



**KEYSER MARSTON ASSOCIATES™**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

## MEMORANDUM

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**To:** Cameron Harding, Community Services Director  
City of Redondo Beach

**From:** Kathleen Head

**Date:** March 11, 2022

**Subject:** Heritage Pointe: Affordable Housing Covenants Analysis

**CC:** Cristine Shin, Senior Deputy City Attorney  
City of Redondo Beach

At the request of the City of Redondo Beach ("City"), Keyser Marston Associates, Inc. ("KMA") reviewed the following agreements that impose income and affordable housing cost covenants on the Heritage Pointe senior citizen apartment Project ("Project"):

1. 1988 Density Bonus Agreement ("Declaration Agreement")
2. Agreement between the former Redevelopment Agency of the City of Redondo Beach and Cal-Redondo, Inc. ("1989 Regulatory Agreement")
3. Agreement Containing Covenants (Including Rental Restrictions) dated September 1, 2004 ("2004 Covenants Agreement").
4. Regulatory Agreement and Declaration of Restrictive Covenants ("2004 Bond Regulatory Agreement").

The 1989 Regulatory Agreement was terminated and replaced by the 2004 Covenants Agreement. The Declaration Agreement and the 2004 Bond Regulatory Agreement remain in place.

The purpose of the KMA analysis is:

1. To identify the income and affordable housing cost requirements imposed by the three agreements that currently remain in effect:
  - a. To recommend clarifications to the household income qualification definitions.
  - b. To recommend a consistent methodology for calculating the applicable affordable rents.
2. To identify any units that are currently out of compliance with the recommended rent standards.
3. To recommend one covenant expiration date to be imposed on all the affordable units located in the Project.

## EXECUTIVE SUMMARY

Based on an analysis of the three agreements KMA recommends that the following restrictions should be imposed in a First Amendment to the Affordable Housing Agreements ("First Amendment").

### Declaration Agreement Units

1. The following household income qualification standards should be imposed on all 28 Declaration Agreement Units:
  - a. The standards should be based on the actual household size and actual household income of the prospective tenant's household; and
  - b. The household income qualification standard should be based on 50% of the area median income as defined in Internal Revenue Code ("IRC") §142.
2. The rents for the 28 Declaration Agreement Units should be calculated using the following methodology:

- a. The California Health and Safety (“H&SC”) §50093 definition of area median income should be applied.
  - b. 80% of the H&SC §50093 area median income, adjusted for family size appropriate for the unit, should be used as the benchmark income level for rent calculation purposes.
  - c. For affordable rent calculation purposes, the family size appropriate for the unit should be set at the number of bedrooms in the unit plus one.
  - d. 25% of the benchmark household income should be allotted to housing related expenses.
  - e. A utility allowance should not be deducted from the gross affordable rent.
3. A review of the Redondo Beach HP Seniors, LP (“Owner”) February 2022 rent roll indicates the following:
  - a. Three of the one-bedroom Declaration Agreement units were vacant in February 2022. Those three units should be rented as soon as possible.
  - b. The monthly rents for three of the one-bedroom Declaration Agreement units exceed the defined standards by \$13 to \$69.
4. The covenant period for the Declaration Agreement Units terminates in 2048.

### Restricted Units

The “Restricted Units” are subject to the requirements imposed by the 2004 Covenants Agreement and by the 2004 Bond Regulatory Agreement. The 2004 Covenants Agreement imposes a moderate income requirement on the units, while the 2004 Bond Agreement imposes a low income requirement on the units.

