

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

430



FORM APPROVED COUNTY COUNSEL
BY: Shirley L. Brown 2.5.14
DATE
MAILAR BROWN

FROM: Economic Development Agency

SUBMITTAL DATE:
February 11, 2014

SUBJECT: First Amendment to the Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore for the Use of HOME Funds, in the Unincorporated Community of North Shore, District 4, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached First Amendment to Agreement for North Shore Groups 5 and 6 Self Help in the Community of North Shore (First Amendment) between the County of Riverside and The Coachella Valley Housing Coalition, a nonprofit public benefit corporation and certified Community Housing Development Corporation;
2. Authorize the Chairman of the Board of Supervisors to execute the attached First Amendment; and

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: [Signature] 2/10/14
Departmental Concurrence

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.: 3.21 of 7/12/11; 3.13 of 5/10/11; 3.13 of 3/29/11

District: 4/4

Agenda Number:

3-7

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

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RECOMMENDED MOTION: (Continued)

3. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the First Amendment including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel.

BACKGROUND:

Summary

On July 12, 2011, the Riverside County Board of Supervisors approved a grant agreement between the County of Riverside and The Coachella Valley Housing Coalition (CVHC), a nonprofit public benefit corporation and certified Community Housing Development Corporation, in the amount of \$600,000 derived from HOME Investment Partnerships Act Funds (HOME Grant Agreement). The HOME Grant Agreement provides for, among other things, the development and construction of eleven single-family homes in the unincorporated community of North Shore (Project). The homes are to be sold and occupied by qualified very low-income and low-income families. The homes are to be built through CVHC's mutual self-help construction program which enables groups of qualified families to become first-time homeowners by working together under skilled supervision and allowing them to earn "sweat-equity" to be used towards the down payment of their prospective home. Six of the eleven homes have been built to date and all six of the families are very low income families. Prior to start of construction of the remaining five homes, the remaining five families must qualify for and close their self-help loans. CVHC anticipates having this completed in February and immediately starting construction thereafter.

Under the HOME Grant Agreement a total of \$180,000 of the HOME funds are required to be allocated for direct mortgage assistance and another \$420,000 of HOME funds are to be allocated for development and construction costs for the Project. To date, \$71,500 in HOME funds have been used for direct mortgage assistance for the six families that have completed construction of their homes. CVHC is experiencing some delays with the construction of the five remaining homes due to an increase in construction costs and the resulting gap in available construction financing. CVHC has been unsuccessful in acquiring enough additional funds and based on staff's analysis of the sources and uses of HOME funds for the Project to date, a shifting of HOME funds allocated for the Project will ameliorate the funding gap. The homes developed as part of the Project have been appraising much lower than expected. Due to low appraisals, the five remaining families will not require as much HOME funds for direct mortgage assistance as originally allocated under the HOME Grant Agreement; they will only require a total of \$28,500. Although the amount of necessary direct mortgage assistance has decreased, construction costs for the Project have increased. The increased construction costs have left a funding gap and CVHC is requesting that the County allow for the use of \$80,000 of the HOME funds that were originally allocated for direct mortgage assistance (but are no longer necessary as discussed above) to be used for increased development and construction costs. The transfer of excess HOME funds from one line item to another will help offset the increased development costs and ensure the construction of the remaining five homes within the Project.

CVHC has demonstrated to staff that they have made every effort to address the aforementioned funding gap necessary to complete construction of the remaining five homes. The attached First Amendment to Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore (First Amendment) will allow CVHC to increase the original allocation of HOME funds for development and construction costs from \$420,000 to \$500,000, and to reduce the original allocation direct mortgage assistance from \$180,000 to \$100,000.

(Continued)

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BACKGROUND:

Summary (continued)

All other terms and conditions of the HOME Grant Agreement will remain unchanged. The reallocation of funds pursuant to the First Amendment will ensure Project completion and increase the supply of much needed affordable housing in the County.

County Counsel has reviewed and approved the First Amendment. Staff recommends that the Board of Supervisors approve the First Amendment.

Impact of Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses of the Eastern Coachella Valley; the Project construction is expected to generate some temporary part-time construction jobs.

SUPPLEMENTAL:

Additional Fiscal Information

There is no cost to the County; the County's contribution for this Project will be fully funded with HOME Investment Partnerships Act Funds from the U.S. Department of Housing and Urban Development. No budget adjustment is required.

