

Exhibit F

Affordable & Workforce Housing Plan

Affordable Housing Plan

The San Luis Ranch project will encourage long term housing affordability by including design and development strategies that provide lower cost housing, by including a range of housing sizes and types that are not typically provided in the community, including deed-restricted workforce units, and by providing lower income inclusionary units as required by the City Inclusionary Housing Ordinance. Since the price of houses over time is most closely related to the size of the dwelling unit, the size of the lot, and costs of maintenance, the project has concentrated on lowering the overall size of market rate dwelling units, and reducing lot size for market rate units.

Within each of the residential zones there will be dwelling unit sizes ranging from 220 square foot studios to 2,200 square foot single family detached units. Lot sizes range from air-space studios to 3,200 square feet. Consequently, the average size of the units and lots across the development is far smaller (less than ½ the size) of existing residential housing stock in the City.

Maintenance expenses, to the extent feasible, may be included in a Community Facilities District to reduce the necessity for Homeowner's Association fees and other costs associated with that maintenance and governance structure. Landscape maintenance and cost of water and utilities will also be reduced through the use of drought tolerant landscaping, smaller lots and other sustainable and cost reducing features.

The City's Housing Element provides incentives to develop housing in a denser pattern, with smaller unit sizes to encourage affordability across the low, moderate and workforce income ranges. These incentives include reduced inclusionary housing requirements for denser projects and for projects with lower dwelling unit square footages. Conversely, more inclusionary housing is required for projects with dwelling units that exceed unit sizes of 2,000 square feet. Table 2A of the Housing Element contains these adjustment factors.

According to the City's Inclusionary Housing Ordinance and Table 2A, the inclusionary housing requirement for the residential component of the San Luis Ranch project is a total of 34 units, with 26 very low, 4 low, and 4 moderate income units. These inclusionary units will be integrated throughout the project in the single-family detached, townhome, studio, 1 and 2-bedroom condominium products. In addition, the commercial component of the project requires a total of 34 inclusionary units. The project proposes to meet the commercial component requirement by either constructing these units on-site or paying an affordable housing in-lieu fee.

City Residential Requirements

The San Luis Ranch Specific Plan includes locations for on-site units to fulfill the affordable housing requirement for the residential development planned for the Specific Plan Area. Including residential uses only, the Specific Plan Area must provide a total of 34 deed restricted affordable units in the development, and must provide at least 5% low and 10% moderate income affordability per Table 2 of the Housing

Element. Any additional units provided above the inclusionary requirement could be sold or rented at market rate. See residential calculation below.

Residential Inclusionary Requirement Calculation

# of Units	Density (units/acre)	Unit S.F.	Build 5% (very low income)	Build 10% (moderate income)	Total Base Required	Adjust Factor	Required Inclusionary Units
200	NG-30	1,000	10	20	30	0	0
100	NG-23	1,300	5	10	15	0.25	3.75
200	NG-10	1,500	10	20	30	1	30
80	NG-30						NA
						Total	34

City Commercial Requirements

The commercial uses envisioned in the Specific Plan Area will be required to provide an additional 34 units of affordable housing. The commercial inclusionary calculations for the San Luis Ranch Specific Plan are as follows:

Commercial Inclusionary Requirement Calculation

Use	Acreage	x 2	Required Inclusionary
Retail	9.45	2	18.9
Hotel	3.5	2	7
Office	3.7	2	7.4
		Total	34

The San Luis Ranch project will address housing affordability in several ways, most notably through the design itself, which includes medium and high-density housing with lot sizes and floor areas that are well below the typical average for existing single-family detached units in the community.

The City's Inclusionary Housing Requirement will be addressed through deed restrictions on very low, low income and moderate-income units to be constructed by San Luis Ranch, and/or provided by dedicating and donating improved land to a non-profit affordable housing provider. However, should an affordable housing provider fail to construct the units, the obligation to provide for the 34 deed-restricted affordable housing units remains with San Luis Ranch to complete. The following highlights are summarized from the Specific Plan:

