



Legislation Text

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Resolution to Approve the FY22 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 FY21 to FY22.

Voucher Program Utility Comparison FY20 & FY21

	FY21	FY22	change	percent
elec kwh	0.176	0.187	0.011	5.88%
gas therm	0.851	0.848	-0.003	-0.35%
liquid fuel oil	2.6088	2.227	-0.3818	-17.14%
bottled gas	1.7382	1.7702	0.032	1.81%
water CCF's	2.347	2.51	0.163	6.49%
sewer CCF's	6.129	6.531	0.402	6.16%

Although the Liquid Fuel Oil is the only rate that has changed 10% or more, staff recommends that the AAHC adopt the new rate schedule to lessen the impact of a 2-year change for FY23. The new rates will take effect July 1, 2021.

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 2021, with revisions effective July 1, 2021; 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 2020 to January 2021 to determine if the utility allowance needs to be adjusted and HAPPY Software found that:

- Oil (liquid fuel oil) rates have decreased **17.14%** from \$2.6088/gal to \$2.227/gal;
- Electric rates have increased 5.88% from \$0.176/kwh to \$0.187/kwh;
- Natural gas has decreased less than 1% from \$0.851/therm to \$0.848/therm
- Bottled gas has increased 1.81% from \$1.7382/bottle to \$1.7702/bottle
- Sewer costs in Ann Arbor have increased 6.16% from \$6.129/ccf to 6.531/ccf
- Water costs in Ann Arbor have increased 6.49% from \$2.347 to \$2.51/ccf

WHEREAS, the AAHC, is required to adjust the Liquid Fuel Oil 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 FY22 minimizes the impact of adjusting the FY23 rates for 2 years; and

WHEREAS, the attached utility allowance schedule proposed by HAPPY Software for FY22 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, 2021.