



Sacramento County Recorder
 Craig A. Kramer, Clerk/Recorder
 BOOK **20140318** PAGE **0486**
 Tuesday, MAR 18, 2014 11:28:19 AM
 Ttl Pd \$0.00 Rpt # 0008143817

OFFICIAL BUSINESS
 Document entitled to free recording
 Government Code Section 6103

RECORDING REQUESTED BY AND
 WHEN RECORDED, MAIL TO:

City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Attention: City Clerk

TMH/74/1-23

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**AFFORDABLE HOUSING PLAN
 FOR THE SUNCREEK SPECIFIC PLAN
 BY AND BETWEEN
 THE CITY OF RANCHO CORDOVA
 AND**

**CHRIS N. VRAME, MURRAY M. SMITH, JR., CAROL J. SMITH, TRACY
 L. SMITH, M. CAMPBELL SMITH, JAMES N. SMITH, and STEVEN G.
 DUNMORE, successor trustee of the Dunmore Family Trust dated
 February 24, 1977, as Amended**

THIS AFFORDABLE HOUSING PLAN AGREEMENT ("AHP" or "Agreement"), and the requirements herein, are agreed upon by and between the CITY OF RANCHO CORDOVA ("City") and CHRIS N. VRAME, MURRAY M. SMITH, JR., CAROL J. SMITH, TRACY L. SMITH, M. CAMPBELL SMITH, JAMES N. SMITH, and STEVEN G. DUNMORE, successor trustee of the Dunmore Family Trust dated February 24, 1977, as Amended ("Developer"), as of November 18, 2013. City and Developer are hereinafter collectively referred to as the "Parties" and singularly as "Party." This AHP shall be binding on Developer and on any and all of Developer's successors and assigns developing the real property described in Exhibit 1-A and Exhibit 1-B attached hereto (the "Property"), within the SunCreek Specific Plan.

RECITALS

WHEREAS, pursuant to California Government Code section 65580, the Legislature has established the following priorities related to the provision of affordable housing: 1) the availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order; 2) the early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels; 3) the provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government; 4) local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community; and 5) the Legislature recognizes that in carrying out this responsibility, each local government also has

the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs; and

WHEREAS, Rancho Cordova Housing Element Policy H.1.5 states that “Developers of new residential projects within the newly developing areas of the City (generally in the large, vacant areas south of Highway 50) shall prepare an Affordable Housing Plan (Plan) for the project for City review and approval that identifies the project’s plan for providing affordable housing.” (City of Rancho Cordova Housing Element adopted 12/7/09); and

WHEREAS, all large-scale development in the City’s undeveloped areas, generally located south of Highway 50, is required to provide a range of housing opportunities responding to the housing needs associated with the proposed development. Developers must prepare an Affordable Housing Plan (AHP) which “shall be approved in conjunction with the earliest stage of project entitlement, typically with the City Council approval of the Specific Plan, Development Agreement, or other primary land use entitlement”; and

WHEREAS, the Housing Element also states that “[in] order to ensure the production and preservation of housing affordable to the City’s workforce, no productive, reasonable program or incentive option will be excluded from consideration within project-specific Affordable Housing Plans...”; and

WHEREAS, the AHP is comprised of two major components: Regional Housing Needs Allocation (RHNA) - or proof of capacity (i.e., appropriately zoned land); and Affordable Housing Performance (i.e., production or other strategies); and

WHEREAS, in preparing this AHP, the City and the landowners within the SunCreek Specific Plan considered options, strategies, resources and the economic climate; and

WHEREAS, the property within the SunCreek Specific Plan area is owned by the following six (6) landowners: Lennar Sierra Sunrise, LLC; Callahan Sun Creek, LLC, *et al*; Grantline & Chrysanthy 220 Investors, LLC; Robert A. Gilmartin, *et al*; Shalako Investors, a California Limited Partnership; and Chris N. Vrame, *et al* (collectively referred to as “Landowners”). Each Landowner has agreed to meet the affordable housing obligations as required by the Housing Element. This AHP satisfies Developer’s obligations pursuant to Housing Element Policy H.1.5; and

WHEREAS, pursuant to the City’s Housing Element, the requirement to enter into this AHP is a condition of approval for projects within the SunCreek Specific Plan. Any violation of the requirements under this AHP shall be considered a violation of the entitlements (“Entitlements” means all the “Entitlements” and “Subsequent Approvals” as defined in the Development Agreement for the Property) and shall permit the City to proceed with revocation or termination of any Entitlement for the Property.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the Parties hereby agree as follows:

AGREEMENT

I. PROPERTY SUBJECT TO THIS AFFORDABLE HOUSING PLAN

Developer owns fee title to the Property, which comprises that certain 80.1-acre portion of the SunCreek Specific Plan area located in the City of Rancho Cordova, County of Sacramento, more particularly described in Exhibit 1-A and Exhibit 1-B. This AHP shall apply to, and be recorded on, the Property.

