COUNCIL COMMUNICATION
City Manager's Office

GENERAL INFORMATION
Agenda Date: 06/07/04   Communication No.:   04-278
 Agenda   Item   Type: Receive/File   Roll   Call No.:

Submitted by: Chris Johansen, Housing Services Director

SUBJECT—
Authorizing Revision and Submission of Section 8 Housing Choice Voucher Program Payment Standards

SYNOPSIS—
Requesting approval to revise and submit the proposed Payment Standards for the Section 8 Housing Choice Voucher Program to the U.S. Department of Housing and Urban Development (HUD).

FISCAL IMPACT—
The projected budget for our Housing Assistance Payments (HAP) from HUD in FY 2005 is $13,273,522. A reduction of $292,000 in our HAP costs is necessary. Revising our payment standards to 98% of the Fair Market Rent (FMR) will offset this reduction in our subsidy.

RECOMMENDATION—
Approval

BACKGROUND—

The Des Moines Municipal Housing Agency (DMMHA) is required by the U.S. Department of Housing and Urban Development (HUD) to establish payment standards by bedroom size for the Section 8 Voucher Program. Further, the Federal regulations require that Housing Agencies review their payment standards annually. The payment standard is used to calculate the monthly housing assistance payment for a family under the Section 8 Voucher program. The range of possible payment standard amounts is based on HUD's published fair market rent (FMR) schedules.

On April 22, 2004 HUD released Notice PIH 2004-7 which established a per unit cost as a baseline for funding costs for HAP. This per unit cost was established from actual costs as of August 2003. This per unit cost is $413.66. Since August 2003, our actual per unit cost has increased to $425.57. In an effort to reduce our per unit cost, our payment standards must be revised.

The current payment standards represent 109% of the revised FMR and are within the HUD guidelines (payment standards must be between 90% and 110% of the FMRs). The revised payment standards will represent 98% of the FMRs.