NEWHALL RANCH
AFFORDABLE HOUSING IMPLEMENTATION PLAN

Revised June 25, 2010

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1. SUMMARY OF AFFORDABLE HOUSING IMPLEMENTATION PLAN

This Affordable Housing Implementation Plan ("Implementation Plan") is based on the Affordable Housing Program adopted in May 2003, as part of the Newhall Ranch Specific Plan (section 3.10 Development Regulations/Affordable Housing Program, attached hereto as Appendix B) (the "Affordable Housing Program"). The Implementation Plan specifics may be modified or changed as development of the Newhall Ranch community unfolds. The basic plan calls for affordability guidelines, timing/delivery plans and monitoring obligations as summarized below:

A. Affordability Minimums

The Newhall Ranch is currently estimated to include a total of 2,200 "Affordable Housing Units" as set forth in Section 3.10, paragraph 3a of the Newhall Ranch Specific Plan or approximately 10% of the total development, according to the following income schedule:

(1) 1,210 Affordable Housing Units shall be moderate income units serving households with incomes at or below 120% of Los Angeles County median income.

(2) 220 Affordable Housing Units shall be low income units serving households with income at or below 80% of Los Angeles County median income.

(3) 330 Affordable Housing Units shall be low income units serving households with income at or below 65% of Los Angeles County median income.

(4) 440 Affordable Housing Units shall be very low income units serving households with incomes at 0%-50% of Los Angeles County median income. A minimum of 44 of these units will be reserved for seniors 55 years of age or older. If the ultimate mix of senior units is less than 35 units per a given project, the age requirement will be increased to 62 years or older.

The approved method of calculation of affordable rents and sale prices shall be based upon Federal Income Limits and guidelines.

B. Delivery of Units

The timing of the provision of the affordable homes is as follows:

(1) For the first 11,000 residential units in the Newhall Ranch, 1,100 Affordable Housing Units will be provided.

(2) At the completion of 16,500 residential units, 1,650 Affordable Housing Units will be provided.

(3) When 20,000 residential units are completed at the Newhall Ranch, all 2,200 Affordable Housing Units will be in place.

C. Monitoring

The affordable housing program specifies a monitoring program as follows:

(1) At the time of the submittal of the tentative tract map for the 5,000th residential unit, the Newhall Land and Farming Company ("Newhall Land") will begin submitting annual reports until completion of all affordable units.

(2) As units are completed, the owners and managers of the units will take over reporting responsibilities. Newhall Land will continue to report annually on units in planning and under construction until it can be demonstrated that the Affordable Housing Unit Requirement set forth in Section 3.10, paragraph 2a of the Newhall Ranch Specific Plan has been achieved.

2. NEWHALL LAND AND FARMING COMPANY RESPONSIBILITIES

Newhall Land will provide affordable housing on the Newhall Ranch according to the Affordable Housing Program. These obligations include:

A. Newhall Land agrees to implement the Affordable Housing Program as approved.
B. Newhall Land will provide a mix of for sale and rental housing per the Affordable Housing Program.
C. Newhall Land will provide a mix of housing for all income levels per the Affordable Housing Program.
D. Newhall Land will disperse affordable housing units throughout the Newhall Ranch Villages in developments/planning areas no larger than 175 units in size except if such units are included as part of a senior housing development in which case there will be no maximum size. Also, the 175 unit maximum will not apply to developments/planning areas that combine "market rate" housing units with affordable housing units.
E. Newhall Land will provide a fifteen-year resale control program for homes offered for sale under the Affordable Housing Program.
F. Newhall Land will provide that all affordable rental homes will maintain affordable monthly rents for at least 15 years.
G. Newhall Land will sell land designated for affordable housing to qualified affordable housing developers. Those developers will be responsible for coordinating long-term monitoring or assistance from the Los Angeles County Community Development Commission.
H. Newhall Land will implement the agreed upon monitoring program for units in planning or under construction.

3. NEWHALL RANCH DEVELOPMENT SCHEDULE

It is anticipated that the Newhall Ranch will be developed in four Villages, with each of the four Villages having its own tentative map.

A. The proposed number and type of Affordable Housing Units for each Village is still being determined as part of the master planning process, but is currently estimated as follows:

(1) Landmark Village
301 affordable homes as outlined in the tentative map

(2) Mission Village
An estimate of 300 Affordable Housing Units

(3) Homestead
An estimate of 600 Affordable Housing Units

(4) Potrero Village
An estimate of 999 Affordable Housing Units

B. The number of Affordable Housing Units per Village will be adjusted through the approval and development process to optimize the location and subsidy requirement for each affordable housing development. The total number of Affordable Housing Units within the Newhall Ranch will remain at 10% of the total development, currently calculated to be 2,200.

C. In all cases, Newhall Land will comply with the requirements of the Development Regulations, which stipulate construction of 1,100 affordable homes by the 11,000th residential building permit, 1,650 affordable homes by the 16,500th residential building permit and 2,200 affordable homes by the 20,000th residential building permit. In addition Newhall Land will disperse affordable housing units throughout the Newhall Ranch Villages in developments/planning areas no larger than 175 units in size except if such units are included as part of a senior housing development and developments/planning areas that combine "market rate" housing units with affordable housing units.

4. AFFIRMATIVE MARKETING PROGRAM

In order to assure opportunities for local residents and employees to obtain affordable housing, Newhall Land will implement an affirmative marketing program as follows:

A. A marketing plan, that includes an affirmative marketing program, will be written for each affordable housing development before lease-up or sales of units begin. For rental projects, the Los Angeles County Community Development Commission and Housing Authority Affirmative Marketing Guidelines will be followed. Those guidelines are attached as Exhibit A.

B. Each Marketing Plan will include provisions for the activities outlined below:

(1) Advertising

Although word of mouth and employer outreach may be sufficient to find qualified occupants of the Affordable Housing Units, some advertising may be required. If advertising is necessary, the program may include but is not limited to:

i. Newspaper advertising
ii. Informational flyers to local employers and local government agencies
iii. On-site signage

(2) Application Process

i. After receipt of building permits and prior to the release of applications, each Village will set up a method for prospective applicants to register their interest. Once applications become available, they will be mailed to all registered applicants.
ii. Once released, applications will also be available for pick-up from the leasing or sales office, as applicable.

(3) Eligibility

i. Units will be offered to applicants on a first qualified, first offered basis.

C. Newhall Land and its sales and rental agents hereby agree not to discriminate against any housing prospect on the basis of race, gender, color, religion, creed, marital status, ancestry, or national origin. All advertising and informational flyers in Villages with affordable homes may include information about affordable housing as well as fair housing information.

5. HOMEOWNERSHIP FINANCING

A. Initial Price Determination
In approximately April of each year, when current annual Los Angeles County income limit information is available from the U. S. Department of Housing and Urban Development for that year, Newhall Land will determine the sales price and rental rates of Affordable Housing Units according to the formula indicated in the Affordable Housing Program. When other secondary mortgage providers are providing loans, different sales price determinations may apply.