II. REGIONAL HOUSING NEEDS ALLOCATION REQUIREMENT FOR THE SUNCREEK SPECIFIC PLAN

On September 20, 2012, the Sacramento Area Council of Governments' ("SACOG") Board of Directors unanimously approved the 2013-21 Regional Housing Needs Plan ("RHNP"). This action was the final stage in the adoption of an eight-year plan for the Regional Housing Needs Allocation ("RHNA"). RHNA is a State requirement to determine the number of housing units that cities and counties must plan for in their housing element updates. Pursuant to California Government Code section 65583, localities are required to update their housing elements to plan to accommodate their entire RHNA share by income category. For the SunCreek Specific Plan area, lands designated to meet RHNA obligations may be developed as either market rate or affordable units, but the acreage must be developed at the minimum densities identified in this AHP.

Developer agrees to comply with the RHNA requirements for the Property as follows:

A. RHNA REQUIREMENTS FOR THE SUNCREEK SPECIFIC PLAN. The SunCreek Specific Plan as a whole will be required to designate 44.2 acres of RD-40 zoned land described as "High Density Residential – RHNA." Developer is not required to designate any RD-40 designated land described as "High Density Residential – RHNA," within the Property under this AHP.

The 44.2 acres requirement for the SunCreek Specific Plan represents the fair-share allocation to the SunCreek Specific Plan area of the total RHNA amount designated to the City of Rancho Cordova from SACOG. The SunCreek Specific Plan area's projected share of the total City residential growth in the new development area through buildout served as the basis for the allocation to the SunCreek Specific Plan. The actual minimum (or floor) yield from a RD-40 acre used to determine the number of acres to be required reflects a density which the Developer and Landowners represent as a "buildable" density that can be expected for the Plan area.

B. NO NET LOSS. California Government Code section 65584 requires all development on RHNA designated acres approved by the State through the Housing Element process to yield no less than the minimum acreage used to satisfy State RHNA requirements. In order to ensure the required RHNA performance, development on SunCreek RHNA acres must be at or above 26 units per acre as designated in the SunCreek Specific Plan, unless the City can make the following findings in writing supported by substantial evidence: (1) the reduction is consistent with the adopted General Plan, including the Housing Element; and (2) the remaining sites identified in the Housing Element are adequate to accommodate the City's share of the regional housing need pursuant to Government Code section 65584.

C. REVIEW OF ACREAGE Review of RHNA-designated acreage will occur as conditions and/or allocations by SACOG change. The RHNA allocation for the SunCreek

Specific Plan area is a projection through build-out. However, no future adjustment to the City's RHNA allocation shall result in an increase to the SunCreek RHNA obligation as described herein. In the future, the SACOG allocation of RHNA units to the City may differ from the amounts anticipated in determining RHNA requirements for the SunCreek Specific Plan area. There may be changes in market conditions and demand which result in amendments to policy and statute. In order to be more responsive to future conditions in the SunCreek Specific Plan area, the City and Developer may review the RHNA allocation as follows: (1) RHNA allocations and locations shall be reviewed with every eight-year Housing Element update cycle; and (2) Upon receipt by the City of a written request from the Developer for reconsideration of its RHNA allocation, the City will consider whether designated RHNA acres are still needed to accommodate the City's regional housing needs pursuant to Government Code section 65584. The City and Developer must agree on any modification of this AHP.

III. AFFORDABLE HOUSING PERFORMANCE REQUIREMENTS FOR DEVELOPER UNDER THIS AHP

In addition to meeting the RHNA obligations described above, Landowners are required to meet additional affordable housing performance requirements within the SunCreek Specific Plan area. This Section outlines Developer's specific requirements under this AHP.

Developer agrees to comply with the following affordable housing requirements for its Property:

A. RHNA REQUIREMENTS FOR DEVELOPER'S PROJECT

Developer is not required to designate any RD-40 designated land described as "High Density Residential – RHNA," within the Property under this AHP. Developer's obligation in regard to RHNA requirements will be satisfied by RD-40 designated land in the remainder of the SunCreek Specific Plan.

**B. SUNCREEK AFFORDABLE HOUSING LAND DEDICATION:
(exclusively on-site):**

Developer is not required to dedicate any of its Property to the City under this AHP. Landowners shall dedicate to City the three (3) sites shown in **Exhibit 2** for the construction of affordable housing projects. The requirement to dedicate the three (3) sites shall be agreed to by the Landowner(s) of the property to be dedicated under this Section at the time such Landowner(s) apply for any entitlement related to the sites with the City and through this AHP, provided that City acknowledges that Developer does not own any of such three (3) sites. Developer and Landowners have prepared a Finance Plan as part of the SunCreek Specific Plan to require Landowners not dedicating property to meet affordable housing obligations to pay a "Land Equalization Fee" in order to compensate dedicating Landowners for their share of the dedications.

In negotiating the land dedication, City was cognizant of its adopted Housing Policy that states: "The City may choose to approve Affordable Housing Plans that provide relief from current housing market conditions."

C. SUNCREEK AFFORDABLE HOUSING IN-LIEU FEE: \$1,460 (per market rate unit):

Developer shall pay an affordable housing in-lieu fee ("Affordable Housing In-Lieu Fee" or "In-Lieu Fee") of \$1,460 per market rate unit. This amount incorporates a reduction of the In-Lieu Fee to reflect a credit for land dedication of \$315 per market rate unit, reducing the In-Lieu Fee from \$1,775 to \$1,460 per market rate unit. Developer and Landowners have agreed to have non-dedicating Landowners, such as Developer, pay their fair share of the fair market value of the dedicated sites through a Land Equalization Fee as described in Section III(B) and in the SunCreek Specific Plan Finance Plan.

