SECTION II.6

VILLAGE SIX COMPREHENSIVE AFFORDABLE HOUSING PROGRAM

A COMPREHENSIVE PLAN
FOR
THE PROVISION OF
AFFORDABLE HOUSING

Approved by the Chula Vista City Council
Resolution No. 2002-022
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II.6.1 INTRODUCTION

The City of Chula Vista ("City"), along with all other cities in California, is required by state law to have a Housing Element as a component of its General Plan. The Housing Element describes the housing needs of the community and the responses necessary to fulfill them.

The City of Chula Vista Housing Element of 1991 contains numerous objectives, policies and related action programs to accomplish these objectives. Key among these policies is the affordable housing policy which requires that residential development with fifty (50) or more dwelling units provide a minimum of 10% of the total dwelling units for low and moderate income households, one-half of these units (5% of the total project) being designated to low income and the remaining five percent (5%) to moderate income households.

In order to guarantee the provision of Affordable Housing opportunities, the City requires that a specific Affordable Housing Program ("AHP") and agreement be consistent with the Housing Element of the Chula Vista General Plan and be prepared and signed by the Developer. This Affordable Housing Program is intended to delineate how, when and where the units would be provided, intended subsidies, income rent restrictions and methods to verify compliance. The program may be implemented through various mechanisms including development agreements, tentative map conditions, and specific housing project agreements which may impose additional terms and conditions consistent herewith.

The Village Six Comprehensive Affordable Housing Program, as used herein, applies to all neighborhoods within the Village Six SPA in the Otay Ranch General Development Plan. However, there are two separate ownership interests within the Village Six SPA and the obligations have been separated accordingly.

The Village Six Comprehensive Affordable Housing Program is consistent with the City's affordable housing policies Within the McMillin portion, 35 low income and 35 moderate income units are required. That low-income obligation may be satisfied by the use of credits from both Rancho del Rey (17 credits) and the Teresina project in Village 5 (12 credits), and subject to the terms and conditions outlined in the Affordable Housing executed on February 10, 1990 (known as Document No. 1998.0115872 recorded in the San Diego County Recorder's office). Any remaining low-income units will be satisfied by providing granny flat units within neighborhoods R-1 and R-3, or the requirement may be deferred to a future Village wherein McMillin has sufficient multi-family units (Village 7 or planning area 12). The moderate-income units will be provided within neighborhood R-10, planned as market rate condominium units Within the Otay Ranch Company portion, 67 low income and 67 moderate income housing units are required. The low-income obligation may *be satisfied at the Otay Ranch Company's discretion by either the use of*

existing credits from the Otay Ranch Village One R-47/C-1 affordable housing project, and/or the provision of low income housing units on neighborhood R7b, or R-8, orR-9b in Village 6. The moderate income units will be provided within neighborhoods R-7a, R-8 or R-9a. Village Six is planned to include a total of 2086 housing units.

The location of candidate low and moderate income housing sites is shown on Exhibit 1, Low and Moderate Income Housing Sites. *To the extent that the property owner satisfies its, low and/or moderate housing obligations on one or more of these candidate sites, the selection of which site or sites to use shall be entirely on the property owner's discretion. In the event that the provision of low and/or moderate income housing units in Village 6 results in the provision of more units than required herein, the property owner or its successors or assigns shall be permitted to use such excess credits elsewhere within the boundaries of the Otay Ranch General Development Plan.*

II.6.2 DEFINITIONS

Affirmative Marketing Plan:

An outline that details actions the developer will take to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, sex, sexual orientation, marital status, familiar status, color, religion, national origin, ancestry, handicap, age, or any other category which may be defined by law now or in the future.

Low Income Household:

A household of persons who claim primary residency at the same unit with combined incomes that do not exceed 80% of the Area Median Income for the San Diego area (adjusted annually) based on household size., as established by and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and as also published in the California Administrative Code. See Exhibit "___" for the annual income limits as published by the United States Department of Housing and Urban Development (HUD). Household size is calculated by the number of persons residing at the same unit as their primary residency.

Moderate Income Household:

A household of persons who claim primary residency at the same unit with combined incomes between 80% to 120% of the Area Median Income for the San Diego area (adjusted annually) based on household size, as established by and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and as also published in the California Administrative Code. See Exhibit "___" for the annual income limits as published by the United States Department of Housing and Urban Development (HUD).

Household size is calculated by the number of persons residing at the same unit as their primary residency.
San Diego Area Median Income:

The San Diego County area median income level as determined from time to time by the Department of Housing and Urban Development, United States Government, based on household size.

Subsidized Financing:

Any financing provided by any public agency specifically for the development and construction of low or moderate income housing units, including but not limited to the following:

- Low Income Housing Tax Credits (LIHTC) – statewide competition;
- Housing Bonds – State;
- Housing Bonds – City;
- Redevelopment Low and Moderate-income Housing fund – Redevelopment Agency;
- HOME – City and County;
- CDBG – City; and,
- Other Public Financing – State and Federal

II.6.3. NEEDS ASSESSMENT

According to SANDAG's Preliminary 2020 Cities/County Forecast, Chula Vista is expected to gain 46,000 new residents and 13,801 new households. The characteristics of the City's population, housing, and employment that affect its housing goals, policies, and programs include:

- Chula Vista residents have household income and age characteristics that nearly match the regional median.
- The population has more diversity in race/ethnicity than the region, in that 44 percent of the population is white (non-Hispanic) and 42 percent is Hispanic (all races), this compares to 61 percent and 23 percent respectively.

- Household size is slightly larger than the region, at 3.0 persons per household for Chula Vista, compared to 2.83 persons per household for the region.

- A large supply of vacant developable land is planned for communities with a wide variety of densities and land use types.