B. Financing Programs
Home buyers will use a variety of financing programs to facilitate their homeownership. These programs may include CalFHA, VA/FHA, County Buyer assistance programs, local employer assistance programs, and lender programs.

C. Preferred Lenders
Newhall Land will designate a preferred lender to assist in buyer qualification. This lender will receive a copy of the Implementation Plan and will demonstrate, to the satisfaction of the developer, knowledge of financing programs for affordable housing. All buyer/applicants may be required to use the preferred lender for qualification purposes. Buyers may use a lender of their choice for their mortgage financing.

6. TERM OF RESTRICTIONS

A. FOR SALE
The adopted Affordable Housing Program does not include resale controls or restrictions on Affordable Housing Units offered for sale. Furthermore, it is likely that a variety of secondary mortgage programs will be used to provide gap financing on affordable for-sale homes in Newhall Ranch. These mortgage programs are administered by local, state and federal entities and the programs have varying terms and conditions, specifically regarding resale. The resale restrictions on an affordable for-sale home in Newhall Ranch will be primarily dictated by the requirements of these secondary mortgage providers.

In order to avoid speculation, Newhall Land proposes a minimum 15 year resale control on all ownership Affordable Housing Units. Newhall Land will provide all potential homebuilders with a copy of this Implementation Plan. Each homebuilder will acknowledge receipt of The Affordable Housing Implementation Plan in writing. Prior to occupancy of the first Affordable Housing Unit in each affordable community, 15 year rent restrictions will be in place in accordance with the Affordable Housing Program.

Newhall Land will also use best efforts to provide a seller of an Affordable Housing Unit with a share of appreciation or, at a minimum, to prevent a seller from realizing a loss at the time of sale. The circumstances under which this could happen are illustrated in an example in Exhibit B of this Plan.

It is anticipated that shared appreciation will be determined by the length of time the seller has occupied the Affordable Housing Unit, the income level restriction of the new buyer and the size of the secondary mortgage on the home.

For the cases in which Newhall Land is the sole secondary mortgage provider, the terms of that mortgage are summarized in Exhibit C. Newhall Land will provide a sample resale control document, which reflects the terms summarized in Exhibit C, to the Los Angeles County Community Development Commission for its review and approval prior to the issuance of the first building permit. This document will be provided to prospective buyers on the website as well as individually when purchase and sale agreements are signed.

B. RENTAL
In accordance with the adopted Affordable Housing Program, all Affordable Housing Units offered for rental will maintain affordable monthly rents for at least 15 years. Newhall Land will provide all potential rental housing operators with a copy of this Implementation Plan. Each operator will acknowledge receipt of The Affordable Housing Implementation Plan in writing. Prior to occupancy of the first Affordable Housing Unit in each rental community, 15 year rent restrictions will be in place in accordance with the Affordable Housing Program.

7. MONITORING PROGRAM

After approval of this Implementation Plan, Newhall Land will begin providing annual reports to the County of Los Angeles Regional Planning Department with a copy to the Los Angeles County Community Development Commission on March 1st in the year following the submittal of the tentative map for the 5,000th home, or following the occupancy of the first Affordable Housing Unit, whichever is earlier. The report will contain the following information for each village for which a tentative map has been submitted:

A. Number of Affordable Housing Units proposed in each Village (may change during planning and approval process).
B. Location of Affordable Housing Units proposed in each Village (may change during planning and approval process).
C. Income level (very low, low, or moderate) achieved for each Affordable Housing Unit in each Village.
D. Indication for each Affordable Housing Unit whether it is for-sale or for-rent by Village.
E. Indication of initial sales price or monthly rent for each Affordable Housing Unit by Village.
F. Cumulative number of Affordable Housing Units provided in all Villages.

8. COUNTY OF LOS ANGELES RESPONSIBILITIES

A. County will designate an employee to receive annual monitoring reports.
B. County will assist developer in finding a designee at the Los Angeles County Community Development Commission to receive annual monitoring reports.

[Signatures on following page.]

Approved:

Community Development Commission of the County of Los Angeles

By: CB Babcock Dated: 10-4-10
Name: Blair Babcock
Title: Manager of Housing Development

Approved:

Community Development Commission of the County of Los Angeles

By: Gregg Kawczynski Dated: 10-4-10
Name: Gregg Kawczynski
Title: Manager of Programs Administration

Approved:

The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership

By: NWHL GP LLC, a Delaware limited liability company, its General Partner

By: LandSource Holding Company, LLC, a Delaware limited liability company, its Sole Member

By: Newhall Land Development, LLC, a Delaware limited liability company, its Sole Member

By: Newhall Holding Company, LLC, a Delaware limited liability company, its Manager

By: Steven D. Zimmer Dated: 9/10/10
Name: Steven D. Zimmer
Title: Executive Vice President

By: Dated: 9/2/10
Name: Genji Nakata
Title: Assistant Secretary

EXHIBIT A – Los Angeles County Community Development Commission and Housing Authority Affirmative Marketing Guidelines

LOS ANGLES COUNTY

COMMUNITY DEVELOPMENT COMMISSION

AND
HOUSING AUTHORITY

AFFIRMATIVE MARKETING

In accordance with the California Fair Employment and Housing Act and the policy of the Los Angeles County Community Development Commission (Commission), and the Los Angeles County Housing Authority (Housing Authority), property owners or their designees must adhere to the following affirmative marketing guidelines in order to create awareness for the general public and certain community groups as to the availability of units designated for lower, low and moderate-income tenants.

APPLICABILITY

Property owners or their designees are required to provide an affirmative marketing plan and procedures for all developments with designated units. Procedures to be used must identify how persons in the housing market area who are not likely to apply for the housing without special outreach shall be informed and made aware of available affordable housing opportunities. The Commission has identified two groups as least likely to apply without special outreach efforts, namely, African-American and Latino persons.

THE AFFIRMATIVE MARKETING PLAN

The Property Owner's or their designee's Affirmative Marketing Plan shall consist of a written marketing strategy designed to provide information and to attract eligible persons in the housing market area to the available units without regard to race, color, national origin, sex, religion, marital and familial status, disability, medical condition, sexual orientation, or ancestry. It shall describe initial advertising, outreach (community contacts) and other marketing activities, which will inform potential renters of the availability of the units. It shall also outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply, and other efforts designed to attract persons from the total eligible population.

Insert Equal Housing Opportunity logotype, statement or slogan on all written outreach tools (i.e. signs, advertisements, brochures, direct mail solicitations, press releases, etc.)

Display prominently the Fair Housing poster at the leasing office and project site from the beginning of construction through occupancy. (24 CFR 110.10). This poster must be at a minimum 11 inches by 14 inches (24 CFR 110.25)

Register the units on the Los Angeles County Housing Resource Center website at www.housing.lacounty.gov. The listing must be posted on or before any other advertisement is placed in a public domain, and no later than the first day that applications or names are collected on a waiting list. Property details must be fully listed, and photos must be included with the listings.