1. The following household income qualification standards should be imposed on the 41 Restricted Units:
  - a. The standards should be based on the actual household size and actual household income of the prospective tenant’s household; and

- b. The household income qualification standard should be set at 80% of the IRC §142 median income.
2. The rents for the 41 Restricted Units should be calculated as follows:
  - a. The IRC §142 definition of area median income should be applied.
  - b. 80% of the IRC §142 area median income , adjusted for family size appropriate for the unit, should be used as the benchmark income level for rent calculation purposes.
  - c. For affordable rent calculation purposes, the family size appropriate for the unit should be set at the number of bedrooms in the unit plus one.
  - d. 30% of the benchmark household income should be allotted to housing related expenses.
  - e. A utility allowance, based on information published annually by the Los Angeles County Development Authority (“LACDA”), should be deducted from the gross affordable rent to arrive at the maximum allowable tenant-paid rent.
3. Based on the Owner’s February 2022 rent roll, the rents charged for all 41 Restricted Units comport with the recommended affordable rent schedule.
4. The covenant periods currently in force are:
  - a. The covenant period for the 2004 Covenants Agreement expires in 2059.
  - b. The covenant period for the 2004 Bond Regulatory Agreement expires in 2038.

## Section 8 Rental Assistance Payments

The Project currently includes 16 units in which the tenants received Section 8 rental assistance payments from the United States Department of Housing and Urban Development (“HUD”). Using Fair Market Rents established by HUD for Los Angeles County as the base, the City establishes payment standards that more closely align to the Redondo Beach market characteristics.

KMA recommends that the First Amendment specifically allow the Owner to set the total rent for units that are receiving Section 8 rental assistance payments at the applicable payment standard. However, in all cases the tenant-paid rent must not exceed the defined affordable rent for the unit.

### Recommended Covenant Termination Date

The termination dates for the three agreements are currently set as follows:

1. The Declaration Agreement covenants terminate in 2048.
2. The covenants imposed by the 2004 Covenants Agreement terminate in 2059.
3. The 2004 Bond Regulatory Agreement covenants expire in 2038.

KMA recommends that First Amendment set September 2059 as the one single covenant termination date.

### SALIENT POINTS OF THE AGREEMENTS

#### Declaration Agreement

1. The Declaration Agreement imposes income and affordable housing cost requirements on 28 units in the Project:
  - a. 22 units must include one bedroom; and
  - b. Six units must include two-bedrooms.
2. Qualifying tenants are defined as lower income tenants who earn less than 80% of area median income. A definition of area median income is not included in the Declaration Agreement.
3. The rents for the affordable units are set at 25% multiplied times 80% of the area median income adjusted for family size:
  - a. Area median income is not defined.
  - b. The benchmark household size to be used for affordable rent calculation purposes is not defined.

4. No utility allowance deduction is applied to the gross rents.
5. The income and affordability covenants terminate in 2048.

### 2004 Covenants Agreement

1. The 2004 Covenants Agreement imposes income and affordable housing cost requirements on 41 units in the Project:
  - a. 31 units must include one bedroom; and
  - b. 10 units must include two bedrooms.
2. The affordable units are identified as moderate income units:
  - a. The income standard is defined as 100% of the area median income, adjusted for family size appropriate for the unit.<sup>1</sup>
  - b. Area median income is defined as the median income published by HUD annually. HUD publishes both an unadjusted median income and an adjusted median income for high cost areas. The 2004 Covenants Agreement does not identify which HUD data set should be applied.
3. The affordable rents are to be set using the following calculation methodologies:
  - a. The gross affordable rent is based on 30% multiplied times 80% of the area median income adjusted for family size appropriate for the unit. The net rent is equal to the gross affordable rent minus reasonable utility costs required to be paid the tenant.<sup>2</sup>
  - b. During the term of the 2004 Bond Regulatory Agreement, the affordable rents may be set at the rents imposed by the Bond Regulatory Agreement to the extent those rents are no less stringent than the requirements imposed by the 2004 Covenants Agreement.

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<sup>1</sup> The more typical household income qualification standard would be based on the actual household income of the prospective tenant rather than a benchmark income standard.

<sup>2</sup> The utility allowances published annually by LACDA have historically been used to establish the utilities allowances to be used in the affordable rent calculations.