- The well established neighborhoods and master planned neighborhoods create different opportunities and require a different set of policies and programs to address housing needs.

- The City's diverse employment base will grow by more than 47 percent between 1995 and 2005, with the majority of growth in the retail, service, and government sectors.

- A high rate of new home construction is anticipated due to the many approved master planned communities in the City.

- Reinvestment in the well-established neighborhoods of Western Chula Vista continues to be needed.

- Approximately 13,000 units will be 50 years or older by 2004.

- A home ownership rate of 53 percent is nearly the same as the region's rate of 54 percent.

- The very low rental vacancy rate of 1.1 percent indicates likely increased housing costs and greater likelihood of over-crowding.

- The median housing cost (resale) of $177,000 is $18,500 less than the region's median cost of $195,500.

- Average rents are 10 percent to 30 percent lower than the region wide average rents.

The City has two sets of numerical housing goals established by SANDAG, which are also addressed in the Housing Element; the City's share of the region's future housing needs (regional share goals) and the affordable housing goal for self-certification. The total regional share goal is 10,401 new housing units of which 1,889 are very low-income units and 1,535 are low-income units. The estimated affordable housing goal for self-certification in 2004 is 1,029 housing opportunities for low-income households.

II.6.4 VILLAGE SIX AFFORDABLE HOUSING PROGRAM

II.6.4.1 LOW INCOME HOUSING

- Requirements

The Village Six development is required to provide a minimum of 10% of the number of permitted dwelling units as affordable housing, of which one-half shall be provided as low income housing and one- half will be provided as moderate income housing

Based on the total number of permitted dwelling units, a total of 204 low and moderate-income housing units are required to be provided, of which 102 will be provided for low-income households, and 102 will be provided for moderate-income households. *The McMillin obligation is to provide 35 low-income and 35 moderate income units. The Otay Ranch Company obligation is to provide 67 low-income and 67 moderate income units.*

- Types of Affordable Housing

The housing policies and programs established in the City of Chula Vista General Plan Housing Element advocate a broad variety and diversity of housing types. The affordable housing obligations of Village Six development will be met through a combination of housing types that may include rental housing, "for-sale" housing, second dwelling units or other forms of housing. In general, low income housing needs will be satisfied through the provision of rental units and "for-sale" housing. *It is anticipated that* housing opportunities to meet the need of moderate-income households will be primarily provided by "for-sale" housing, *but rental units shall not be precluded or discouraged.* In addition, McMillin is utilizing credits available from excess units built in prior projects in Rancho del Rey and Otay Ranch Village 5. Otay Ranch Company is utilizing excess credits from a project in Village One of SPA I.

- Site Selection Criteria

The location of affordable housing developments shall take into consideration proximity and availability of the following:

a. Existing or proposed public transit facilities, including bus routes along arterial highways, or transportation routes;

b. Existing or proposed community facilities and services, such as retail, commercial and support services, public facilities and schools; and,

c. Existing or future employment opportunities.

Every effort will be made to ensure compatibility with adjacent residential units (i.e., densities, design, etc.).

- Design

Affordable housing shall be compatible with the design and use of the market rate units, in terms of appearance, materials, and finish quality. The developer shall have the option of reducing the interior amenities, levels, and square footage of the affordable units.

- Unit Mix By Bedroom Count

The affordable units shall have an overall unit mix by bedroom count which reflects the appropriate community need. Given that 14 percent of the households in Chula Vista (according to the 1990 Census) are large families of five persons or more and a desire on the part of the City to have housing opportunities for these families throughout the City, proposed affordable housing developments shall provide a minimum number of three or more bedrooms. A minimum of fifteen (15) percent of the required affordable units shall have three or more bedrooms to meet the needs of larger families. Affordable housing to be sold and occupied by income eligible households (for sale units) shall also provide a minimum of two bedrooms.

Should the developer satisfy the affordable housing obligation through the provision of housing for senior citizens as defined by Section 51.3 of the California Civil Code, the developer does not need to provide three bedroom units. However, the developer may only satisfy such obligation through the provision of housing for senior citizens if the City considers such housing to be a high priority need *and/or* it provides advantages as to location, diversity of housing types, and/or affordability levels *and/or* other factors deemed to be of significant concern by the City.

- Affordable Housing Credits For Large Units

Given that 14 percent of the households in Chula Vista, according to the 2000 Census, are large families of five persons or more and a lack of large units to accommodate these households, the city desires to encourage the development of large family units of three or more bedrooms. The City will provide a*n* additional 0.5 unit credit for those three bedroom units created and a 1 unit credit for those four bedroom units.

- Low Income Housing Sites

Sites have been selected *as potential sites* for low income housing units within Village Six (See Exhibit 1). *To the extent a property owner is required to satisfy its obligations herein within Village Six, the selection of which of the potential sites within the property owner's ownership is to be used, shall be solely within the property owner's discretion.*

- Phasing

The low income housing units have been provided in prior phases of Otay Ranch Development. The additional six units required of the McMillin Company will be provided either by utilizing "granny-flat" units in the initial phase of development, or by transferring the remaining obligation to a future Village. *The additional 67 units required of the Otay Ranch Company will be provided, at the Otay Ranch Company's discretion, either by use of its existing credits from the Otay Ranch Village One R-47/C-1 affordable housing project or the provision of low income housing units on Neigborhoods R7b, R-8. The Otay Ranch Company may also use "granny flats" in single-family neighborhoods to satisfy the obligation or pay fees in lieu.*

