



Legislation Text

File #: 17-0900, **Version:** 1

Resolution to Approve the 2017 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, Nelrod, 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: Colonial Oaks, River Run and Maple Tower. Miller Manor and West Arbor's rent includes all utilities, and therefore a utility allowance is not needed for residents.

The attached Nelrod report includes the recommended RAD PBV housing utility allowance based on actual utility usage for these properties.

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 1.7% for CY17. 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 1st, West Arbor is September 1st, and Maple Tower and River Run are October 1st. 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, 2017 for River Run properties: Baker, Green-Baxter, and Hikone. The utility allowance and OCAF changes will take effect on October 1, 2017 for the Maple Tower property South Maple (Miller Manor does not have a utility allowance because rent includes all utilities). The OCAF changes will take effect on September 1, 2017 for West Arbor. The utility allowance and OCAF changes will take effect August 1, 2017 for the Colonial Oaks property Upper Platt, Main, Pennsylvania, and 7th. The AAHC must give tenants at least 30 days notice of changes, and therefore Colonial Oaks has been moved to an August 1st start date instead of July 1, 2017.

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, Nelrod, 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 CY17 is 1.7%; and

RESOLVED, that the Ann Arbor Housing Commission Board approve the utility allowance schedule as provided by Nelrod and attached hereto and the OCAF adjustment to the rent of 1.7%, which will be effective October 1, 2017 for Maple Tower (Maple Meadows) and River Run (Baker, Green-Baxter, and Hikone) and used by staff to determine individual utility rate allowances and rents in accordance with AAHC policy; and

RESOLVED, that the Ann Arbor Housing Commission Board approve the utility allowance schedule as provided by Nelrod and attached hereto and the OCAF adjustment to the rent of 1.7%, which will be effective August 1, 2017 for Colonial Oaks (Upper Platt, Seventh, Main, and Pennsylvania) and used by staff to determine individual utility rate allowances and rents in accordance with AAHC policy; and

RESOLVED, that the Ann Arbor Housing Commission Board approve the OCAF adjustment to the rent of 1.7%, which will be effective September 1, 2017 for the West Arbor property and used by staff to determine rents in accordance with AAHC policy.