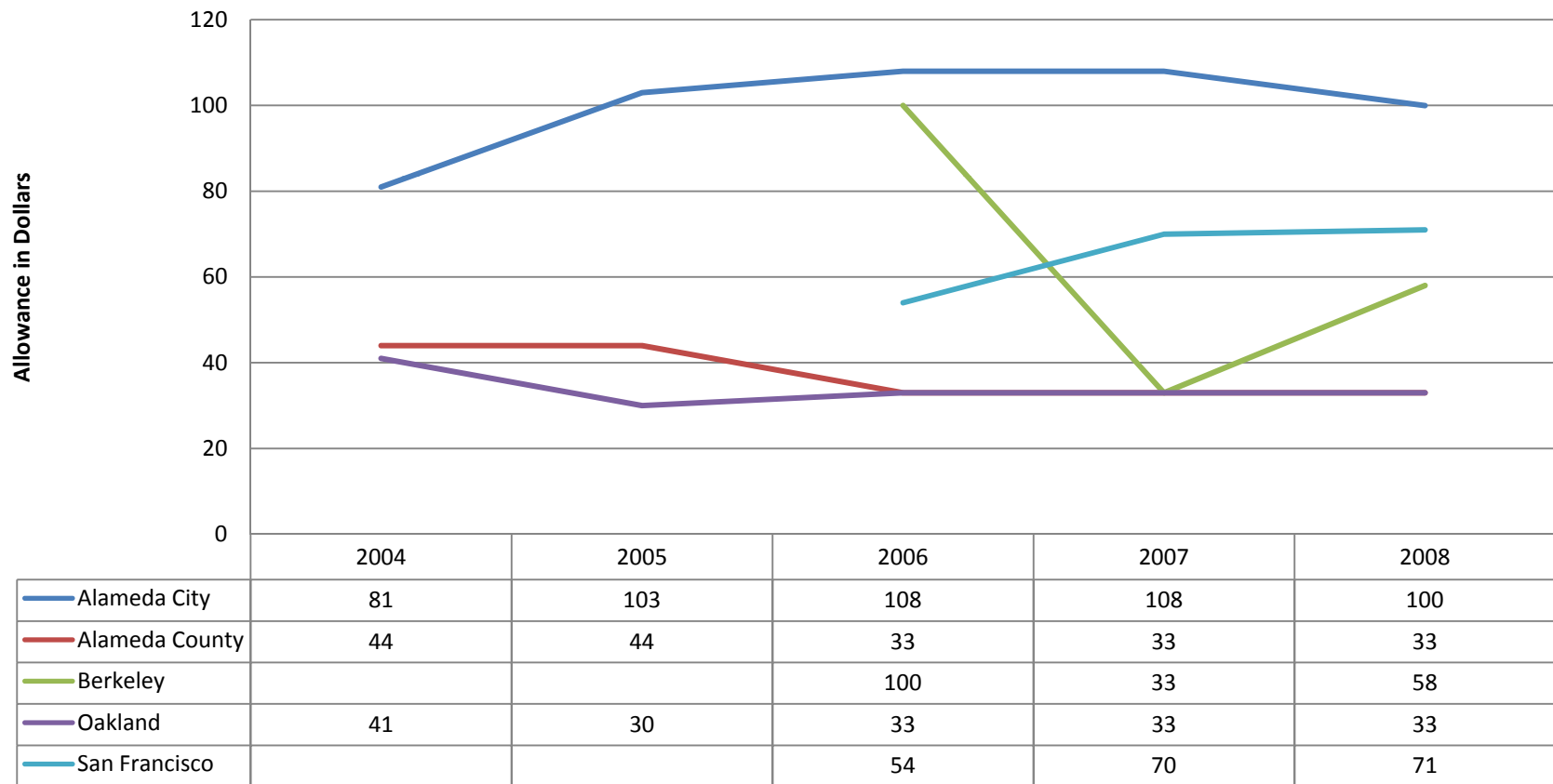
Wine Country: Gas Allowances

Gas Allowances Over Time for Sec 8, 2 BR Apt



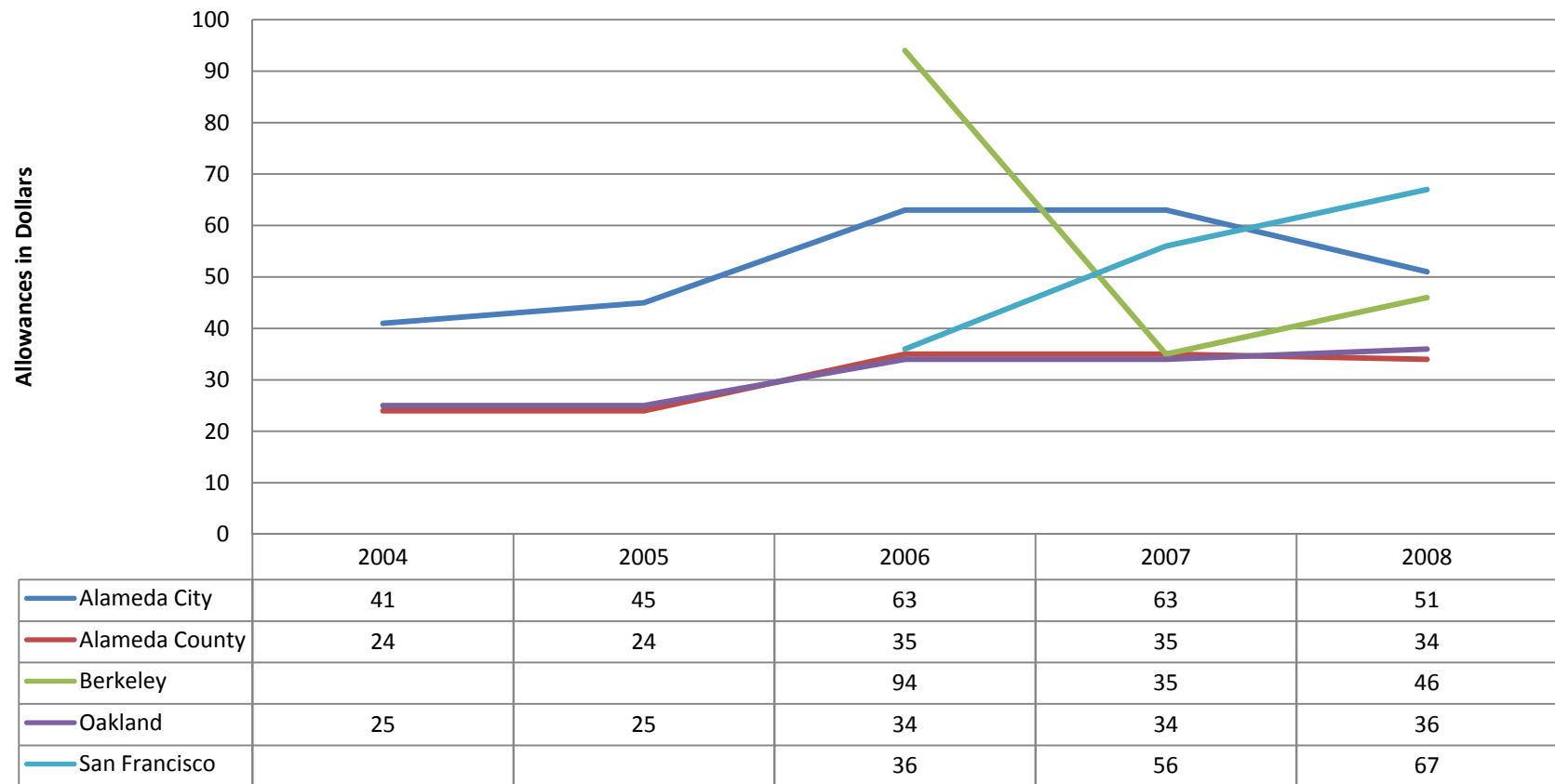