- Implementation Schedule

Low Income Housing **Village Six Comprehensive Affordable Housing Program**	
Timing	**Items to be Completed**
McMillin: Prior to "B" Map for Neighborhoods R-1 and R-3 *Otay Ranch Co: Prior to "B" Map for Neighborhood R-7b, R-8 and R-9b*	In order to respond to the unique conditions of each development, McMillin or Otay Ranch Company may, at the sole descretion of City Council, enter into an Agreement to satisfy their respective low income affordable housing obligation through the following options: 1. Provisions of affordable for-sale or rental housing units at those identified candidate sites; 2. Second Dwelling units; 3. Utilizing available affordable housing credits; 4. Defer obligation to a future Village wherein McMillin

- Contingency Plan

Developer shall diligently pursue completion of the construction of the low-income housing units as per the above implementation schedule. However, if the performance obligations are not achieved as per the implementation schedule, in addition to any and all other rights and remedies the City may have to enforce Developer's affordable housing obligations, the

City shall have the right to require that the surplus low-income units be automatically used to satisfy the low-income housing obligation of Village Six. In any event, each owner within Village Six shall only be obligated to perform according to their respective Affordable Housing Agreement.

II.6.4.2 MODERATE INCOME HOUSING

- Moderate Income Housing Requirements

Village 6 includes 2,086 housing units of which five percent (5%), or 105, must be moderate income housing units. The moderate income housing obligation may be met through a combination of housing types including rental and "for sale" housing.

- Moderate Income Housing Sites

Various neighborhoods have been selected as the sites for moderate income housing units within Village Six. The location of these neighborhoods are distributed throughout the project (refer to Village Six SPA Plan).

=Phasing

The moderate income housing for McMillin, 35 units, would be completed in the initial phase of their ownership in Parcel R-10, which contains 212 market rate condominium units. Implementation Schedule

Moderate Income Housing Village Six Comprehensive Affordable Housing Program McMillin (Blue Phase)	
Timing	**Items to be Completed**
Prior to "B" Map for R-10	Enter into an Affordable Housing Agreement that specifies the timing of provision of the 35 moderate-income units within R-10.
Moderate Income Housing Village Six Comprehensive Affordable Housing Program Otay Ranch Company (Green and Yellow Phase)	
Timing	**Items to be Completed**
Prior to initial "B" Map for R-7b, R-8 or R-9b	Enter into an Affordable Housing Agreement that specifies the timing of provision of the 67 moderate-income units.

II.6.4.3 AFFORDABLE HOUSING RESTRICTIONS

- Income Eligibility

To determine the eligibility of a household for the low income housing unit, the household purchasing or renting the affordable unit must qualify as a low income household, as established by and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and as also published in the California Administrative Code. See Exhibit 2 for the annual income limits as published by the United States Department of Housing and Urban Development (HUD).

- Affordable Monthly Rents

For rental housing, compliance with the affordable housing requirements is determined by verifying that the total rent cost paid by the tenant is considered affordable as defined below.

To determine affordable rent costs, monthly "Affordable Rent" includes all actual or projected monthly payments for the following:1

- Use and occupancy of a housing unit and the associated land and facilities;
- Any separately charged fees and service charges assessed by the lessor which are required by all tenants but is not to include security deposits;
- A reasonable allowance for utilities (including garbage collection, sewer, water, electricity, gas and other heating, cooking, and refrigeration fuels but not to include telephone service, cable TV, or high speed modem) as defined by the Federal Regulations for the Tenant Based Rental Assistance Program; and,
- Possessory interest taxes or other fees and charges assessed for use of the associated land and facilities by a public or private entity other than the lessor.

1 25 California Code of Regulations Section 6918

Affordable monthly rent is not to exceed the following calculations:

- Very Low Income: 50 percent of the Area Median Income (AMI) for San Diego County, adjusted for household size appropriate for the unit, multiplied by 30 percent and divided by 12.
- Low Income: 80 percent of the Area Median Income (AMI) for San Diego County, adjusted for household size appropriate for the unit, multiplied by 30 percent and divided by 12.
- Moderate-income: 120 percent of the Area Median Income (AMI) for San Diego County, adjusted for household size appropriate for the unit, multiplied by 28 but not more that 35 percent and divided by 12.

Should subsidized financing and other incentives from a public agency be proposed and obtained, the affordable monthly rent shall be dictated by such program or granting Agency. If no affordable rent is specified, affordable monthly rents shall be established in accordance with Section 50053 of the California Health and Safety Code.

- Affordable Housing Costs for Owner Occupied Housing

For ownership housing (for sale units), compliance with the affordable housing requirements is determined by verifying that the sales price paid by the buyer equates to a total housing cost that is considered affordable as defined below.

To determine affordable housing costs, monthly "Housing Payments" includes all actual or projected monthly payments for the following:

- Principal and interest on a mortgage loan, including rehabilitation loans, at the time of initial purchase by the home buyer;
- Allowances for property and mortgage insurance;
- Property taxes and assessments; and
- Homeowner association fees.

Affordable monthly housing payments are not to exceed the following calculations:

- Very Low Income: 50 percent of the Area Median Income (AMI) for San Diego County, adjusted for household size appropriate for the unit, multiplied by 30 percent and divided by 12.
- Low Income: 80 percent of the Area Median Income (AMI) for San Diego County, adjusted for household size appropriate for the unit, multiplied by 30 percent and divided by 12.

- Moderate-income: 120 percent of the Area Median Income (AMI) for San Diego County, adjusted for household size appropriate for the unit, multiplied by 28 but not more that 35 percent and divided by 12.

Should subsidized financing and other incentives from a public agency be proposed and obtained, the affordable monthly housing payment shall be dictated by such program or granting Agency. If no affordable monthly housing payment is specified, the affordable monthly housing payment shall be established in accordance with Section 50052.5 of the California Health and Safety Code.

