

## EXHIBIT "G"

### CASCADIA EMPLOYMENT BASED PLANNED COMMUNITY AFFORDABLE HOUSING PLAN

#### RECITALS

The Cascadia Development Corporation has applied to Pierce County for approval of the Cascadia Employment Based Planned Community (EBPC), a mixed-use community located on approximately 4,700 acres in east Pierce County south of Bonney Lake and northeast of the City of Orting. At completion, the Cascadia EBPC will provide a mix of residential, employment, open space, recreational and community land use opportunities. The project will be developed over a period of twenty years in three phases with each phase containing one or more divisions. It is anticipated that at buildout, residential densities in Cascadia will average four dwelling units per acre. This density average will be accomplished through the development of a range of low, moderate, and high-density single family projects and moderate and high-density multifamily projects. In the early stages of Cascadia, residential densities will average approximately two dwelling units per acre and will be predominately single family.

The provision of housing affordable to various economic segments of the Pierce County population and particularly people employed by businesses located in Cascadia is an important goal of the Cascadia EBPC. This Affordable Housing Plan is intended to ensure that development within the Cascadia EBPC meets this goal and contributes to the supply of a mix of housing types and densities within east Pierce County. The premise upon which this Affordable Housing Plan is based is that the best manner in which to maintain affordability is to provide housing within the appropriate price ranges and to implement an aggressive marketing and education program targeted to households within the identified income ranges. The Plan assumes a successful program must involve the efforts of the EBPC developer and home builders and appropriate government entities such as Pierce County and the State of Washington as well as the general real estate community including financial institutions, mortgage insurance companies, and real estate professionals. Participation may come in the form of appropriately priced housing, streamlined regulations, reduced mitigation payments, special loan programs, buyer education and prequalification programs and targeted marketing programs.

#### **Section I. Affordable Housing Supply**

##### Section 1.1 Affordable Housing Supply

A total of 20% of the housing in the Cascadia EBPC will be affordable to income qualifying households distributed evenly within the moderate and median income categories i.e. 10% moderate, and 10% median.

In addition, is a goal of Cascadia and Pierce County that 10% of the housing in the Cascadia EBPC be affordable to households in the low-income category. Such housing can only be provided on a private non-profit or publicly subsidized basis, or by Pierce County using funding programs available through the State and Federal governments. Consequently, no low-income housing will be required in any phase unless such programs are available for the purchase of land and the development of a project. Rather, Cascadia will set aside sufficient land for an adequate period of time to explore the interest of the County or an appropriately funded entity to purchase such land at a market rate value.

### Section 1.2 Affordable Housing Distribution

Affordable housing will be provided throughout the development of the Cascadia EBPC in order to ensure that such housing is reasonably dispersed throughout the community. The exact number to be required in each phase will depend upon the number of overall units approved for the phase. The affordable housing number and the general distribution of the units will be identified as a condition of development for that phase. The exact number of units and the location of each affordable project will then be identified and approved as each division of a phase is approved. Some divisions may not include affordable housing if it can be demonstrated that the requirement has been sufficiently addressed in previous divisions or that adequate land is available in future divisions to satisfy the requirements for the phase. Additionally, some divisions which have not specifically been designated affordable, may produce affordable housing that may count toward the Cascadia requirement, if that housing is priced according to the provisions of this Plan and sold to income qualifying households.

For the purposes of this Plan, the meaning of the term phase shall be as defined in the adopted PUD regulations and the term division shall mean a portion of a phase which is the subject of an application for approval of a residential subdivision or site plan.

### Section 1.3 Affordable Housing Agreements

At the time a division containing affordable housing is approved, a general covenant or legally binding agreement will be recorded against the affected land indicating that affordable housing conditions will apply when the property is developed. This general agreement will be replaced with a more specific covenant or legally binding agreement prior to the sale of land specifically intended as an affordable project to a builder. This final agreement must be signed by the EBPC developer, the builder, and Pierce County and will be recorded and run with the land until the conditions established for the property have been met. In the case of single family homes, the agreement will be recorded at the time of final plat recording; In the case of multifamily projects, the agreement will be recorded prior to the issuance of a building permit. Each agreement will specify density, tenure (ownership or rental), the number of affordable units to be included and the price or rental rate for the units. The formula for establishing price and rental rates is presented below in Section III.

