

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-133

SYNOPSIS -

AGENDA:

APRIL 3, 2000

SUBJECT:

IMPROVEMENT
PLAN FOR THE DES
MOINES
MUNICIPAL
HOUSING AGENCY

This plan is in response to a letter dated February 11, 2000, notifying the Housing Services Department of the results of a U.S. Department of Housing and Urban Development (HUD) team site visit conducted January 18 and 19, 2000. The letter was an advisory that the Public Housing Agency was in a troubled status, based on the HUD Public Housing Assessment scoring system, and required that an improvement plan be submitted to HUD "designing the details to effectuate the improvement of the Housing Authority's operations."

FISCAL IMPACT -

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

The fiscal situation can be addressed by delaying direct and indirect cost payments to the City and other governmental units of approximately \$300,000; by utilizing approximately \$230,000 of Fiscal Year 1999 Capital Improvement Funds (for the repair of vacant units); and by use of net proceeds from the sale of houses under our Home Ownership Program. When we reach full lease-up of our Public Housing and Section 8 Program, projected by October 2000, the Agency's revenues will increase by an approximate \$630,000 over the current level of Agency income. These increased revenues will be applied to making the delayed payments and sustain the increased staffing costs.

SUBMITTED BY:

BEN MONTIJO
HOUSING SERVICES
DIRECTOR

RECOMMENDATION -

Approval.

BACKGROUND -

The condition of the Public Housing Agency has been presented in a series of presentations, including oral reports to

the City Manager beginning in December 1999; written and oral reports to the City of Des Moines Public Housing Board at their December 1999, January 2000, February 2000, and March 2000 meetings; to the City Council at its Budget Hearings; and by HUD in their February 11, 2000 letter.

The significant statements from the HUD letter are:

"The advisory scores for your agency indicate that the financial and physical score are below the 60% "Troubled" threshold and the management score is just above that threshold."

"If these scores hold for the official rating to be given as of the end of your fiscal year, June 30, 2000, your agency would be placed in Troubled status and assigned to HUD's Troubled Agency Center."

"The most significant issue appears to be the high level of vacancies. This is resulting in the loss of significant rental income, under-utilization of your abilities to serve the targeted clientele and deterioration of the public's acceptance of assisted housing in their neighborhoods."

"The cause of these vacancies is not only the lack of having the units ready for occupancy, but also having potential residents ready to occupy the units."

"An effort outside the current staffing and procedures is necessary to correct these conditions expeditiously."

"Another significant issue is the very inefficient office conditions currently existing at the Housing authority. The purchase of a permanent facility for these purposes would greatly enhance the staff's ability to conduct their duties."

The most important point in the Improvement Plan is the

concluding comments:

"This proposed improvement plan must be implemented in its entirety to, most effectively and synergistically, improve all its operations and to sustain those improved levels of performance. The Agency can become a high performing Agency in a few years, ONLY, if this comprehensive plan is fully implemented. It will require the full support of the Public Housing Board, the City Manager, the City Council, the Department of Housing and Urban Development, and the Housing Staff, each doing their part."