

# C Community Development Committee

For the Metropolitan Council meeting of June 27, 2012

Item: 2012-156

June 20, 2012

**Date Prepared:****Subject: 2012 Unified Operating Budget Amendment****Proposed Action:**

That the Metropolitan Council amend the 2012 Unified Operating Budget in accordance with the table below:

<u>Description</u>	<u>Approved</u>	<u>Revised</u>
HRA Operating Revenue	\$ 6,553,631	\$ 6,507,512
HRA Operating Expense	\$ 6,238,890	\$ 6,238,890
Projected Surplus/Deficit	\$ 314,741	\$ 268,622
HRA Pass Through Revenue	\$ 50,569,490	\$53,790,000
HRA Pass Through Expense	\$ 50,569,490	\$53,790,000
CD Division (non HRA) Operating Revenue	\$ 4,492,985	\$4,567,985
CD Division (non HRA) Operating Expense	\$ 4,492,985	\$4,567,985

**Summary of Committee Discussion / Questions:**

Staff presented a short overview of the amendment. The motion passed unanimously with no discussion.

Meeting date: June 18, 2012

<b>ADVISORY INFORMATION</b>	
<b>Date:</b>	June 5, 2012
<b>Subject:</b>	2012 Unified Operating Budget Amendment
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	MN Statutes section 473.13, sub. 1 -- Council Budget Requirements
<b>Staff Prepared/Presented:</b>	Beth Reetz, Director, Housing and Livable Communities (651-602-1060)
<b>Division/Department:</b>	Community Development

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**Background**

There are three purposes for this 2012 Operating Budget Amendment. One reduces the projected administrative fee revenue for the Section 8 Housing Choice Voucher program. The other increases the projected pass through revenue and expense for the rental assistance programs administered by the Council’s Housing and Redevelopment Authority (HRA). The third reflects the receipt and expenditure of a grant from the McKnight Foundation.

In November 2011, Congress enacted and the President signed into law, the appropriations bill for the Section 8 Housing Choice Voucher program. Housing authorities were notified by the U.S. Department of Housing and Urban Development on

March 1, 2012 and March 13, 2012 of final funding awards. Although the rental subsidy/pass through revenue increased, the administrative fees earned for program administration were reduced to an 80% pro-ration. The final funding awards result in a reduction in HRA operating revenue and an increase in HRA pass through revenue and expense.

The Council's HRA experienced similar administrative fee reductions in 2011 and projected continued fee cuts into 2012. As a result, the HRA made some significant changes in administrative process to absorb the funding reductions including bringing the service associated with 1,200 vouchers in-house, increasing staff workloads and reducing some services to program participants.

Prior to this amendment, the Metro HRA's 2012 budget reflected a surplus of approximately \$314,741. Following this budget amendment, the HRA's budget will reflect a surplus of \$268,622.

The grant from the McKnight Foundation was requested to help defray expenses associated with 2012 events related to the State of the Region, Housing Policy, Transportation Finance and the Charles Landry Residency.

### **Rationale**

This amendment reflects changes to the 2012 Operating Budget resulting from changes in Federal revenue and expense for the Section 8 rent assistance program and the receipt of a grant and associated expenses.

### **Funding**

The requested increases in expense authority are offset by higher than anticipated Federal and Grant revenue. This operating amendment has no fiscal impact on the Council.

### **Known Support / Opposition**

None.