In addition to the agreement described above, sufficient land to meet the low-income housing requirement within a particular phase may be set aside through an option agreement with Pierce County. Under such circumstances, Pierce County and the developer will enter into negotiations for an assignable five-year option for Pierce County to purchase the set-aside land. The option agreement will establish the exact location of the property and the material terms of the transaction, including but not limited to the purchase price, Cascadia design standards, and the number of units to be allocated to Cascadia's low-income housing requirements. The number of units allocated in the option agreement will be calculated based on the maximum units per acre allowed on the property by the Cascadia EBPC, phase, and specific plat approvals. The actual number of units constructed may differ from the agreed allocation. For affordable housing compliance purpose, if Pierce County constructs more units than the agreed allocation, the EBPC developer will receive credit for the actual number of low-income units built. If the County builds fewer units, Cascadia will still be given credit for the number identified in the option agreement.

The purchase price of the set-aside or option property will be the fair market value of the land. Fair market value will be determined assuming the entire site is developable, the property will be used to the maximum allowed by the zoning, and there are utilities and roads to and in front of the site. The land value will increase in proportion to the Consumer Price Index (CPI) for each year that the land is set aside, provided that the final price will not exceed the fair market value of the set-aside land at the time of purchase for Pierce County sponsored low-income housing development.

In the event that there is an unforeseen significant increase in the developer's cost of providing roads and/or utilities to the property due to governmental actions (fees, etc.) the developer will have the right to renegotiate the price of the land with the Department of Planning and Land Services, provided that any increase in land price will be limited to a proportional share of increased road and/or utility development costs.

If a fair price can not be agreed to by the Department of Planning and Land Services and the EBPC developer, either party may request that the Hearing Examiner mediate an agreement to resolve the deadlock.

The five-year period for exercising the option to acquire the set-aside land shall begin with the recording of the final plat approval or site plan approval for the land selected to be set-aside. If the County and the EBPC developer negotiate an option agreement relating to the set-aside land and the County fails to exercise the option within the five-year term of the option agreement, the set-aside land shall be released for development consistent with the land use plan adopted for the EBPC. If the land is released for other development, the overall project low-income affordable housing requirements will be reduced by the number of units allocated to the set-aside land.

## **Section II. Affordable Housing Definitions**

The following definitions will be utilized to define affordable housing in the Cascadia EBPC.

### **Section II. 1 Income Levels**

“Low-income” is an income level below eighty percent (80 percent) of the median income in Pierce County.

“Moderate Income” is an income level between eighty percent (80 percent) and one hundred percent (100 percent) of the median income for Pierce County.

“Median Income” is an income between one hundred (100 percent) and one hundred twenty percent (120 percent) of the median income for Pierce County.

Income levels used to determine low, moderate and median income ranges will be computed using U.S. Department of Housing and Urban Development (HUD) household income data for Pierce County. HUD data is updated annually and each update will be provided to the developer by the Department of Planning and Land Services for use in the calculation of home prices and rents. Income levels are defined by HUD by household size. A household's qualification as income eligible will be based on the income level corresponding to the household's size.

## **Section III. Affordable Housing Pricing and Rental Rates**

### **Section III. 1. Home Ownership Affordability Criteria**

The maximum price of for-sale housing qualifying in each income category will be established assuming the following criteria: 1) median income for Pierce County; 2) a 20% down payment for moderate and median income housing and a 5% down payment for low-income housing; 3) 33% of a household's income going to principal and interest, property taxes, and insurance; and 4) a 30 year fixed rate mortgage. Property tax calculations will be consistent with levy rates in Pierce County. The maximum price will be established in the three party agreement required at the time the property is sold to a builder for the development of the housing. The initial maximum sales price may be increased based upon: a) a published increase in median income; or, b) with the consent of the Pierce County Department of Planning and Land Services based on significant decreases (two percent or more) in fixed term mortgage interest rates. The initial maximum price may not be reduced.

Moderate and median income housing will be provided within the marketplace and as such will have no deed restrictions related to resale. Low-income housing, however, will be provided through subsidy programs and will therefore include deed restrictions related to resale, equity recapture, and other provisions required as a condition of public funding. If any low-income housing is provided without a subsidy no such deed restrictions will apply.

