May 8, 2020

TO: CADA Board of Directors

SUBJECT:	**May 15, 2020, Board Meeting** **AGENDA ITEM 7** **FISCAL YEAR 20-21 MARKET-RATE APARTMENT RENT SCHEDULE**
CONTACT:	Diana Rutley, Property Manager

RECOMMENDED ACTION: By resolution, approve the following items for implementation in FY 20-21:

1. FY 20-21 Market-rate Apartment Rent Schedule
2. Rent increase limit for continuing market-rate residents
3. Lease term premiums for new and continuing residents

BACKGROUND

With the exception of actions taken to comply with the affordability mandates set forth in its enabling legislation, CADA charges market rates for its apartments. Accordingly, a market-rate apartment rent schedule is prepared at this time each year for implementation in the next fiscal year. The rents on this not-to-exceed rent schedule are the rents at which units are placed on the market as they become vacant.

To encourage resident loyalty, reduce turnover and assist with budgeting, CADA assigns its lowest rates (the market rent) to a 12-month lease term and caps rent increases at a fixed percentage. Residents who commit to renting for at least a year will pay the lowest rates, while residents who choose shorter-term leases pay a premium for the flexibility a shorter-term may provide them.

ANALYSIS

I. FY 2020-21 Market Rate Rent Schedule

For FY 2020-21 staff recommends an overall percentage increase to the Market Rents of 4.1%, which increases the average monthly rent from $1,039[1] to $1,082 per month, as detailed on **Exhibit 1: FY 20-21 Proposed Not-to-Exceed Market-rate Rent Schedule.** The rents on the proposed rent schedule are what new residents will pay if they choose to rent from CADA during the upcoming fiscal year. This increase is slightly less than the rent growth experienced in the Sacramento area during 2019 and early 2020 for Class B and C units, which are the majority of CADA's portfolio.

[1] The Market Rent List shows CADA's average rent for the last fiscal year as $1,040, instead of $1,039. This is because one new unit was added to the inventory, and it alters last year's number.

Rent-setting Methodology

To adjust the market rents for the upcoming fiscal year, staff applied a 3% increase to CADA's more desirable units (what we call "Class A" units for purposes of comparison), and 4% and 5% increases to CADA's Class B and C units respectively, to reflect the higher rent growth in those more modest units in Sacramento over the past year. In addition, corrections were made to the rents of certain units where the rent seemed inconsistent with either the desirability of the unit, or the rent being charged for a similar unit within CADA's portfolio. In other cases, a "Feature" charge was added to a unit's rent plan to reflect the value of improvements made in specific units over the past year that warrant a slightly higher rental rate.

A. Information Supplied by Industry Professionals

CADA considers national and local market factors when proposing a new rent schedule, including the state of the economy, population and job growth numbers, year-over-year rent growth and occupancy figures, as well as CADA's rental and occupancy data for the same period. The information reviewed this year indicated healthy year-over-year rent growth for 2019, with a cooling in rent growth once the pandemic began and started to damage the economy.

2019: Strong Rental Market Fundamentals

Colliers International provides a good summary of the state of the rental market at the end of 2019:

> At the close of 2019, Sacramento's apartment market remained one of the strongest in the nation. The city's population growth of 1.5 percent was the fastest growing of any major city in California while the state recorded its lowest annual growth rate since 1900 at 0.35 percent. Though local job growth of 1.2 percent from December 2018 to December 2019 was roughly half the annual job growth average of the previous two years, Sacramento's unemployment rate remained near its record low at 3 percent. Occupancy rates were still well above 96 percent, signifying sustained renter demand throughout the region despite 1,000-plus new units hitting the market in both 2018 and 2019. Sacramento was considered to still be a city on the rise, delivering new supply to meet rising renter demand, even though the amount of new units being built remained far below the level that would bring the market closer to economic equilibrium.[1]

Occupancy above Average

Toward the end of 2019, in November, occupancy rates locally were at 96%, the highest of any market in the top 10 but down slightly from 96.2% a year earlier, in November 2018.[2] On a national level, occupancy across most U.S. apartment markets for December 2019 was better than it was a year ago, with "nearly all the nation's largest markets recording rates above the effectively full mark of 95%," according to RealPage Analytics,[3] an occupancy percentage also known the perfect balance between occupancy and vacancy, or, its sweet spot, "that point deemed to provide the optimal balance of costs and benefits," as defined by Investopedia.[4] CADA's average occupancy for 2019 was 97%, and currently stands at 98% for the January through March 2020 period.