Beginning on March 1, 2014, the Affordable Housing In-Lieu Fee required under this AHP shall be adjusted annually in March based upon the December to December index value increase found in the 20 City Building Cost Index published in Engineering News Record (ENR), averaged with the ENR's index of the City of San Francisco between December and December of each year. This In-Lieu Fee shall be paid to the City no later than prior to issuance of the building permit for each market rate residential unit.

In order to determine the requirements for the SunCreek Specific Plan, the City calculated the average cost associated with completing a housing project that would satisfy the housing allocation for the SunCreek Specific Plan. The City calculated this figure by analyzing comparable tax credit type developments. The funding needed after a tax credit award is referred to as the funding shortfall ("gap"). The value of the 6.7 acres of dedicated land, required from the SunCreek Specific Plan as specified in Exhibit 3, was then credited against the funding gap. The remaining gap amount was then calculated into an Affordable Housing In-Lieu Fee as described in this Section. Landowners are to fund a 50% share of the remaining funding gap and the City will fund the remaining 50% of the gap. The City will aggressively seek funds from all available grant sources to satisfy the City's 50% portion of the funding gap. It is anticipated that no General Fund monies will be used as grant funding of this effort.

The In-Lieu Fee and land dedication required of the SunCreek Specific Plan reflect the current challenging market climate and fiscal uncertainty. The level of these requirements provides for a certain amount of "relief from current market conditions."

Currently, Developer's proposed project on the Property consists of the following land uses: 17.4 acres community park, 1.1 acres preserve buffer, 3.4 acres detention basin, 10.5 acres wetland preserve, 45.6 acres school, and 2.1 acres major roads. The Affordable Housing In-Lieu Fee under this Section is payable by Developer only as, if and when any land uses on the Property are changed to permit development of market rate residential units.

IV. AFFORDABLE HOUSING PERFORMANCE REQUIREMENTS FOR LANDOWNERS OF PROPERTY WITHIN THE SUNCREEK SPECIFIC PLAN AREA

The affordable housing requirements for the SunCreek Specific Plan area as a whole are attached hereto as Exhibit 3 as a reference. Exhibit 3 is for reference only and is not intended to place any additional requirements on Developer not required under the body of this AHP.

V. AFFORDABLE HOUSING NEEDS ADDRESSED BY THE SUNCREEK SPECIFIC PLAN

The affordable housing need that is addressed in this AHP includes three income categories: Lower-end Moderate Income; Low Income; and Very Low Income. A fourth category, Extremely Low Income, is currently being addressed directly by the City with its efforts to develop Mather Veterans' Village. Any discussion of affordable housing development strategies requires that there be a discussion of the housing type affordable to each income category. There are market conditions, the availability of specific resources and performance which guide consideration of a response to the needs of these three income groups. Two key conditions, which have directed the discussion of affordable housing performance within the SunCreek Specific Plan, are summarized as follows:

- *Extremely Low Income and Special Needs Considerations.* The City's response to Extremely Low Income need is considerable. The City's current efforts to develop up to 160 units and beds for disabled, homeless and near-homeless Veterans demonstrates the City's effective response to this need. This effort, together with the existing 300 person transitional living facility already located in the City; a recent successfully occupied large families rental project; and a current tax credit application for senior apartments, demonstrates the City's sufficient response to Extremely Low Income and Special Needs requirements. The City will not look for additional response from the SunCreek Specific Plan for these income categories.
- *Affordable For Sale Considerations.* The City has a considerable stock of affordably priced, recently built, homes for sale. Although reduced in number, real estate owned properties (REOs) and short sales also offer affordable homeownership opportunities. The City expects that over the next eight years of the current Housing Element planning cycle, many foreclosed and investor purchased units will re-emerge as lower-end affordable for-sale units. The Landowners have also stated that there will be affordable new construction units as part of the expected inventory to be built within the SunCreek Specific Plan. The City will not look for additional affordable for sale commitments from the SunCreek Specific Plan.

Because of a combination of City initiatives and projected market response described above, the focus of this AHP for the SunCreek Specific Plan area is on responding to the housing needs of Low and Very Low Income households, whose primary affordable housing option will be tax credit, rental type opportunities. The commitments to which the City and Landowners have agreed include the Landowners' dedication of three specific RD-40 sites, providing an option for the City to purchase a fourth site, commitment that development on HDR/RD-40 zoned land shall be constructed at a minimum density of 26 dwellings per acre, and the payment of In-Lieu Fees. These commitments take into consideration the market conditions described in this AHP and include an additional site if market conditions improve.

VI. SUMMARY OF PERFORMANCE EXPECTED FROM THE SUNCREEK SPECIFIC PLAN AREA

Exhibit 3 to this AHP outlines the anticipated minimum number of affordable units to be developed through the use of dedicated land and In-Lieu Fees provided by the Landowners of the SunCreek Specific Plan area.

VII. TERM, AMENDMENT AND TERMINATION

A. TERM. This AHP shall terminate once the Affordable Housing In-Lieu Fee has been paid by Developer for all market rate residential units within the Property and once all High Density Residential sites within the Property have been developed.

B. AMENDMENT BY MUTUAL CONSENT. This AHP may be amended in writing from time to time by mutual consent of the City and the Developer.