4. The income and affordability covenants terminate in 2059.

### 2004 Bond Regulatory Agreement

1. The 2004 Bond Regulatory Agreement imposes income and affordability restrictions on 69 units in the project. These units are comprised of:
  - a. The 28 Declaration Agreement Units; and
  - b. The 41 units that are subject to the 2004 Covenants Agreement terms.
2. The household income qualification standards are defined as percentages of the area median income:
  - a. The 28 Declaration Agreement Units must be rented to households that earn less than 50% of the area median income as defined by IRC §142.
  - b. The 41 units that are restricted by the 2004 Covenants Agreement must be rented to households that earn less than 80% of the area median income as defined in IRC §142.
3. The affordable rents must be set as follows:
  - a. The 28 Declaration Agreement Units are subject to the following requirements:
    - i. The affordable rents for 14 units are based on the requirements imposed by the Declaration Agreement.
    - ii. The affordable rents for the other 14 units must be set at the lesser of the affordable rents set by the Declaration Agreement or 30% multiplied times 50% of the IRC §142 area median income, adjusted for family size appropriate for the unit.
  - b. The affordable rents for the 41 units that are restricted by the 2004 Covenants Agreement are calculated by multiplying 30% times 80% of the area median income defined by IRC §142, adjusted for family size appropriate for the unit.

4. No utilities allowances deduction is applied to the gross rents.
5. The income and affordability covenants terminate in 2038.

## RECOMMENDED HOUSEHOLD INCOME STANDARDS

Based on a review of the three agreements KMA recommends that the First Amendment clarify the restrictions to be imposed. It is further our opinion that these clarifications do not actually modify the most stringent standards imposed by the three agreements. The recommended clarifications are as follows:

1. In all cases, the household qualification standards should be based on the actual household size and actual household income of the prospective tenant's household. Benchmark standards should not be applied.
2. The following household income qualifications standards should be applied:<sup>3</sup>
  - a. The household income qualification standard for the 28 Declaration Agreement Units should be based on 50% of the area median income as defined in IRC §142.
  - b. The household income qualification standard for the 41 Restricted Units should be based on 80% of the IRC §142 area median income.

## RECOMMENDED AFFORDABLE RENT CALCULATION METHODOLOGIES

As discussed in the previous section of this analysis, several key terms were not defined in the existing agreements. In addition, a number of the defined terms are not based on state or federal statutes. Instead they are based on hybrid standards that are not explained in the agreements.

## Issues

The meaning of the undefined terms is subject to reasonable interpretation. The issues that KMA identified, and the resulting recommended affordable housing calculation methodologies, are discussed in the following sections of this analysis.

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<sup>3</sup> The applicable 2021 standards are presented in Table 2.



## DECLARATION AGREEMENT

A definition of area median income is not provided in the Declaration Agreement. However, the Declaration Agreement was based on the state density bonus statute that was in place in 1988. As such, it is reasonable to assume that the intention was for area median income to be based on standards defined by the California Department of Housing and Community Development (“HCD”).

## 2004 COVENANTS AGREEMENT

The 2004 Covenants Agreement requires 41 units to be set aside for moderate income households. The key issues associated with this agreement are:

1. Area median income is not a defined term. As such there is no way to determine whether area median income was intended to be based on the H&SC definition or on the IRC 142 definition.
2. Moderate income is defined as 100% of the area median income. This is not based on a state standard; moderate income is defined in H&SC §50093 as 120% of area median income. There is no comparable federal standard.
3. The affordable rents are set at 80% of the undefined area median income. Again, this is not a state standard as H&SC §50053 bases moderate income rents on 110% of area median income.

## 2004 BOND REGULATORY AGREEMENT

The 2004 Bond Regulatory Agreement includes specific definitions of area median income and the affordable rent calculation methodology to be imposed. The requirements are clearly articulated, and were described in the previous section of this analysis.

## Recommended Reconciliation of Affordable Rents

The affordable rent calculations that are applicable to the three affordable housing agreements are presented in Table 1. These calculations were prepared to assist in creating recommended affordable rent calculations for inclusion in the First Amendment.

## DECLARATION AGREEMENT UNITS

As shown in Table 1, the very low income rents that are imposed by the 2004 Bond Regulatory Agreement on 14 Declaration Agreement Units are higher than the low income rents that are applied to all 28 units by the Declaration Agreement. Thus, the Declaration Agreement rents shown in Table 1 must prevail.