Bay Area: Electric Allowances

Electric Allowances Over Time for Sec 8, 2 BR Apt



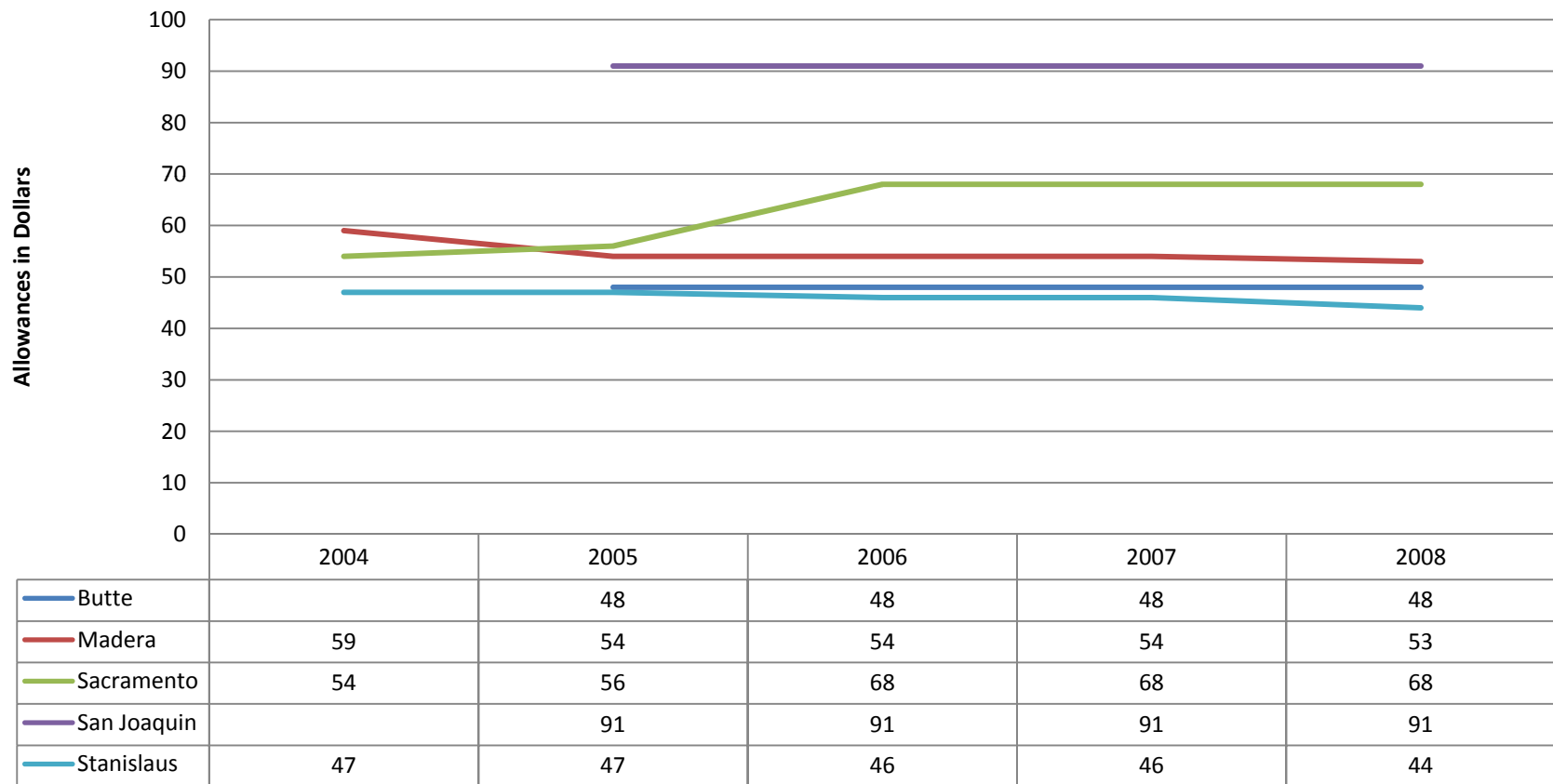
Bay Area: Gas Allowances

