



Legislation Text

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Resolution To Approve the FY 2018 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 FY17 to FY18.

Voucher Program Utility Comparison FY17 & FY18

	2017	2018	change	percent
elec kwh	0.134	0.147	0.013	9.70%
gas therm	0.817	0.874	0.057	6.98%
liquid fuel oil	1.9899	2.164	0.1741	8.75%
bottled gas	1.7371	1.85	0.1129	6.50%
water CCF's	1.794	1.856	0.062	3.46%
sewer CCF's	4.214	4.469	0.255	6.05%

Although none of the rates have changed 10% or more, it is recommended that the AAHC adopt the new rate schedule to lessen the impact of a 2-year change for FY19. The new rates will take effect August 1, 2017.

Prepared and 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 2016, with revisions effective August 1, 2016; 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 June 2016 to March 2017 to determine if the utility allowance needs to be adjusted and HAPPY Software found that:

- Oil (liquid fuel oil) rates have increased 8.75% from \$1.9899/gal to \$2.164/gal;
- Electric rates have increased 9.7% from \$0.134/gal to \$0.147/gal;
- Natural gas has increased 6.98% from \$0.8.17/therm to \$0.874/therm
- Bottled gas has increased 6.5% from \$1.7371/bottle to \$1.85/bottle
- Sewer costs in Ann Arbor have increased 6.05% from \$4.214/ccf to 4.469/ccf
- Water costs in Ann Arbor have increased 3.46% from \$1.794 to \$1.856/ccf

WHEREAS, the AAHC, is not required to adjust the utility allowance because the rates did not increase by more than 10% for any utility, but AAHC staff incurs no significant additional administrative burden to adjust for all utility rates and adjusting the rates for FY18 minimizes the impact of adjusting the FY19 rates for 2 years; and

WHEREAS, the attached utility allowance schedule proposed by HAPPY Software for FY 2018 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, 2017.