



Legislation Details (With Text)

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Resolution to Approve the FY23 Utility Allowances for the Housing Voucher Programs

The Ann Arbor Housing Commission's Housing Choice Voucher program includes both tenant-based and project-based vouchers. In both cases participating tenants receives a rent subsidy based on the unit's rent and utilities. The rent and utilities for the unit must not exceed the AAHC's payment and subsidy standards. If the rent does not include the utilities, the AAHC calculates the estimated cost of utilities for that unit based on the number of rooms, utility types, and appliances used. Once the unit is approved, the AAHC calculates the portion of the rent and utilities that the tenant pays (30% of adjusted income) and the balance is paid by the voucher.

The Ann Arbor Housing Commission (AAHC) must review the utility costs in the community annually. The AAHC hired a consultant, HAPPY Software, to conduct the analysis and provide a recommendation for the utility allowance based on utility rate changes from the previous year.

HUD regulations require PHAs to adjust allowances where any of the rates have changed 10% or more since the last time the utility schedule was revised but provide PHAs the discretion to adjust allowances to align them with any rate changes at any time. Below is a chart showing the changes from FY22 to FY23.

The utility increases below are extremely high and will have a significant impact on tenants and landlords participating in the program. A tenant's voucher amount is based on the combined rent and utilities. Landlords can choose which utilities to include in the rent. If gas and electric are included and increase significantly, landlords will likely increase the rent to cover those costs. This may cause even more housing in the community to exceed the amount our voucher tenants can afford. If gas and electric are not included in the rent, the AAHC must calculate a utility allowance, which reduces the amount of subsidy available for rent. This may also cause even more housing in the community to exceed the amount the voucher tenants can afford. In March 2022, the AAHC Board approved the HUD 1-year COVID-related waiver that allowed the AAHC to increase the payment standard from

110% to 120% of the Fair Market Rent, which may mitigate some of the impact related to this large utility cost increase.

Voucher Program Utility Comparison FY22 & FY23

	FY22	FY23	change	percent
elec kwh	0.187	0.21	0.023	10.95%
gas therm	0.848	0.929	0.081	8.72%
liquid fuel oil	2.227	3.463	1.236	35.69%
bottled gas	1.7702	2.5136	0.7434	29.58%
water CCF's	2.51	2.672	0.162	6.06%
sewer CCF's	6.531	6.531	0	0.00%

Electric, Bottle Gas, and Liquid Fuel Oil rates have changed 10% or more and the utility allowance must be adjusted, as required by HUD. . The new rates will take effect July 1, 2022.

Prepared by Weneschia Brand, Director of Operations
Approved by Jennifer Hall, Executive Director

WHEREAS, HUD's Section Eight Management Assessment Program (SEMAP) requires annual review of utility costs (rates) to ensure that utility allowances given to Housing Choice Voucher Program participants are accurately stated to ensure unit affordability; and

WHEREAS, the Ann Arbor Housing Commission last analyzed its utility allowances in 2021, with revisions effective July 1, 2021; and

WHEREAS, HUD regulations require PHAs to adjust allowances where any of the rates have changed 10% or more since the last time the utility schedule was revised, but provide PHAs the discretion to adjust allowances to align them with any rate changes at any time; and

WHEREAS, the AAHC used a contractor, HAPPY Software, to complete this year's review of utility rates between February 2021 to January 2022 to determine if the utility allowance needs to be adjusted; and

WHEREAS, the AAHC, is required to adjust the Electric, Bottle Gas, and Liquid Fuel Oil utility allowance because the rates did increase by more than 10%, but AAHC staff incurs no significant additional administrative burden to adjust for all utility rates and adjusting the rates for FY23 minimizes the impact of adjusting the FY24 rates for 2 years; and

WHEREAS, the attached utility allowance schedule proposed by HAPPY Software for FY23 will enable the Commission to comply with HUD regulations and will allow the Commission to receive full SEMAP points; and

NOW, THEREFORE BE IT RESOLVED that the Board of the Ann Arbor Housing Commission accept and approve the complete utility allowance schedule as provided by HAPPY Software and attached hereto, which will be effective July 1, 2022.