C. TERMINATION. This AHP may be canceled in whole or in part only by mutual consent of the City and the Developer or their successors in interest. Any fees paid pursuant to this AHP and spent by the City prior to the date of cancellation shall be retained by City.

VIII. BREACH

This AHP is a requirement of the City's Housing Element and therefore shall be considered a condition of approval for all Property entitlements. Any violation by Developer of the requirements under this AHP shall be considered a violation of the Entitlements and shall permit the City to proceed with revocation or termination of the Entitlements for the Property.

IX. SEVERABILITY

If any part of this AHP is for any reason held to be unenforceable, the rest of the AHP remains fully enforceable. If, however, a provision of this AHP is determined to be invalid or unenforceable and the effect is to deprive either the City or the Developer an essential benefit of this AHP, then the Party so deprived will have the option to terminate this entire Agreement upon written notice to the other Party.

X. APPLICABLE LAW

California law applies to this AHP without regard for any choice-of-law rules that might direct the application of the laws of any other jurisdiction.

XI. ATTORNEYS' FEES AND COSTS IN LEGAL ACTIONS BY PARTIES TO THE AGREEMENT

Should any legal action be brought by either Party for breach of this AHP or to enforce any provisions herein, the prevailing Party in the action is entitled to reasonable attorneys' fees, court costs, and any other costs as may be fixed by the Court.

XII. AGREEMENT RUNS WITH THE LAND

Except as otherwise provided for in this AHP, all of the provisions, rights, terms, covenants, and obligations contained in this AHP are binding upon the Parties and their respective heirs, successors and assignees, representatives, lessees, and all other persons acquiring the property this AHP applies to, or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever. All of the provisions of this AHP are enforceable as equitable servitudes and constitute covenants running with the land pursuant to applicable laws, including, but not limited to, Section 1468 of the California Civil Code. Each covenant to do, or refrain from doing, some act on the property subject to this AHP, or with respect to any

owned property: (1) is for the benefit of such properties and is a burden upon such properties; (2) runs with such properties; and (3) is binding upon each Party and each successive owner during its ownership of such properties or any portion thereof, and shall be a benefit to and a burden upon each Party and its property hereunder and each other person succeeding to an interest in such properties.

XIII. INDEMNIFICATION

Developer agrees to indemnify, defend with counsel selected by the City, and hold harmless City, and its elected and appointed councils, boards, commissions, officers, officials, agents, employees, and representatives from any and all claims, costs (including legal fees and costs incurred by the City or awarded to plaintiffs) and liability for any personal injury or property damage which may arise directly or indirectly as a result of any actions or inactions by Developer, or any actions or inactions of Developer's contractors, subcontractors, agents, or employees in connection with the construction, improvement, operation, or maintenance of the property or the Project. Developer has no indemnification obligation with respect to the gross negligence or willful misconduct of City, or its elected and appointed councils, boards, commissions, officers, officials, agents, employees, and representatives or with respect to the maintenance, use, or condition of any improvement after the time it has been dedicated to and accepted by City or another public entity (except as provided in an improvement agreement or maintenance bond). The provisions shall survive the termination of this Agreement.

XIV. COOPERATION AND INDEMNIFICATION OF CITY IN THE EVENT OF LEGAL CHALLENGE TO THIS AHP

In the event of any legal or equitable action or other proceeding instituted by any third party challenging the validity of any provisions of this AHP:

A. The City and Developer agree to cooperate in defending against the action or proceeding;

B. The Developer is solely responsible for its own costs and any costs incurred by the City for such defense;

C. Developer will indemnify, defend with counsel selected by the City and hold harmless City, and its elected and appointed councils, boards, commissions, officers, officials, agents, employees, and representatives from any and all claims, costs (including legal fees and costs incurred by the City or awarded to plaintiffs) and liability;

D. Neither Developer nor the City shall settle any action or proceeding on grounds that include non-monetary relief or admissions of liability without written consent of the other Party. City agrees not to settle any action based upon monetary relief without the written consent of Developer, unless City is solely liable and agrees to pay such monetary relief.

E. The provisions of this Section shall survive the termination of this AHP.

XV. THIRD PARTY BENEFICIARIES

This AHP is made and entered into for the sole protection and benefit of Developer and City and their successors and assigns. No other person shall have any right of action based upon any provision in this AHP.

XVI. NOTICES

All notices and other communications required or permitted under this AHP must be in writing and must be delivered in person or sent by certified mail, postage prepaid, or sent by facsimile or electronic mail.

Notice required to be given to City shall be addressed as follows:

CITY OF RANCHO CORDOVA
Planning Director
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Fax: (916) 851-8762
E-mail: pjunker@cityofranchocordova.org

Notice required to be given to Developer shall be addressed as follows:

CHRIS VRAME
c/o Vinton Hawkins
3445 American River Dr., Suite A
Sacramento, CA 95864
Fax: (916) 974-3390
E-mail: Cvrame@sierraholdings.com
Vinton@hawkinsholdings.net

Either Party may change the address stated herein by giving notice in writing to the other Party, and thereafter notices shall be addressed and transmitted to the new address.