- Underwriting Requirements

To ensure the preservation of affordability of proposed low and moderate-income housing and the financial viability of program participants, the City shall encourage the following policies:

- Fixed rate mortgages only. No adjustable rate mortgages;
- Affordable monthly housing payments not to exceed 33 percent of household income ("Front End Ratio"). Total debt payments not to exceed 45 percent of household income ("Back End Ratio");
- No "teaser" rates; and,
- No non-occupant co-borrowers.

- Resale Provisions of Owner Occupied Housing

In order to ensure the continued affordability of the units, resale of the units must be restricted for the required term of thirty (30) years. After initial sale of the affordable units to a low-income household, all subsequent buyers of such units must also be income eligible and the unit must be sold at an affordable price. A developer may opt to have no income or sales price restriction for subsequent buyers, provided however that restrictions to the satisfaction of the City are in place that would result in the recapture by the City or its designee of a financial interest in the units equal to the amount of subsidy necessary to make the unit affordable to a low income household and a proportionate share of any equity, to be determined and specified within the Affordable Housing Agreement executed for the proposed affordable housing development. Funds recaptured by the City shall be used to provide assistance to other identified affordable housing production or contributions to a special needs housing project or program. To the extent possible, projects using for-sale units to satisfy the obligations of developers under the City's Affordable Housing Program shall be designed to be compatible with conventional mortgage financing programs including secondary market requirements.

- Term of Affordability Restrictions

Should subsidized financing be proposed and obtained, income and rent restrictions for an affordable rental project shall be implemented for the remaining life of the project, which is presumed to be a minimum of fifty-five (55) years from the date of completion of the final inspection for each structure. In the event that no subsidized financing is obtained, such affordability restrictions shall remain in effect for thirty (30) years from the date of completion of the final inspection for each structure. The term of affordability and resale restrictions for affordable for-sale units is more appropriately described above, "Resale Provisions of Owner Occupied Housing".

- Priority For Occupancy or Sale of Units

Priority for the occupancy or sale of income or rent restricted units shall be given to individuals who have been residents of or employed within the City of Chula Vista for a minimum of one year prior to application.

II.6.4.3 SUBSIDIES, INCENTIVES AND FINANCING MECHANISMS

The City agrees to use its reasonable best efforts to assist the developer in pursuing the benefit of certain financing mechanisms, subsidies, and other incentives to facilitate the provision of affordable housing for low and moderate income households to the extent such resources and programs for this purpose are available. These mechanisms, subsidies, and incentives, which could reduce the cost of providing affordable housing, include, but are not limited to, local, state and federal subsidies, City density bonuses, planning and design and development techniques and standards, and City fee subsidies, deferrals or waivers (collectively, the "Cost Reducing Mechanisms").

Potential subsidies, incentives, and financing mechanisms that may be used to facilitate the provision of affordable housing include the following:

- Low Income Housing Tax Credits (LIHTC) - statewide competition;
- Housing Bonds - State;
- Housing Bonds - City;
- Redevelopment Low and Moderate-income Housing fund - Redevelopment Agency;
- HOME - City and County;
- CBDG - City; and
- Other Public Financing - State and Federal.

This list is not intended to limit the use of other subsidies, incentives, or other financing mechanisms that are now available or may become available in the future.

The parties acknowledge that the City is not hereby committing and cannot guarantee the availability of any Cost Reducing Mechanisms to the Developers for Village Six. The City reserves the right to approve or disapprove, in its sole discretion, any developer request for substantial financing.

- Density Bonus

Projects which meet the applicable requirements of State Law (Government Code Section 65915) as a result of the affordable housing units are entitled to a density bonus or other additional incentives in accordance with the provisions of such law.

II.6.4.4 COMPLIANCE REPORTING

All Compliance Reports shall be submitted to the City of Chula Vista Community Development Department and an independent trustee hired by the Developer to monitor the Developer's compliance. The requirements imposed by providers of subsidized financing or other Cost Reducing mechanisms may replace the terms described below if City so approves.

Rental Units' Compliance Packet and Audit

a. Should a Developer seek approval by the City to credit a tenant toward its low income housing obligation, the Developer must give the City, at a minimum, a compliance packet including the following:

- Supplemental Rental Application - Exhibit 3
- Semi-Annual Report - Exhibit 4-A, 3-B, 3-C
- Authorization to Release Information by Purchaser
- Acknowledgment that the Information is for City's Reporting and Administration Use Only

Developer shall not be required to perform any extraordinary investigation or verification regarding such information other than Developer's usual and customary means of income verification. Developer shall retain the Supplemental Rental Application and any supporting documents for a period of at least three (3) years after the applicant ceases to occupy a low income housing unit.

b. Should a Developer seek approval by the City to credit a dwelling unit towards its moderate income housing obligation, the Developer must give the City, at a minimum, a report verifying compliance with the terms of this document and/or the subsidized financing program:

- Annual Moderate Income Affordable Rental Housing Monitoring Report (Exhibit ___).

Developer shall retain any supporting documents for a period of at least three (3) years after the initial occupancy of the unit to verify the accuracy of the monitoring report.

Developer shall not be required to perform any investigation or verification of income for purposes of qualifying the household for moderate income eligibility.

c. A household occupying a designated low income unit whose annual income increases subsequent to occupying said unit (referred to as "over income household") and thus exceeds the 80% of area median income, need not vacate the apartment. However, at the Developer's discretion, this over income household's monthly rent (including utilities) may be increased to the market rate. Regardless of a rent increase, the Developer can no longer credit this over income household toward its 5% low income requirement and is obligated to replace this unit by renting the next comparable unit to a low income household as per the paragraph below. Thus, the Developer shall ensure appropriate language is included in the lease requiring tenant to provide income information biannually and acknowledge that should its income increase, the household may be subject to a higher rent. Adjusted monthly incomes can be calculated using rules according to the HUD Handbook 4350/3 Occupancy Requirements for HUD Subsidized Multifamily Housing.