Attachments:

- First Amendment to Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore

1 **FIRST AMENDMENT TO AGREEMENT FOR NORTH SHORE GROUPS 5&6 SELF-**
2 **HELP IN THE COMMUNITY OF NORTH SHORE**

3 This First Amendment to Agreement for North Shore Groups 5&6 Self-Help in
4 the Community of North Shore (the "First Amendment") is made and entered into as of
5 the ___ day of _____, 2014, by and between the COUNTY OF RIVERSIDE, a
6 political subdivision of the State of California, ("COUNTY"), and THE COACHELLA
7 VALLEY HOUSING COALITION, a California nonprofit public benefit corporation
8 ("CVHC"). COUNTY and CVHC are collectively referred to herein as the "Parties."
9

10 WITNESSETH:

11 **WHEREAS**, the COUNTY is the recipient of funds derived from the Home
12 Investment Partnership Act ("HOME") Program, which was enacted under Title II of
13 the Cranston-Gonzalez National Affordable Housing Act of 1990 ("Act"); and
14

15 **WHEREAS**, on July 12, 2011 COUNTY and CVHC entered into that certain
16 Agreement for North Shore Groups 5&6 Self-Help in the Community of North Shore
17 (the "HOME Grant Agreement"), providing for, among other things, the grant of HOME
18 funds by COUNTY to CVHC to develop and construct eleven single family homes (11)
19 homes ("Single Family Homes") to be located on real property located in the
20 community of North Shore, as more specifically described in Exhibit A to the HOME
21 Grant Agreement ("Project"); and

22 **WHEREAS**, pursuant to the HOME Grant Agreement, the Single Family Homes
23 are to be sold to and occupied by qualified very-low and low-income families, as more
24 particularly described therein. Any capitalized terms not defined herein shall have the
25 meaning ascribed to such term in the HOME Grant Agreement; and

26 **WHEREAS**, pursuant to the HOME Grant Agreement, the COUNTY has agreed
27 to grant CVHC Six Hundred Thousand Dollars (\$600,000) of HOME funds to be used
28 for construction and permanent financing; and

WHEREAS, pursuant to the HOME Grant Agreement (1) no less than One

1 Hundred and Eighty Thousand Dollars (\$180,000) of the HOME funds are required to
2 be used as direct mortgage assistance for the HOME Units ("Mortgage Assistance
3 Funds"), and (2) no more than Four Hundred and Twenty Thousand Dollars
4 (\$420,000) of the HOME funds shall be used for the development and construction of
5 the HOME Units ("HOME Grant"); and

6 **WHEREAS**, due to a change in the housing market, the homes developed
7 pursuant to the HOME Grant Agreement are appraising at a much lower value than
8 anticipated. As such, the qualified very-low and low-income homebuyers are not
9 requiring as much Mortgage Assistance Funds as originally anticipated; and

10 **WHEREAS**, CVHC has allocated Seventy One Thousand Five Hundred Dollars
11 (\$71,500) of the Mortgage Assistance Funds for six income qualified households. The
12 remaining five income qualified households will require Twenty Eight Thousand Five
13 Dollars (\$28,500) in Mortgage Assistance Funds, for a total disbursement of One
14 Hundred Thousand Dollars (\$100,000) in Mortgage Assistance Funds for the Project;
15 and

16 **WHEREAS**, construction costs have increased and the Project is experiencing a
17 funding gap; and

18 **WHEREAS**, CVHC is requesting that the COUNTY amend the HOME Grant
19 Agreement to (1) reduce the amount of Mortgage Assistance Funds allocated under
20 the HOME Grant Agreement from a total of One Hundred and Eighty Thousand
21 Dollars (\$180,000) to a total of One Hundred Thousand Dollars (\$100,000) to account
22 for the actual amount of direct mortgage assistance required, and (2) allow the
23 remaining balance of Mortgage Assistance Funds in the amount of Eighty Thousand
24 Dollar (\$80,000) to be allocated towards development and construction costs
25 increasing the HOME Grant from a total of Four Hundred and Twenty Thousand
26 Dollars (\$420,000) to a total of Five Hundred Thousand Dollars (\$500,000); and

27 **WHEREAS**, the COUNTY desires to amend the HOME Grant Agreement as
28 follows to ensure the Project is completed and increases the supply of much needed

1 affordable housing in the COUNTY: (i) decrease the amount of the Mortgage
2 Assistance Funds, (ii) increase the amount of the HOME Grant, and (iii) modifications
3 to certain other obligations of the parties, all on the terms and conditions as set forth
4 below.

5 **NOW, THEREFORE**, in consideration of the foregoing, and the promises and
6 mutual covenants and conditions hereinafter set forth, COUNTY and CVHC do hereby
7 agree as follows:

- 8
- 9 1. **DEVELOPER OBLIGATIONS; MORTGAGE ASSISTANCE FUNDS**. Section 2.d.
10 of the HOME Grant Agreement is hereby deleted in its entirety and replaced with
11 the following language:

12 "d. Provide no less than one hundred thousand dollars (\$100,000) of the
13 HOME funds to be used as direct mortgage assistance for the HOME
14 Units as described in **Exhibit A**."