XVII. ASSIGNMENT AND RELEASE

From and after recordation of this AHP against the Property, Developer shall have the full right to assign this AHP as to the Property, or any portion thereof, in connection with any sale, transfer or conveyance thereof, provided that (A) Developer has paid the City any and all fees or amounts due to the City arising out of this AHP, the processing of any entitlements for the project, or the development of the portion of the property to be assigned due and owing as of the date of such assignment, and (B) upon the receipt by the City Planning Director of the express written assignment by Developer and assumption by the assignee of such assignment in the form approved by the City. Upon the payment of such fees or amounts due (which shall be acknowledged on the assignment by the City Planning Director upon the request of Developer) and the City's receipt of the express written assignment by Developer, the assumption by the assignee of such assignment, and the conveyance of Developer's interest in the Property related thereto, Developer shall be released from further liability or obligation related to the portion of the property so conveyed and the assignee will be considered the "Developer," with all rights and obligations related thereto, with respect to such conveyed property.

XVIII. FORM OF AGREEMENT; RECORDATION; EXHIBITS

City will record this AHP and any subsequent amendment to this AHP, with the County Recorder within thirty (30) days of the effective date. City will also record any termination of any parts or provisions of this AHP. Any amendment or termination of this AHP that affects less

than all of the Property must describe the portion of the property that is the subject of the amendment or termination. This AHP is executed in two (2) duplicate originals, each of which is deemed to be an original. This AHP consists of 11 pages and 4 exhibits, which constitute the entire understanding and agreement of the Parties.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this AHP in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 129-2013, adopted by the Council of the City on this 18th day of November, 2013, and Developer has caused this AHP to be executed.

"CITY"

CITY OF RANCHO CORDOVA,
a municipal corporation

By: _____
Name: Ted A. Gaebler
Its: City Manager
Date: _____

"DEVELOPER"

By: 
Name: CHRIS N. VRAME

By: _____
Name: MURRY M. SMITH, JR.

By: _____
Name: CAROL J. SMITH

By: _____
Name: TRACY L. SMITH

By: _____
Name: M. CAMPBELL SMITH

By: _____
Name: JAMES N. SMITH

(Signatures continued next page)

than all of the Property must describe the portion of the property that is the subject of the amendment or termination. This AHP is executed in two (2) duplicate originals, each of which is deemed to be an original. This AHP consists of 11 pages and 4 exhibits, which constitute the entire understanding and agreement of the Parties.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this AHP in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 129-2013, adopted by the Council of the City on this 18th day of November, 2013, and Developer has caused this AHP to be executed.

“CITY”

“DEVELOPER”

CITY OF RANCHO CORDOVA,
a municipal corporation

By: _____

Name: Ted A. Gaebler

Its: City Manager

Date: _____

By: _____

Name: CHRIS N. VRAME

By:  _____

Name: MURRY M. SMITH, JR.

By:  _____

Name: CAROL J. SMITH

By: _____

Name: TRACY L. SMITH

By: _____

Name: M. CAMPBELL SMITH

By: _____

Name: JAMES N. SMITH

(Signatures continued next page)

than all of the Property must describe the portion of the property that is the subject of the amendment or termination. This AHP is executed in two (2) duplicate originals, each of which is deemed to be an original. This AHP consists of 11 pages and 4 exhibits, which constitute the entire understanding and agreement of the Parties.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this AHP in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 129-2013, adopted by the Council of the City on this 18th day of November, 2013, and Developer has caused this AHP to be executed.

"CITY"

"DEVELOPER"

CITY OF RANCHO CORDOVA,
a municipal corporation

By: _____
Name: Ted A. Gaebler
Its: City Manager
Date: _____

By: _____
Name: CHRIS N. VRAME

By: _____
Name: MURRY M. SMITH, JR.

By: _____
Name: CAROL J. SMITH

By: 
Name: TRACY L. SMITH

By: _____
Name: M. CAMPBELL SMITH

By: _____
Name: JAMES N. SMITH

(Signatures continued next page)

than all of the Property must describe the portion of the property that is the subject of the amendment or termination. This AHP is executed in two (2) duplicate originals, each of which is deemed to be an original. This AHP consists of 11 pages and 4 exhibits, which constitute the entire understanding and agreement of the Parties.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this AHP in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 129-2013, adopted by the Council of the City on this 18th day of November, 2013, and Developer has caused this AHP to be executed.

“CITY”

“DEVELOPER”

CITY OF RANCHO CORDOVA,
a municipal corporation

By: _____
Name: Ted A. Gaebler
Its: City Manager
Date: _____

By: _____
Name: CHRIS N. VRAME

By: _____
Name: MURRY M. SMITH, JR.

By: _____
Name: CAROL J. SMITH

By: _____
Name: TRACY L. SMITH

By: *M. Campbell Smith 1/12/2014*
Name: M. CAMPBELL SMITH

By: _____
Name: JAMES N. SMITH


(Signatures continued next page)

than all of the Property must describe the portion of the property that is the subject of the amendment or termination. This AHP is executed in two (2) duplicate originals, each of which is deemed to be an original. This AHP consists of 11 pages and 4 exhibits, which constitute the entire understanding and agreement of the Parties.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this AHP in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 129-2013, adopted by the Council of the City on this 18th day of November, 2013, and Developer has caused this AHP to be executed.

"CITY"

CITY OF RANCHO CORDOVA,
a municipal corporation

By: 
Name: ~~Ted A. Gaebler~~ *Joe Chinn*
Its: City Manager
Date: 3-12-14

"DEVELOPER"

By: _____
Name: CHRIS N. VRAME

By: _____
Name: MURRY M. SMITH, JR.