- **Mix of Residential Densities and Small Lots.** There is an intentional mix of residential densities in the San Luis Ranch project that includes a range of small lot sizes, attached townhomes, and multifamily dwellings, with an emphasis on higher density units. Floor plans ranging from 220 to 2,200 square feet in studio, 1 BR/1BA, 2BR/1BA, 2BR/2BA and 3BR/2BA configurations. The average unit size across the entire project is less than 1,330 square feet.
- **NG-10 Zoning.** The San Luis Ranch Specific Plan includes 200 small-lot, single family units, which are intended to meet the needs of young professionals, empty nesters and young families. These smaller units, ranging in size from 1,300 square feet to 2,150 square feet, have one-or two car garages with limited guest parking spaces. This parking reduction is justified by the lower expected occupancy for these smaller units and the multimodal features of the overall development. The four inclusionary moderate-income units will be provided on in Phase 1 of the project on Lots 53, 64, 174, and 191.
- **NG-23 Zoning.** The San Luis Ranch Specific Plan includes 100 attached and detached townhome units, close to services and open spaces. Units will range in size from 1,300 square feet to 2,110 square feet. Four of these 2- bedroom units will be deed restricted for low-income families. The inclusionary units will be provided on Lots 261, 267, 283, and 293.
- **NG-30 Zoning.** Finally, the San Luis Ranch Specific Plan includes 272 studio, one to three-bedroom multi-family units adjacent to open space and Madonna Road. Like other portions of the project, this multi-family zone will be directly served by an on-street transit stop and located within easy walking distance of nearby shopping. 26 of these units will be deed restricted as inclusionary housing for very low income families. Inclusionary and other multi-family units may be either dedicated to an affordable housing provider or managed by the San Luis Ranch. Multi-family unit sizes will range from 220 square foot studios to 1,100 square foot units for larger families.
- **Neighborhood Commercial.** The 19.6-acre Neighborhood Commercial portion of the Specific Plan area will generate a requirement for 34 additional inclusionary units. Development of this portion of the project site will be based on market demand. Approximately half of the NC area is currently located in ALUP Safety Zone S1-b that precludes residential development; however, the area outside of the S1-b zone can accommodate the required 34 units. Alternatively, the project may pay an affordable housing in-lieu fee per the Inclusionary Housing Ordinance and Table 2 of the Housing Element to satisfy this requirement.

Overall, the project will provide a total of twenty-six (26) very low, four (4) low, and four (4) moderate income inclusionary units. The inclusionary housing product mix has been intentionally skewed toward

very low-income units to ensure that this income group is adequately represented in the project, and to recognize that the moderate-income groups have adequate market rate opportunities in the NG-10, NG-23 and NG-30 neighborhoods. Table 2 shows the distribution of the affordable units, and Exhibit 1 shows the location of the moderate and low-income units. Distribution of the 26 very low-income units will be included in NG-30 neighborhood as described below.

Inclusionary Housing Phasing Plan

Neighborhood Distribution							
Program	NG-10	NG-23	NG-30			Commercial	Total
Moderate Income (Sale)	4					4	8
Low Income (Sale)		4				4	8
Very Low Income (Rental)			26			26	52
Units in Phase	4	4	26			34	68
						Total - Inclusionary Very Low	52
						Total - Inclusionary Low	8
						Total - Inclusionary Moderate	8
					Total		68

**The Commercial Development and associated Inclusionary Housing Requirement will be determined by the Community Development Department of the time of submittal of detailed plans for that component of the project. This requirement will be met either by development of units within the commercial project, off-site construction, or by payment of affordable housing in-lieu fee, or a combination thereof.*

Inclusionary Housing Program Synopsis:

The affordable housing located within the residential portion of the San Luis Ranch Specific Plan Area will provide 34 units on site for very low, low, and moderate income households. The applicant is committed to including at least 5% very low income units in the project. Per Section 17.90.040.D of the City's Affordable Housing Incentives which follows State law, a developer that agrees to construct 5% of the total units of a housing development for very low income households qualifies for a 20% density bonus. In this case, 5% of the allowed 500 units under the LUCE requires 25 very low income units. The project is proposing 26 very low income units.

The tables above show the required inclusionary units as well as the proposed density bonus units. Median and low income units (SFR and Townhomes) are intended to be for sale units. The applicant will retain the flexibility to either rent or sell the very low income units.

Deed-restricted, affordable units will be located throughout the residential portion of the Specific Plan Area, as illustrated in the above table.

Workforce Housing Plan

The City of San Luis Obispo has a recognized need for workforce housing (121-160 of Area Family Median Income). The San Luis Ranch Specific Plan aims to help meet the City's housing needs by providing a highly desirable new home type to the San Luis Obispo housing market: small lot (1,000 to 3,200 square feet) single family and multi-family housing types.

A primary goal of the City of San Luis Obispo, realized and implemented through the San Luis Ranch project, is to create workforce housing and increase the supply of housing available to local employees. A special five-point program will be provided to create workforce housing and increase the supply of housing available to local employees. This program includes 1) 14 deed-restricted workforce housing units for eligible households earning 121-160% of the Area Median Income. Two of these workforce housing deed-restricted units will be located in the NG10 Zone on Lots 105 and 121, two will be located in the NG23 Zone on Lots 251 and 257, and ten will be located in the NG30 Zone (See Exhibit 1 for unit locations); 2) providing local priority preferences for individuals who work within the City of San Luis Obispo to purchase or rent a residence within the Project; 3) Owner Occupied Restrictions; 4) "Local Heroes" discount for public safety, hospital workers and teachers; and 5) participation in the City Equity Share program. These housing programs seek to target the Project to local employees, reduce the influence of investors in the limitation of housing choice and availability, and provide for 14 deed-restricted units.

