



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-204

SYNOPSIS -

AGENDA:

U.S. Department of Housing and Urban Development (HUD)
Fiscal Year (FY) 2000 Public Housing Calculation of
Performance Funding System (PFS) Operating Subsidy.

MAY 3, 1999

SUBJECT:

FISCAL IMPACT -

CALCULATION OF
2000 PERFORMANCE
FUNDING SYSTEM
OPERATING
SUBSIDY

Modernization funds from HUD in the amount of \$1,298,013.

RECOMMENDATION -

Approval.

TYPE:

BACKGROUND -

RESOLUTION
ORDINANCE
RECEIVE/FILE

The Des Moines Municipal Housing Agency is required to submit an annual Calculation of Performance Funding System Operating Subsidy to HUD. The calculation for FY2000 results in eligible operating subsidy of \$569,758. HUD will fund 92.5 percent of the eligible amount, resulting in net subsidy of \$527,026.

SUBMITTED BY:

The FY2000 amount of \$527,026 is \$261,847 less than the amount received for FY1999. This decrease is a result of changes to several factors of the calculation. The most significant factors are listed below.

WILLIAM E. WILKINS
HOUSING SERVICES
DIRECTOR

Dwelling Rental Income: An increase in projected dwelling rental income of \$210,279 reduced the amount of subsidy the Agency will need to support its operations. This projection is a result of an increase in the average monthly rent from \$168.58 to \$187.04.

Adjustments: HUD will not fund prior year underpayments in

FY2000. The FY1999 subsidy included additional subsidy from FY1997 and FY1998 of \$60,157.

Funding Level: HUD funded the FY1999 eligible amount at 100 percent. The FY2000 eligible amount will be funded at 92.5 percent. This resulted in a decrease of \$42,732.

The Public Housing Board approved this item by a 6-0 vote for referral to the City Council at their meeting of April 27, 1999.

Upon approval, the City Manager will direct staff to submit the appropriate forms to HUD for approval of the PFS Operating Subsidy.