

MEMORANDUM

TO: Board of Commissioners, Ann Arbor Housing Commission

FROM: Weneshia Brand, Housing Program Manager

DATE: March 3, 2015

RE: Utility Allowance Revision for the Housing Voucher Program

The Code of Federal Regulations [24 CFR 982.517] 4c states as follows:

“The PHA must review its schedule of utility allowance each year, and must revise its allowance for a utility category if there has been a change of 10 percent or more in the utility rates since the last time the utility allowance schedule was revised. The PHA must maintain information supporting its annual review of utility allowances and revisions made in its utility allowance schedule.” The AAHC must document its utility allowance review and implementation process in its SEMAP report each year.

Background:

The Utility Allowance Schedule represents utilities and services that the tenant has to pay out of pocket. They are not paid for by the owner and are not included in the rent. The utility allowance schedule is based on the average cost of utilities and services paid by households that occupy housing of similar size and type in the same locality. The objective is to establish allowances based on actual rates and average consumption estimates. This allows the majority of participating families an allowance considered adequate to cover the anticipated average utility costs and other services over a 12-month period.

Notations:

The 2015-2016 Utility Analysis was conducted by a contractor, HAPPY Software. The analysis includes rate data for electricity, natural gas, oil, bottled gas, water and sewer. An average consumption report combines usage and rates to produce charges for all unit types by various bedroom sizes. The completed report, entitled “Allowance for Tenant Furnished Utilities and Other Services,” (HUD Form-52667) is the utility allowance schedule used by Housing Voucher staff to determine individual tenant utility allowances.

Results:

The department reviewed the utility analysis data provided by HAPPY Software. The liquid fuel oil and electric rates have decreased by 11% and 10%, respectively. The overall cost of utilities has decreased by 14% therefore; the AAHC is required by HUD regulations to reflect the rate change by amending the utility allowance. Upon Board approval, the AAHC will accept and use the full utility allowance schedule as proposed by HAPPY Software and attached here. This allowance will be implemented effective August 1, 2015.

| | 2014 | 2015 | |
|------------|-------|-------|---------|
| electric | 0.146 | 0.133 | -9.77% |
| gas | 0.868 | 0.911 | 4.72% |
| fuel oil | 3.65 | 3.29 | -10.94% |
| bottle gas | 2.66 | 2.51 | -5.98% |
| sewer | 3.837 | 4.025 | 4.67% |
| water | 1.694 | 1.743 | 2.81% |
| Overall | | | -14.49% |