



Legislation Text

File #: 19-0667, Version: 1

Resolution to Approve the FY20 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 FY19 to FY20.

Voucher Program Utility Comparison FY19 & FY20

	FY19	FY20	change	percent
elec kwh	0.155	0.154	-0.001	-0.65%
gas therm	0.835	0.829	-0.006	-0.72%
liquid fuel oil	2.61	2.658	0.048	1.81%
bottled gas	2.12	2.056	-0.064	-3.11%
water CCF's	1.899	2.211	0.312	14.11%
sewer CCF's	4.715	5.726	1.011	17.66%

Although the Water and Sewer are the only two rates that have changed 10% or more, staff recommends that the AAHC adopt the new rate schedule to lessen the impact of a 2-year change for FY20. The new rates will take effect August 1, 2019.

Prepared by Weneshia 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 2018, with revisions effective August 1, 2018; 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 2018 to January 2019 to determine if the utility allowance needs to be adjusted and HAPPY Software found that:

- Oil (liquid fuel oil) rates have increased 1.81% from \$2.61/gal to \$2.658/gal;
- Electric rates have decreased 0.65% from \$0.155/kwh to \$0.154/kwh;
- Natural gas has decreased 0.72% from \$0.835/therm to \$0.829/therm
- Bottled gas has decreased 3.11% from \$2.12/bottle to \$2.056/bottle
- Sewer costs in Ann Arbor have increased 17.66% from \$4.715/ccf to 5.726/ccf
- Water costs in Ann Arbor have increased 14.11% from \$1.899 to \$2.211/ccf

WHEREAS, the AAHC, is required to adjust the Water and Sewer 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 FY20 minimizes the impact of adjusting the FY21 rates for 2 years; and

WHEREAS, the attached utility allowance schedule proposed by HAPPY Software for FY20 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 August 1, 2019.