



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 07/12/04

Communication No.:

04-325

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Chris Johansen, Housing Services Director

SUBJECT—

Authorizing Revision of the Section 8 Administrative Plan

SYNOPSIS—

Authorizing Revision of the Section 8 Administrative Plan to include a definition of acceptable lease term under the Section 8 Housing Choice Voucher Program and the reinstatement of interim reexaminations for increases in income of \$500 or more.

FISCAL IMPACT—

The projected savings in Housing Assistance Payments (HAP) will be \$153,852.21.

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 lease terms and criteria for conducting annual and interim reexaminations in the Section 8 Administrative Plan.

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 lease term and criteria for conducting interim reexaminations must be revised.

Currently, our Section 8 Administrative Plan allows for leases to begin on any day of the month. Our HAP and Administrative Fee subsidies are only provided for vouchers under lease as of the first day of every month. This recommended change would make all of our leases for the Section 8 Housing Choice Voucher program effective on the first of every month to better match our funding stream and improve our cash flow.

Currently, our Section 8 Administrative Plan does not allow for interim reexaminations. If a family receives an increase in their income, their rent is not adjusted until the date of their annual reexamination. This recommended change would reinstate interim reexaminations, which will require program participants to have a reexamination if their monthly income increases by \$500 or more. This change would reduce our HAP expense.