

AFFORDABLE HOUSING CREDITS

1. Quadrant shall provide a total number of affordable housing credits, pursuant to this affordable housing credit program equal to 15% of the total number of residential units constructed in SR II. For 1850 residential units, Quadrant shall provide 278 affordable housing credits. For 2000 residential units, Quadrant shall provide 300 affordable housing credits. For 2150 residential units, Quadrant shall provide 323 affordable housing credits. Credits shall be provided according to the following schedule. No credit will be awarded unless the Applicant can provide the City verification that the unit was offered exclusively to income-qualified households, as described in section 6 below, during the buyer restriction period described in section 7 below, and otherwise complied with price restrictions if not sold during the buyer restriction period.

AFFORDABLE HOUSING CREDIT EQUIVALENTS

A. Residential dwelling unit on SR II priced to rent or sell at a price affordable to households earning at or below 80% of median income for King County	1 credit
B. Residential dwelling unit on SR II priced to rent or sell at a price affordable to households earning at or below 60% of median income for King County	1.5 credits
C. Residential dwelling unit within City limits, but not on SR II meeting A, provided unit construction is not already part of SR I or SPI commitments.	0.5 credits
D. Residential dwelling unit within City limits, but not on SR II meeting B, provided unit construction is not already part of SRI or SPI commitments.	1.0 credits
E. Siting an affordable housing unit within a plat that contains at least 80 percent housing that does not meet these affordable housing criteria.	0.33 "Dispersion Bonus" credit in addition to the credit for the unit itself under A and B above.

2. A minimum of 25% of the total affordable housing provided by these conditions shall be rental housing, and shall have recorded against the property a rental covenant with terms acceptable to the City Attorney that retains the property as rental housing for a minimum of 15 years after the date of first occupancy and restricts the rental rate increases to the same percentage increases as the annual median income for King County as a whole during the period of the rental covenant.

3. A minimum of 33% of the total affordable housing provided by these conditions shall be for sale housing.

4. **Dispersal Requirements:** A minimum of 50 affordable housing credit units shall be located on the north parcel and a minimum of 100 affordable housing credit units shall be located on the south parcel. The multifamily rental housing required by these conditions shall be located in a minimum of two parcels in SR II that are not adjacent to each other. The for-sale housing to be provided by these conditions shall be located on a minimum of 3 different parcels in SR II as follows:

- A. A minimum of 20 units in the north
- B. A minimum of 20 units in the south, on the east side of the parkway
- C. A minimum of 20 units in the south, on the west side of the parkway.

If the Applicant proposes to locate the for-sale housing in more than these 3 locations, then any two affordable for-sale projects or neighborhoods must be separated by an intervening neighborhood of market-rate housing.

5. **Buyer qualification:** To be considered an income-qualified buyer eligible to purchase or rent one of the required affordable housing units during the restriction period described in section 7, the buyer/renter's adjusted income pursuant to 24 CFR 5.611 must be no more than the King County median income limit for that buyer's household size. However, once the buyer/renter is qualified at the relevant household size, the buyer/renter shall be entitled to purchase or rent an affordable housing product that has been priced for a larger household size. For example, a two-person household buyer/renter must qualify at the two-person household income level, but once qualified, may purchase or rent a housing unit priced for a two, three or four-person household.

6. **Buyer/Rental Restriction Period:** Homes/apartments which are identified by the Applicant as affordable in a preliminary plat, residential binding site improvement plan, site plan review or multifamily building permit, shall first be offered to income qualifying buyers or renters for the time period specified below. For-sale units shall be subject to a buyer restriction period that is at least ninety (90) days following the availability of a model home for that particular housing product or 90 days following final plat, final binding site improvement plan approval or administrative site plan approval, whichever is later. If a model home is not provided for the particular housing product, the 90-day element of the buyer restriction period shall start upon the availability of detailed plans, brochures and representation of the affordable product. Rental units shall be subject to a rental restriction period that shall constitute the first 60 days of the initial pre-lease or lease period for the applicable unit, which 60-day period can begin no sooner than the time at which a substantially comparable show unit, or detailed plans and marketing materials for the same, are available providing adequate representation of the affordable product. The buyer/rental restriction period applies only to the initial sale or rental of the applicable unit. After the buyer/renter restriction period has expired, affordable housing units may be made available to the general public, provided a) for-sale units shall be sold initially at the maximum purchase established for such unit, and b) rental units shall be subject to the price covenant established in section 8 below.

7. **Affordable Unit Household Size and Price:** The home price for affordable housing for-sale units shall be based on the King County median income for the household sizes indicated in this section based on the following formula:

A. For-sale prices shall be based on 30 percent of median income published by King County or HUD covering principal and interest, homeowner's or condominium dues (if applicable), 1% of the purchase price for property taxes and 0.52% of the loan amount for mortgage insurance. The principal and interest amount shall be calculated assuming 5 percent down, zero points and be based on the average interest rate for a 30 year fixed rate mortgage over the previous 6 months.

B. Rental rates shall be based on 30 percent of median income published by King County or HUD covering both rent and a utility allowance that shall not exceed ten percent (10%) of the total rent cap calculated using this 30% of median income formula. The amount of the utility allowance shall be based on then-current utility rates and what, if any utilities are included within the base rent. This utility allowance shall be established at the time of final plat or binding site plan approval and shall not be adjusted annually thereafter, when the rents are adjusted as described in section C below.

C. Home prices and rental rates shall be set at the time of final plat or final BSIP and shall be adjustable annually to reflect updated median income data. A minimum of thirty three (33) percent of the for-sale units shall be priced for a three-person household, with a minimum of two bedrooms. The remaining for-sale units may be priced for a four-person household, with a minimum of three bedrooms, or, at the Applicant's option, may be priced and sized for a smaller household. Affordable housing rental units may include studio, one, two, and three bedroom units, which shall be priced for one-person, two-person, three-person and four-person households respectively.