Rent Growth 3-5% - Higher for Class B & C units, Lower for Class A Units

Rent growth across the nation for 2019 averaged 3% to 3.3% for all units.[5] Sacramento had the third-largest gain nationwide, with rent growth of 5.1% in December compared to the same month in 2018.[6] Rent growth was greater locally for apartments defined as "renter by necessity," at closer to 6%, than "lifestyle" apartments, [renters by choice] where it was just above 4%.[7] CADA's Class B and C units - older, basic, lower-rent units - would fit this description. According to Institutional Property Advisors, in their 4th Quarter 2019 report, "Class C operators are in the best position to elevate monthly rents... Class C properties are highly sought after due to effectively full occupancy conditions that exist in the market." [8]

CADA's Rents within Market Range

The average rents reported by rental data tracking services vary depending on the agency publishing the data, as noted on Table 1, below. RentCafe reported average monthly rent across the nation in its year-end report for 2019 as $1,474, and $1,442 for Sacramento.[9] Adobo, an apartment search firm, reports national median rents per bedroom, with one-bedrooms ending the year at $1,078, and rents for two-bedroom apartments at $1,343 in December 2019, reflecting a solid 5.5 percent gain [from the previous December].[10] The Apartment List, in its National Rent Report published on April 28, 2020, also reports rent averages for December 2019 on a per-bedroom basis, with $869 as the average rent for a studio, $979 as the average rent for a 1-bedroom, and $1,241 as the average rent for a 2-bedroom.[11] Commensurately, CADA's average market rent at the end of December 2019 was $1,039, or $873 for a studio, $978 for a 1-bedroom and $1,512 for a 2-bedroom. CADA's average market rent across all unit types will increase to $1082 for FY 20-21. The higher average rents quoted by RentCafe likely include more Class A units, while the lower average rents quoted likely include more Class B and C units, as is the case with CADA's rent averages. **Table 1** illustrates these average rents.

Table 1 - Average Apartment Rents

<table>
<tr><th>December 2019</th><th colspan="2">RentCafe
(Avg. – All Unit Sizes)</th><th>Adobo Apartment Search Firm
(National Avg.)</th><th>Apartment List
(National Avg.)</th><th>CADA Units
(Avg.)</th></tr>
<tr><td>Studio</td><td>Nation</td><td>Sacramento</td><td>Not reported</td><td>$869</td><td>$873</td></tr>
<tr><td>1-Bedroom</td><td rowspan="2">$1474</td><td rowspan="2">$1,442</td><td>$1,078</td><td>$979</td><td>$978</td></tr>
<tr><td>2-Bedroom</td><td>$1,343</td><td>$1,241</td><td>$1,512</td></tr>
</table>

2020: COVID is Here, Rent Growth is Cooling

In March 2020, with COVID-19 now a part of the world lexicon, RentCafe reported that rents did rise nationally by 2.9 percent, but this was down from the 3.2 percent rise from February and it is the first time since 2016 that the firm measured a deceleration from February to March. Normally, March is when rental season kicks into high gear.[12] Sacramento' s year-over-year rent growth for the same period dropped from 5.1% to 4.1%, a number which still put it in the top 10 for growth nationally, but well below the top spot it occupied a few years ago.[13]

According to Yardi Matrix in its Multifamily National Report published in January, "Stagnant or decelerating rents are common during the winter months."[14] The Business Journal, in an article published on January 20th, also mentioned that, "Sacramento's metropolitan statistical area saw slower growth [in March] in those renting by choice, below 3%, than those who rent by necessity, where the growth was closer to 5%." [15]

Smaller Rent Gains Predicted for Sacramento in 2020

Yardi Matrix, in its Winter National Outlook, predicted that the "pendulum would begin to swing" in several top housing markets in 2020, including Sacramento, that would "push housing growth well below the national pace. Rent growth will still be positive, but well below the national average."[16] The COVID-crisis was not yet a consideration at the time of this forecast, but rents cool whenever housing supply goes up. While Sacramento is still behind the rest of the nation in new construction, the City is making gains, with 3,427 units under construction as of November 2019.[17] An additional consideration is Sacramento's new rent control laws, which could have an impact on rent growth.

