



## Legislation Text

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### Resolution to Approve the 2016 Utility Allowance and Operating Cost Adjustment Factor (OCAF) for RAD PBV properties

HUD requires the Ann Arbor Housing Commission (AAHC) to conduct an annual review of utility costs (electric and natural gas rates) to ensure that the utility allowances calculated for RAD PBV program participants are reasonable and within regulatory compliance.

The AAHC hired a contractor, Housing Authority Services (HAS), to complete this year's review. Attached are the results of the utility study and the recommended utility allowances for the AAHC RAD PBV properties. Under the RAD regulations, HUD allows the Housing Commission to either use the Voucher utility schedule or adopt project-specific utility schedules.

The attached report includes both public housing and RAD PBV housing based on actual utility usage. For the purpose of this resolution, the board is adopting the recommendations for Baker, Hikone, Green-Baxter, South Maple, North Maple Duplexes and Upper Platt.

Please note that the AAHC is recommending that the board adopt the same utility allowance for the new construction apartments at North Maple that are currently in place because there is no usage history upon which to base an analysis. HAS based their analysis on the previous buildings which have now been demolished. Once the new apartments are occupied, then a usage analysis can be conducted and recommendations made to the board.

HAS is still conducting a utility analysis for Main, Pennsylvania and Seventh and that recommendation will be brought to the board separately when it is available. In the meantime, the utility allowance for these properties will not change.

In addition, under the RAD program, HUD allows the Housing Commission to increase the rents bases on an annually published cost of living adjustment, known as the Operating Cost Adjustment Factor (OCAF). HUD's published OCAF for Michigan is 2.5% for CY16. The rent increase based on the OCAF should take place at the annual anniversary of the RAD conversion. The annual conversion anniversary date for Colonial Oaks is July 1<sup>st</sup>, West Arbor (N Maple) is September 1<sup>st</sup>, and Maple Tower and River Run are October 1<sup>st</sup>. The AAHC is recommending that the Board adopt the OCAF and Utility Allowance adjustments at the same time to ease the regulatory burden on AAHC staff and tenants.

The utility allowance and OCAF changes will take effect on October 1, 2016 for River Run properties: Baker, Green-Baxter, and Hikone. The utility allowance and OCAF changes will take effect on October 1, 2016 for the Maple Tower property South Maple (Miller Manor does not have a utility allowance because rent includes all utilities). The utility allowance and OCAF will take effect on September 1, 2016 for the West Arbor property North Maple Duplexes (North Maple Estates will remain the same because the apartments are under construction and there is no utility history). The

utility allowance and OCAF changes will take effect August 1, 2016 for the Colonial Oaks property Upper Platt (Main, Pennsylvania, and 7<sup>th</sup> will remain the same until the utility analysis is conducted). The AAHC must give tenants at least 30 days notice of changes, and therefore Colonial Oaks has been moved to an August 1<sup>st</sup> start date instead of July 1, 2016.

Prepared and Approved by Jennifer Hall, Executive Director

WHEREAS, HUD requires an annual review of utility costs to ensure that the utility allowances calculated for RAD PBV participants are reasonable and within regulatory compliance; and

WHEREAS, the AAHC used a contractor, Housing Authority Services, to complete this year's review resulting in the continued use of an expanded methodology analyzing actual consumption and utility rates by each housing location and bedroom size; and

WHEREAS, HUD allows the rent to be adjusted at the annual anniversary date of the RAD conversion based on the Operating Cost Adjustment Factor (OCAF) as published annually by HUD; and

WHEREAS, the OCAF for Michigan in CY16 is 2.5%; and

RESOLVED, that the Ann Arbor Housing Commission Board approve the utility allowance schedule as provided by Housing Authority Services and attached hereto and the OCAF adjustment to the rent of 2.5%, which will be effective October 1, 2016 for River Run properties (Baker, Green-Baxter, and Hikone) and used by staff to determine individual utility rate allowances and rents in accordance with AAHC policy.

RESOLVED, that the Ann Arbor Housing Commission Board approve the utility allowance schedule as provided by Housing Authority Services and attached hereto and the OCAF adjustment to the rent of 2.5%, which will be effective October 1, 2016 for the Maple Tower property South Maple, and used by staff to determine individual utility rate allowances and rents in accordance with AAHC policy.

RESOLVED, that the Ann Arbor Housing Commission Board approve the utility allowance schedule as provided by Housing Authority Services and attached hereto and the OCAF adjustment to the rent of 2.5%, which will be effective September 1, 2016 for the West Arbor property North Maple Duplexes (North Maple Estates will remain the same because the apartments are under construction and there is no utility history), and used by staff to determine individual utility rate allowances and rents in accordance with AAHC policy.

RESOLVED, that the Ann Arbor Housing Commission Board approve the utility allowance schedule as provided by Housing Authority Services and attached hereto and the OCAF adjustment to the rent of 2.5%, which will be effective August 1, 2016 for the Colonial Oaks property Upper Platt (Main, Pennsylvania, and 7<sup>th</sup> will remain the same until the utility analysis is conducted), and used by staff to determine individual utility rate allowances and rents in accordance with AAHC policy.