

**MUNICIPAL HOUSING
GOVERNING BOARD
COMMUNICATION:**

03-566

AGENDA:

DECEMBER 8, 2003

SUBJECT:

AUTHORIZING
SUBMISSION OF
REVISED UTILITY
ALLOWANCE
SCHEDULES

TYPE:

RESOLUTION
RECEIVE/FILE

SUBMITTED BY:

MIKE MATTHES
ACTING HOUSING
SERVICES DIRECTOR

ITEM - MHGB_____

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

SYNOPSIS —

Requesting approval to submit to the U.S. Department of Housing and Urban Development (HUD) the proposed utility allowance schedules for the Section 8 and Public Housing programs.

FISCAL IMPACT —

Up to \$64,219 annually in forgone revenue.

RECOMMENDATION —

Approval.

BACKGROUND —

The Des Moines Municipal Housing Agency (DMMHA) is required by HUD to provide utility allowances for Section 8 and Public Housing residents who pay their own utilities. Federal regulations governing these programs require that Housing Agencies review their utility allowances annually for revisions as necessary.

Each year staff sends correspondence to the utility companies requesting information on recent or proposed increases in monthly utility rates. The responses from these inquiries are reviewed and adjustments in the utility allowance schedules are made accordingly.

This year's responses from Mid-American Energy indicate the average monthly cost for gas has risen by 67.5 percent. There were no current changes or anticipated increases in electric charges. Therefore, an increase in the utility allowance for gas utilities is being recommended at this time.

Due to a new "water availability" charge being assessed to Des Moines Water Works customers, a "water availability" allowance will be included in the proposed utility allowance schedule. In addition, the City of Des Moines' Public Works Department reported an increase in trash collection fees beginning July 1, 2003.

Currently, there are 2,283 Section 8 residents and 379 Public Housing residents who pay their own utilities. Based on the information received from the utility companies and the Public Works Department, the following changes to the utility allowance schedule will be proposed: a 67.5 percent increase in allowances for natural gas utilities; the addition of a \$3 water

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availability allowance; and a \$.75 trash collection allowance.

When added to our current total dollar amount (costs and revenue losses) for utility allowances, this increase results in an estimated \$10,455 loss in revenue for Public Housing and a \$53,764 increase in Housing Assistance Payment (HAP) costs for the Section 8 program.