- 15
- 16 2. **HOME FUNDS**. Section 5. of the HOME Grant Agreement shall be amended as
17 follows:

- 18 i. Section 5.c. shall be deleted in its entirety and replaced with the
19 following language:

20 "c. No more than five hundred thousand dollars (\$500,000)
21 ("HOME Grant") shall be set aside as a grant for the development
22 and construction of the HOME Units."

- 23 ii. Section 5.d. shall be deleted in its entirety and replaced with the
24 following language:

25 "d. At least one hundred thousand dollars (\$100,000) of the HOME
26 funds ("Mortgage Assistance") shall be set aside as direct
27 mortgage assistance for each of the HOME Units. CVHC shall
28 inform the COUNTY of the amount of Mortgage Assistance Funds

1 to be provided by the COUNTY to each qualified homebuyer of a
2 HOME Unit, with a minimum of five-thousand dollars (\$5,000) per
3 HOME Unit.”
4

- 5 3. **EXHIBIT A- PROJECT DESCRIPTION**. Exhibit “A” of the HOME Grant
6 Agreement is hereby deleted in its entirety and replaced with the Amended
7 Project Description, which is attached hereto as Attachment No. 1 and
8 incorporated herein by this reference. The Amended Project Description
9 includes the Amended Project Sources and Uses of Funds, Amended
10 Implementation Schedule and Amended Document Submission Schedule.
11
- 12 4. **ENTIRE AGREEMENT**. This First Amendment, and the HOME Grant
13 Agreement, including all attachments thereto, contain the entire understanding
14 and agreement of the Parties hereto. There are no oral or written representations,
15 understandings, or ancillary covenants, undertakings or agreements, which are
16 not contained or expressly referred to within this First Amendment and the HOME
17 Grant Agreement, including attachments.
18
- 19 5. **FULL FORCE**. Except as modified and amended by this First Amendment, all
20 other terms and conditions of the HOME Grant Agreement, including attachments,
21 remain unmodified and in full force and effect.
22
- 23 6. **COUNTERPARTS**. This First Amendment may be signed by the authorized
24 Parties hereto in counterparts, each of which shall be an original but all of which
25 together shall constitute one and the same agreement.
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7. **EFFECTIVE DATE**. The effective date of this First Amendment is the date the Parties execute this First Amendment. If the Parties execute the First Amendment on more than one date, then the last date the First Amendment is executed by a party shall be the effective date.

8. **APPROVAL BY BOARD**. This First Amendment is not binding until approved by the COUNTY Board of Supervisors.

(REMAINDER OF PAGE INTENTIONALLY BLANK)

(SIGNATURES ON NEXT PAGE)

1 IN WITNESS WHEREOF, COUNTY and CVHC have executed this First Amendment
2 as of the date written below.

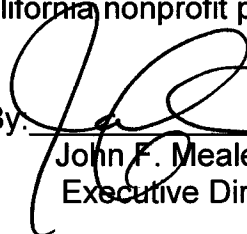
3
4 COUNTY:

CVHC:

5 County of Riverside

6 The Coachella Valley Housing Coalition, a
7 California nonprofit public benefit corporation

8 By: _____
9 Jeff Stone, Chairman
Board of Supervisors

By:  _____
John F. Mealey
Executive Director

10 Date: _____

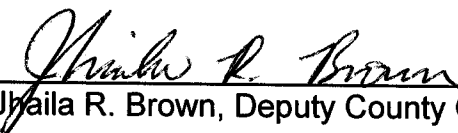
11 Date: 1/30/2014

12 ATTEST:

13 KECIA HARPER-IHEM
14 Clerk of the Board

15
16 By: _____
17 Deputy

18
19 APPROVED AS TO FORM:
20 PAMELA J. WALLS, County Counsel

21
22 By:  _____
23 Jhaila R. Brown, Deputy County Counsel

24
25 (Signatures on this page need to be notarized)
26
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF RIVERSIDE }

On 01/30/2014, before me, Martha Mendez, Notary Public
Date Here Insert Name and Title of the

Officer

Personally _____ appeared

John F. Mealey
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature *Martha Mendez*
Signature of Notary Public

EXHIBIT A
AMENDED PROJECT DESCRIPTION
(Behind this Page)

AMENDED PROJECT DESCRIPTION

Developer: The Coachella Valley Housing Coalition
Address: Plaza 1, 45-701 Monroe Street Indio, CA 92201
Project Title: North Shore Groups 5 & 6
Location: 11 parcels on vacant lots located within the blocks generally bounded by 68th Avenue, 73rd Avenue, Beacon Drive, and Bounty Avenue in the community of North Shore

Description:

The Coachella Valley Housing Coalition (CVHC), a nonprofit public benefit corporation and certified Community Housing Development Corporation, is proposing to use up to \$600,000 in Home Investment Partnerships Act (HOME) Program funds for the development and new construction of 11 single-family homes for lower-income families in the unincorporated community of North Shore in Riverside County. All 11 homes will be assisted with HOME funds and will include an affordability covenant for a period of 15 years ("HOME Units"). Up to \$100,000 of the HOME funds will be reserved as mortgage assistance for the HOME Units.