The location of the designated units may change over time (to be referred to as "floating units") as long as the total number of affordable units remains constant and that substituted units are comparable in terms of size, features, and the number of bedrooms, as determined by the Director of the Community Development Department. If the over income household does not vacate the unit, the Developer must assure that when the next comparable apartment becomes vacant, the newly available unit must be rented to a low and/or moderate income household, as a floating unit, to replace the previously designated unit no longer housing a low income household. If the over income household chooses to leave, the vacated unit retains its low income unit designation.

If a residential apartment complex is designated as 100% low income, the over income household will not be required to vacate, if it pays the increased rent, and the unit will not be replaced with a "floating unit". When the over income household vacates the unit, the unit retains its low income unit designation.

c. If the city determines that an outside audit is necessary to verify the accuracy of the submitted rent roll, then on a basis no more frequently than once a year, it may

require such an audit at the expense of Developer. In such event, within ten (10) days after delivery of the City's written request for such outside audit, Developer shall deliver to the City the names of three (3) certified public accountants doing business in the Metropolitan San Diego area. City will promptly deliver to Developer notice of approval by the City of one or more of said names.

The audit shall be completed by an approved certified public accountant, at Developer's sole cost and expense, within sixty (60) days after the delivery to Developer of City's approval. The certified public accountant shall promptly deliver a copy of the written audit to the City. Such audit shall be an audit of Developer's records, including the information supplied to Developer by the low income tenants. The auditor shall not be required to verify the accuracy of the information provided by the low income tenants.

- Home Ownership Units' Compliance Packet

Should Developer seek approval by the City to credit a home purchase toward its low income housing obligation, the Developer must give the City at a minimum a compliance packet including the following:

- Copy of Settlement Sheet
-
- Final 1003 Uniform Underwriting Transmittal Summary Settlement Statement and Good Faith Estimate
- Verification of low income buyer completed by developer under or on behalf of the City

Developer shall not be required to perform any extraordinary investigation or verification regarding such information other than Developer's usual and customary means of income verification.

Developer may contact the City's Community Development Housing Division's Housing Coordinator to confirm the City's acceptance of the applicant as credit toward Developer's low income housing unit obligation. Developer may contact the City prior to the sale of the unit for consultation purposes if desired; however, approval will be given in writing only after required documents are reviewed and accepted by the City.

Should Developer seek approval by the City to credit a home purchase toward its moderate income housing obligation, the Developer must give the City at a minimum a compliance packet including the following:

- Homebuyer's Qualifying Form (Exhibit 6).

Developer shall retain any supporting documents, such as copies of settlement sheets, the Final 1003 or other appropriate documents, for a period of at least three (3) years after the initial sale of the unit to verify the accuracy of the monitoring report.

Developer shall not be required to perform any investigation or verification of income for purposes of qualifying the household for moderate income eligibility.

II.6.4.5. AFFIRMATIVE MARKETING PLAN

Developer shall provide a marketing plan acceptable to the City, in the City's reasonable discretion, for proactively marketing the low and moderate income housing units to low and moderate income tenants and purchasers, respectively, at the time specified in the Implementation Schedules in Sections A5 and B4 above. Developer shall use good faith and reasonable best efforts to market the low and moderate income housing units to low and moderate income tenants and purchasers according to the affirmative marketing plan. See Exhibit 7, attached hereto, which sets forth the plan requirements.

The City will in its discretion use good faith and reasonable best efforts to assist Developer in marketing low and moderate income housing units to low and moderate income tenants and purchasers, obtaining the services of a third-party organization in connection with such marketing efforts, processing the applications of prospective tenants and purchasers of low and moderate income housing units, and complying with the reporting requirements as required herein.

II.6.4.6 IMPLEMENTING AGREEMENTS AND CONDITIONS

This AHP may be implemented through various mechanisms including development agreements, tentative map conditions, and specific housing project agreements which may impose additional terms and conditions consistent herewith.

