



## Legislation Text

File #: 18-0893, Version: 1

### Resolution To Approve the FY 2019 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 FY18 to FY19.

#### Voucher Program Utility Comparison FY18 & FY19

	2018	2019	change	percent
elec kwh	0.147	<b>0.155</b>	0.008	5.16%
gas therm	0.874	<b>0.835</b>	-0.039	-4.67%
liquid fuel oil	2.164	<b>2.61</b>	0.446	17.09%
bottled gas	1.85	<b>2.12</b>	0.27	12.74%
water CCF's	1.856	<b>1.899</b>	0.043	2.26%
sewer CCF's	4.469	<b>4.715</b>	0.246	5.22%

Although only the Liquid Fuel Oil and Bottled Gas are the only two rates that 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 FY20. The new rates will take effect August 1, 2018.

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 2017, with revisions effective August 1, 2017; 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 2017 to March 2018 to determine if the utility allowance needs to be adjusted and HAPPY Software found that:

- Oil (liquid fuel oil) rates have increased 17.09% from \$2.164/gal to \$2.61/gal;
- Electric rates have increased 5.16% from \$0.147/kwh to \$0.155/kwh;
- Natural gas has decreased 4.67% from \$0.874/therm to \$0.835/therm
- Bottled gas has increased 12.74% from \$1.85/bottle to \$2.12/bottle
- Sewer costs in Ann Arbor have increased 5.22% from \$4.469/ccf to 4.715/ccf
- Water costs in Ann Arbor have increased 2.26% from \$1.856 to \$1.899/ccf

WHEREAS, the AAHC, is required to adjust the Oil and Bottled Gas utility allowance because the rates did 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 FY19 minimizes the impact of adjusting the FY20 rates for 2 years; and

WHEREAS, the attached utility allowance schedule proposed by HAPPY Software for FY 2019 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, 2018.