## RESTRICTED UNITS

The 2004 Bond Regulatory Agreement and the 2004 Covenants Agreement were both executed on September 1, 2004. It is therefore reasonable to assume that the low income rents imposed by the 2004 Bond Regulatory Agreement were intended to be more stringent than the moderate income rents that were applied by the 2004 Covenants Agreement. If that was not the case, the 2004 Covenants Agreement would have been based on a low income requirement rather than on a City designed moderate income requirement.

Based on this assumption, the only difference between the rent calculations applied by the two 2004 agreements is that the 2004 Covenants Agreement requires a utility allowance to be deducted from the gross affordable rent.

In order to simplify matters going forward, KMA recommends that the following standards be applied to the Restricted Units in the First Amendment:

1. The units should be designated as low income units as defined in IRC §142 for units at 80% of the area median income.
2. The affordable rents should be calculated as follows:
  - a. The benchmark household income should be set at 80% of the IRC §142 area median income as adjusted for family size appropriate for the unit.
  - b. The benchmark household size should be based on the number of bedrooms in the unit plus one.
  - c. 30% of the defined household income should be allotted to housing related expenses.

- d. A utility allowance based on the schedule published annually by LACDA should be deducted from the gross rent to arrive at the allowable tenant-paid rent.

## Section 8 Rental Assistance Payments

A review of the Owner's February 2022 rent roll indicates that 16 designated affordable units are rented to tenants that receive Section 8 rental assistance payments from HUD. In each case, the tenant-paid share of the rent comports with the defined affordable rent standards.

Based on the Fair Market Rents established by HUD for the 90278 zip code, and the payment standards established by the City each year, the applicable monthly payment standards are currently:

1. One-bedroom units at \$1,814 per month; and
2. Two-bedroom units at \$2,337 per month.

All three agreements are silent on the issue related to the total rent that may be received by the Owner for units in which the tenants have Section 8 housing assistance vouchers. Currently the total rent received by the Owner from these units fall into the following categories:

1. The total rent payments received by the Owner from 13 of the units are less than the payment standards applied by the City.
2. The total rent payments received by the Owner for three of the units exceed the payment standards by \$32 to \$86 per month.

It is KMA's recommendation that the total rent for units with Section 8 rental assistance be set at the applicable monthly payment standard. However, in all cases the tenant-paid rent must not exceed the defined affordable rent for the unit.

## FEBRUARY 2022 RENT ROLL: AFFORDABLE RENT ISSUES

### Current Rents

In Table 3, KMA recreated the Owner's February 2022 rent roll for the Declaration Agreement Units and the Restricted Units. KMA reached the following findings based on the review of the rent roll.

### DECLARATION AGREEMENT UNITS

1. In February 2022 there were three vacant one-bedroom Declaration Agreement Units.
2. The current maximum allowable tenant-paid monthly rents are:
  - a. One-bedroom units at \$1,067; and
  - b. Two-bedroom units at \$1,200.
3. The rents being charged for the following one-bedroom units exceed the maximum allowable tenant-paid rent:
  - a. The rent for Unit 223 exceeds the maximum by \$69.
  - b. The rent for Unit 258 exceeds the maximum by \$13.
  - c. The rent for Unit 336 exceeds the maximum by \$69.
4. The tenant-paid rents for 19 of the units are current less than the maximum affordable rents:
  - a. The underpayment for one-bedroom units ranges from \$46 to \$212 per month; and
  - b. The underpayment for two-bedroom units ranges from \$187 to \$239 per month.
5. The tenants in two of the one-bedroom units and one of the two-bedroom units receive Section 8 rental assistance. In each case:

- a. The tenant-paid rent comports with the affordability requirements imposed by the Declaration Agreement; and
- b. The total rent revenue received by the Owner is less than the payment standard currently being applied by the City to units that receive Section 8 rental assistance payments.