Gas Allowances Over Time for Sec 8, 2 BR Apt



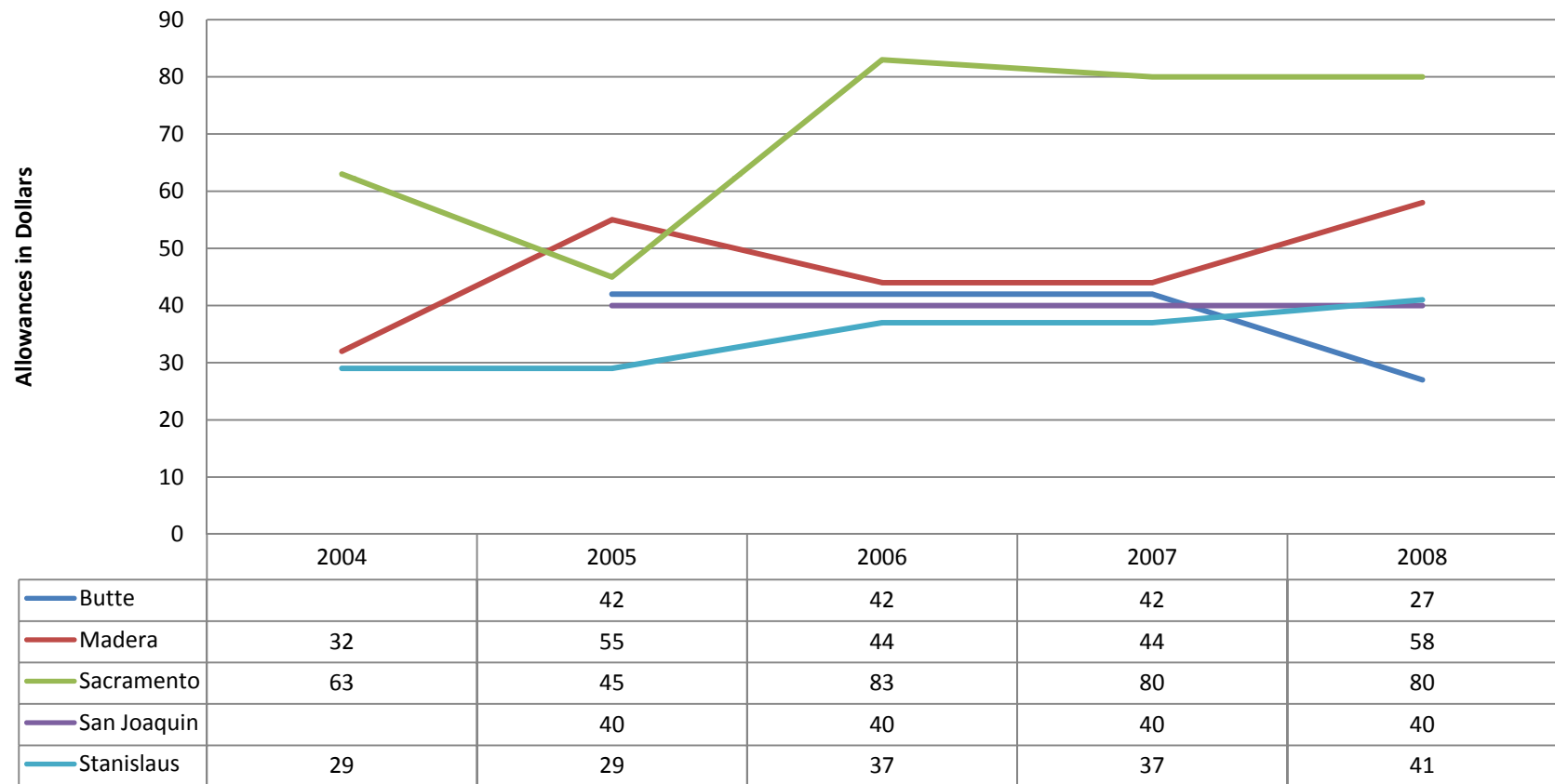
Central Valley: Electric Allowances

Electric Allowances Over Time for Sec 8, 2 BR Apt



