

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 6, 2013
	Agenda Item No.	MHGB2
	Roll Call No.	[_____]
	Communication No.	<u>13-209</u>
	Submitted by:	Douglas C. Romig, Housing Services Director

AGENDA HEADING:

Authorizing the Des Moines Municipal Housing Agency (DMMHA) to expend \$500,000 in Net Restricted Assets (Section 8 Housing Assistance Payment Reserves) to issue additional Section 8 Housing Choice Vouchers.

SYNOPSIS:

On Thursday, April 18, 2013 at the Iowa National Association of Housing and Redevelopment Officials (NAHRO), HUD staff from the Kansas City Field office encouraged Public Housing Agencies to expend their Net Restricted Assets (Housing Assistance Payment Reserves) to issue additional Section 8 vouchers. These funds can only be used for rental assistance payments but will generate additional Section 8 Administrative fees for the Agency and will not impact the Agency's Section 8 Management Assessment Score (SEMAP).

FISCAL IMPACT:

Amount: \$500,000 (Net Restricted Assets – Housing Assistance Payments)
\$29,000 (Section 8 Administrative Fees)
\$23,000 (Central Office – Management and Bookkeeping Fees)

Funding Source: Section 8 Housing Assistance Payment Reserves; SP350; HSG190000, page 124; Section 8 Administrative fees and Management and Bookkeeping fees provided by HUD through issuance of additional Section 8 vouchers

ADDITIONAL INFORMATION:

With the impacts of the Budget Control Act of 2011 (Sequestration), Public Housing Agencies are facing approximately a 6% reduction in Housing Assistance Payments (rental subsidy). Additionally, Public Housing Agencies future funding is directly related to the prior years Housing Assistance Payments expended. In an effort to sustain the current level of service to area low income families on the Section 8 waiting list, HUD is recommending that the DMMHA utilize \$500,000 in Housing Assistance Payment reserves (Net Restricted Assets) to increase the number of Section 8 Housing Choice Vouchers and therefore our Housing Assistance Payments to minimize the impact of Sequestration in Fiscal Year (FY) 2014 and FY2015.

In order to expend these funds, the DMMHA will work to issue approximately 200 additional Section 8 Vouchers for the remainder of calendar year 2013, in order to receive additional U.S. Department of

Housing and Urban Development (HUD) funding for FY14. With two current vacancies within the Section 8 operating budget, staffing through a temporary employment agency will be paid at a lower wage rate to support the remaining Case Managers to process and manage these additional vouchers. This will allow the Agency to work towards leasing the additional vouchers over the several months with the ability to expend additional Housing Assistance Payments by year end. The HUD staff is recommending Public Housing Agencies utilize our Net Restrictive Assets to issue additional Section 8 Housing Choice Vouchers within our Annual Contributions Contract voucher allocation.

While this effort will provide for additional subsidy to families on the DMMHA's Section 8 waiting list, the greater impact is that the DMMHA will receive additional funding at 94% from the previous years' overall Housing Assistance Payments and generate additional Section 8 Administrative fees. Historically, Net Restrictive Assets have been held in reserve to cover funding shortages for Housing Assistance Payments. In speaking with our HUD Kansas City Regional Field Office, they are recommending that the DMMHA expend these funds and access our Disposition Proceeds if a funding shortfall from HUD occurred so that we would not have to cancel any Section 8 Housing Choice Vouchers that were issued.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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