The homes will be built through CVHC's the mutual self-help construction program which enables groups of qualified low and very low-income families to become first-time homeowners by working together under skilled supervision and earn "sweat-equity" towards the down payment of their prospective home. The proposed project will consist of 11 four-bedroom and two-bathroom single-story homes with an anticipated selling price of \$96,000 to \$97,000.

CVHC will use up to \$600,000 in HOME funds for development, construction, and mortgage assistance for the project. Other funding sources include a \$914,350 loan from the U.S. Department of Agriculture Section 502 Program, a \$34,500 loan from the Joe Serna, Jr. Farmworker Housing Grant Program, CVHC subsidy in the amount of \$52,859, and \$7,150 in buyer sweat-equity. The total development costs are estimated to be \$1,608,859.

Nine of the Home Units will be sold to very low-income households whose incomes do not exceed 50% of the area median income for the County, adjusted by family size at the time of occupancy. Two of the Home Units will be sold to low-income households whose incomes do not exceed 80% of the area median income for the County, adjusted by family size at the time of occupancy. All HOME Units will have an affordability period of 15 years from the date of the certificate of occupancy or equivalent.

AMENDED PROJECT DESCRIPTION CONTINUED

NORTH SHORE GROUPS 5 & 6 – HOME UNITS

- APN 723-084-007 Neptune Drive Via Costa Brava & Dolphin Drive
- APN 723-084-009 Neptune Drive Via Costa Brava & Dolphin Drive
- APN 723-293-006 Port Circle Seahorse Way & Barnacle Drive
- APN 723-334-014 Galley Drive Spa Circle & Pilot Drive
- APN 723-311-016 Pilot Drive Outrigger Drive & Windlass Drive
- APN 723-272-023 Rocky Point Drive Club View & Shell Drive
- APN 723-292-001 Barnacle Drive Rocky Point Drive & Port Circle
- APN 723-292-002 Barnacle Drive Rocky Point Drive & Port Circle
- APN 723-292-033 Shell Drive Rocky Point Drive & Sunfish Lane
- APN 723-312-015 Beam Drive Pilot Drive & Galley Drive
- APN 723-312-016 Beam Drive Pilot Drive & Galley Drive

AMENDED PROJECT SOURCES AND USES OF FUNDS

Sources:

USDA – Section 502 Program	\$ 914,350
Joe Serna, Jr. Farmworker Housing Grant Program	\$ 34,500
Buyer Sweat Equity	\$ 7,150
CVHC Subsidy	\$ 52,859
County of Riverside HOME Grant	<u>\$ 600,000</u>
Total Sources	\$ 1,608,859

Uses:

Off-Site Work	\$ 0.00
Structures	\$ 1,077,506
General Requirements	\$ 124,353
Contractor Overhead	\$ 16,500
Contractor Profit	\$ 27,500
Land Acquisition	<u>\$ 363,000</u>
Total Uses	\$ 1,608,859

AMENDED IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. HOME Agreement Executed	July 12, 2011
2. Families Selected	February 1, 2014
3. Building Permit	December 1, 2013
4. Obtain Equity Financing	February 01, 2012
5. Transfer of Title for All 11 HOME Units	June 01, 2014
6. Construction Begins No Later Than	February 1, 2014
7. Notice of Completion Recorded with Recorded Copy to EDA	May 01, 2015
8. Submission of Final Cost Certificates, Sources and Uses of Funds	May 30, 2015
9. Submission of Income & Ethnic Characteristics Report	May 30, 2015

AMENDED DOCUMENT SUBMISSION SCHEDULE*

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 15 th of each month
2. Performance Report	Annually, July 10
3. Liability and Certificate of Workers' Compensation Insurance for CVHC	BORROWER – At the execution of this Agreement. Copies of Certificates must be filed and up-to-date throughout the course of the Project with COUNTY additionally insured.
4. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– April 5, October 5
5. HOME Match Contribution	Beginning of Construction
6. Project Site Photos	Bimonthly, due by the 15 th of each month
7. The filing of the Notice of Completion	End of Construction
8. Certificate of Occupancy	End of Construction
9. Project Completion Report	Close of Project
10. Final Development Cost - Sources and Uses	Close of Project
11. Affirmative Fair Housing Marketing Plan	Annual Report
12. Flyers, Community Contacts, Outreach, Press Releases	Marketing Stage

***CVHC shall submit to COUNTY copies of the final funding commitment, copies of all executed agreements, and proof that the funds were disbursed for this project.**