Central Valley: Gas Allowances

Gas Allowances Over Time for Sec 8, 2 BR Apt



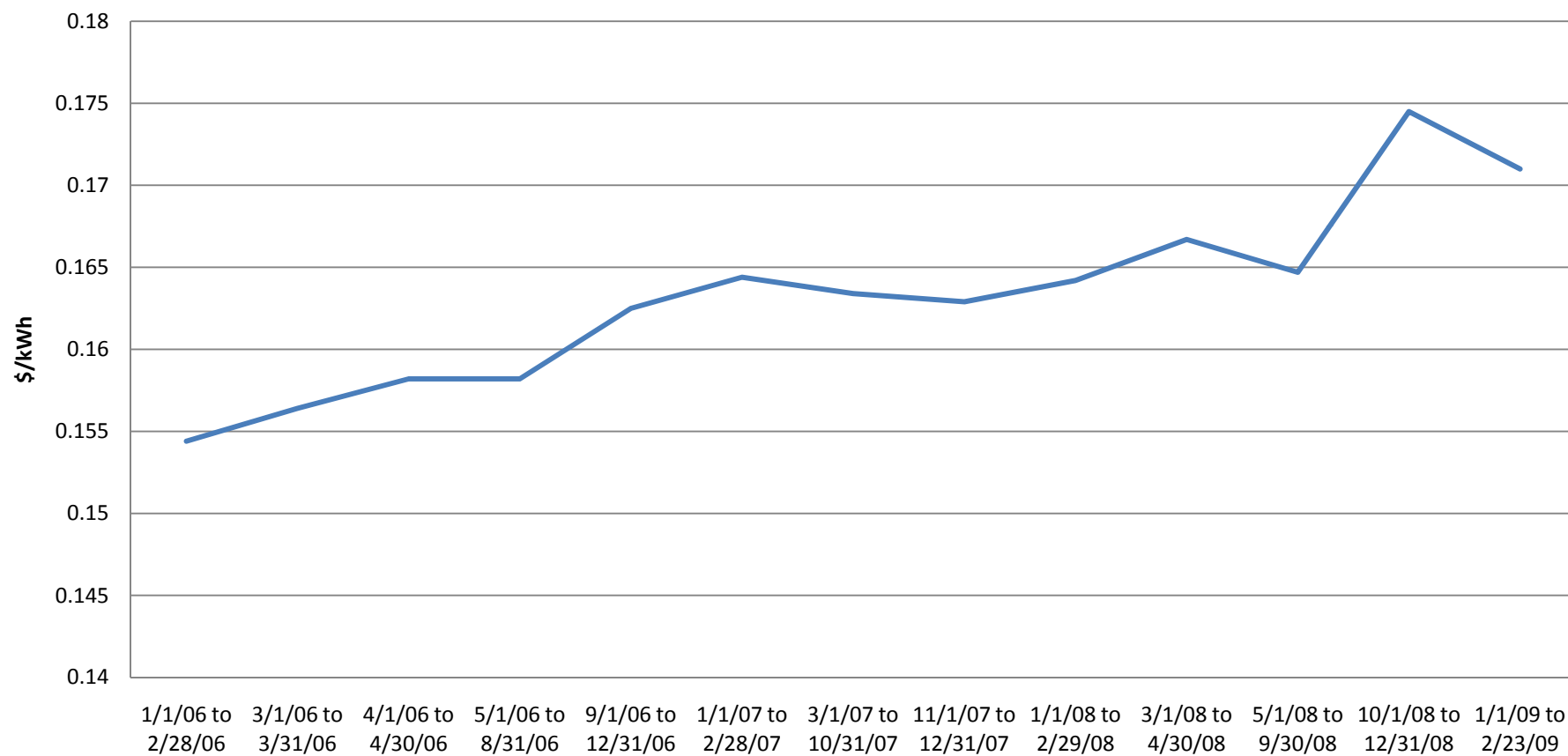
What Do These 6 Charts Show?