### RESTRICTED UNITS

- 1. All 41 Restricted Units were occupied in February 2022.
- 2. Using the methodology described in the previous section of this analysis, the current maximum allowable tenant-paid rents are:
  - a. One-bedroom units at \$1,841; and
  - b. Two-bedroom units at \$2,065.
- 3. The tenant-paid rents for 28 of the units are currently less than the maximum affordable rents:
  - a. The underpayment for one-bedroom units ranges from \$85 to \$473 per month.
  - b. The underpayment for two-bedroom units ranges from \$198 to \$527 per month.
- 4. The tenants in 12 one-bedroom units and one two-bedroom unit received Section 8 rental assistance:
  - a. For the one-bedroom units the maximum tenant-paid monthly rent is \$1,841 and the Section 8 payment standard is \$1,814. The total rent received for nine of these units is less than the applicable payment standard. The rents for the following one-bedroom units exceed both the maximum monthly rent and the Section 8 payment standard:<sup>4</sup>

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<sup>4</sup> In each case the tenant-paid rent was less than the maximum affordable rent.

- i. The rent for Unit 144 exceeds the maximum affordable rent by \$59 and the Section 8 payment standard by \$86.
  - ii. The rent for Unit 205 exceeds the maximum affordable rent by \$5 and the Section 8 payment standard by \$32.
  - iii. The rent for Unit 360 exceeds the maximum affordable rent by \$5 and the Section 8 payment standard by \$32.
- b. For the two-bedroom unit the Owner received less than the applicable Section payment standard.

### Recommended Actions

1. KMA recommends that the affordable rent calculations methodologies described in this memorandum be defined in the First Amendment.
2. KMA recommends that the total rent for units with Section 8 rental assistance be set at the applicable monthly payment standard established by the City. However, in all cases the tenant-paid rent must not exceed the defined affordable rent for the unit. The applicable monthly payment standards are currently set as follows:
  - a. The one-bedroom unit monthly payment standard is \$1,814.
  - b. The two-bedroom unit monthly payment standard is \$2,337.
3. A number of tenants in the Project's 69 affordable units are currently paying lower rents than are allowed by the three agreements. The First Amendment should define a methodology for increasing the rents for these units over time in a manner that does not create economic displacement for those tenants.

## RECOMMENDED COVENANT TERMINATION DATE

KMA considered the following factors in recommending a single covenant termination date to be included in the First Amendment:

1. The First Amendment will provide clarification of definitions that are subject to multiple reasonable interpretations.
2. The existing agreements are silent on several salient points. The First Amendment will provide certainty on items that were not considered when the agreements were originally drafted.

Recognizing the benefits that the clarifications will provide to the Owner, KMA recommends that all the covenants terminate in September 2059. This is the longest remaining covenant period imposed by any of the three agreements.

TABLE 1

**AFFORDABLE RENT CALCULATIONS**  
**AFFORDABLE HOUSING COVENANTS ANALYSIS**  
**2021 INCOME DATA**  
**HERITAGE POINTE**  
**REDONDO BEACH, CALIFORNIA**