By: _____
Name: CAROL J. SMITH

By: _____
Name: TRACY L. SMITH

By: _____
Name: M. CAMPBELL SMITH

By: 
Name: JAMES N. SMITH

(Signatures continued next page)

By: Steven G. Dunmore

Name: STEVEN G. DUNMORE, Successor
Trustee of the Dunmore Family Trust Dated
February 24, 1977, as amended

ATTEST:

Mindy Lippy
City Clerk

APPROVED AS TO FORM:

Adam U. Lindgren Jose Sanchez
City Attorney

Date: 3/12/14

EXHIBIT LIST

- Exhibit 1-A: Legal Description of the Property**
- Exhibit 1-B: Map of the Property**
- Exhibit 2: Map of Developer's Affordable Housing Performance Requirements**
- Exhibit 3: Affordable Housing Performance Requirements for Landowners within the SunCreek Specific Plan (Reference)**

2193030.17

EXHIBIT 1-A

All that real property situated in the City of Rancho Cordova, County of Sacramento, State of California, described as follows:

PARCEL 1:

THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 21, TOWNSHIP 8 NORTH, RANGE 7 EAST, MDB&M.

EXCEPTING THEREFROM AN UNDIVIDED 1/2 INTEREST IN ALL OIL, GAS AND OTHER HYDROCARBONS AND MINERALS NOW OR AT ANY TIME HEREINAFTER SITUATE THEREIN AND THEREUNDER LOCATED 100 FEET OR MORE BELOW THE SURFACE OF SAID PROPERTY AND THE RIGHT TO TAKE AWAY AND DISPOSE OF THE SAME, BUT WITHOUT ENTERING SAID REAL PROPERTY UPON OR ABOVE IT SURFACE, AS RESERVED IN DEED DATED JUNE 20, 1955, RECORDED JULY 06, 1955, IN BOOK 2869, PAGE 494, OFFICIAL RECORDS, EXECUTED BY NATOMAS COMPANY, A CALIFORNIA CORPORATION, TO BARGAIN BILL'S FURNITURE WAREHOUSE, INC., A CORPORATION. THE SURFACE RIGHTS OF WHICH HAVE BEEN QUITCLAIMED BY A DEED RECORDED IN BOOK 881231, PAGE 9890, OFFICIAL RECORDS, EXECUTED BY NATOMAS ENERGY COMPANY TO MORRIS MOORE AND MARY L. MOORE.

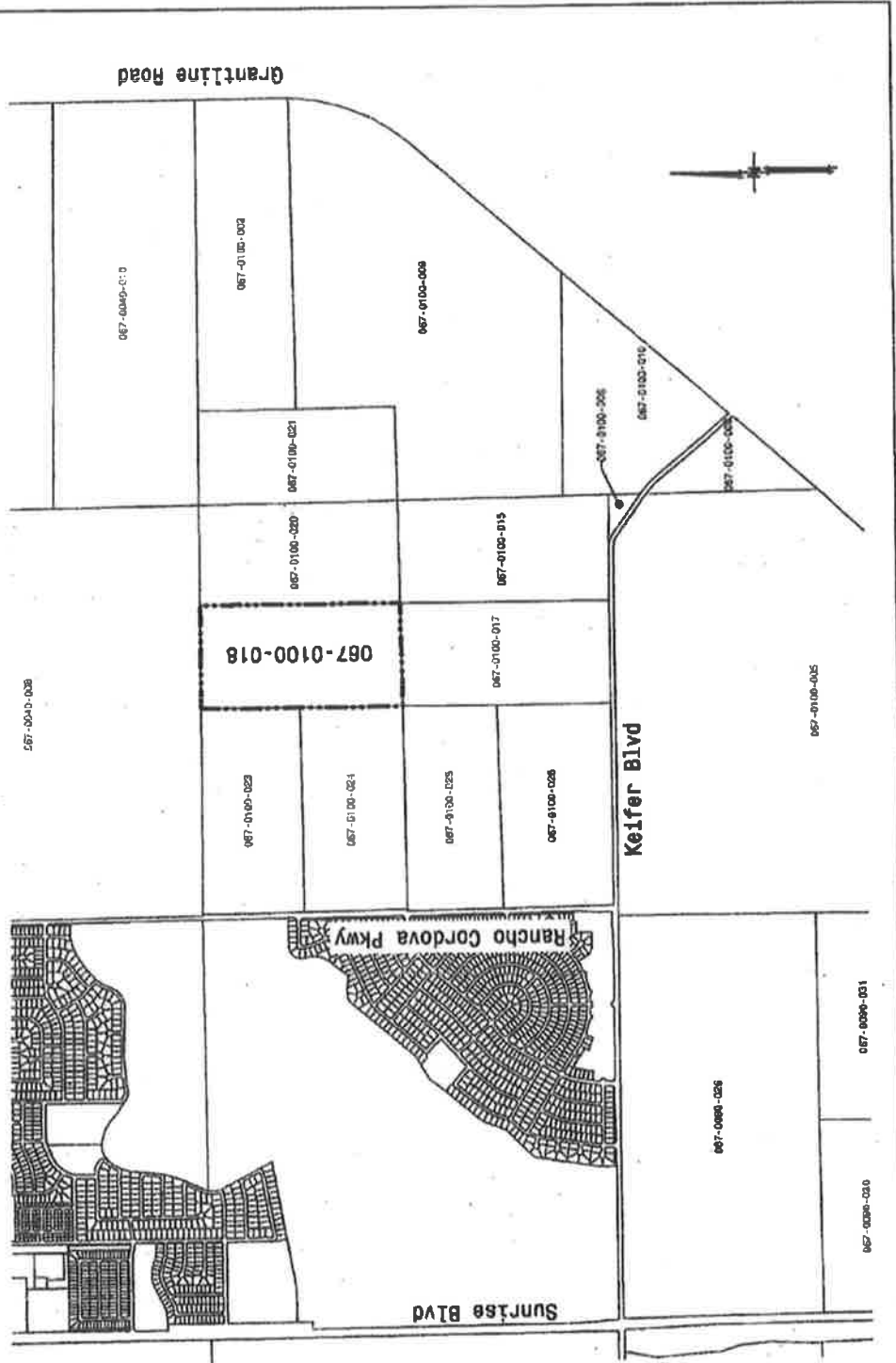
PARCEL 2:

A NON-EXCLUSIVE EASEMENT FOR ROAD AND UTILITY PURPOSES OVER THE NORTH 30.00 FEET OF THE SOUTHWEST 1/4 AND OVER THE NORTH 30.00 FEET OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 21, OVER THE SOUTH 30.00 FEET OF THE NORTHWEST 1/4 OF SECTION 21, TOWNSHIP 8 NORTH, RANGE 7 EAST, MDB&M.

A.P.N. 067-0100-016

EXHIBIT 1-B

Map of Property



LAND USE	Lennar Sierra Sunrise, LLC
Categories	Acres
LOW DENSITY (2.1 to 6 du/ac)	54.7
MEDIUM DENSITY RESIDENTIAL (6.1 to 12 du/ac)	76.9
COMPACT DENSITY RESIDENTIAL (12.1 to 18 du/ac)	7.9
HIGH DENSITY RESIDENTIAL (18.1 to 40 du/ac)	5
VILLAGE CENTER (VC)	0
REGIONAL TOWN CENTER (RTC)	0
PUBLIC/QUASI_PUBLIC	0
NEIGHBORHOOD GREEN	4.8
NEIGHBORHOOD PARK	4
COMMUNITY PARK	0
PARK CORRIDORS	2.6
PRESERVE BUFFER	9.7
DETENTION BASIN	11.4
STORM WATER CANAL	0
WETLAND PRESERVE	50.1
SCHOOL	0
MAJOR ROADS	14.8
TOTALS	242.4



* RHNA & Dedicated La

All Acres identified as 1 designated RHNA acres:

Unless the developer/b the City, all RHNA acre: 26 DU/gross acres for r

** These sites are to be (AHP). General location hash marks on this exh

*** This site may be opt City has the option to p of appraised value or \$

EXHIBIT 3

AFFORDABLE HOUSING PERFORMANCE REQUIREMENTS FOR LANDOWNERS OF PROPERTY WITHIN THE SUNCREEK SPECIFIC PLAN – FOR REFERENCE PURPOSES ONLY

A. RHNA REQUIREMENTS FOR THE SUNCREEK SPECIFIC PLAN

The SunCreek Specific Plan is required to designate 44.2 acres of RD-40 zoned land described as "High Density Residential – RHNA." The SunCreek Specific Plan shall designate the 44.2 acres of RD-40 as described in Exhibit 2 of this AHP and commit to development of these lands at a minimum density of 26 dwellings per acre.

B. SUNCREEK AFFORDABLE HOUSING LAND DEDICATION: 6.7 acres (exclusively on-site):

1. ***Required Dedications.*** Landowners shall dedicate to the City the three (3) sites shown in Exhibit 2 for the construction of affordable housing projects. The requirement to dedicate the three (3) sites shall be agreed to by the Landowners of the property to be dedicated under this Section at the time such Landowners apply for any entitlement related to the sites with the City and through this AHP, provided that City acknowledges that Developer does not own any of such three (3) sites. Developer and Landowners have prepared a Finance Plan as part of the SunCreek Specific Plan to require Landowners not dedicating property to meet affordable housing obligations to pay a "Land Equalization Fee" in order to compensate dedicating Landowners for their share of the dedications. The following guidelines and obligations shall apply to the properties to be dedicated, and are more fully described on Exhibit 2:

One (1) site 1.7 acres net buildable
(It is anticipated that this site will be used for senior occupancy)

Two (2) sites 5.0 acres (two 2.5 acre sites) net buildable
(It is anticipated that these sites will be used for family occupancy)

- Parcels shall be rough graded with all utilities in contiguous streets.
- Parcels shall be dedicated to the City (which may be in the form of an irrevocable offer to dedicate by a time certain, acceptable to the City), or an entity designated by the City, with or prior to the recordation of a large lot map or, in the case where there is no large lot map, prior to the recordation of the first map representing the first entitlement issued to the Landowner dedicating the parcel in question.
- Parcels shall be free and clear of all exceptions to title, including financing and special assessments of any kind, unless placed on the parcels by the City or agreed to by the City.
- City commits to inviting adjoining developers to review all plans associated with the development of the affordable housing parcels.
- Landowners will be required to cooperate in the timely development of the subject affordable housing parcel, including, but not limited to, the sharing of information related to development, identification of development obstacles, etc.