- Some PHAs have significantly adjusted their allowances over the past five years, particularly for gas
- Other PHAs have made little or no change
- If your PHA has failed to adjust its allowances, or has had dramatic changes in its allowances, further investigation is likely needed

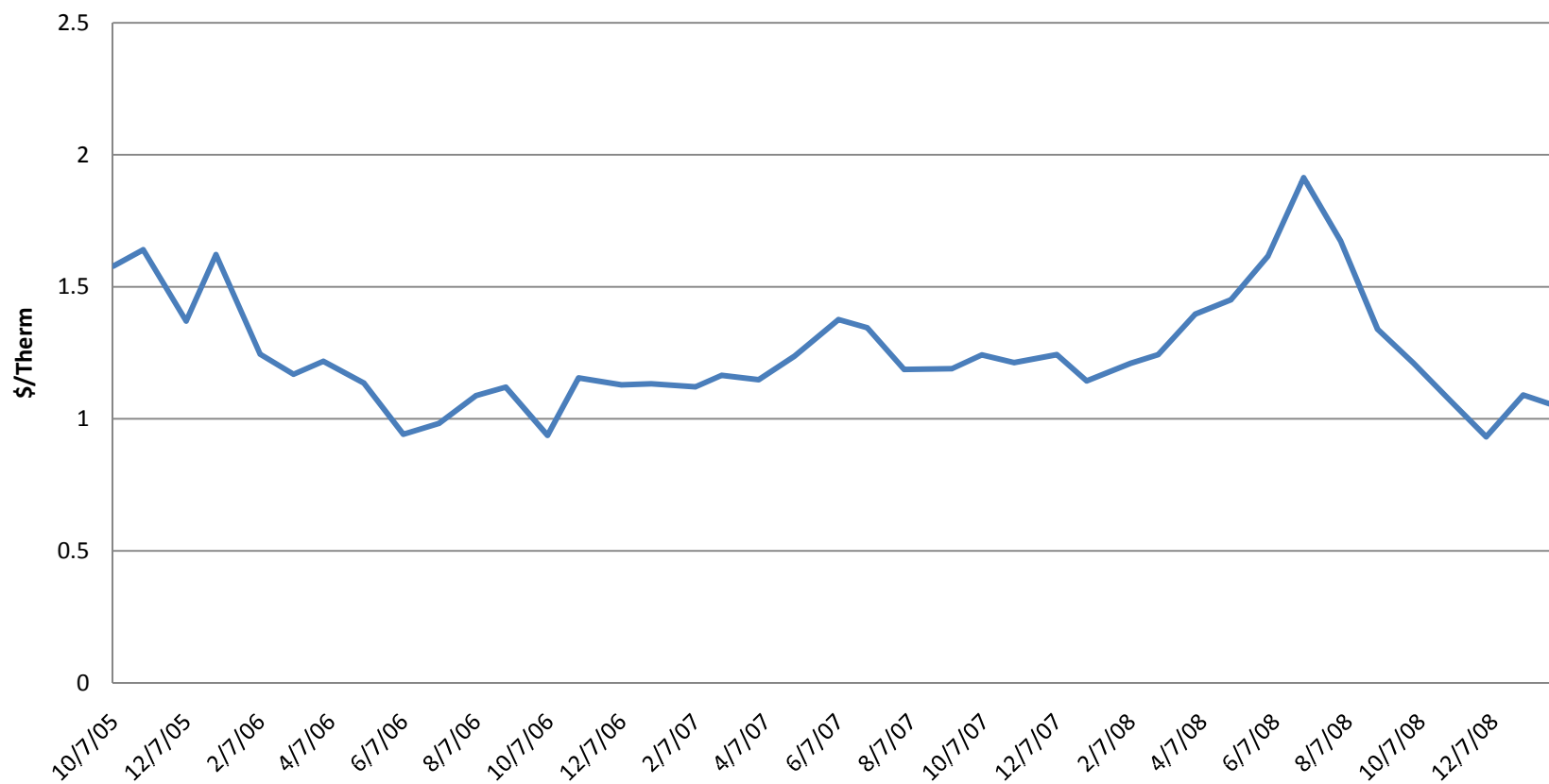
Where Can I Find Utility Rates?