COVID-19 Impact on Rent Growth: Fewer Move-outs, Rent Growth Flat in April 2020

The April 28, 2020 Apartment List National Rent Report validates the accuracy of the above prediction with its April year-over-year national rent growth figure of just 1.4%, "the lowest rate observed in April over the past five years," and seemingly easily attributable to the fallout from COVID-19. The Apartment List Report further explains, "As the COVID-19 pandemic continues to grip the nation, shelter-in-place orders have ground large segments of the economy to an abrupt halt. While we expect that the pandemic could have a variety of long-term impacts to the housing market, the most salient near-term effect has been a temporary pause on moving activity. This short-term softening of demand has begun to have a slight impact on our monthly rent estimates. National rent growth has flattened this month compared to the trend we were seeing prior to the pandemic." [18]

COVID-19 Impact on Job Growth: Unemployment at 4.4%, Largest Spike in 45 Years

According to a blog published by Arbor Realty Trust, "In the two weeks following the national emergency declaration, 10 million individuals have filed for jobless claims, with the unemployment rate rising to 4.4%—the largest month-over-month spike in 45 years. Reflecting the national mood, the stock market continues to whipsaw on a daily basis… The multifamily sector, which forms the bedrock of the urban workforce, will undoubtedly be affected by job losses and the ability to pay rent."[19]

Coronavirus Recession? Competition for Class B and C Units Due to Affordability

The Apartment List Rent Report also provides perspective on how COVID-19 will affect the multi-family industry, stating, "As far as longer-term impacts, the pandemic's effect on rent prices will depend heavily on the broader macroeconomic landscape. We're likely already in the midst of a coronavirus recession. Although the magnitude and duration of that recession are far from certain, it's highly possible that when shelter-in-place restrictions are lifted and normal levels of moving resume, we could see an uptick in *downgrade moves* as many households facing economic instability begin looking for more affordable housing. This could lead to tighter competition for rental units at the middle and lower ends of the market, while luxury vacancies get harder to fill. Under these conditions, we may see a bifurcation of the market in which rents fall for Class A properties, while Class B and C properties actually see accelerated rent growth."[20]

Pre-COVID: CADA Was in Good Shape

CADA was in good shape leading up to the onset of the COVID pandemic. Move-outs have consistently gone down over the past several years as the housing supply in Sacramento did not keep up with the demand. In 2019, CADA experienced a record low number of move-outs, with just 19%, or 136, of its 720 residents moving during the year, the lowest percentage since staff began tracking the number in 2004. Of the residents who moved out, almost a quarter of them moved to another apartment within CADA. Occupancy for 2019 averaged 97%. Average length of occupancy for residents who vacated in 2019 was 4.9 years, a number that has been increasing in length each year since the beginning of the tight market conditions in Sacramento, and more than double CADA's average from 2004 to 2013, of 2.3 years.

Data Supports Proposed Adjustments to Market Rents

Even with the COVID-19 crisis, staff believes that the 3% to 5% average increases to CADA's market rents are possible and warranted for the following reasons:

- **Rent Growth Figures for Sacramento Support CADA's Rent Schedule:** CADA sets its rent based on what has occurred in the rental market over the previous year. Rent growth figures during the previous 12 to 15 months ranged from 2.9% to 3.3% across the nation, with average rent growth for Sacramento reported as 4% to 5.1%, with higher growth in Class C units. CADA held rents at current levels for its least costly, Class C, units during some fiscal years impacted by the Great Recession, and the rents still seem low when compared to other Class C units downtown.

- **CADA's turnover is well below its own historical averages.** While this is attributable to the housing supply in Sacramento not keeping up with demand, staff believes it is also an indicator that the rents are below market, rather than just at the low end of the market. With just 21 move outs the first four months of 2020 it's possible that without the COVID pandemic we may have ended 2020 with even less turnover than in 2019.

- **CADA's occupancy is strong:** CADA's 97% average occupancy would normally be an indicator that rents are too low in an industry that considers a 95% occupancy its "sweet spot" - that point where vacancy and occupancy are perfectly balanced. CADA staff considers i it's "sweet spot" as a 97% occupancy due to the high cost of maintaining its aging properties and the nature of being a public agency landlord.

It is possible that the proposed rent schedule could prove impossible to attain if we end up in a full-fledged recession, with dozens of vacant units. However, because CADA is required to charge market rents for the units it manages and we only set rents once per year, we base the new rents on the last 12-15 months of data and hold them for a year, unlike other landlords who raise and lower their rents monthly or weekly to respond to changes in the rental market. By holding our rates for a year, our rents are typically a year behind the rest of the market in rent growth. The start of each fiscal year is our one chance to bring our rents within competitive levels.