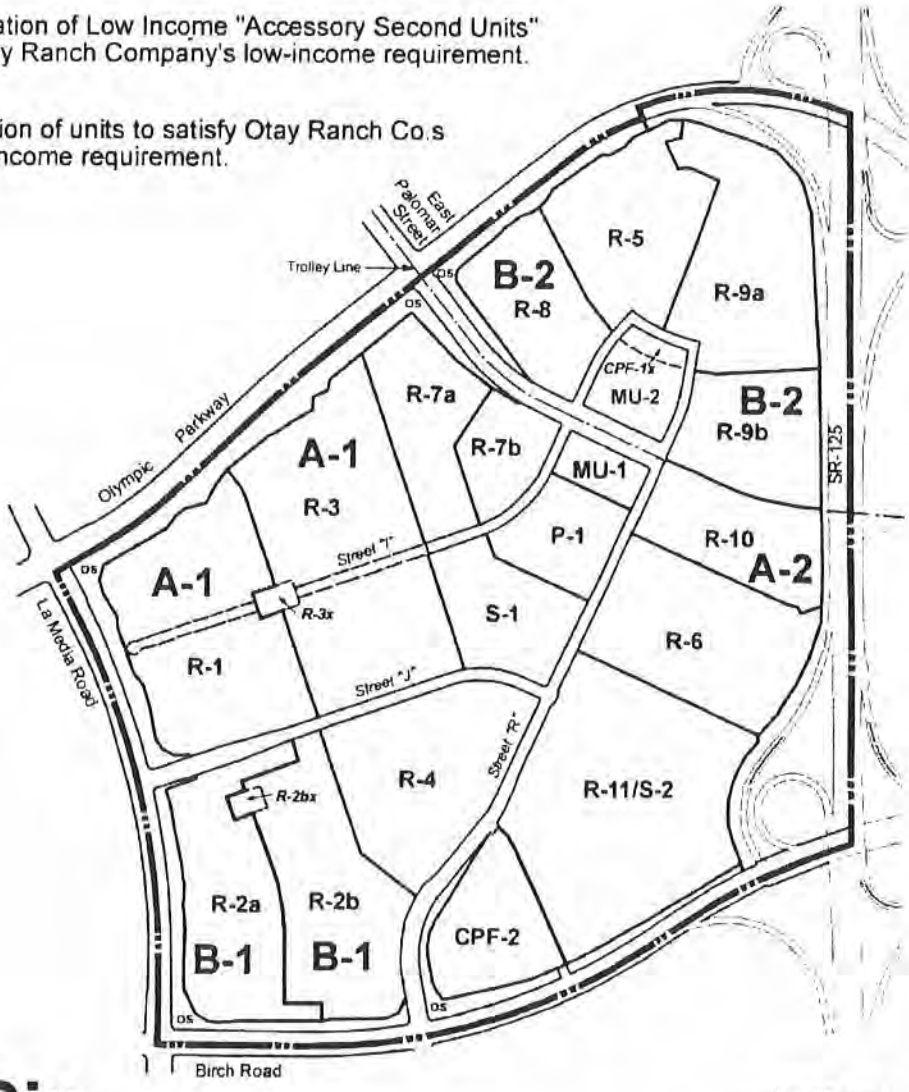
Potential Affordable Housing Sites

A-1 Potential Location of Low Income "Accessory Second Units" to satisfy McMillin's low-income requirement.

A-2 Location of units to satisfy McMillin's 35 unit Moderate Income requirement.

B-1 Potential Location of Low Income "Accessory Second Units" to satisfy Otay Ranch Company's low-income requirement.

B-2 Potential location of units to satisfy Otay Ranch Co.s 67 Moderate Income requirement.



Village Six
Otay Ranch General Development Plan

Land Planning
11/30/01

Exhibit 1

CITY OF CHULA VISTA

INCOME AND MAXIMUM HOUSING EXPENSES FOR LOWER AND MODERATE-INCOME HOUSEHOLDS

(Based upon 2001 HUD Median Income Data Effective April 6, 2001)

HOUSEHOLD SIZE	30% VERY LOW INCOME				40% VERY LOW INCOME				50% VERY LOW INCOME			
	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%
ONE	$11,950	$996	$249	$299	$15,950	$1,329	$332	$399	$19,900	$1,658	$415	$498
TWO	$13,650	$1,138	$284	$341	$18,200	$1,517	$379	$455	$22,750	$1,896	$474	$569
THREE	$15,350	$1,279	$320	$384	$20,500	$1,708	$427	$513	$25,600	$2,133	$533	$640
FOUR	$17,050	$1,421	$355	$426	$22,750	$1,896	$474	$569	$28,450	$2,371	$593	$711
FIVE	$18,450	$1,538	$384	$461	$24,600	$2,050	$513	$615	$30,750	$2,563	$641	$769
SIX	$19,800	$1,650	$413	$495	$26,400	$2,200	$550	$660	$33,000	$2,750	$688	$825
SEVEN	$21,150	$1,763	$441	$529	$28,200	$2,350	$588	$705	$35,300	$2,942	$735	$883
EIGHT	$22,550	$1,879	$470	$564	$30,050	$2,504	$626	$751	$37,550	$3,129	$782	$939

HOUSEHOLD SIZE	60% LOW INCOME				70% LOW INCOME				80% LOW INCOME			
	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%
ONE	$23,900	$1,992	$498	$598	$27,900	$2,325	$581	$698	$31,850	$2,654	$664	$796
TWO	$27,300	$2,275	$569	$683	$31,850	$2,654	$664	$796	$36,400	$3,033	$758	$910
THREE	$30,750	$2,563	$641	$769	$35,850	$2,988	$747	$896	$40,950	$3,413	$853	$1,024
FOUR	$34,150	$2,846	$711	$854	$39,850	$3,321	$830	$996	$45,500	$3,792	$948	$1,138
FIVE	$36,850	$3,071	$768	$921	$43,000	$3,583	$896	$1,075	$49,150	$4,096	$1,024	$1,229
SIX	$39,600	$3,300	$825	$990	$46,200	$3,850	$963	$1,155	$52,800	$4,400	$1,100	$1,320
SEVEN	$42,350	$3,529	$882	$1,059	$49,400	$4,117	$1,029	$1,235	$56,450	$4,704	$1,176	$1,411
EIGHT	$45,050	$3,754	$939	$1,126	$52,600	$4,383	$1,096	$1,315	$60,100	$5,008	$1,252	$1,503