In addition to the above, the Affirmative Fair Housing Marketing Plan shall outline:

a. Commercial Media to be used (i.e., community newspapers and non-English language newspapers, radio, television, billboards, religious or local real estate publications, etc.).

b. Marketing efforts to be used (i.e., brochures, letters, handouts, direct mail, signs, etc.)

c. Community Contacts to supplement formal communications media for the purpose of soliciting group(s) least likely to apply for the available housing. They should be individuals or organizations that have direct and frequent contact with those identified as least likely to apply (i.e., service agencies, community organizations, places of worship, etc.). The contacts should also be chosen on the basis of their positions of influence within the general community and the particular target group. The Proposer must agree to establish and maintain contact with the identified contacts.

d. Specify means to assure that information regarding the availability of accessible/adaptable rental units reaches eligible individuals with disabilities will be disseminated to increase effectiveness of outreach and communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)

e. State that access to all leasing offices for the project will be accessible to persons with disabilities as required by the American with Disabilities Act.

f. The written Affirmative Fair Housing Marketing Plan for each project shall be accompanied by a completed Affirmative Fair Housing Marketing Plan Summary (attached).

B. Seniors

Housing designed and operated for seniors are exempt from the Fair Housing Act regarding familial status and the following conditions must be met:

1. 80% occupancy by seniors
2. intended and operated for seniors
3. Age of occupants must be verified.

TENANT SELECTION

1. The Property Owner or their designee shall maintain records of all prospective tenant applicants, including their race, ethnicity and gender, reasons for denial of application, placed on a waiting list, etc.

2. The Property Owner or their designee shall also provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable, and provide prompt written notification to any rejected applicants of the grounds for any rejection.

2. The Property Owner or their designee must certify that it has affirmatively furthered fair housing at the time of lease up and annually. Review of this affirmative marketing effort for rental projects will be conducted in conjunction with the Annual Owner's Tenant Certification process.

Affirmative Fair Housing Marketing Plan Summary

1a. Applicant's Name, Address (including city, state & zip code & phone number)	1b. Project's Name, Location (including city, and zip code)	
1c. Number of Units	1d. Price or Rental Range From $ To $	1e. For Multifamily Housing Only ☐ Elderly ☐ Non-Elderly
1f. Approximate Starting Dates (mm/dd/yyyy) Advertising_____ Occupancy_____	1g. Housing Market Area 1h. Census Tract	

1i. Managing/Sales Agent's Name & Address (including city, state and zip code)

2. Type of Affirmative Marketing Plan (mark only one)

☐ Project Plan ☐ Minority Area
☐ White (non-minority) Area ☐ Mixed Area (with____% minority residents)

3. Direction of Marketing Activity (indicate which group(s) in the housing market area are least likely to apply for the housing because of its location and other factors without special outreach efforts)

☐ White (non-Hispanic) ☐ Hispanic ☐ American Indian or Alaskan Native
☐ Black (non-Hispanic) ☐ Asian or Pacific Islander ☐Persons with Disabilities

4a. Marketing Program: Commercial Media (Check the type of media to be used to advertise the availability of this housing)

☐ Newspaper/Publications ☐ Radio ☐ TV ☐Billboards ☐ LA County Housing Resource Center website
☐ Other (specify)

Name of Newspaper, Radio or TV Station	Racial/Ethnic Identification of Readers/Audience	Size/Duration of Advertising

4b. Marketing Program: Brochures, Signs, and HUD's Fair Housing Poster

(1) Will brochures, letters, or handouts be used to advertise? ☐ Yes ☐ No If "Yes", attach a copy or submit when available.
(2) For project site sign, indicate sign size ____x____; Logotype size ____x____. Attach a photograph of project sign or submit when available.
(3) HUD's Fair Housing Poster must be conspicuously displayed wherever sales/rentals and showings take place. Fair Housing Posters will be displayed in the:
☐ Sales/Rental Office ☐ Real Estate Office ☐ Model Unit ☐ Other (specify)

4c. Community Contacts. To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups/organizations listed below what are located in the housing market area or SMSA. If more space is needed, attach an additional sheet. Notify the Commission or Housing Authority of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations.
(Provide all requested information.)

Name of Group or Organization	Racial/Ethnic Identification	Approximate Date (mm/dd/yyyy)	Person Contacted or to be Contacted

Address & Phone Number	Method of Contract	Indicate the specific function the Group / Organization will undertake in implementing the marketing program

5. Future Marketing Activities (Rental Units Only) Mark the box (s) that best describe marketing activities to fill vacancies as they occur after the project has been initially occupied.

☐ Newspaper/Publications ☐ Radio ☐ TV ☐ Brochures/Leaflets/Handouts
☐ Site Signs ☐ Community Contacts ☐ Other (specify)
☐ LA County Housing Resource Center website

6. Experience and Staff Instructions (See instructions)

6a. Staff has experience ☐ Yes ☐ No

6b. On separate sheets, indicate training to be provided to staff on Federal, State and local fair housing laws
And regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

7. Additional Considerations. Attach additional sheets as needed.

8. Changes and Revisions. By signing this form, the applicant agrees, after appropriate consultation with the Commission or Housing Authority, to change any part of the plan covering a multifamily project to ensure continued compliance with the Commission or Housing Authority Affirmative Marketing requirements.

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

Instructions

The Affirmative Fair Housing Marketing Plan requires that each applicant subject to these requirements carry out an affirmative program to attract prospective buyers or tenants of all minority and non-minority groups in the housing market area regardless of race, color, religion, sex, national origin, disability, or familial status. These groups include Whites (Non-Hispanic), members of minority groups, i.e.., Blacks (Non-Hispanic), American Indians/Alaskan Natives, Hispanics, Asian/Pacific Islanders, person with disabilities, or families with children in the Standard Metropolitan Statistical Areas (SMSA) or housing market area who may be subject to housing discrimination on the basis of race, color, religion, sex, national origin, disability, or familial status. The applicant shall describe on this form the activities it proposes to carry out during advance marketing, where applicable, and the initial sales rent-up period. The affirmative program also should ensure that any group(s) of persons normally **not** likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, location of housing in the SMSA price or other factors), know about the housing, feel welcome to apply and have the opportunity to buy or rent.

Part 1 – Applicant and Project Identification. The applicant may obtain Census Tract location information, item 1i, from local planning agencies, public libraries and other sources of Census Data. For item 1g, specify approximate starting date of marketing activities to the groups targeted for special outreach and the anticipated date or initial occupancy. Item 1j is to be completed only if the applicant is not to implement the plan on its own.

Part 2 – Type of Affirmative Marketing Plan. Applicants for multifamily projects are to submit a Project Plan which describes the marketing program for the particular project or subdivision. Scattered site builders are to submit individual annual plans based on the racial composition of each type of census tract. For example, if a builder plans to construct units in both minority and non-minority census tracts, separate plans shall be submitted for all of the housing proposed for both types.