- PG&E is the utility provider for much of Northern California, although some jurisdictions have local providers
- Rates are the same for all jurisdictions and are available at www.pge.com/tariffs/
 - Electric rates are organized by quarter and are available from 1996 to February 2009
 - Gas rates are organized by month and are available from 1993 to February 2009

PG&E Electric Rates, 2006 to Present



PG&E Gas Rates, Oct. 2005 to Present



A Note About CARE Rates

- Some PHAs use PG&E's CARE rates, which are about 20% less than PG&E's standard rates
- Must complete form & meet income eligibility:
 - Household of 1 to 2 must make < \$30,500
 - Household of 3 must make < \$35,800
 - Household of 4 must make < \$43,200
- CARE electric rates have remained steady over past few years, but gas rates have fluctuated
- Do your clients qualify?

PG&E Electric Rates

PG&E Standard Electric Rates for Jan 1, 2009 to Present

Rate Schedule	Rate Design	Minimum Energy Charge (per meter per day)	Discount (per dwelling unit per day)	Minimum Average Rate Limiter (per kWh per month)	Energy Charge ^{1/, 2/} (\$/kWh)					"Average" Total Rate ^{3/} (per kWh)
					Tier 1 (Baseline) ^{4/}	Tier 2 (101-130% of baseline)	Tier 3 (131-200% of baseline)	Tier 4 (201-300% of baseline)	Tier 5 (Over 300% of baseline)	
Residential Schedules: E-1, EM, ES, ESR, ET	Tiered Energy Charges	\$0.14784	ES, ET, ESL & ETL Only ES = \$0.10579 ET = \$0.37925	ES, ET, ESL & ETL Only ES and ET \$0.04892	\$0.11536	\$0.13115	\$0.24711	\$0.35432	\$0.41049	\$0.17102
Residential CARE Schedules: EL-1, EML, ESL, ESRL, ETL	CARE Tiered Energy Charges	\$0.11828	ESL = \$0.10579 ETL = \$0.37925	ESL and ETL \$0.04892	\$0.08316	\$0.09563	\$0.09563	\$0.09563	\$0.09563	\$0.08682

- PG&E data can generally indicate whether rates have changed over time. Keep in mind:
 - Does PHA limit residents to baseline quantity?
 - Does PHA use CARE rates?
 - On what date did PHA select its rates?

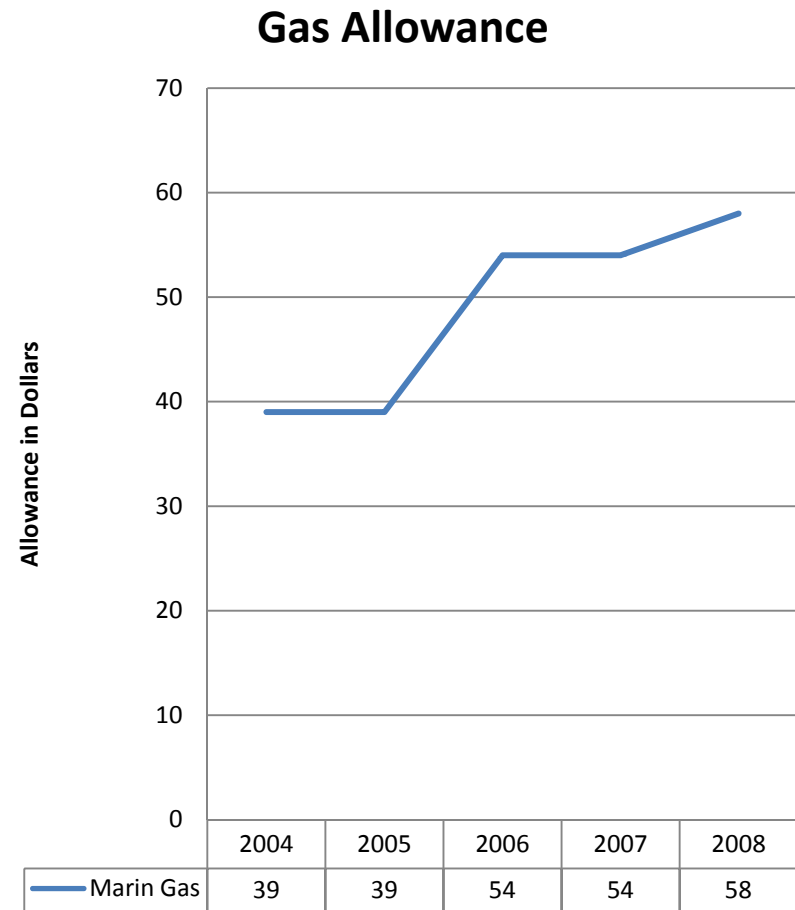
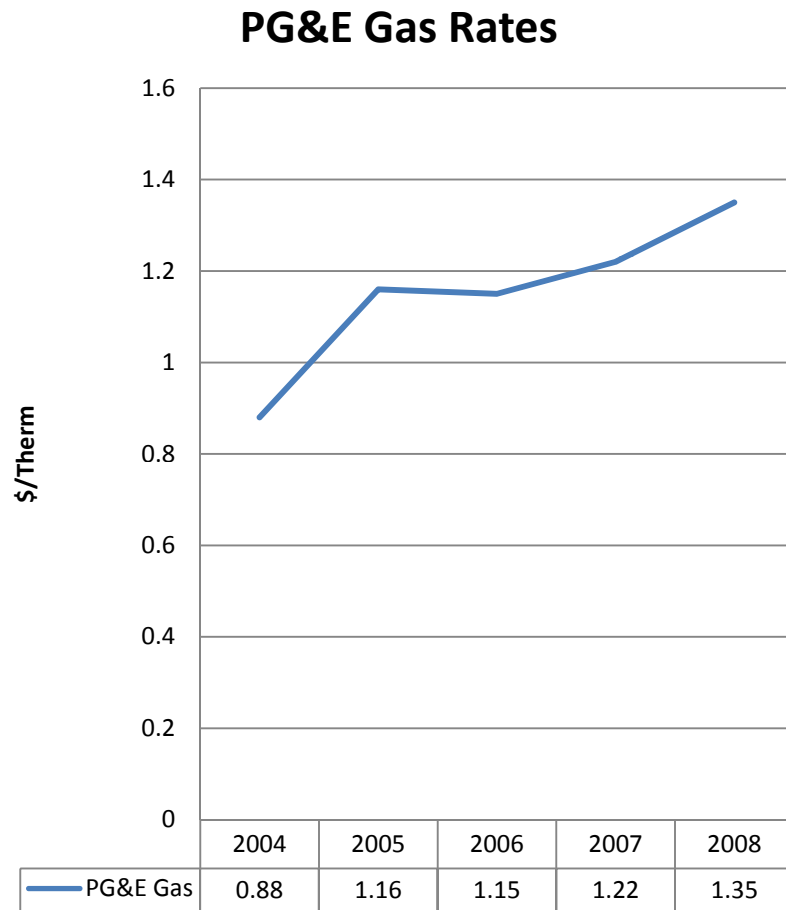
PG&E Gas Rates