Notwithstanding anything set forth below, all preferences and/or priorities for workforce housing units will be administered in accordance with, and subject to, all applicable federal, state and local laws and regulations, including Fair Housing rules.

Subject to applicable law, the elements of the workforce housing programs are as follows:

- Local Preference ("SLO Workers First"). Program 10.4 of the City's Housing Element encourages residential developers to "...sell or rent their projects to those residing or employed in the City first before outside markets." Further, the City and project applicants recognize that one of the principal reasons for the designation of additional residential land in the community in the 2014 Land Use and Circulation Element update was to address the current jobs-housing imbalance. One direct and effective way of achieving this is to provide priority for existing employees to rent or purchase residences within the Project. To that end, San Luis Ranch will give first preference to rent or purchase a residence within the Specific Plan area to local employees identified on the interest list. These areas include the City's corporate limits and areas outside the City limits such as Cal Poly, California Men's Colony, Cuesta College, agricultural lands within the Edna Valley area and business parks on South Broad Street. Specifically, for purposes of this program, the term "local employees" shall include individuals who are employed in business that are located in geographic areas that are customarily included in the City's annual jobs-housing balance analysis in its General Plan Status Report, including the following zip codes: 93401, 93405 and 93407. New employees to businesses in these geographic areas with bona fide employment offers will be considered "local employees" as well. San Luis Ranch will maintain and update the interest list through full build-out of the Project. San Luis Ranch will operate and administer this program as follows:
 - a. San Luis Ranch shall maintain the interest list and shall separate and prioritize names of local employees based on interest in product type.

- b. When product becomes available, usually 270-360 days prior to certificate of occupancy (assuming a 180-day construction period), San Luis Ranch shall notify those individuals of the opportunity to purchase a residence on a lottery basis. Once notified, those individuals shall have approximately 60 days to get pre-qualified to purchase the residence and to provide San Luis Ranch with proof that the individual is a local employee and the time notice (i.e. paycheck or bona fide offer of employment from a local employer.)
- c. If an individual fails to get pre-qualified or fails to provide San Luis Ranch with proof of local employment within the time periods above, then San Luis Ranch may remove or put that name at the end of the interest list.
- d. San Luis Ranch agrees not to sell any units within the Project to any individual without first offering the unit to a local employee who is on the interest list for that product type. Upon exhausting all local employees on the interest list for a product type, San Luis Ranch agrees to give priority in the sale of such units to individuals employed in the County, and finally to individuals from outside the county.

Nothing herein shall preclude San Luis Ranch from notifying multiple individuals with the opportunity to purchase a residence and prioritizing the purchase and sale based on a lottery basis. Nothing herein shall preclude San Luis Ranch from taking all reasonable actions necessary in order to facilitate the sale of units within the Project provided such actions are consistent with the “SLO Workers First” program described herein. San Luis Ranch shall, upon request, update the City on its implementation of this program and provide City with the interest list and proof of employment for all sales made under this program.

City and San Luis Ranch acknowledge that this program described above will accomplish three important objectives: 1) use new housing to address the current imbalance between existing jobs and housing; 2) ensure that, to the maximum extent practicable, that the increased housing in San Luis Obispo results in a decline in the current commute traffic; and, 3) reduce competition from outside buyers in the initial offering and sales.

- Owner-Occupancy Restrictions. San Luis Ranch agrees to include restrictions in the purchase agreement and Covenants Conditions and Restrictions (CC&Rs) for all single family detached units (NG-10) and (NG-23) (total of 300 dwelling units) requiring these units to be restricted to owner-occupants for the first five years after sale. In the case of units with Accessory Dwelling Units (ADUs), the Principal Dwelling or the ADU will need to be occupied by the property owner. The final form of these agreements will be determined at the time of development of the first final map, and will provide for appropriate monitoring and enforcement. Enforcement and monitoring of the owner occupancy requirement on all single-family dwellings will be controlled by the San Luis Ranch Owners’ Association, or in coordination with a qualified housing non-profit.
- Local Heroes: San Luis Ranch will offer a special program for buyers who are considered “Local Heroes.” These Local Heroes are Police, Firefighters, Active and Retired Military, Teachers, EMTs, Nurses and City or County Employees. Qualification for this incentive is verified on the loan application reviewed by our Preferred Lender. (This provision is included to ensure consistent review parameters. Buyers are not obligated to finance home purchase with Preferred Lender.) Military, Active or

Veterans submit separate evidence. San Luis Ranch will provide a minimum \$1,500 incentive that is credited to the buyer at closing and can be used at the design center for upgrades and/or closing costs.