Part 3 – Direction of Marketing Activity. Considering factors such as price or rental of housing, the racial/ethnic characteristics of the neighborhood in which housing is (or is to be) located, the population within the housing market area, or the disability or familial status of the eligible population, public transportation routes, etc., indicate which group(s) you believe are least likely to apply without special outreach.

Part 4 – Marketing Program. The applicant shall describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in the Plan as least likely to apply. The applicant shall state: the type of media to be used, the names of newspapers/call letters of radio or TV stations; the identity of the circulation or audience of the media identified in the Plan, e.g., White (Non-Hispanic), Black (Non-Hispanic), Hispanic, Asian-American/Pacific islander, American Indian/Alaskan Native; and the size or duration of newspaper advertising or length and frequency of broadcast advertising. Community contacts include individuals or organizations that are well known in the project area or the locality and that can influence persons within groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood, minority and women's organizations, churches, labor unions, employers, public and private agencies, disability advocates, and individuals who are connected with these organizations and/or are well-known in the community.

Part 5 – Future marketing Activities. Self-Explanatory.

Part 6 – Experience and Staff Instructions.

a. Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing.
b. Describe the instructions and training given to sales/rental staff. This guidance to staff must include information regarding Federal, State and local fair housing laws and this AFHM Plan. Copies of any written materials should be submitted with the Plan, if such materials are available.

Part 7 – Additional considerations. In this section describe other efforts not mentioned previously which are planned to attract persons in either those groups already identified in the Plan as least likely to apply for the housing or in groups nor previously identified in the Plan. Such efforts may include outreach activities to female-headed household and persons with disabilities.

Part 8 – The applicant's authorized agent signs and dates the AFHM Plan. By signing the Plan, the applicant assumes full responsibility for its implementation. The Department may at any time monitor the implementation of the Plan and request modification in its format or content, where the Department deems necessary.

Notice of Intent to Begin Marketing. No later than 90 days prior to the initiation of sales or rental marketing activities, the applicant with an approved Affirmative Fair Housing Marketing Plan shall submit notice of intent to begin marketing. The notification is required by the Affirmative Fair Housing Marketing Plan Compliance requirements.

EXHIBIT B – For Sale Income Banding Example

The following page outlines the finances of a hypothetical family who purchases an income restricted home in the year 2010. The exhibit makes certain assumptions about median income growth over time, and interest rates at time of purchase and resale. It uses these assumptions to project the amount a homeowner will pay for their Affordable Housing Unit and the amount they will be able to sell it for after a certain period of time, in this case, 5 years. The example below shows a scenario in which the homeowner is close to "break-even", meaning they do not suffer a major loss, or receive a significant gain. The determination of profit or loss below does not take into account benefits such as mortgage interest deductions and others that the homeowner may receive during the time they own the home.

While the income restrictions on these homes will end after 15 years, some families will be required, due to employment or personal reasons, to sell before year 15. When this occurs, they will be required to sell to another income-eligible individual or family. Depending on income growth during the years between their purchase and re-sale, and interest rates at the time of the re-sale, the original homeowner could potentially lose money when they sell the home.

In order to prevent a major loss by a very-low, low or moderate income homeowner, Newhall Land reserves the right to relax the affordability requirements, on a case by case basis, in order to allow a homeowner to break-even on resale.

The third-party monitor designated to manage the re-sale process will advise and assist Newhall Land with these decisions.

Assumptions:	2	Bedrooms	$250	Monthly HOA
	3	Person HH	1.10%	Tax Rate
	120%	AMI	0.25%	Insurance
	3%	Downpayment	33.00%	Debt Ratio

Initial Sale Structure:

2010 Qualifying Income:	$89,520	
Funds for Housing Costs (30% of Income):	$29,541.60	(annual)
HOA Costs:	$3,000	(annual)
Taxes & Insurance:	1.35%	
Mortgage Rate (30 year fixed):	***6.25%***	
Monthly Funds Available for Loan, Taxes, Ins:	$2,211.80	
Monthly Taxes & Insurance:	$341.69	
Supportable Mortgage:	$303,728	
Downpayment (3%):	$9,112	
TOTAL ORIGINAL PURCHASE PRICE:	$312,840	

Re-Sale Conditions:

Years Later:	5	years
Income Growth:	***2%***	***per annum***

Re-Sale Requirements:

New Qualifying Income:	$98,837	per year
Funds Available for Housing Costs:	$32,616.31	(annual)
HOA Costs:	$3,000	(annual)
Taxes & Insurance:	1.35%	
Mortgage Rate:	***6.75%***	
Monthly Funds Available for Loan, Taxes, Ins:	$2,468.03	
Monthly Taxes & Insurance:	$364.81	
Supportable Mortgage:	$324,272	
Downpayment:	$9,728	
TOTAL RESALE PURCHASE PRICE:	$334,000	

Closing Costs:

	5%	of sales price
	$16,700	total costs for sale
Net Money to Seller:	$317,300	
PROCEEDS TO SELLER:	**$4,460**	

EXHIBIT C – Terms of Newhall Second Mortgage

LOAN:

Term: 15 Years

Interest Rate: 0%

Assumable: Yes, by income qualified buyers only

Prepayment Penalty: See Resale Restrictions

Repayment Requirements:

- For a market-rate sale, loan is paid back in full plus a percentage of appreciation equal to the loan to value of the original purchase price.
- For a sale to an income-qualified buyer, loan will be assumed by buyer
- After the 15th year, the loan will be forgiven.

RESALE RESTRICTIONS:

Term: 15 years

Sale: Seller shall notify HomeBricks or anther Newhall approved organization of their desire to sell the Affordable Housing Unit. The affordable housing developer shall have 90 days to find a qualified buyer. If no qualified buyers are found within 90 days, the home can be sold at an unrestricted price.

Termination:
If a qualified buyer is not found within 90 days, the resale restriction shall be removed upon repayment of the loan plus a share of appreciation outlined above. The agreement will otherwise terminate after 15 years.

APPENDIX A – Summary of Planned Affordable Housing Unit Development and Locations

A. Landmark Village Affordable Housing Plan
Landmark Village may contain 301 Affordable Housing Units. It is currently estimated that there will be multiple affordable programs located within three planning areas. The number of Affordable Housing Units proposed in each Village and the location of such units may change during the planning and approval process.

(1) For Sale Affordable Housing Units
161 Affordable Housing Units located in two areas designated as A-1 per the attached map. These locations have close access to transportation services and Highway 126, and are near an elementary school, park, and commercial services.

(2) Rental Affordable Housing Units
140 Affordable Housing Units located in area A-2 per the attached map. This location also has close access to transportation services, schools, parks and commercial services.

B. Mission Village Affordable Housing Plan
Mission Village may contain 300 Affordable Housing Units located within the Village. It is currently estimated that there be multiple affordable programs located within three planning areas. The number of Affordable Housing Units proposed in each Village and the location of such units may change during the planning and approval process.