I. <u>Area Median Incomes</u> <sup>1</sup>		HCD	IRC §142
2 Persons		\$64,000	\$94,600
3 Persons		\$72,000	\$106,400
II. <u>Affordable Rent Calculations</u>		1-Bdrm Units	2-Bdrm Units
A. <u>Declaration Agreement</u> <sup>2</sup>			
Area Median Income (HCD AMI)		\$64,000	\$72,000
Benchmark Household Income as % of HCD AMI		80%	80%
Annual Household Income		\$51,200	\$57,600
Monthly Household Income		\$4,267	\$4,800
% of Income Allotted to Housing Expenses		25%	25%
Affordable Rent		\$1,067	\$1,200
B. <u>2004 Bond Regulatory Agreement</u> <sup>3</sup>			
Very Low Income Units <sup>4</sup>			
Area Median Income (IRC §142 AMI)		\$94,600	\$106,400
Benchmark Household Income as % of IRC §142 AMI		50%	50%
Annual Household Income		\$47,300	\$53,200
Monthly Household Income		\$3,942	\$4,433
% of Income Allotted to Housing Expenses		30%	30%
Affordable Rent - Very Low Income Units		\$1,183	\$1,330
Low Income Units <sup>5</sup>			
Area Median Income (IRC §142 AMI)		\$94,600	\$106,400
Benchmark Household Income as % of IRC §142 AMI		80%	80%
Annual Household Income		\$75,680	\$85,120
Monthly Household Income		\$6,307	\$7,093
% of Income Allotted to Housing Expenses		30%	30%
Affordable Rent - Low Income Units		\$1,892	\$2,128
C. <u>2004 Covenants Agreement</u> <sup>6</sup>			
Moderate Income Units			
Area Median Income (IRC §142 AMI)		\$94,600	\$106,400
Benchmark Household Income as % of IRC §142 AMI		80%	80%
Annual Household Income		\$75,680	\$85,120
Monthly Household Income		\$6,307	\$7,093
% of Income Allotted to Housing Expenses		30%	30%
Gross Affordable Rent		\$1,892	\$2,128
(Less) Utilities Allowance <sup>7</sup>		(51)	(63)
Net Affordable Rent		\$1,841	\$2,065



**TABLE 1**

**AFFORDABLE RENT CALCULATIONS  
AFFORDABLE HOUSING COVENANTS ANALYSIS  
2021 INCOME DATA  
HERITAGE POINTE  
REDONDO BEACH, CALIFORNIA**

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**Notes:**

- <sup>1</sup> In each agreement the benchmark household size is based on the number of bedrooms in the unit plus one. One-bedroom unit @ 2 persons and two-bedroom units @ 3 persons.
- <sup>2</sup> The applicable median income is defined as the Los Angeles County median income adjusted for family size. The source of this median income is not defined, but it has been assumed to be the median income published annually by HCD.
- <sup>3</sup> Defined as the median income for the Area as most recently determined by the Secretary of Treasury (which determination is required by Code §142(d)(2)(B)).
- <sup>4</sup> The Very Low Income household income restriction applies to all 28 Declaration Agreement affordable units. The Very Low Income Rent requirement applies to 14 of the Declaration Agreement affordable units. The lesser of the Declaration Agreement affordable rents and the Bond Regulatory Agreement rents applies.
- <sup>5</sup> Both household income qualification and affordable rent calculations for the Low Income units are defined terms that are explicitly based on the IRC §142 standards.
- <sup>6</sup> The Very Low Income unit requirements are the same as those imposed in the 2004 Bond Regulatory Agreement. As shown in this table, the Low Income Declaration Agreement rents are lower than the Very Low Income 2004 Bond Regulatory Agreement rents. As such, the Low Income Declaration Agreement rents apply.  
  
The income qualification standard for moderate income households is set at 100% of the Los Angeles County median income published by HUD. The affordable rent calculations are based on 80% of the Los Angeles County median income published by HUD. In accordance with Code §142, HUD publishes median incomes that are adjusted in high cost areas. Comparatively, HCD publishes median incomes that do not include those adjustments. Given that the standards being applied to the Moderate Income Units do not reflect the income qualification or the affordable rent requirements imposed by the Health & Safety Code, it is reasonable to assume that the Code §142 median incomes can be applied.
- <sup>7</sup> Based on the utilities allowances provided in the Urban Futures 9/30/21 affordable rent calculations.

**TABLE 2**

**HOUSHOLD INCOME QUALIFICATION STANDARDS  
AFFORDABLE HOUSING COVENANTS ANALYSIS  
2021 INCOME DATA  
HERITAGE POINTE  
REDONDO BEACH, CALIFORNIA**

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Household Size	Declaration Agreement Units	Restricted Units
	Very Low Income @ 50% of IRC §142	Low Income @ 80% of IRC §142
1 Person	\$41,400	\$66,240
2 Persons	\$47,300	\$75,680
3 Persons	\$53,200	\$85,120
4 Persons	\$59,100	\$94,560
5 Persons	\$63,850	\$102,160
6 Persons	\$68,600	\$109,760