### Section III. 2. Rental Affordability Criteria

The maximum rents for housing qualifying in each income category will be established assuming the following criteria: 1) median income for Pierce County; and, 2) no more than 33 percent of a household's gross income goes to rent which may include water, sewer, garbage or other standard services provided by the landlord. Maximum rental rates will be established at the point of building permit application. These maximums will apply to the initial rent-up of a project only unless, in the case of low-income housing, a public subsidy is involved that may include long-term rent control. The intent of this approach is to introduce housing into the marketplace that will retain its affordability but can be funded through conventional builder financing programs. To demonstrate true affordability, the builder of the housing will submit as part of their building permit application an analysis of the rental market that indicates that the units to be provided will be constructed of a size and quality of finish and amenities consistent with other rental housing renting for similar affordable price points.

### Section IV. Mix of Housing Types

The Cascadia EBPC developer represents that a mix of for-sale and rental housing will be made available to households of various ages and lifestyles and will contain a reasonable number of units accessible to handicapped persons. The majority of the low-income requirement is expected to be provided through rental housing most likely built and managed by a non-profit housing developer. Housing for households with incomes falling within the moderate and median income categories may be for-sale and/or rental housing.

### Section V. Marketing to Income Qualifying Buyers and Renters

#### Section V. 1. Affirmative Marketing

A "Cascadia Affordable Housing Marketing Program" (Program) will be developed which will include an ongoing buyer education and prequalification element sponsored by the developer and an aggressive marketing element sponsored by the builder and developer when a division containing affordable housing is actively for-sale or for-rent. The aggressive marketing element will include regular advertising and targeted mailings throughout the sales period of the affordable product.

The goal of the education and prequalification element of the Program will be to recruit, educate and prequalify buyers within the targeted income groups. The effort will include participation from lending institutions, mortgage insurance companies, Realtors, and housing agencies. When appropriate, the effort will utilize the services of the Washington State Housing Finance Commission or any other entity that sponsors homeownership education workshops if that entity is approved by the Department of Planning and Land Services.

#### Section V.2. Marketing to Income Eligible Households

The education and prequalification element of the Program will begin approximately six months prior to the time the first home will be available in the Cascadia EBPC. The project specific marketing element of the Program will begin no later than sixty days (60) prior to the availability of the affordable for-sale or for-rent product and will include targeted mailings; brochures describing home plans and sizes, project and community amenities, and affordability; advertising in regional and local newspapers; and work with community organizations that may have clients with an interest in the housing.

All homes designated as affordable for the purposes of meeting the Cascadia requirements related to this Plan may be sold only to income qualifying households for a period of three months from the time the active sales period in a project begins. If at the end of that three month period, not all affordable units have sold, 30% of the remaining affordable units may be released for sale to any buyer as market rate housing. The remaining 70% may be sold only to income eligible households for a period of another 3 months after which any remaining affordable units may be sold to any buyer as market rate housing.

Regardless of the release rate experienced in each affordable project, pricing on affordable units (as determined using the formula established in Section III) must be maintained throughout the sales period of a project. The buyer education and prequalification and the targeted marketing programs must also be actively maintained throughout the sales period of the project.

## **Section VI. The Jobs to Housing Balance**

### **Section VI. 1. Marketing to Employees of Cascadia Businesses**

The EBPC developer and the builders of affordable housing will develop marketing programs targeted to employees in businesses that are located within the Cascadia project. Purchase and sale agreements for commercial properties will include a clause that allows such marketing provided that it is carried out using methods generally acceptable to the business community.

## **Section VII. Monitoring of Affordable Housing Requirements**

### **Section VII. 1. Monitoring Requirements for Specific Affordable Projects**

Once a residential project containing affordable housing begins selling or renting, the builder will submit quarterly reports to the EBPC developer identifying: 1) the total number of units in the project; 2) the number of affordable units by income category; 3) the sales price or rental rate of the affordable units; 4) the marketing efforts initiated for the affordable units; and, 5) the number of affordable units sold or rented in each income category during the previous six months.

Section VII. 2 Monitoring Requirements for the Overall EBPC

Starting January 1st following the one year anniversary of the date the first for-sale or rental housing is on the market, the EBPC developer will submit an annual report documenting the affordable housing transactions for the preceding calendar year. The EBPC developer will be responsible for annual reports for the duration of the build out the Cascadia EBPC. Annual reports will include the total number of units which have received building permits and final plat approvals, the number of units governed by recorded agreements and covenants, and the number of units sold or rented to qualifying households.

Records to determine compliance with the affordable sales or rental housing provisions of the Affordable Housing Program shall be available from the developer and the builder for audit by Pierce County, upon written request by Pierce County.