(1) Rental Affordable Housing Units
88 Affordable Housing Units located in area A-3 per the attached map. Area A-3 is next to commercial services and near the Village Center with an elementary school and recreation center within a mile.

(2) Rental Affordable Housing Units
96 Affordable Housing Units located in area A-4 per the attached map. Area A-4 is within the Village Center with an elementary school and a neighborhood recreation center within one-half mile.

(3) Rental Affordable Housing Units
116 Affordable Housing Units located in area A-5 per the attached map. Area A-5 is located adjacent to a community park with an elementary school and neighborhood recreation center within one-half a mile.

C. Homestead Affordable Housing Plan
Homestead may contain 600 Affordable Housing Units located within the Village. It is currently estimated that there be multiple affordable programs located within four planning areas. The number of Affordable Housing Units proposed in each Village and the location of such units may change during the planning and approval process.

(1) For Sale Affordable Housing Units
175 Affordable Housing Units located in area A-6 per the attached map. Area A-6 is near an elementary school and public transportation.

(2) Rental Affordable Housing Units
175 Affordable Housing Units located in area A-7 per the attached map. Area A-7 is next to a junior high and a high school and near public transportation and parks.

(3) Rental Affordable Housing Units
175 Affordable Housing Units located in area A-8 per the attached map. Area A-8 is near a park and commercial services.

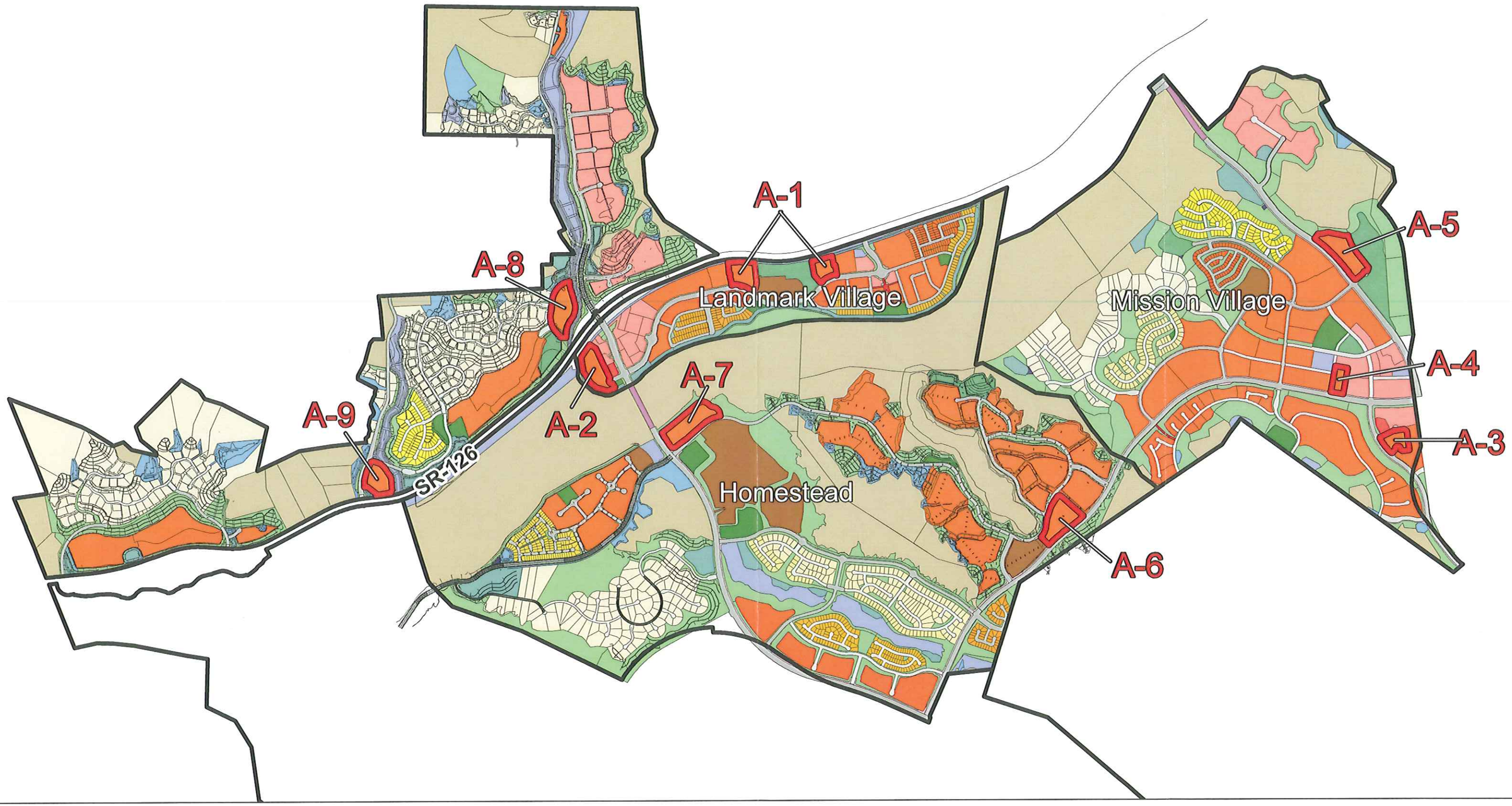
(4) Rental Affordable Housing Units
75 Affordable Housing Units located in area A-9 per the attached map. Area A-9 is next to public transportation and near parks and open space.

D. Potrero Village Affordable Housing Plan

Potrero Village may contain 999 Affordable Housing Units located within the Village. It is currently estimated that there be multiple affordable programs located within multiple planning areas. More detailed information will be provided once the tentative map is complete and filed with Los Angeles County.

E. The above descriptions are Newhall Land's best estimate of the location of certain affordable developments, including the type of developments and the number of units in each development. Conditions may change as the Villages are developed that require a change in location of an affordable development, the type of development and the number of units in the development. Newhall Land will coordinate with Los Angeles County and the Los Angeles County Community Development Commission if changes are required and will insure the affordable housing requirements of the Specific Plan and this Plan are met.

F. The following pages include site plans for available communities (as of this writing Potrero Village was not available), with the location of the affordable housing sites noted.