HOUSEHOLD SIZE	90% MODERATE INCOME				100% MODERATE INCOME				110% MODERATE INCOME				120% MODERATE INCOME			
	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%	ANNUAL INCOME	MONTHLY INCOME	25%	30%
ONE	$35,850	$2,988	$747	$896	$39,850	$3,321	$830	$996	$43,800	$3,650	$913	$1,095	$47,800	$3,983	$996	$1,195
TWO	$40,950	$3,413	$853	$1,024	$45,500	$3,792	$948	$1,138	$50,050	$4,171	$1,043	$1,251	$54,600	$4,550	$1,138	$1,365
THREE	$46,100	$3,842	$960	$1,153	$51,200	$4,267	$1,067	$1,280	$56,350	$4,696	$1,174	$1,409	$61,450	$5,121	$1,280	$1,536
FOUR	$51,200	$4,267	$1,067	$1,280	$56,900	$4,742	$1,185	$1,423	$62,600	$5,217	$1,304	$1,565	$68,300	$5,692	$1,423	$1,708
FIVE	$55,300	$4,608	$1,152	$1,383	$61,450	$5,121	$1,280	$1,536	$67,600	$5,633	$1,408	$1,690	$73,750	$6,146	$1,536	$1,844
SIX	$59,400	$4,950	$1,238	$1,485	$66,000	$5,500	$1,375	$1,650	$72,600	$6,050	$1,513	$1,815	$79,200	$6,600	$1,650	$1,980
SEVEN	$63,500	$5,292	$1,323	$1,588	$70,550	$5,879	$1,470	$1,764	$77,600	$6,467	$1,617	$1,940	$84,650	$7,054	$1,764	$2,116
EIGHT	$67,600	$5,633	$1,408	$1,690	$75,100	$6,258	$1,565	$1,878	$82,600	$6,883	$1,721	$2,065	$90,150	$7,513	$1,878	$2,254

1. Annual Income =Gross annual income adjusted by household size.
2. Monthly Income =The annual income adjusted by household size divided by 12 months.
3. 25% =The monthly amount of household income used for total housing expenses (i.e., Monthly Income times .25).
4. 30% =The monthly amount of household income used for total housing expenses (i.e., Monthly Income times .30).

Specific program requirements may vary. Please contact the City of Chula Vista Community Development Department Housing Division for specific program information.

EXHIBIT 3A

SUPPLEMENTAL RENTAL APPLICATION

The rental unit for which you are applying has received governmental assistance under programs to encourage more affordable housing. As a result, the unit carries a rent level restriction and is restricted to occupancy by low and moderate income households.

The information required on this form is necessary to determine you income eligibility to occupy the unit. You must report all household income. Information provided will be confidential and not subject to public disclosure pursuant to State Government Code Section 6254(h).

---

1. Rental Unit Address _____

2. Applicant Name _____

3. Other Household Members _____

4. Total Current Annual Household Income from all Sources:
   TOTAL $_____

   Detail:

Household Member	Income	Source

5. Total Gross Annual Household Income shown on most recent Federal Tax return (attach copies of most recent Federal Tax returns for all household members receiving income. Include other verification of income not appearing on tax forms.)
   TOTAL $_____

APPLICANT'S STATEMENT

I certify, under penalty of perjury, that the foregoing information is true and correct to the best of my knowledge. I understand that any misrepresentation of the information contained herein may be cause for eviction.

Signature _____ Date _____
Applicant

EXHIBIT 3B

OWNER'S STATEMENT

Based on the foregoing information, I certify, under penalty of perjury, that the applicant is eligible to occupy this restricted affordable unit. Eligibility is based on finding that the applicant household=s current annual income is $_____ and does not exceed the current maximum household income of $_____ allowed under the terms of a Development Agreement with the City of Chula Vista regarding this residential development.

Name _____

Title _____

Signature _____ Date _____

EXHIBIT 4-A

Owner's Certification

I am the owner or owner's representative for an affordable housing development in the City of Chula Vista, which is bound by a Housing Agreement with the City.

I certify under penalty or perjury that the attached rent roll for affordable units at my project is true and correct to the best of my knowledge and complies with the terms and conditions stipulated in the Affordable Housing Agreement, or any agreement that implements the same, with the City of Chula Vista.

Name _____

Title _____

Signature _____ Date _____

CITY OF CHULA VISTA

SEMI-ANNUAL AFFORDABLE HOUSING MONITORING REPORT

EXHIBIT 4-B

Project Name: _____

Project Address: _____

Contact Person: _____ Title: _____

Telephone No.: _____ Fax No.: _____

As of (Date): ❒ June 30, _____ ❒ December 31, _____

Reviewed By: _____ Date: _____

Bdrm Size	Restricted - Affordable	Non-Restricted		TOTAL
	No. of Units	No. of Units	Avg Monthly Rent	
Studio				
1 Bedroom				
2 Bedrooms				
3+Bedrooms				
TOTAL				

	Unit No.	Bdrm Size	Monthly Rent $	Name of Household	No. of Occupants	Total Monthly Household Income $	Percent Median Income	Seniors – One Occupant 60 Yrs+ (Y/N)	Date of Last Income Re-Examination	FOR CITY USE ONLY: Unit in Compliance (Y/N)
	Example	2	$695	Doe, John	2	$2,800	%	N/A	1/99	
1.			$			$	%			
2.			$			$	%			

CITY OF CHULA VISTA

SEMI-ANNUAL AFFORDABLE HOUSING MONITORING REPORT

Project Name: _____

As of (Date): ❒ June 30, _____ ❒ December 31, _____

	Unit No.	Bdrm Size	Monthly Rent $	Name of Household	No. of Occupants	Total Monthly Household Income $	Percent Median Income	Seniors – One Occupant 60 Yrs+ (Y/N)	Date of Last Income Re-Examination	FOR CITY USE ONLY: Unit in Compliance (Y/N)
3.			$			$	%			
4.			$			$	%			
5.			$			$	%			
6.			$			$	%			
7.			$			$	%			
8.			$			$	%			
9.			$			$	%			
10.			$			$	%			
11.			$			$	%			
12.			$			$	%			
13.			$			$	%			
14.			$			$	%			
15.			$			$	%			
16.			$			$	%			
17.			$			$	%			
18.			$			$	%			
19.			$			$	%			

Deadline for Submittal: January 15th and July 15th of each year.