PG&E Standard Gas Rates for Jan 1, 2008 to June 1, 2008

Effective Date	Advice Number	Procurement Charge	Transportation Charge ^{5/}		Total Non-CARE Charge ^{4/}		CARE Discount		Total CARE Charge ^{4/}	
					(Non-Care)				(CARE)	
		Baseline/Excess	Baseline	Excess	Baseline	Excess	Baseline	Excess	Baseline	Excess
01/01/08	2895-G	\$0.78126	\$0.36238	\$0.58705	\$1.14364	\$1.36831	-\$0.22873	-\$0.27366	\$0.91491	\$1.09465
02/07/08	2899-G	\$0.84868	\$0.36238	\$0.58705	\$1.21106	\$1.43573	-\$0.24221	-\$0.28715	\$0.96885	\$1.14858
03/01/08	2905-G	\$0.88113	\$0.36238	\$0.58705	\$1.24351	\$1.46818	-\$0.24870	-\$0.29364	\$0.99481	\$1.17454
04/01/08	2915-G	\$1.02387	\$0.37285	\$0.60402	\$1.39672	\$1.62789	-\$0.27934	-\$0.32558	\$1.11738	\$1.30231
05/01/08	2921-G	\$1.07846	\$0.37285	\$0.60402	\$1.45131	\$1.68248	-\$0.29026	-\$0.33650	\$1.16105	\$1.34598
06/01/08	2926-G	\$1.24381	\$0.37285	\$0.60402	\$1.61666	\$1.84783	-\$0.32333	-\$0.36957	\$1.29333	\$1.47826

- PG&E data can generally indicate whether rates have changed over time. Keep in mind:
 - Does PHA limit residents to baseline quantity?
 - Does PHA use CARE rates?
 - On what date did PHA select its rates?

