

Stapleton Affordable Housing Plan

January 29, 2001

A. Background

The Stapleton Development Corporation (“SDC”), the City and County of Denver (“City”), and Forest City Enterprises (“Forest City”) have developed this Stapleton Affordable Housing Plan (“Plan”). The purpose of the Plan is to set forth the expectations of the parties with regard to the development of housing for low and moderate income households at Stapleton, in furtherance of the requirements of Section IV (B) of the Development Agreement between the City and Forest City, and Section 5.19 (c) of the Amended and Restated Stapleton Purchase Agreement between SDC and Forest City (“Purchase Agreement”). In formulating this Plan, the parties have assumed that approximately 8,000 for-sale dwelling units and 4,000 multi-family rental units will be developed at Stapleton upon final buildout. However, the percentage requirements for affordable housing shall apply regardless of the number of units that are ultimately built.

The Stapleton Development Plan (the “Green Book”), adopted by Denver City Council in March 1995, calls for the development of affordable housing, including low income and very low income housing, as well as the attraction of middle and upper income families, to the northeast area through a broad mix of housing types, densities, and price ranges. To realize that vision, it is necessary to concentrate efforts towards serving renters earning 60% and below of the Median Family Income (“MFI”) and homebuyers earning 80% and below of MFI. Through normal market forces the additional broad range of housing can be achieved. Therefore, this Plan establishes specific requirements that are needed to carry out the affordable housing objectives.

B. Definitions

As used in this plan, the following terms have the following meanings:

Affordable Workforce Housing: Means dwelling units that are offered for sale at a price which is affordable by and that are in fact sold to households earning 80% and below of MFI for owner-occupancy only.

Affordable Housing: Means Affordable Workforce Housing and Affordable Rental Housing.

Affordable Rental Housing: Means dwelling units that are offered for lease at a rent which is affordable by and that are in fact leased to households earning 60% and below of MFI, including Very Low-Income Housing.

MFI: Means the most current median family income for the Denver Metropolitan Statistical Area as published from time to time by the U.S. Department of Housing and Urban Development, adjusted for household size.

Public Subsidy: Means monetary or nonmonetary assistance, or both, from any city, county, state or federal program or any nonprofit organization provided to assist in the development of affordable housing.

Special Needs Housing: Means dwelling units for persons such as the dependent elderly, physically disabled, chronically mentally ill, and others that need services provided on site.

Stapleton For-Sale Housing: Means the total number of for-sale dwelling units to be developed at Stapleton upon final buildout.

Stapleton Rental Housing: Means the total number of for-rent dwelling units to be developed at Stapleton upon final buildout.

Very Low-Income Housing: Means Affordable Rental Housing units that are offered for lease at a rent which is affordable by and that are in fact leased to households earning 50% and below of MFI, of which a portion shall be affordable by and leased to households earning 30% and below of MFI.

C. Production of Affordable Housing

Affordable Housing shall be generally dispersed throughout Stapleton's 2,935 developable acres, both north and south of I-70. However, the affordable housing should be located near public transportation and shopping areas, and consequently may be more concentrated in certain areas of the site.

1. Affordable Rental Housing

- a. Forest City shall develop or cause to be developed at least 20% of Stapleton Rental Housing as Affordable Rental Housing meeting the requirements of this Plan.
 - (i) The parties mutually acknowledge that, in order to create Affordable Rental Housing, a Public Subsidy will be required.
 - (ii) If sufficient Public Subsidy is not available at the time Forest City is prepared to develop a particular Affordable Rental Housing project, then at Forest City's option, after consultation with SDC, it shall either (A) leave a parcel of land undeveloped, sufficient in size, to accommodate the Affordable Rental Housing project until such time as sufficient Public Subsidy is available, or (B) determine to meet the requirement for Affordable Rental Housing elsewhere at Stapleton at a later date.

To achieve the Stapleton Development Plan principles, SDC, the City and Forest City intend that at least 25% of the required Affordable Rental Housing units be developed as Very Low-Income Housing, a portion of which would be developed and made available as Special

Needs Housing. The parties acknowledge that, to accomplish this goal, significant Public Subsidy will be required, along with the participation of non-profit housing providers. In recognition of this fact, Forest City shall be deemed to have fulfilled the requirement for Very Low-Income Housing by: (A) donating eight acres of land at Stapleton to non-profit housing providers at no cost, which land shall be divided into at least four sites, each of which shall be zoned for a density of 25 dwelling units per acre and shall accommodate no more than 50 dwelling units; and (B) obtaining from such providers commitments acceptable to the City and SDC for the provision of Very Low-Income Housing in accordance with the requirements of this Plan. Forest City shall designate the development sites and select the providers to fulfill this requirement for Very Low-Income Housing. With regard to any particular site, if, after reasonable attempts, Forest City has been unable to obtain from such providers commitments acceptable to the City and SDC as provided in (B) above, Forest City shall have the option to convey such site to the City in lieu of continuing to seek such commitments and shall be deemed to have fulfilled its requirements under this paragraph for such site through such conveyance.

- b. Affordable Rental Housing shall be developed in mixed-income developments with the exception of Special Needs Housing. Special Needs Housing developments may be but are not required to be mixed-income.

2. Affordable Workforce Housing

Forest City shall develop or cause to be developed at least 10% of Stapleton For-Sale Housing as Affordable Workforce Housing meeting the requirements of this Plan.