Revised: January 2001

CITY OF CHULA VISTA

SEMI-ANNUAL AFFORDABLE HOUSING MONITORING REPORT

Project Name: _____

As of (Date): ❒ June 30, _____ ❒ December 31, _____

	Unit No.	Bdrm Size	Monthly Rent $	Name of Household	No. of Occupants	Total Monthly Household Income $	Percent Median Income	Seniors – One Occupant 60 Yrs+ (Y/N)	Date of Last Income Re-Examination	FOR CITY USE ONLY: Unit in Compliance (Y/N)
20.			$			$	%			

Deadline for Submittal: January 15th and July 15th of each year.

EXHIBIT 4-C

SEMI-ANNUAL REPORT

(insert memo from City)

CITY OF CHULA VISTA

ANNUAL MODERATE INCOME AFFORDABLE HOUSING MONITORING REPORT

Project Name (*include Master Plan Community if applicable*): _____

Project Address: _____

Contact Person: _____ Title: _____

Telephone No.: _____ Fax No.: _____

As of (Date): ❒ June 30, _____ ❒ December 31, _____

Reviewed By: _____ Date: _____

Bdrm Size	Affordable-Moderate Income		Non-Restricted/Market Rate		TOTAL UNITS
	No. of Units	Monthly Rent	No. of Units	Avg Monthly Rent	
Studio					
1 Bedroom					
2 Bedrooms					
3 Bedrooms					
4 Bedrooms					
TOTAL					

Exhibit 5

CITY OF
CHULA VISTA

ANNUAL MODERATE INCOME AFFORDABLE HOUSING MONITORING REPORT

Owner's Certification

I am the owner or owner's representative for an affordable housing development in the City of Chula Vista, which is bound by a Housing Agreement with the City.

I certify under penalty or perjury that the attached rent roll for affordable units at my project is true and correct to the best of my knowledge and complies with the terms and conditions stipulated in the Affordable Housing Agreement, or any agreement that implements the same, with the City of Chula Vista.

Name _____

Title _____

Signature _____ Date _____

EXHIBIT 6

CITY OF CHULA VISTA

HOMEBUYER'S QUALIFYING FORM

BUYER'S INFORMATION

Buyer's Name: _____

Current Address: _____

Current Household Income: $_____ Household Size: _____

NEW HOME INFORMATION

Master Plan Community: _____

Name of Residential Development: _____

Tract: _____ Lot No.: _____

Lot Address: _____

No. of Bedrooms: _____

Purchase Price2: _____

Monthly PITI Payment: $_____ % of Income: _____%

Year of Purchase: _____

Sales Representative: _____

_____ _____

Signature of Homebuyer Authorizing Release to City — Date

2 The sales price of any unit being sold in partial satisfaction of Developer's obligation to provide moderate income housing shall not exceed the affordable housing costs for owner occupied housing as defined within the Affordable Housing Program for the master plan community.

EXHIBIT 6



HOMEBUYER'S QUALIFYING FORM

This information is for the City's Reporting and Administrative Use Only.

EXHIBIT 7

City of Chula Vista Equal Housing Opportunity Requirements
For The Low/Moderate Income Housing Affirmative Marketing Plan

Every Developer complying with the City of Chula Vista's Housing Element's "Affordable Housing Plan" shall submit to the City an Affirmative Marketing Plan for City Review and Approval which details actions the Developer will take to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, sex, sexual orientation, marital status , family status, color, religion, national origin, ancestry, or handicap, age or any other category which may be defined by law now or in the future.

I. The City of Chula Vista Affirmative Marketing Requirements are as follows. Please note, however, the Plan is not limited to these Requirements.

(i) Detail methods for informing the public, buyers and potential tenants about Federal fair housing laws and the City of Chula Vista's affirmative marketing policy;

(ii) Publicize to minority persons the availability of housing opportunities through the type of media customarily utilized by the applicant, including minority outlets which are available in the housing market area;

(iii) Identify by language and by number any significant number of persons in a community within the housing market area who have limited fluency in the English language:

(iv) Where there is a significant number of person in a community within the housing market area who have limited fluency in the English language, the Plan shall:

(a) Identify the media most likely to reach such persons.

(b) Advertise for the housing development in the native language of such persons, in addition to the English language, and

(c) Describe the provisions which the housing sponsor will make for handling inquiries by and negotiations with such persons for the rental or sale of units in the development.

(v) Detail procedures to be used by the Developer and/or property manager to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies).

II. Records must be kept describing actions taken by the Developer and/or property managers to affirmatively market units and records to assess the results of these actions:

(i) The records shall include a copy or transcript of the advertisement copy, the identity of the media in which it was disseminated, and the date(s) of each appearance. The housing sponsor shall also keep a record of the dates and places of any meetings or communications between the housing sponsor and any individual or group referred to the housing sponsor by the agency or organizations representing any of the groups within the community acting on behalf of any classification of minority persons described above. Such records shall be retained for a period of five years;

(ii) A description of how the Developer and/or property managers will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met; and

(iii) The Developer/property manager shall furnish all information and reports required hereunder and will permit access to its books, records and accounts by the City of Chula Vista, HUD or its agent, or other authorized Federal and State officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

III. The City of Chula Vista may from time to time review the Plan and the Developer's and property manager's activities pursuant to the Plan and may require amendments to the Plan if it does not fully comply with the requirements of this section.

IV. An affirmative marketing program shall be in effect for the duration of the Qualified Term defined in the Affordable Housing Agreement.

V. If a source of funding used in a low/moderate income housing development, such as federal or state funds, has affirmative marketing requirements more restrictive than the City of Chula Vista's affirmative marketing requirements, then the more restrictive applies.