

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	April 8, 2013
	Agenda Item No.	MHGB6
	Roll Call No.	<u>13-0529</u>
	Communication No.	<u>13-163</u>
	Submitted by:	Douglas C. Romig, Housing Services Director

AGENDA HEADING:

Approving the Des Moines Municipal Housing Agency’s Amended Fiscal Year (FY) 13 and Proposed FY14 Operating Budgets, and approving certification of same to the U.S. Department of Housing and Urban Development (HUD).

SYNOPSIS:

Recommend approval of the Amended FY13 and Proposed FY14 Des Moines Municipal Housing Agency Budgets, and approval to certify the same to the U.S. Department of Housing and Urban Development (HUD).

FISCAL IMPACT:

Amount: \$20,312,585 (FY13 Amended)
 \$20,074,480 (FY14 Proposed)

Funding Source: Operating Budget: Housing Services Department; pages 115 – 127

ADDITIONAL INFORMATION:

On February 25, 2013, by Roll Call No. 13-0270 and 13-0271, the City of Des Moines, Municipal Housing Governing Board, approved the Amended FY13 and Proposed FY14 budgets subject to changes prior to certifying said budgets due to the impacts of Sequestration. On March 7, 2013, the Des Moines Municipal Housing Agency received notification from HUD regarding recommendations to local Public Housing Agencies in finalizing their budgets due to the impacts of Sequestration based on FY12 Federal funding levels. Specifically, Public Housing operating funds will be pro-rated to 77%; Section 8 rental assistance will be pro-rated to 94.1%; and Section 8 Administrative fees will be pro-rated to 68.5%; approximately a 5% across the board cut to funding based on FY12 allocations.

In preparing the initial budget documents, staff did not have the above information and had also assumed that the Agency would be receiving an additional 143 Section 8 Housing Choice Vouchers from a local entity that had informed the Des Moines HUD Field Office that they would not be renewing their individual contract with HUD. Since submittal from the original budget, the Des Moines Municipal Housing Agency has received budget preparation information from HUD and no official notice of the above mentioned non-renewal. The Housing Services Department has adjusted the Amended FY13 and Proposed FY14 budgets accordingly.

Specifically, Housing has withdrawn the additional 143 Section 8 Housing Choice Vouchers (FY14) and has reduced our Public Housing operating funds from HUD to the pro-rated 77%; reduced our Housing Assistance Payments (rental subsidy) to the pro-rated 94.1% and our Section 8 Administrative fees at an all time low pro-ration of 68.5%.

The FY 13 fiscal impacts of the Sequestration changes are as follows:

- Estimated loss of \$550,000 in rental assistance payments. Through attrition the Agency will serve 110 fewer families within the Section 8 Housing Choice Voucher program.
- Estimated subsidy of \$423,000 from reserves to cover Section 8 Administrative fee impacts.
- Estimated loss of \$182,000 in Public Housing operating support.

With the remaining reserves within Public Housing and Section 8 we can cover these anticipated losses for FY13.

The FY14 fiscal impacts of the Sequestration changes are as follows:

- Estimated need to subsidize Section 8 Administrative fees in the amount of \$438,019.
- Estimated loss of \$105,000 in Public Housing operating support.

Within the Section 8 Administration program we will eliminate a vacant Housing Case Manager position due to an internal promotion of one Housing Case Manager to a Senior Housing Case Manager with that position assuming a smaller case load to meet current Section 8 client needs.

At the start of FY13, Housing had a Section 8 reserve fund of just over \$600,000. Utilizing our remaining reserves, the Section 8 Administration shortfall for FY14 is approximately \$300,000. County officials have indicated they are willing to allocate \$150,000 toward the shortfall. Part of this Housing Agency action will be to request that the City amend its FY14 City Budget to allocate \$150,000 of excess Gaming funds above the ongoing commitment of \$6,000,000 annually for bridge and street repair.

Over the course of this next year staff will work with a sub-committee of the Homeless Coordinating Council to address the long-term deficit the Housing Agency is facing due to federal funding reductions to the operations of the Agency. The subcommittee of the Homeless Coordinating Council is comprised of Mayor T.M. Franklin Cownie; Council Members Chris Coleman and Christine Hensley; Polk County Supervisor Robert Brownell; Mary O'Keefe representing the Greater Des Moines Partnership; and Kristi Knous, President, Community Foundation of Greater Des Moines. This subcommittee has been created to assist the Des Moines Municipal Housing Agency in evaluating and identifying ideas for the Agency to diversify its revenues. The efforts of this committee will be forwarded to the Municipal Housing Governing Board for consideration in the near future.

PREVIOUS COUNCIL ACTION(S):

Date: February 25, 2013

Roll Call Number: [13-0270](#)

Action: [Hearing](#) on amended Municipal Housing Agency Annual Budget for the Fiscal Year ending June 30, 2013. Moved by Coleman to approve. Motion Carried 5-2. Nays: Cownie and Moore.

Date: February 25, 2013

Roll Call Number: [13-0271](#)

Action: [Hearing](#) on proposed Municipal Housing Agency Annual Budget for the Fiscal Year ending June 30, 2014. Moved by Coleman to approve budget. The City Manager will monitor any changes to the Federal Funding levels, and will communicate with the Board regarding any necessary changes to the budget. Motion Carried 6-1. Absent: Meyer

Date: February 25, 2013

Roll Call Number: [13-0272](#)

Action: [Approving](#) certification to the U.S. Department of Housing and Urban Development (HUD) on approval of amended operating budget for all projects for fiscal year ending June 30, 2013 and of the proposed operating budgets for all projects for fiscal year ending June 30, 2014. Moved by Hensley to approve. The City Manager will monitor any changes to the Federal Funding levels and will communicate with the Board regarding any necessary changes to the budget. Motion Carried 6-1. Absent: Meyer

BOARD/COMMISSION ACTION(S):

Board: Housing Services Board

Date: February 20, 2013

Resolution Number: N/A

Action: Received and filed budget presentation.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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