Going forward, particularly as the fallout from COVID-19 continues to affect the economy and the nation's renters, if at any point during the year CADA's Leasing Manager determines that the rent for a specific unit is unattainable, we will adjust the rent accordingly.

B. Exceptions to Across-the-Board Increases

CADA made improvements at several properties over the past year that require an additional rental charge to capture the added value of the improvement that makes the unit more valuable, or more marketable, than another otherwise identical unit in the building, as noted on **Exhibit 2: FY 20-21 Exceptions to the Across-the-Board Rent Increases.** Some units also needed a corrective adjustment outside of the 3%, 4% and 5% increase amounts for CADA's A, B and C units, respectively, to correct a rental rate that seemed either a little too high or a little too low in comparison to other units in the same class category. The market rent increases for all but 24 units fall within the 3% to 5% range, with the remainder ranging from a decrease of 7% to a 20% increase.

Rent Schedule to Affect New Residents Only

The rents shown on **Exhibit 1: FY 20-21 Not-to-Exceed Market Rent Schedule** will be charged to new residents who choose to move into a CADA property during the fiscal year. Continuing residents' rents are determined by CADA's rent increase cap, and will not exceed the market rent established for the apartment unless the resident signs a month-to-month lease. The overall increase to CADA's Market Rents proposed for FY 20-21 is 4.1%, resulting in an average monthly rent of $1,082, and an average increase of $43 per unit. Actual increases vary, depending on the amenities in the units, unit updates, market demand, etc. **Table 2** illustrates the average rent and percentage increases by unit size proposed for FY 20-21.

Table 2:

Unit Type	Number of Units	FY 2019-20 Average Rent	FY 2020-21 Average Rent	Average Increase $	Average Increase %
Rooming House	**15**	$515	$540	$25	5%
Studios	**238**	$873	$912	$39	4%
1 Bedroom	**325**	$978	$1,021	$42	4%
2 Bedroom	**124**	$1,512	$1,565	$53	3%
3 Bedroom	**19**	$1,482	$1530	$48	3%
Average Rent:	**721**	**$1,039**	**$1,082**	**$43**	**4.1%**

I. Continuing Residents' Rent Increase Methodology

To avoid displacing continuing residents in good standing and to limit turnover and its attendant apartment preparation costs, it has been CADA's practice to set a cap on the amount of the annual rent adjustment for continuing residents. The cap has ranged from 3% to 5%, as illustrated in **Table 3**, which provides a review of CADA's annual percentage change to the market rents and percentage rent increase cap for continuing residents, from 2000 to present.

In Fiscal Year 20-21, because of the devastating impact of the COVID pandemic, business closures and significant job losses occurring across many industries, staff proposes no rent increases in FY 20-21 for continuing residents who sign a 12-month lease. We will also waive penalties for early termination of a lease if a resident has lost their job due to the pandemic. The financial implications of this action will be discussed in the financial section of this item.

Table 3

FY Rent Increase Percentages and Resident Rent Increase Limits

Fiscal Year	Market Rent Increase	Continuing Resident $ Increase	Fiscal Year	Market Rent Increase	Continuing Resident % Increase
00-01	9.5%	**10%**	**10-11**	0.27%	**3%**
01-02	21%	**10%**	**11-12**	0.55%	**3%**
02-03	8.5%	**5%**	**12-13**	1.7%	**3%**
03-04	1.2%	**5%**	**13-14**	0.02%	**5%**
04-05	0.15%	**5%**	**14-15**	2.2%	**5%**
05-06	0.11%	**5%**	**15-16**	2.5%	**3%**
06-07	3.5%	**5%**	**16-17**	4.7%	**3%**
07-08	2%	**5%+**	**17-18**	5.2%	**5% +**
08-09	2%	**5% +**	**18-19**	5.3%	**3%**
09-10	**-0.57%**	**3%**	**19-20**	4.9%	**4%**
Proposed for FY 20-21: 4.1% Market Rent Increase / No Increases for Continuing Residents					

We believe this action is the right one to take in response to the COVID crisis and the impact on apartment residents such as CADA's, as described by the Arbor Financial blog:

> Mounting unemployment in the short to medium term will have a singular, direct bearing on household rental lease defaults. Workers employed in industries that are dependent on discretionary consumer spending, including food services, retail goods and services, and personal services, will continue to experience job reductions. Apartments in urban areas are home to a disproportionately higher concentration of such workers, thus undermining current and projected rent rolls. Job losses will impact rental leases for households headed by people employed in these industries. Nearly 27% of all high-risk working households living in small multifamily properties are headed by workers employed in these industries, compared to 22% in large apartment properties and only 17% among owner-occupied units. This means that more than a quarter of all leases held by working households could come under some rent default pressure in small properties, and to a lesser degree in large properties.[21]

The situation described above could possibly be a snapshot of CADA. While rent collection was close to normal levels in April, May is still undermined. A recent Governor's Order in response to the pandemic allows residents to postpone their April and May rent payments for up to 120 days. CADA has received approximately 30 hardship requests since late March and staff is working with those residents on a case-by-case basis.

While everyone is hopeful the pandemic will abate and Sacramento's hard-hit businesses will resume normal levels of activity, when a healthy economy will return is not at all clear. In this context, increasing CADA's rents for its current tenants during this time of great uncertainty and public fear about the future would send a poor message to our residents, our parent agencies, and the general public and could undermine CADA's longstanding reputation for advancing prosperity and strengthening neighborhoods in the Central City.

II. Lease Premiums

Residents who choose a month-to-month term over a lease typically have paid a 20% premium for the flexibility such a term offers. However, as of January 1, 2020, with California's passage of the rent control law, AB 1842, and Sacramento's passage of the Tenant Protection Relief Act (TPRA), rent increases are limited to 5% plus CPI, annually. To comply with the new laws, CADA has stopped offering 6-month leases and has reduced the month-to-month premium to 8.5% above the resident's existing rent, the TPRA limit for 2020. All 6-month leases are being treated as month-to-month terms, with just 30 apartments out of 721 currently on a month-to-month or 6-month lease term.

POLICY ISSUES

These recommendations are consistent with the requirements of Government Code 8193, which states that until 800 newly-constructed units are completed and occupied, CADA shall establish a schedule of rents designed to make available to low income households (80% of median) not less than 400 units at as close to affordable rents as practical in light of its budgetary needs regarding its needs and obligations and; that this schedule shall be designed to impose market rate rents for remaining units leased by CADA from the Department of General Services. CADA met the benchmark of 800 newly constructed units in 2014 with the opening of Legado de Ravel, but continues to report on the affordability of its units. **Exhibit 3** details the 1,153 units that CADA has constructed since 1978.

Table 4 illustrates the number of CADA's market rate units - by unit size - that are affordable to "Very Low" and "Low" Income Households. The proposed FY 20-21 market-rate apartment rent schedule makes 630 units available to low-income households at affordable rents (80% AMI and below), 29 more units than last year, and a 2% increase in CADA's units that are affordable to low income households. This exceeds the 400-unit mandate by 211 units.

These actions supports CADA's goal of sustaining a balance of diverse housing opportunities.

Table 4

CADA Market Rents Affordable to Very Low & Low Income Households[22]
(Per proposed Fiscal Year 2020-21 Market-rate Rent Schedule)

Unit Size	# Total Units	50% AMI	60% AMI	80% AMI	% of CADA's units Affordable at 80%	Household Size
Room	**15**	15	15	15	100%	1 person
Studio	**238**		119	238	100%	1 person
1-bdrm	**325**		18	290	89%	1 person
2-bdrm	**124**		2	70	56%	3 persons
3-bdrm	**19**			17	89%	4 persons
TOTAL	**721**	**15**	**154**	**630**	**87%**	

FISCAL IMPACTS

Staff anticipates that the application of the new market rents will generate minimal increased income unless we have an exodus of existing residents, which will free up apartments to be rented by someone new who will pay a higher rent. However, any gain would be negated by the vacancy loss and cost to turn those vacated units, as well as holding rents at their current levels for existing residents. The rent loss from not assessing an increase to existing residents in FY 20-21 is anticipated to be approximately $299,000.The current "loss-to-lease" figure for March 2020 is 4.2%, meaning that the rents paid by the market-rate residents are an average of 4.2% below the current year's market rents, or approximately $269,000 per year.

In FY 20-21, the market rents are proposed to increase 4.1% on average. If we do not assess an increase to continuing residents, the loss to lease figure will increase to 7.9% of the market rent, or approximately $534,000 over the course of the year. Only about half that amount would be attributable to the proposed action. As stated earlier, staff feels the severity of the COVID-19 crisis impacts is such that applying a conservative 4.1% increase to the market rents and holding continuing residents' rents at current levels is warranted.

