



## Legislation Text

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### Resolution To Approve the FY 2016 Utility Allowances for the Housing Voucher Programs

Tenants that receive a voucher from the AAHC must find a unit to rent from a private landlord. 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 type, 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 to conduct the analysis and provide a recommendation for the utility allowance based on utility rate changes from the previous year.

Prepared by Weneshia Brand, Section 8 Manager

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 May 2014, with revisions effective August 2014; and

WHEREAS, HUD regulations require PHAs to adjust allowances where 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 2014 to April 2015 to determine if the utility allowance needs to be adjusted and HAPPY Software found that:

- oil (liquid fuel oil) rates have decreased 10.9% from \$3.5658/gal to \$3.2900/gal; and
- electric rates have decreased 9.77% from \$0.146/gal to \$0.133/gal; and
- the overall cost of utilities has decreased by 14.49%; and

WHEREAS, the AAHC, at a minimum, must adjust the utility allowance for oil because its rate increased by more than 10%, but AAHC staff incurs no significant additional administrative burden to adjust for all utility rates; and

WHEREAS, the attached utility allowance schedule proposed by HAPPY Software for FY 2016 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, 2015 and used by staff to determine individual utility rate allowances, per the attached memo and analysis.