8. **Alternative Credit Proposals:** The credit equivalents described in these conditions are not intended to be exhaustive. The Applicant may propose to the City an alternative method of addressing this affordable housing credit requirement and ask the City to approve an alternative credit equivalent or partial credit equivalent for such alternative not expressly addressed in this condition. For example, without limitation, the City may consider affordable housing credit for provision of infrastructure in Parcel Y-1 on SR I, which has been dedicated to the City for affordable housing. Such request shall be reviewed by the City and a credit equivalent or partial credit equivalent allowed if the City determines the proposal will provide one or more affordable housing units that would not otherwise be provided in the community without the support proposed by the Applicant, or that may be provided sooner with the Applicant's assistance than would otherwise occur.

9. **Marketing:** Efforts to advertise and market the units subject to this affordable housing credit program shall be at the discretion of the Applicant, provided that the Applicant shall specifically identify each lot or building containing units that are subject to this Affordable Housing program, indicating that they have certain income-eligibility requirements and shall provide a minimum of 2 advertisements in the local newspaper announcing the availability of these affordable housing units at least 60 days prior to initially offering them for sale or rent.

The City shall not be obligated to, but may choose to disseminate information to the community regarding this affordable housing program including, but not limited to, initiating contact with builders or affordable housing organizations that might be interested in assisting or participating.

10. **Affordable Size limits:** The for sale units constructed under this affordable housing credit program shall be limited to 1500 square feet in size or smaller, to minimize the need for subsidizing the costs of construction and to help ensure longer-term affordability upon resale. Alternatively, the Application may propose a sweat-equity program or some form of resale price restriction to accomplish a similar longer-term affordability objective.

11. **City-sponsored Dispersal Program.** The Applicant agrees to provide up to 20 lot(s) for sale to the City or to a builder recruited by the City for a City-sponsored affordable housing program designed to disperse affordable units in SR II more broadly than the dispersion requirements in sections 4 and 5 above.

A. The City may recruit builders interested in constructing dispersed affordable housing units on SR II and on the Parcel Y-1 property dedicated to the City under the SR I affordable housing program and the Snoqualmie Preservation Initiative affordable housing requirements. Quadrant agrees to cooperate with the City in identifying potential builders for this program.

B. The City may offer all or a portion of Parcel Y-1 to such builder in exchange for the builder also agreeing to purchase one or more lots in SR II for the purposes of constructing for-sale affordable housing units priced at or below 80% of median income in locations on SR II that meet the added dispersal requirements of this City dispersal program.

C. To qualify for this City dispersal program, the affordable housing units on SR II cannot be located more than 6 in a group, block or neighborhood. Quadrant shall notify the City when Quadrant has one or more lots available for this City dispersal program, giving the City a minimum of 60 days to respond to the notification with a proposal from a builder. The City shall notify Quadrant when the City has identified one or more builders interested in this City dispersal program, giving Quadrant a minimum of 60 days to respond to the City notice with identification of which lots Quadrant is willing to sell for this program, and when those lots will be available for sale, based on projected timing for final plat approval. If, at the time the City notifies Quadrant of an interested builder, Quadrant has completed platting and has either sold or entered into a binding purchase and sale agreement for all of the lots in all of the parcels where compatible size and price units are or will be located, then the program shall be deemed terminated. If, however, at anytime thereafter Quadrant elects to change the intended lot sizes and prices for a future plat such that new lots that are compatible with this program become available, then Quadrant shall give the City notice of availability of these lots and 60 days for the City to recruit a builder for these lots, consistent with this program.

D. To be eligible for this program, the builder must be prepared to submit a description of the lot size desired, the proposed affordable unit elevation and floor plan,

and a per lot price that the Builder is willing to pay for an SR II lot to participate in this program. Such per lot price offer shall be within the range of market rate lot prices for similarly sized and situated lots in other plats in SR I or SR II. The builder must also be willing to comply with the Applicant's standards for builder practices contained in the Snoqualmie Ridge Builders Program that are required of all builders in SR I and II.

E. In selecting appropriate locations for such lots on SR II, Quadrant or other parcel owner/builder may take into consideration the scale, size and architectural compatibility of the units proposed by the recruited builders, with lot size and market price being the primary determinant of compatibility. Any such units must also satisfy all requirements of the Residential Platting Standards and the Residential Design Guidelines, and are subject to review and approval by the Architectural Review Committee for Snoqualmie Ridge, pursuant to the CC&R's. Satisfaction of these Design Guidelines and completion of architectural review shall be presumed to satisfy architectural compatibility. Because the intent of this program is to further disperse and integrate affordable for-sale single-family and duplex/triplex housing within market rate neighborhoods, if the proposed affordable housing product meets the above criteria, The Applicant shall make lots available that mix affordable units with market rate units within a neighborhood.

F. Dispersed units constructed under this program on SR II shall be eligible for affordable housing unit credit under section 1A or 1B above, but shall not be eligible for the .33 Dispersion credit under section 1E above. Any units constructed on Parcel Y shall not be eligible for affordable housing credit under section 1 above.

G. This condition is intended as a voluntary, market-rate lot sale program to accomplish greater dispersion of affordable housing units throughout SR II. Quadrant is not obligated to sell lots below market rate to satisfy this condition. Quadrant is, however, obligated by this condition to sell up to 20 lots at market rate, if the City and a builder make a market-rate offer for a housing unit that otherwise satisfies the Residential Development Standards and Design Guidelines.