The full impact of not assessing an increase in FY 20-21 and other COVID losses will be highly dependent on the state of the economy, employment gains and CADA's leasing and rent collection success during COVID. Going forward, CADA's Leasing Manager expects to continue limiting personal contact with applicants and future residents, and is looking into more user-friendly ways to ways to apply for apartments, sign lease documents and move-in. She sees CADA jumping on board to innovate faster than we otherwise would have in order to do our part to fight back against COVID-19, for as long as it remains a threat.

Should trends develop that warrant changes in our rental revenue budget assumptions, subsequent Board action will be requested.

CONTRACT AWARD CONSIDERATIONS

Not applicable. This action does not involve the award of contracts.

ENVIRONMENTAL CONSIDERATIONS

Not applicable. The proposed action is an administrative matter and is not a project subject to the guidelines of the California Environmental Quality Act (CEQA).

Approved for transmittal to the Board:

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Exhibits:

1. Proposed Fiscal Year 2020-21 Not-to-Exceed CADA Market-Rate Rent Schedule
2. Exceptions to the Across-the-Board Increases
3. CADA Units Constructed and Occupied Since 1978

Endnotes

[1] https://www2.colliers.com/en/research/sacramento/2019-q4-sacramento-multifamily-market-report

[2] https://www.bizjournals.com/sacramento/news/2020/01/22/report-sacramento-apartment-rents-still.html

[3] https://www.realpage.com/analytics/occupancy-strengthens-most-large-markets-2019/

[4] https://www.investopedia.com/terms/s/sweetspot.asp

[5] https://www.multifamilyexecutive.com/property-management/rent-trends/yardi-national-average-rent-falls-1-in-december-2019_o

[6] https://www.bizjournals.com/sacramento/news/2020/01/22/report-sacramento-apartment-rents-still.html

[7] https://www.bizjournals.com/sacramento/news/2020/01/22/report-sacramento-apartment-rents-still.html

[8] https://www.institutionalpropertyadvisors.com/research/market-report/multifamily/sacramento/sacramento-multifamily-research-report

[9] https://www.rentcafe.com/blog/rental-market/apartment-rent-report/year-end-rent-report-2019/

[10] https://www.abodo.com/blog/2019-annual-rent-report/

https://www.apartmentlist.com/rentonomics/rental-price-data/
(Must open link "City-level Historic Data 2014 to Present")

[12] https://www.nreionline.com/multifamily/COVID-19-economic-shutdown-already-hitting-multifamily-rents

https://www.bizjournals.com/sacramento/news/2020/04/02/COVID-19-potential-factor-in-sacramentos-sluggish.html

[14] https://www.yardimatrix.com/Publications/Download/File/957-MatrixMultifamilyNationalReport-January2020

[15] https://www.bizjournals.com/sacramento/news/2020/01/22/report-sacramento-apartment-rents-still.html

[16] https://www.yardimatrix.com/Publications/Download/File/955-MatrixMultifamilyNationalOutlook-Winter2020

[17] https://www.kcra.com/article/5-things-to-know-about-sacramentos-housing-rental-market/30771764

[18] https://www.apartmentlist.com/rentonomics/national-rent-data/

[19] https://arbor.com/blog/COVID-19-impact-on-multifamily-demand-and-operations/

[20] https://arbor.com/blog/COVID-19-impact-on-multifamily-demand-and-operations/

[21] https://arbor.com/blog/COVID-19-impact-on-multifamily-demand-and-operations/

[22] Affordability calculations are based on information provided by HUD on April 1, 2020. In calculating affordable rents, it is assumed that single person households occupy studio and one-bedroom units, and three person households occupy two bedroom and three-bedroom units. The range of monthly income for a household making 50%, 60% and 80% of AMI and the corresponding affordable rents is as follows:

Household Size	1 Person	2 Persons	3 Persons	4 Persons
Income Limit: 50% AMI (Very Low)	$30,3250	$34,550	$38,850	$43,150
Affordable Rent	$756	$863	$971	$1,079
Income Limit: 60% AMI (Other Low)	$36,300	$41,460	$46,620	$51,780
Affordable Rent	$907	$1,036	$1,165	$1,294
Income Limit: 80% AMI (Low)	$48,350	$55,250	$62,150	$69,050
Affordable Rent	$1,208	$1,381	$1,553	$1,726