D. Provisions for Ensuring Long-Term Affordability of Housing

1. Any Affordable Housing unit produced to fulfill the requirements of this Plan shall be subject to a deed restriction or other mutually agreeable mechanism guaranteeing the long term affordability of the unit. For Affordable Work Force Housing, “long term affordability” means that the purchase and sale of the unit meets the requirements for affordability set forth in the Plan both upon the initial sale of the unit, and every other time the unit is sold for a period of at least thirty years from the date of the initial sale. For Affordable Rental Housing, “long term affordability” means that the rent charged to any tenant for occupancy of the unit shall always meet the requirements for affordability set forth in this Plan for a period of at least thirty years from the date of the initial lease. The period of long term affordability of any Affordable Housing project may be extended beyond thirty years if required under the financing arrangement for the particular project. A deed restriction or other mutually agreeable mechanism shall not be required if binding provisions for ensuring long term affordability are included in the financing arrangement for a particular Affordable Housing project.

2. Provisions for ensuring the long term affordability of Affordable Rental Housing units shall include a 1-year transition period, at the expiration of the requirement of long term affordability, to allow any tenant then qualifying for Affordable Rental Housing to make alternative housing arrangements. During this transition period, any such tenant, may remain in the unit, and the rent charged for the unit shall continue to meet the requirements for affordability set forth in this plan for so long as the tenant remains in the unit during the 1-year transition period. The requirements of this paragraph shall not apply to any unit that is vacant or that is not occupied by a tenant qualifying for Affordable Rental Housing upon the expiration of the requirement for long term affordability.
3. If any Affordable Housing unit becomes vacant while the requirement for long term affordability is in effect, the unit shall be made available for sale or lease to another qualifying household.
4. The City, SDC, and Forest City will strive to identify mechanisms that may extend affordability past 30 years.

E. Types of Affordable Units

1. The following minimum square footage requirements relating to types of affordable units shall not apply to Special Needs Housing.
2. Unit size shall, at least, meet these minimum square footage requirements for all Affordable Housing units.

Assumed household size and minimum square footage:

Unit Type	No. Of Persons	Sq. Ft.
Studio/Jr. Bdrm.	1	400
1 Bedroom	2	600
2 Bedroom	3	750
3 Bedroom	5	1100
4 Bedroom	6	1250

3. The following requirements shall apply separately both to the total number of Affordable Rental Housing units and to the total number of Affordable Workforce Housing units developed to fulfill the requirements of this Plan:
 - a. At least 15% of the units shall have three (3) or more bedrooms.
 - b. No more than 35% of the units shall have one (1) bedroom or less of which no more than 10% shall be studio apartments or junior bedroom units.
4. All Affordable Rental Housing and Affordable For Sale Housing shall be constructed of first quality materials equal to or better than FHA standards and

reasonably similar in character to surrounding market rate units and built in accordance with design standards consistent with the Stapleton Design Guidelines.

5. Not more than 35% of the Affordable Rental Housing shall be housing for independent seniors.

F. Buyer/Renter Qualification

1. Buyers and renters shall be qualified upon the initial purchase or leasing of an Affordable Housing unit using general HUD standards for income qualification.
2. No re-certification shall be required for so long as the buyer or renter remains a resident of the Affordable Housing unit unless such re-certification is required according to the financing arrangements for the particular Affordable Housing unit.
3. There shall be no discrimination on the basis of age (except in senior housing), race, creed, color, sex, sexual orientation, disability, religion, national origin, marital status or affiliation.
4. The owner of any Affordable Rental Housing unit shall not discriminate against the use of Section 8 vouchers by any tenant who is otherwise qualified to rent and occupy such a unit according to the standards set forth in this Plan.
5. Residents of Affordable Housing units shall have the same access to common area amenities as residents of the market rate units of the project within which they reside.
6. A household earning less than 60% of MFI shall not be disqualified from leasing an Affordable Rental Housing unit due to a rent-to-income ratio if such tenant has had a satisfactory rent-paying history for 24 months at a rent at least equal to the rent to be paid for the unit.

G. Resources

SDC and the City acknowledge that Public Subsidy will be necessary for Forest City to fulfill the requirements set forth in this Plan. The City will assess needs for affordable housing for Stapleton and throughout the City and will consider funding requests for Stapleton projects based on these ongoing needs assessments. Forest City shall be eligible to seek Public Subsidy from the City on the same basis as other developers operating within the City; however any decision to grant any such Public Subsidy shall be at the sole discretion of the City.

H. Monitoring for Compliance with Plan

The requirements set forth in this Plan for the production of Affordable Housing are expressed as percentages and sub-percentages of the total number of dwelling units that will ultimately be constructed at Stapleton. Nothing in this Plan shall be construed to require the inclusion of a certain number or percentage of Affordable Housing units in any

particular phase of the development or in every individual housing project at Stapleton. In fact, SDC, the City, and Forest City anticipate that some housing projects at Stapleton may contain no Affordable Housing units whatsoever. Nevertheless, Forest City shall endeavor to develop or cause to be developed Affordable Housing units at a pace reasonably consistent with the pace of development of market rate housing at Stapleton. Forest City shall report in writing to SDC and the City its progress in fulfilling the requirements of this plan no less frequently than once annually. Any disputes between the City and Forest City regarding compliance with this Plan shall be resolved as provided in Section VI (E) of the Development Agreement and Section 7.1 of the Purchase Agreement.