



Agency Dept
33

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

August 16, 1982

APPROVED
SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
RECEIVED
AUG 25 1982

Housing Authority of the
City of Sacramento
Sacramento, CA 95814

Honorable Members in Session: **AUG 31 1982**

SUBJECT: Approval to Increase Security Deposits in the Agency's
Conventional Housing Program

SUMMARY

Attached is a resolution approving an increase in security deposits required from a resident at the time of leasing a housing unit.

BACKGROUND

California State Law Section 1950.5, Section 3, Subsection C states: "A landlord may not demand or receive security, however denominated, in an amount of value in excess of an amount equal to two months' rental in the case of an unfurnished residential property, and an amount equal to three months' rental in the case of furnished residential property, in addition to any rent for the first month paid on or before initial occupancy."

All residents leasing a Conventional Housing Unit are required to post a \$25 security deposit (Conventional Housing is housing purchased or built through HUD Conventional Funding). This \$25 security deposit to be collected from the residents of the Conventional Housing Program was established approximately thirty years ago and has not been increased since that time. Generally speaking, the current \$25 security deposit does not cover the average rent owed by a resident at the time of vacancy. Also, over the years, the application of the \$25 to maintenance charges has become almost useless due to the significant increases in maintenance costs. A survey of vacant unit charges indicates the average cost per bedroom size for tenant damages is:

8-31-82
All Districts

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the
City of Sacramento
August 16, 1982

Page Two

1 Bedroom (Elderly)	\$75.90
1 Bedroom	\$128.90
2 Bedroom	\$139.48
3 Bedroom	\$220.07
4 Bedroom	\$244.67

The average cost per unit is \$162 based on the above survey. To meet this cost, the Agency would have to charge a higher security deposit to incoming residents. However, due to the financial condition of the Agency's low-income housing population, it would be difficult and unrealistic to expect the residents to pay a security deposit of \$162.

In order to develop a security deposit figure that will more realistically meet vacating resident costs and one that will be consistent for all housing programs, the security deposit will be set at one month's contract rent. If the contract rent is less than \$90, a security deposit of \$90 will be collected. This deposit will be applied to only those new residents who will lease after this recommendation is approved and will apply to current residents who are transferred to another unit.

In an effort to determine what other agencies are requiring in terms of security deposits, staff called the following housing authorities for their input.

San Francisco Housing Authority - One month's rent. If the rent is less than \$75, a \$75 security deposit is charged.

Los Angeles Housing Authority - One month's rent. If the rent is less than \$75, \$75 is charged.

Stockton Housing Authority - Family Units - \$75. Single elderly units - \$20. Two persons in an elderly unit - \$50.

Fresno Housing Authority - One month's rent. If the rent is less than \$50, \$50 is charged.

Oakland Housing Authority - \$150 deposit.

These recommendations, if approved, will not apply to the Section 8 Existing, Section 8 Set Aside or Section 8 New Construction programs. The security deposits paid by residents in these programs are determined by HUD regulations. We are requesting security deposits for the Section 8 programs to conform to HUD requirements which state:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the
City of Sacramento
August 16, 1982

Page Three

- 1. Families who lease in place. Security deposits collected prior to the execution of a contract may remain at the amount so collected.
- 2. Families who do not lease in place. The maximum to be collected shall be the greater of the family's monthly contribution or \$50.

FINANCIAL DATA

It is felt that a reduction in financial losses relating to write offs for maintenance and rental charges would be substantial if a uniform increase of security deposits was employed for several reasons: (1) Residents would have a larger financial committment to the unit they are leasing and which they would want to have returned to them; (2) It is felt that this committment would encourage them to maintain their unit in a less damaging way; and (3) Would help the Agency meet its always increasing financial obligations due to inflation, etc.

COMMISSION RECOMMENDATION

At its regular meeting of August 16, 1982, the Sacramento Housing and Redevelopment Commission adopted a motion recommending the security deposits be set at \$75.00. The votes were recorded as follows:

- AYES: Dickinson, Kneprath, A. Miller, B. Miller, Walton
- NOES: Angelides, Luevano, Teramoto
- ABSENT: Fisher

STAFF RECOMMENDATION

The staff recommends adoption of the attached resolution approving an increase in security deposits to one month's contract rent or \$90 if the contract rent is below \$90 for each new family entering the public housing program. This security deposit is in addition to the rent necessary to lease the unit.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slipe
WALTER J. SLIPE
City Manager

RESOLUTION NO. 82-044

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ON DATE OF

August 31, 1982

**ADOPTION OF INCREASED SECURITY DEPOSITS
IN CONVENTIONAL HOUSING PROGRAM**

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY
OF SACRAMENTO:

Section 1. Security deposits in the Authority's
Housing Program are hereby increased from Twenty-Five Dollars
(\$25.00) to the greater of Ninety Dollars (\$90.00) or one
months contract rent (Tenant's portion) for tenants executing
leases after the date hereof.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

AUG 31 1982



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

August 23, 1982

Housing Authority of the
City of Sacramento
Housing Authority of the
County of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Approval to Increase Security Deposits in the Agency's
Conventional Housing Program

In its staff report of August 16, 1982, the Agency recommended that the existing security deposit of \$25.00 which is charged residents of the Agency's conventional housing program be increased to \$90.00 or one month's contract rent, whichever is higher.

To support this recommendation, staff was directed to call five California Housing Authorities to determine what they charged. The results of that survey are covered on page two of the original staff report.

At its August 16, 1982 meeting, the Agency Commission recommended that staff's request be rejected and the \$90.00 or contract rent proposal be reduced to \$75.00.

As a result of the Commission's action, staff was directed to call the original five housing authorities a second time to ascertain if any changes had occurred. Also staff was requested to call other authorities to determine what they are assessing residents for security deposits. The results of that survey follow:

Original Five:

- San Francisco - Changed from 1 month's contract rent or \$75, whichever is greater, to first and last month's rent.
- Los Angeles City - Changed from 1 month's contract rent or \$75, whichever is greater, to \$200 per month or twice the contract rent, whichever is greater.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the
City and County of Sacramento
August 23, 1982

Page Two

- Oakland - Same as before
- Stockton - Same as before
- Fresno - Same as before

New Surveyed Authorities:

- San Diego - \$100 or 1 month's contract rent, whichever is greater.
- Contra Costa - \$50 currently, however proposal will be submitted to Board to increase to \$100.

Both surveys indicate that a \$75 security deposit is below the trend toward higher deposits. It is on this basis and the unchanged position of staff that the Agency needs more realistic security deposit to meet ever increasing expenditures that the staff respectfully disagrees with the Commission recommendation for \$75.00 security deposit and requests that the staff's original recommendation of \$90.00 or 1 month's contract rent, whichever is greater, be adopted.

Respectfully submitted,

William H. Edgar
 WILLIAM H. EDGAR
 Executive Director