TABLE 3

RENT IMPACT CALCULATIONS  
 AFFORDABLE HOUSING COVENANTS ANALYSIS  
 2021 INCOME DATA  
 HERITAGE POINTE  
 REDONDO BEACH, CALIFORNIA

I. Declaration Agreement Units

Unit #	Property Owner Rent Roll - February 2022			KMA Analysis		
	Tenant Paid Rent	Subsidy Received By Tenant	Total Rent Revenue	Affordable <sup>1</sup> Tenant Paid Rent	Subsidy <sup>2</sup> Received By Tenant	Total Rent Revenue
<b>A. One-Bedroom Units</b>						
126	\$855	\$0	\$855	\$1,067	\$0	\$1,067
131	\$1,036	\$0	\$1,036	\$1,067	\$0	\$1,067
148	\$855	\$0	\$855	\$1,067	\$0	\$1,067
152	\$1,006	\$0	\$1,006	\$1,067	\$0	\$1,067
221	\$901	\$0	\$901	\$1,067	\$0	\$1,067
223	\$1,136	\$0	\$1,136	\$1,067	\$0	\$1,067
225	\$901	\$0	\$901	\$1,067	\$0	\$1,067
228	\$855	\$0	\$855	\$1,067	\$0	\$1,067
233	\$855	\$0	\$855	\$1,067	\$0	\$1,067
239	\$855	\$0	\$855	\$1,067	\$0	\$1,067
254	\$855	\$0	\$855	\$1,067	\$0	\$1,067
258	\$1,080	\$0	\$1,080	\$1,067	\$0	\$1,067
303	\$855	\$0	\$855	\$1,067	\$0	\$1,067
311	\$0	\$0	\$0	\$0	\$0	\$0
325	\$0	\$0	\$0	\$0	\$0	\$0
335	\$272	\$653	\$925	\$272	\$653	\$925
336	\$1,136	\$0	\$1,136	\$1,067	\$0	\$1,067
337	\$1,021	\$0	\$1,021	\$1,067	\$0	\$1,067
349	\$0	\$0	\$0	\$0	\$0	\$0
351	\$855	\$0	\$855	\$1,067	\$0	\$1,067
411	\$831	\$714	\$1,545	\$831	\$714	\$1,545
415	\$855	\$0	\$855	\$1,067	\$0	\$1,067
<b>Monthly Totals: One-Bedroom Units</b>			\$18,382			\$20,603
<b>Monthly Increase / (Decrease)</b>						\$2,221
<b>B. Two-Bedroom Units</b>						
106	\$961	\$0	\$961	\$1,200	\$0	\$1,200
120	\$961	\$0	\$961	\$1,200	\$0	\$1,200
134	\$1,013	\$0	\$1,013	\$1,200	\$0	\$1,200
135	\$421	\$1,529	\$1,950	\$421	\$1,529	\$1,950
319	\$961	\$0	\$961	\$1,200	\$0	\$1,200
417	\$961	\$0	\$961	\$1,200	\$0	\$1,200
<b>Monthly Totals: Two-Bedroom Units</b>			\$6,807			\$7,950
<b>Monthly Increase / (Decrease)</b>						\$1,143
<b>C. Total Monthly Increase / (Decrease)</b>						<b>\$3,364</b>

TABLE 3

RENT IMPACT CALCULATIONS  
 AFFORDABLE HOUSING COVENANTS ANALYSIS  
 2021 INCOME DATA  
 HERITAGE POINTE  
 REDONDO BEACH, CALIFORNIA

