



Comm Rpt

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

September 20, 1982

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SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

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SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

Housing Authority of the
City of Sacramento
Sacramento, CA 95814

Honorable Members in Session: **SEP 28 1982**

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SUBJECT: Implementation of Tenant Rent Contribution Increases
Effective August 1, 1982

SUMMARY

The U.S. Department of Housing and Urban Development (HUD) has required implementation of the 30 percent income ratio for new and existing residents of Conventional Public Housing and the Section 8 Existing programs.

BACKGROUND

HUD issued a notice on July 22, 1982 which provides instructions to Local Housing Authorities on the implementation of the Interim Rule on Gross Rent which was published on May 4, 1982. The effect of this rule is an increase in rent to income ratio for new tenants and existing tenants from 25 percent to 30 percent of adjusted family income. The full 30 percent ratio will apply to all new tenants after August 1, 1982. All tenants will eventually be charged the highest of: (1) 30 percent of adjusted income (family income); or (2) 10 percent of gross income (total family income).

These revised procedures for calculating rents will be phased in gradually for tenants already under lease. The phase-in of the new system for tenants already in occupancy would begin no later than the first annual date of the rule, which is August 1, 1982. The effective dates of re-examinations and percentages of adjusted income to be used to establish rents are as follows:

August 1, 1982	-	September 30, 1982	-	26%
October 1, 1982	-	September 30, 1983	-	27%
October 1, 1983	-	September 30, 1984	-	28%
October 1, 1984	-	September 30, 1984	-	29%
October 1, 1985	and after		-	30%

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All Districts

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Gross rent shall not be increased by more than 10 percent during any 12-month period as a result of this rule. However, rents may be increased by more than 10 percent during any 12-month period to the extent that the portion of such increases above 10 percent is attributed solely to increases in income not caused by the implementation of this rule.

The interaction of the rent to income ratio has increased over the last eight years from 20 to 25 percent of income which has been the threshold level for all Federal and State assisted housing programs. However in the private sector, it is evident that this ratio has increased in the last two years to the extent that a higher percentage of renters and owners are paying more than 35 percent of their income.

FINANCIAL DATA

It is anticipated as a result of the implementation of this rule that we would expect an increase of .8 percent dwelling rental income. This translates into approximately \$25,000 over a 12-month period. Since approximately only 8 percent of families will be re-examined each month, it will take a full year to complete the re-examinations.

RECOMMENDATION

This report is for information only and no specific action is required.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slupe

WALTER J. SLUPE
City Manager