

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b> April 9, 2012
	<b>Agenda Item No.</b> MHGB3 <b>Roll Call No.</b> [                      ] <b>Communication No.</b> <u>12-170</u> <b>Submitted by:</b> Douglas C. Romig, Housing Services Director

**AGENDA HEADING:**

Approving Des Moines Municipal Housing Agency’s (DMMHA) payment standards recommendation.

**SYNOPSIS:**

Approval of the Des Moines Municipal Housing Agency’s payment standard recommendation.

**FISCAL IMPACT:**

Amount: \$37,000 estimated increase in administrative fees and issuance of an estimated 68 additional Section 8 vouchers.

Funding Source: U.S. Department of Housing and Urban Development (HUD); Housing Services Department Operating Budget; Section 8; SP350 HSG190000; page 143.

**ADDITIONAL INFORMATION:**

At the Housing Services Board’s March 21, 2012 meeting, the Board recommended approval of the Des Moines Municipal Housing Agency’s proposed payment standards. This item was received and filed by the Board in December and staff made presentations to the Polk County Housing Continuum and Homeless Coordinating Council Steering Committee as well as Housing Agency Case Manager’s to determine the overall impact of this recommendation to the clients and program.

The recommendations being brought to the Municipal Housing Governing Board have received full support from the above groups, even though this action may increase the tenant’s portion of their rent. This action once fully implemented may allow the Housing Agency to issue an additional 68 Section 8 Vouchers and generate an additional \$37,000 in administrative fees.

New Section 8 clients coming into the program would not be impacted as they are currently not receiving any rental assistance. For those clients currently within the program, they will be notified at their next annual exam about this change which would not impact them for another year from that meeting, providing them one-year to plan for this change related to their individual housing subsidy. This would also impact current clients relocating and entering into a new lease agreement. The Housing Agency will send out written notice of this action, once approved, to all Section 8 clients thereby providing as much advanced notice as possible prior to their next scheduled annual exam. Staff and the Housing Services Board are recommending approval of the proposed payment standards to the Municipal Housing Governing Board. As previously reported the DMMHA opened up its

Section 8 waiting list this past summer and received over 4,650 applications an increase of 32% from when the waiting list was last opened in 2008, illustrating the increase demand.

The U.S. Department of Housing and Urban Development (HUD) provides an annual review of Fair Market Rents for geographical locations throughout the United States. Public Housing Agencies which receive their funding from HUD, must set their payment standard between 90% and 110% of the HUD established Fair Market Rents (FMR). Des Moines Municipal Housing Agency (DMMHA) staff has reviewed the payment standards and is recommending a revision to these standards to increase the total number of vouchers the Agency issues within Polk County. The recommended changes were calculated based on Current Average Gross Rent (rent plus utility allowance of the current units within the program); percent of rent paid by current clients; and staff’s knowledge of negotiated rents in placing tenants into the program (ability to find quality affordable units).

The following table shows the percentage of Adjusted Household Income (AHI) Section 8 Voucher program participants are contributing towards their housing costs:

Percent of Family Household Income towards rent (AHI = Adjusted Household Income)

BR Size ↓ /# of units →

	<= 20% AHI	21 – 30% AHI	31 – 35% AHI	36– 40% AHI	> 40% AHI
0 / # of units	4	42	17	2	15
1 / # of units	114	601	269	50	73
2 / # of units	253	466	131	49	109
3 / # of units	412	273	22	5	19
4 / # of units	74	68	10	2	7
5 / # of units	17	11	1	0	2
6 / # of units	0	2	0	0	0
8 / # of units	0	1	0	0	0
Percentages	28%	46.9%	14.4%	3.5%	7.2%

As illustrated in the above table approximately; 75% of current Section 8 program participants are paying less than 30% of their adjusted household income towards housing; 18% are paying less than 40% and 7% are paying over 40% based on a the current number of Section 8 participation of 3,121.

The following table illustrates unit size, Average Gross rent (rent + utility allowance of the current units within the program), Current Payment Standard, Current Fair Market Rent (HUD determined), Proposed Payment Standard and Change (estimated increase to tenant’s portion of rent). Additionally, staff took into consideration the Agency’s current payment standard gap which is closer to the Average Gross Rent for the larger units, therefore the greater reduction in Housing Assistance Payments from the Agency.

BR size	(rent + utilities) AGR	(Payment Standard) Current PS	(Fair Market Rent) S8 FMR	(Payment Standard) Proposed PS	Change
0	\$481	\$473	\$502	\$457	\$16
1	595	564	599	560	4
2	719	690	731	675	15
3	944	970	936	920	50
4	1,038	1,100	1,043	1,050	50
5	1,126	1,250	1,199	1,200	50

The proposed payment standard as a percentage of current Fair Market Rents would be between 91% and 100%. Currently this percentage is between 94% and 105%.

Upon approval of the recommended Payment Standards, the Des Moines Municipal Housing Agency will be able to determine if said Payment Standards are high enough to ensure Section 8 households are able to find suitable housing (76% of voucher holders in search of housing find units and lease up). If it is determined that these changes create a burden to our clients, staff will submit a revised Payment Standard schedule to adjust to market conditions. With new leases coming on-line during the notification period of our current participants, changes made would take effect prior to this action impacting current participants remaining in their current units.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 27, 2010

Roll Call Number: [10-1522](#)

Action: Approving recommendation of Public Housing Board to adjust payment standard for efficiency and one-bedroom units. ([Board Communication No. 10-569](#)) **Moved by Coleman to approve. Motion Carried 6-1.**

**BOARD/COMMISSION ACTION(S):**

Board: Housing Services Board

Date: March 21, 2012

Action: Approved recommendation of revised Payment Standards

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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