II. Restricted Units

Unit #	Property Owner Rent Roll - February 2022			KMA Analysis		
	Tenant Paid Rent	Subsidy Received By Tenant	Total Rent Revenue <sup>3</sup>	Affordable Tenant Paid Rent	Subsidy Received By Tenant	Total Rent Revenue
<b>A. One-Bedroom Units</b>						
102	\$1,631	\$0	\$1,631	\$1,841	\$0	\$1,841
112	\$232	\$1,270	\$1,502	\$232	\$1,270	\$1,502
128	\$350	\$1,281	\$1,631	\$350	\$1,281	\$1,631
142	\$1,631	\$0	\$1,631	\$1,841	\$0	\$1,841
144	\$550	\$1,350	\$1,900	\$550	\$1,350	\$1,900
146	\$1,631	\$0	\$1,631	\$1,841	\$0	\$1,841
147	\$445	\$1,180	\$1,625	\$445	\$1,180	\$1,625
151	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
154	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
203	\$1,664	\$0	\$1,664	\$1,841	\$0	\$1,841
204	\$1,756	\$0	\$1,756	\$1,841	\$0	\$1,841
205	\$367	\$1,479	\$1,846	\$367	\$1,479	\$1,846
224	\$613	\$637	\$1,250	\$613	\$637	\$1,250
229	\$224	\$1,198	\$1,422	\$224	\$1,198	\$1,422
235	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
241	\$154	\$1,602	\$1,756	\$154	\$1,602	\$1,756
249	\$1,655	\$0	\$1,655	\$1,841	\$0	\$1,841
250	\$1,464	\$0	\$1,464	\$1,841	\$0	\$1,841
255	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
256	\$1,464	\$0	\$1,464	\$1,841	\$0	\$1,841
312	\$1,442	\$0	\$1,442	\$1,841	\$0	\$1,841
322	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
326	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
331	\$233	\$1,272	\$1,505	\$233	\$1,272	\$1,505
339	\$339	\$1,064	\$1,403	\$339	\$1,064	\$1,403
342	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
353	\$1,631	\$0	\$1,631	\$1,841	\$0	\$1,841
356	\$1,442	\$0	\$1,442	\$1,841	\$0	\$1,841
358	\$389	\$861	\$1,250	\$389	\$861	\$1,250
360	\$284	\$1,562	\$1,846	\$284	\$1,562	\$1,846
413	\$1,368	\$0	\$1,368	\$1,841	\$0	\$1,841
<b>Monthly Totals: One-Bedroom Units</b>			\$47,291			\$53,915
<b>Monthly Increase / (Decrease)</b>						\$6,624

TABLE 3

RENT IMPACT CALCULATIONS  
 AFFORDABLE HOUSING COVENANTS ANALYSIS  
 2021 INCOME DATA  
 HERITAGE POINTE  
 REDONDO BEACH, CALIFORNIA

**B. Two-Bedroom Units**

133	\$1,867	\$0	\$1,867	\$2,065	\$0	\$2,065
145	\$1,538	\$0	\$1,538	\$2,065	\$0	\$2,065
201	\$1,622	\$0	\$1,622	\$2,065	\$0	\$2,065
220	\$1,654	\$0	\$1,654	\$2,065	\$0	\$2,065
234	\$197	\$1,353	\$1,550	\$197	\$1,353	\$1,550
240	\$1,622	\$0	\$1,622	\$2,065	\$0	\$2,065
247	\$1,538	\$0	\$1,538	\$2,065	\$0	\$2,065
308	\$1,538	\$0	\$1,538	\$2,065	\$0	\$2,065
334	\$1,830	\$0	\$1,830	\$2,065	\$0	\$2,065
340	\$1,830	\$0	\$1,830	\$2,065	\$0	\$2,065
<b>Monthly Totals: Two-Bedroom Units</b>			\$16,589			\$20,135
<b>Monthly Increase / (Decrease)</b>						\$3,546

<b>C.</b>	<b>Total Monthly Increase / (Decrease)</b>	<b>\$3,546</b>
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<sup>1</sup> See TABLE 1. The affordable rent is set at the lesser of the Low Income Declaration Agreement rents and the Very Low Income 2004 Bond Regulatory Agreement rents. KMA assumed that the tenant paid rents would remain unchanged for units that are receiving outside rental subsidies.

<sup>2</sup> KMA assumed that the rental assistance subsidy dollar amounts would remain unchanged.

<sup>3</sup> See TABLE 1. The affordable rent is set at the lesser of the Low Income 2004 Bond Regulatory Agreement rents and the Moderate Income 2004 Covenants Agreement rents.