AFFORDABLE HOUSING PLAN

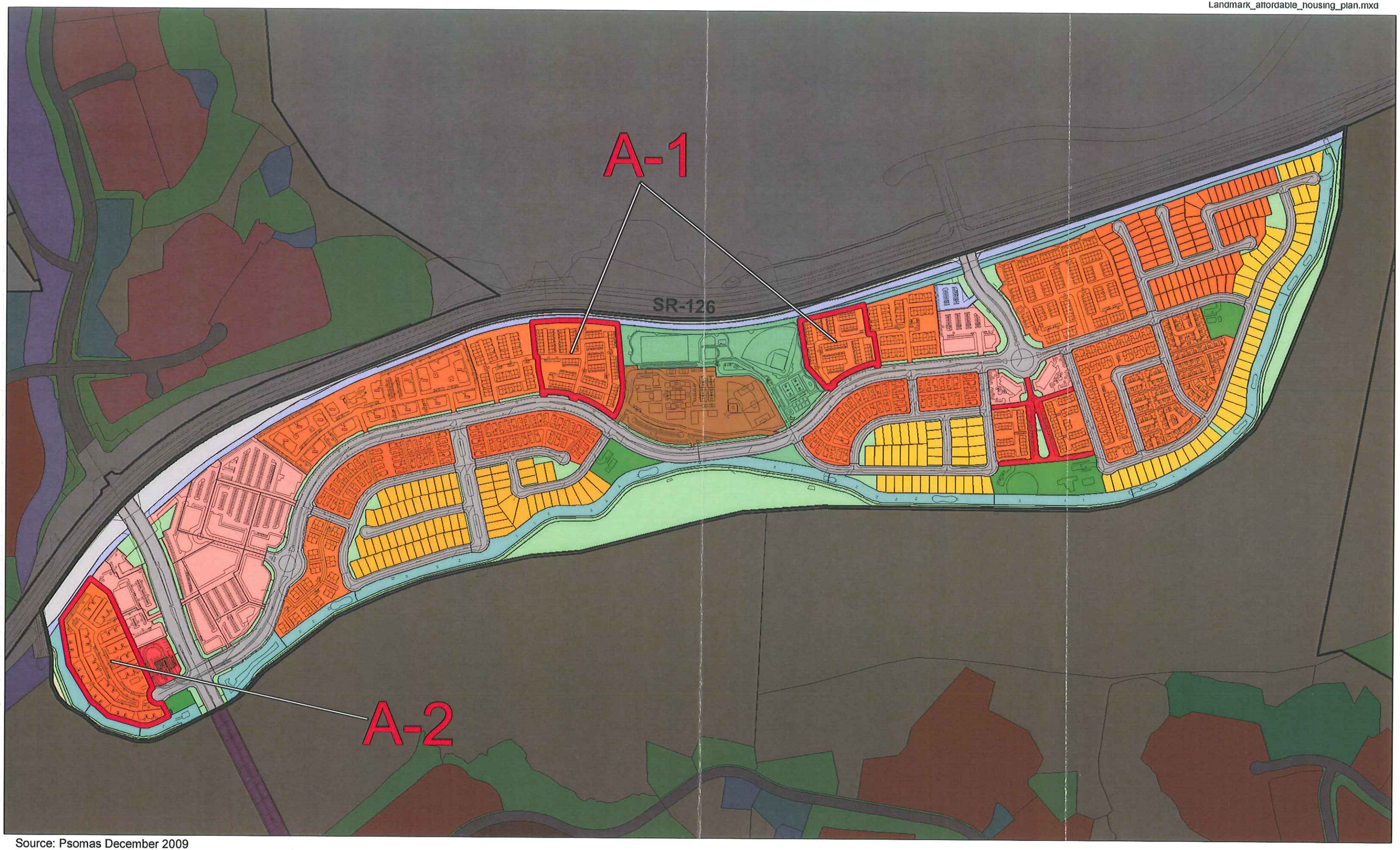
NEWHALL RANCH

Source: Psomas February 2010

AFFORDABLE HOUSING PLAN

MISSION VILLAGE

Landmark_affordable_housing_plan.mxd

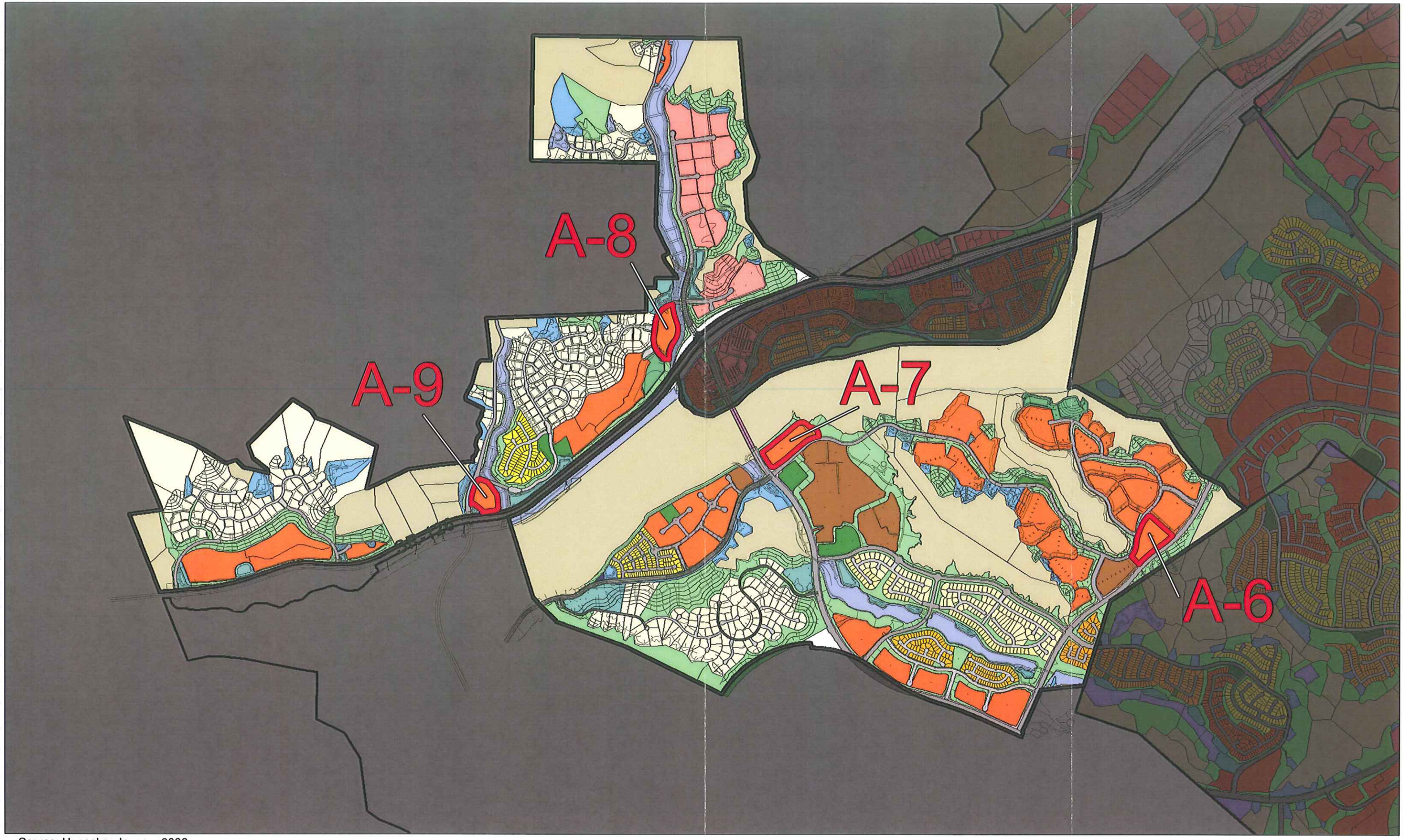


Source: Psomas December 2009

AFFORDABLE HOUSING PLAN

LANDMARK VILLAGE

Homestead_affordable_housing_plan.mxd



Source: Hunsaker January 2008

AFFORDABLE HOUSING PLAN

HOMESTEAD VILLAGE

3.10 AFFORDABLE HOUSING PROGRAM

1. Program Description

The Newhall Ranch Affordable Housing Program provides for the direct inclusion of very low, low and moderate income affordable housing opportunities as herein defined within the Specific Plan Area. The Newhall Ranch Affordable Housing Program is consistent with Policy 5.2 of the Housing Element of the Los Angeles County General Plan that states:

> "Support and facilitate the development of housing affordable to lower-income households, and encourage the dispersal of new lower-income housing throughout the unincorporated areas of the County"

The Newhall Ranch Affordable Housing Program provides very low, low and moderate income affordable housing opportunities in several housing categories including for-sale units and rental units. While affordable units may be located within any planning area which allows for residential development, it is anticipated that most units will be located within the land use designations Medium Residential (M), High Residential (H) and Mixed-Use (MU). These categories allow for higher intensity residential uses associated with housing types that can provide sales and rental rates that lower income households can afford. This allows Affordable Housing opportunities to be dispersed throughout the community and within convenient proximity to employment and retail centers.

2. General Requirements

a. Affordable Housing Unit Requirement

Affordable Housing Units shall be designated and made available at rental rates or sales prices as required in Section 3.10, paragraph 3, Implementation of Affordable Housing Program. A total of 2,200 Affordable Housing Units

shall be provided, of which 440 units shall be Very Low Income Affordable Housing Units (of the 440 units a minimum of 44 units will be reserved for seniors 62 years of age or older), 330 units shall be Low Income Households at 65 percent of the Los Angeles County median income, 220 units shall be Low Income Affordable Housing Units at 80 percent of the Los Angeles County median income, and 1210 units shall be Moderate Income Affordable Housing Units as all are herein defined. These units shall be provided in a variety of residential units (for-sale and for-rent) and will be disbursed throughout the Specific Plan area. The Affordable Housing Units provided will approximate the floor area and number of bedrooms of market rate units. Affordable Housing Units shall be constructed in pace with the overall residential development of the Specific Plan pursuant to Section 3.10, paragraph 3, Implementation of Affordable Housing Program.

b. Definitions

(1) Affordable Housing Unit

For purposes of this Specific Plan, residential units which comply with the criteria set forth in Section 3.10, paragraph 3a, Criteria For Affordable Housing Unit Credit, are defined as Affordable Housing Units and shall be credited to the Newhall Ranch Affordable Housing Unit Requirement.

(2) Very Low Income Affordable Household

For the purposes of this Specific Plan, a Very Low Income Affordable Household shall be defined as any household (one-person, two-person, etc.) whose total income is equal to or less than 50 percent of the corresponding household size Los Angeles County median household income, as determined by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 at the time of sale or initial rental of a residential unit.

(3) Low Income Affordable Household

For the purposes of this Specific Plan, a Low Income Affordable Household shall be defined as any household (one-person, two-person, etc.) whose total income is either a) greater than 50 percent but not more than 65 percent of the corresponding household size Los Angeles County median household income, as determined by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 at the time of sale or initial rental of a residential unit, hereinafter referred to as a Low Income (65%) Affordable Household; or b) greater than 65 percent but not more than 80 percent of the corresponding household size Los Angeles County median household income, as determined by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 at the time of sale or initial rental of a residential unit, hereinafter referred to as a Low Income (80%) Affordable Household.

(4) Moderate Income Affordable Household

For the purposes of this Specific Plan, a Moderate Income Affordable Household shall be defined as any household (one-person, two-person, etc.) whose total household income is equal to or less than 120 percent of the corresponding household size Los Angeles County median household income, as determined by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 at the time of sale or initial rental of a residential unit.

(5) Affordable Household Income

For the purposes of this Specific Plan, Affordable Household Income shall be defined as the total household income of the Affordable Household.

c. Affordable Housing Categories

The following Affordable Housing categories shall be allowed under the Newhall Ranch Affordable Housing Program:

(1) Rental units;
(2) For-sale units; and
(3) Any units supported by state, local or private affordable housing programs. Nothing set forth in Section 3.10 shall preclude the use of any affordable housing assistance from any sources, private, public or non-profit, for achieving the Affordable Housing Unit Requirement, provided additional Affordable Housing Units in excess of those set forth in Section 3.10, paragraph 2a are also provided in conjunction with the affordable housing assistance.

d. Affordable Housing Locations

Affordable Housing Units as defined above may be located within any area designated Low-Medium Residential (LM), Medium Residential (M), High Residential (H) or Mixed-Use (MU) on the Newhall Ranch Land Use Plan, Exhibit 2.3-1.

3. Implementation of Affordable Housing Program

a. Criteria for Affordable Housing Unit Credit

(1) Affordable Household Priority to Qualified Very Low, Low and Moderate Income Households and Credit:

To qualify and receive credit as an Affordable Housing Unit, designated residential units must first be reserved for sale or rent to Very Low, Low Income (65%), Low Income (80%), and Moderate Income Affordable Households for a period of ninety (90) days commencing from the date each designated Affordable Housing Unit is released for sale or rent.

(a) For-Sale Very Low Income Affordable Housing Unit

A for-sale unit shall qualify and be credited as a Very Low Income Affordable Housing Unit if purchased by a qualified Very Low Income Affordable Household and if the monthly mortgage payment is equal to or less than an amount calculated by multiplying one-twelfth times 33 percent times 50 percent of the Los Angeles County median annual household income of a household of four.

For purposes of this Specific Plan, for-sale monthly mortgage payments shall be calculated using a conventional 30-year fixed-rate mortgage interest rate and terms as published by Fannie Mae or Freddie Mac for the time of sale and shall include principal and interest.

(b) For-Sale Low Income Affordable Housing Unit

A for-sale unit shall qualify and be credited as a Low Income Affordable Housing Unit if purchased by a qualified Low Income (65%) or Low Income (80%) Affordable Household and if the monthly mortgage payment is equal to or less than an amount calculated by multiplying one-twelfth times 33 percent times 65 or

80 percent, as applicable, of the Los Angeles County median annual household income of a household of four.

(c) For-Sale Moderate Income Affordable Housing Unit

A for-sale unit shall qualify and be credited as a Moderate Income Affordable Housing Unit if purchased by a qualified Moderate Income Affordable Household and if the monthly mortgage payment is equal to or less than an amount calculated by multiplying one-twelfth times 33 percent times 120 percent of the Los Angeles County median annual household income of a household of four.

(d) For-Rent Very Low Income Affordable Housing Unit

A rental unit shall qualify and be credited as a Very Low Income Affordable Housing Unit if the monthly rental payment including utilities for the first fifteen (15) years of operation does not exceed the product of one-twelfth times 30 percent times 50 percent of the Los Angeles County median annual household income, adjusted for family size appropriate for the unit, in each month of operation.