Allowances v. Gas Rate Data: Marin County Section 8

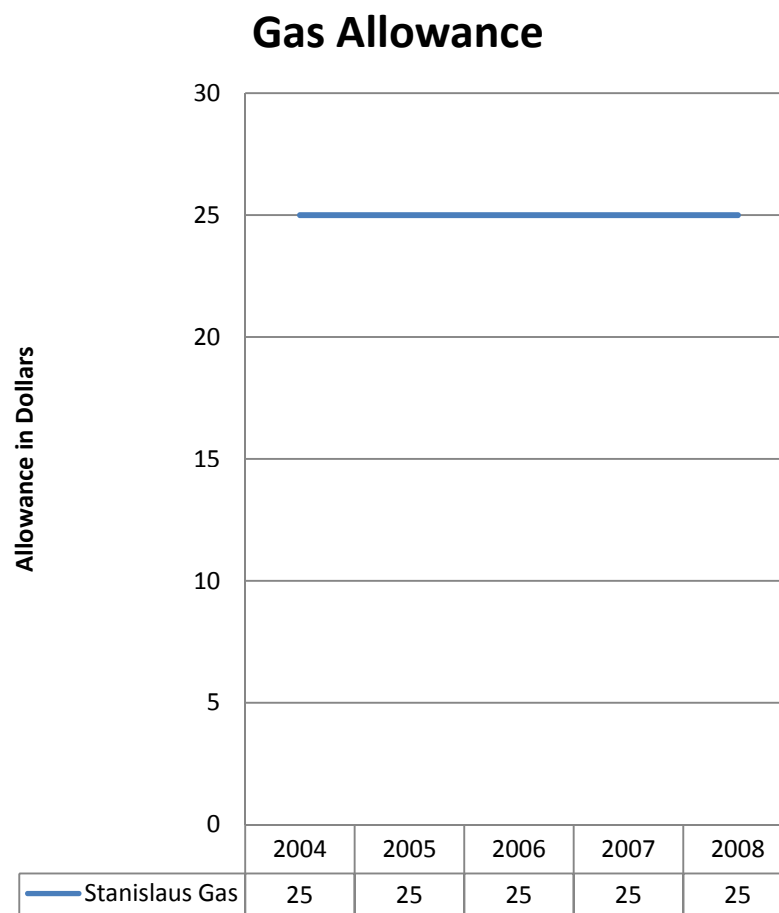
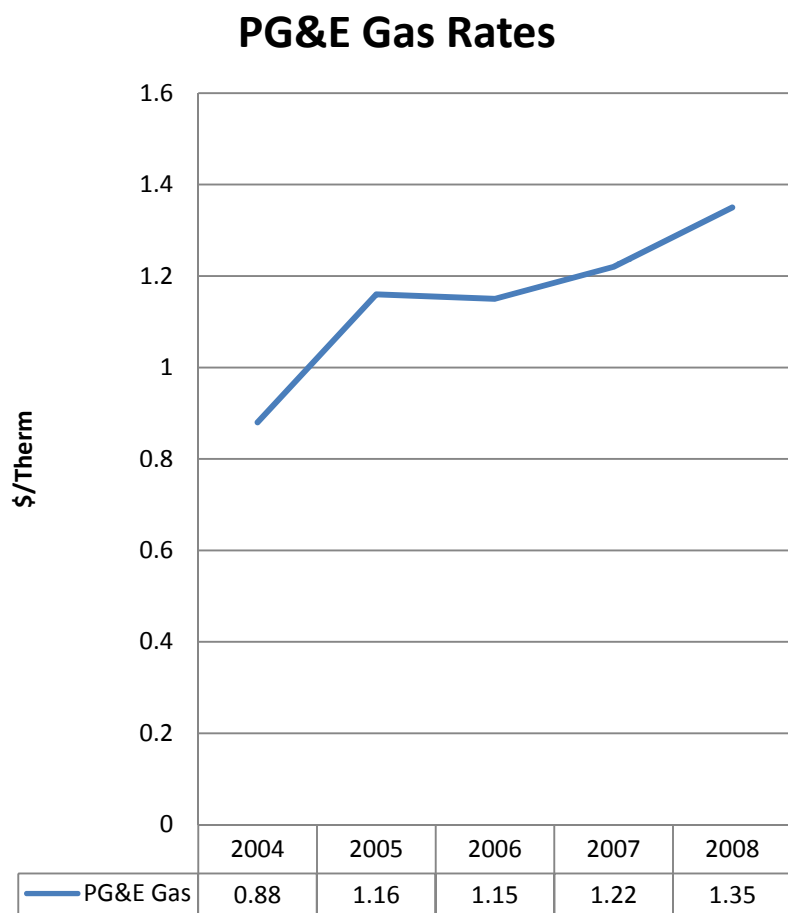


Comparing Allowances to Rate Data

Marin Section 8 Gas Allowances, in \$					Percent Change				
2004	2005	2006	2007	2008	04:05	05:06	06:07	07:08	04:08
39	39	54	54	58	0	38	0	7	49

PG&E Gas Rates, in \$/Therm					Percent Change				
2004	2005	2006	2007	2008	04:05	05:06	06:07	07:08	04:08
.88	1.16	1.15	1.22	1.35	32	-1	7	11	53

Allowances v. Gas Rate Data: Stanislaus County Public Housing



Comparing Allowances to Rate Data

Stanislaus Pub Hsg Gas Allowance, in \$					Percentage Change				
2004	2005	2006	2007	2008	04:05	05:06	06:07	07:08	04:08
25	25	25	25	25	0	0	0	0	0

PG&E Gas Rates, in \$/Therm					Percentage Change				
2004	2005	2006	2007	2008	04:05	05:06	06:07	07:08	04:08
0.88	1.16	1.15	1.22	1.35	32	-1	7	11	53

Next Steps

- NHLP can:
 - Share the documents we gathered for this training
 - Help you figure out what's going on at your PHA
 - Provide technical assistance in advocating for higher utility allowances or payment standards
 - Form a working group to brainstorm solutions
- After this training, we'll send a follow-up email to all attendees. Please respond if you are interested in working on these issues.

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