2. Timing of Dedications. The three (3) sites being dedicated under this Section are within Center Districts of the SunCreek Specific Plan. Development within Center Districts requires special administrative procedures and more analysis than tradition zoning districts during the entitlement review process. Conveyance of the three (3) parcels under this Section (as described in Exhibit 2) shall be done in a three-step process intended to mirror, as closely as possible, the parks land dedication process under City Development Agreements.

Step 1: Integrated Plan and Tentative Map Approval

- Pursuant to the SunCreek Specific Plan, development in any Center District requires an integrated plan for the entire district that is consistent with the City's Municipal Code. Landowners required to dedicate sites under this Section shall be required to identify the sites in the integrated plan for the Center District.

At the time of approval for any land division or Tentative Map dividing the land within any Overlay District that contains a housing site to be dedicated to the City, and before any development occurs within such Overlay Districts, the land area and parcels described in Exhibit 2 shall be depicted and an Irrevocable Offer of Dedication for such properties shall be made to the City.

Step 2: Improvement Plans

- Developer shall prepare an Infrastructure Phasing Plan for the Affordable Housing site for review and approval by the City with the first Tentative Map within the Project. The Phasing Plan shall clearly identify all improvements to be completed prior to dedication of the land and the timing for dedication of the land to the City.

Step 3: Final Map Approval

- Title to the parcels being dedicated under this Section, free from all encumbrances not agreed to in writing by the City, shall be transferred to the City or its designee within 180 days from recordation of the first final map for a Project that contains a housing site to be dedicated to the City (or such later date as the City may approve). At that time, the Landowner shall transfer parcels improved as described in this Section.

In negotiating the land dedication, City was cognizant of its adopted Housing Policy that states: "The City may choose to approve Affordable Housing Plans that provide relief from current housing market conditions."

C. SUNCREEK AFFORDABLE HOUSING IN-LIEU FEE: \$1,460 (per market rate unit):

Landowners shall pay an affordable housing in-lieu fee ("Affordable Housing In-Lieu Fee" or "In-Lieu Fee") of \$1,460 per market rate unit. This amount incorporates a reduction of the In-Lieu Fee to reflect a credit for land dedication of \$315 per market rate unit, reducing the In-Lieu Fee from \$1,775 to \$1,460 per market rate unit. The credit for land dedicated under Section B above was calculated using a value of \$7,500 per affordable housing unit.

Beginning on March 1, 2014, the Affordable Housing In-Lieu Fee required under this AHP shall be adjusted annually in March based upon the December to December index value increase found in the 20 City Building Cost Index published in Engineering News Record (ENR), averaged with the ENR's index of the City of San Francisco between December and December of each year. This In-Lieu Fee shall be paid to the City no later than prior to issuance of the building permit for each market rate residential unit.

D. OPTION TO PURCHASE ADDITIONAL SITE:

In addition to the individual obligations established for each property ownership with separate Affordable Housing Plans, Callahan Sun Creek, LLC shall grant the City an option to purchase one additional 2.5-acre high density site, zoned RD-40 within the SunCreek Specific Plan, as shown in Exhibit 2 of this AHP.

In order for the City to preserve the opportunity to expand affordable housing opportunities in the SunCreek Specific Plan area, the City shall have the option to purchase the additional site of 2.5 acres of undeveloped RD-40 property at market appraised value; provided, however, that regardless of the appraisal, in no event shall the amount the City pays the developer exceed \$250,000 per acre. The \$250,000 per acre cap shall be adjusted annually in January based upon the October to October index value increase found in the 20 City Building Cost Index, published in Engineering News Record (ENR), averaged with the ENR's index of the City of San Francisco between August and August of each year (non-inflated).

If not earlier exercised, this option shall expire (1) year after the approval of the Housing Element update in 2021. Five years from entering into an Affordable Housing Plan with Callahan Sun Creek, LLC, which shall be subject to the option to purchase, Callahan Sun Creek, LLC may request the City to consider a modification of the term of the option to purchase.

If the City exercises its option on this additional parcel, the transfer of title to this parcel will occur as a result of a normal sale of property, with conditions of sale to be negotiated.

The requirement to provide the City with this purchase option shall be agreed to by Callahan Sun Creek, LLP as landowner of the property designated as the additional site in Exhibit 2 of this AHP. This option shall be entered into by the City and the Callahan Sun Creek, LLP within 90 days of the City's approval of the SunCreek Specific Plan.

SUMMARY OF PERFORMANCE EXPECTED FROM THE SUNCREEK SPECIFIC PLAN AREA

It is anticipated that the minimum number of affordable units to be developed through the use of dedicated land and In-Lieu Fees will include 75 senior rental units affordable to Low and Very Low Income households. It is also anticipated that a minimum of 130 rental units, affordable to Low and Very Low Income families, will also be developed. At build-out, the SunCreek Specific Plan is expected to contain the following minimum number of dwelling units affordable to the following household incomes:

- Very Low Income: credit for 94 units at Mather Veterans Village
- Low Income: 280 units (estimate)
- Moderate Income (low end) \$200,000 – 220,000): 70 units (estimate)
- Above Moderate Income (>\$220,000): 4409 units (estimate)

2197441.3