For purposes of this Specific Plan, "adjusted for family size appropriate to the unit" shall mean a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

(e) For-Rent Low Income Affordable Housing Unit

A rental unit shall qualify and be credited as a Low Income (65%) or Low Income (80%) Affordable Housing Unit if the monthly rental payment including utilities for the first 15 years of operation does not exceed the product of one-twelfth times 30 percent times 65 or 80 percent, as applicable, of the Los Angeles County median

annual household income, adjusted for family size appropriate for the unit, in each month of operation.

(f) For-Rent Moderate Income Affordable Housing Unit

A rental unit shall qualify and be credited as a Moderate Income Affordable Housing Unit if the monthly rental payment including utilities for the first 15 years of operation does not exceed the product of one-twelfth times 30 percent times 120 percent of the Los Angeles County median annual household income, adjusted for family size appropriate for the unit, in each year of operation.

(2) Affordable Housing Unit Credit

(a) Any for-sale or for-rent Affordable Housing Unit occupied by an Affordable Household shall qualify for credit for the Affordable Housing Program, or:

(b) If after first being reserved and offered for sale to qualified Very Low, Low Income (65%), Low Income (80%), Moderate Income Households for a period of ninety (90) days after release for sale a valid purchase contract has not been executed by such a Household, or the purchase contract is canceled by the buyer after the ninety days has expired, the unit may be sold to the general public at market value and will qualify for credit as a Very Low, Low Income (65%), Low Income (80%), or Moderate Income Housing Unit; or

(c) If after first being offered for rent a valid lease contract has not been executed by a Very Low, Low Income (65%), Low Income (80%), or Moderate Affordable Household, or the lease contract is canceled by the renter after the 90 days has expired, the unit may be rented to the general public at market rental rates and will receive credit as an Affordable Housing Unit, provided the next available vacant unit of similar square footage and number of bedrooms is reserved and offered for rent to a qualified Very Low,

Low Income (65%), Low Income (80%), or Moderate Income Affordable Household for a period of 60 days. If after being offered for rent a valid lease contract has not been executed by an Affordable Household, or the lease contract is canceled by the renter after the 60 days has expired, the similar unit may be rented to the general public at market rental rates and the requirement to continue to make the next available similar size vacant unit available to Affordable Households for 60 days shall remain in effect until a unit is occupied by an Affordable Household. Whenever an Affordable Household vacates a qualified Affordable Rental Housing Unit during the first 15 years of operation the above requirements shall apply. No Affordable Housing Rental unit shall receive credit until initially occupied by a Very Low (50%) Income, Low Income (65%), or Low Income (80%) household.

A deed restriction with a term of 15 years shall be recorded upon initial occupancy of each qualified Affordable Rental Housing Unit containing the above provisions. Upon initial occupancy, the builder of any deed restricted rental unit shall contract with the Los Angeles County Community Development Commission (CDC) to monitor and enforce the rental provisions set forth above, assist the owner of any deed restricted unit in finding qualified Low Income (65%), Low Income (80%), or Moderate Income Affordable Households to rent the unit, or make CDC rental assistance programs available to prospective renters.

In order to provide maximum opportunity to Affordable Households seeking rental units, the designation of an Affordable Rental Housing Unit may be transferred from one residential rental unit to another at any time during the 15 year period, provided the monthly rent of the unit transferred to is equal to or less than the monthly rent of the Affordable Rental Housing Unit, and no more than 50 percent of units within the rental development being transferred to are designated Affordable Housing Units. Such transfers shall be identified in the Annual Affordable Housing Report described in Section 3.10, paragraph 3c.

b. Affordable Housing Monitoring Program

A monitoring program and Affordable Housing Phasing Increments shall be established as set forth below to provide Very Low, Low Income (65%), Low Income (80%), and Moderate Income Affordable Housing Units along with the construction of total residential development within the Specific Plan area. The monitoring program shall be initiated when the Newhall Ranch Tentative Tract Map that includes the 5,000th Planned residential unit is submitted to Los Angeles County. Said map application shall be accompanied by the first Affordable Housing Report that shall contain the information described in Section 3.10, paragraph 3c below. The requirements of the individual Phasing Increments are set forth below.

(1) First Affordable Housing Phasing Increment

The County may withhold or restrict building permits for Planned residential units in excess of the 11,000th Planned residential unit (except building permits for Affordable Housing Units), until such time as it can be demonstrated that 1,100 Affordable Housing Units have been made available for sale or rent.

(2) Second Affordable Housing Phasing Increment

The County may withhold or restrict building permits for Planned residential units in excess of the 16,500th Planned residential unit (except building permits for Affordable Housing Units), until such time as it can be demonstrated that 1,650 Affordable Housing Units have been made available for sale or rent.

(3) Third Affordable Housing Phasing Increment

The County may withhold or restrict building permits for any Planned residential units in excess of the 20,000th Planned residential unit (except building permits for Affordable Housing Units), until such time as it can be

demonstrated that 2,200 Affordable Housing Units have been made available for sale or rent.

(4) Affordable Household Unit Mix

(a) All Very Low Income Affordable Housing Units may be rental units.

(b) All Low Income (65%) Affordable Housing Units may be rental units.

(c) A minimum of fifty percent (50%) of Low Income (80%) Affordable Housing units shall be rental units.

(d) Moderate Income Affordable Housing Units may be either rental units or for-sale units.

(e) The proportion of Very Low, Low Income (65%), Low Income (80%), and Moderate Income Affordable Housing Units in each Affordable Housing Phasing Increment shall be provided in substantially the same proportion as their respective ratio to the total Affordable Housing Unit Requirement set forth in Section 3.10, paragraph 2a.

c. Annual Affordable Housing Report

Initiation of the Annual Affordable Housing Report shall start as described in Section 3.10, paragraph 3b above. Following the first Affordable Housing Report, Annual Affordable Housing Reports shall be submitted to Los Angeles County Department of Regional Planning and CDC on an annual basis no later than March 1 covering the Affordable Housing Program through December 31 of the previous year until such time as it is demonstrated that the Affordable Housing Unit Requirement set forth in Section 3.10, paragraph 2a has been achieved. The Annual Affordable Housing Report shall include the total number of residential units constructed within the Specific Plan area; the total number and percentage of Very Low, Low Income (65%), Low Income (80%), and Moderate Income Affordable Housing Units qualifying for credit under the Affordable Housing Program by housing category; the rents or sales prices and addresses of units qualifying for credit during the previous year; rents and addresses of rental units qualifying for credit during the immediate past 15 years; and the mortgage and payment calculations pursuant to Section 3.10, paragraph 3a above. The developer of any Affordable Housing Unit shall make a good-faith effort at marketing the units to qualified households and an affordable household marketing program (advertising promotion and other efforts to locate income-qualified households) shall be provided to CDC for their review and approval with the first annual Affordable Housing Report.