

FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRIAMOS DATE 1/13/16

Departmental Continuance

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

446



FROM: Economic Development Agency

SUBMITTAL DATE:
 January 13, 2016

SUBJECT: Second Amendment to the Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore, Unincorporated Community of North Shore, District 4, [\$0], CEQA Exempt; NEPA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), Section 15301 and Section 15303;
2. Find that the project is exempt from National Environmental Policy Act (NEPA) per Section 58.34(a)(12), and conclude that the project is not an action which may affect the quality of the environment;

(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: 2015/16	

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 3.7 of 2/25/14; 3.21 of 7/12/11; 3.13 of 5/10/11 | District: 4 | Agenda Number:

3-13

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
Economic Development Agency

FORM 11: Second Amendment to the Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore, Unincorporated Community of North Shore, District 4, [\$0], CEQA Exempt; NEPA Exempt

DATE: January 13, 2016

PAGE: 2 of 4

RECOMMENDED MOTION: (Continued)

3. Approve the attached Second Amendment to Agreement for North Shore Groups 5& 6 Self-Help in the Community of North Shore (Second Amendment) between the County of Riverside and The Coachella Valley Housing Coalition, a nonprofit public benefit corporation (CVHC);
4. Authorize the Chairman of the Board of Supervisors to execute the attached Second Amendment;
5. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Second Amendment including, but not limited to, signing subsequent necessary and relevant documents such as an Amendment to the HomeBuyer Loan Agreement, a Cancellation of Homebuyer Promissory Note, and Reconveyance of Homebuyer Deed of Trust, subject to County Counsel approval as to form; and
6. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five days of approval by the Board.

BACKGROUND:

Summary

On July 12, 2011 the County of Riverside (County) and The Coachella Valley Housing Coalition, a nonprofit public benefit corporation (CVHC) entered into that certain Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore, which was amended by that certain First Amendment for North Shore Group 5 & 6 Self-Help in the Community of North Shore, dated February 25, 2014 (collectively, HOME Grant Agreement). The HOME Grant Agreement provided for, among other things, a grant to CVHC in the amount of \$600,000 (\$100,000 for mortgage assistance and \$500,000 for construction costs) derived from HOME Investment Partnerships Funds, for the development and construction of 11 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 11 homes have been built to date and all 6 of the families are very low income families. Families have been approved for the remaining 5 homes and the families are currently constructing the remaining homes. CVHC anticipates having the homes completed by March 2016.

One of the completed homes was built at 72-160 Barnacle Drive, North Shore, Riverside County, California also known as APN 723-292-002 (Existing Property). The homeowner, Mrs. Nohemi N. Solórzano (Homeowner), took occupancy of the Existing Property in July of 2013. The Homeowner received HOME funded mortgage assistance in the amount of \$15,000 pursuant to that certain North Shore Groups 5&6 Home

(Continued)

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

Economic Development Agency

FORM 11: Second Amendment to the Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore, Unincorporated Community of North Shore, District 4, [\$0], CEQA Exempt; NEPA Exempt

DATE: January 13, 2016

PAGE: 3 of 4

BACKGROUND:

Summary

(Continued)

Buyer Loan Agreement and Disclosure Statement dated September 21, 2012, which loan was evidenced by a Promissory Note in favor of the County dated September 21, 2012 (Original Promissory Note), which was secured by a Deed of Trust for the benefit of the County dated September 21, 2012 (Original Deed of Trust).

Since July of 2013, the Existing Property has been adversely affected by differential foundation movement due to the uplift of underlying expansive soils. The expansive soil issues has caused total vertical differential of 5.3 inches. The high point of this differentiation is along the rear of the Existing Property in the kitchen and the low point is located at the southeast corner of the southeast bedroom. The Existing Property has sustained significant distress. The variation in floor elevation between the exterior walls is too great to repair, and conventional expansive soil mitigation measures are likely to be costly and not entirely effective.

CVHC and the Homeowner desire to enter into the attached Joint Transfer of Title Agreement, subject to County approval of the proposed Second Amendment discussed below, to demolish the Existing Property and build a new home on a new site located at 72-220 Shell Drive, North Shore, Riverside County, California, also known as APN 723-303-021 (New Property). In addition, CVHC is requesting to amend the HOME Grant Agreement to (i) deobligate \$15,000 in HOME mortgage assistance funds allocated to the Existing Property and reallocate those funds to the New Property, (ii) allow for the demolition of the Existing Property, (iii) allow for the construction of the new home on the New Property by amending the existing Project description, and (iv) extend the construction completion date to May 30, 2016, as more specifically described in the proposed Second Amendment to the Agreement for North Shore Groups 5 & 6 in the Community of North Shore (Second Amendment) which is attached. Other than the \$15,000 in HOME mortgage assistance funds reallocated to the New Property, all development costs of the New Property and Homeowner relocation costs will be paid solely by CVHC; the County will not be contributing any additional funding. In order to facilitate the deobligation and reallocation of the \$15,000 in HOME mortgage assistance (i) the County will be required to reconvey the Original Deed of Trust and cancel the Original Promissory Note, and (ii) the Homeowner will be required to execute a new promissory note evidencing the \$15,000 in HOME mortgage assistance and record a new deed of trust, subject to review by County Counsel. Except for the aforementioned proposed amendments, all other terms and conditions of the HOME Grant Agreement will remain unchanged.

CVHC has demonstrated to staff that they have made every effort to identify, mitigate and address the aforementioned stress to the Existing Property. The attached proposed Second Amendment will allow CVHC to continue its commitment to the low and very-low income families who participate in the Self-Help program, in particularly the Solorzano family.

The environmental effects of activities carried out with HOME grant funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in the United States Department of Housing and Urban Development's implementing regulations at 24 Code of Federal Regulations (CFR) parts 50 and 58. These regulations specify procedures for conducting environmental review, including finding a level of clearance and requesting release of funds. Pursuant to NEPA and the environmental procedures cited in 24 CFR 58.5 and 58.6., the proposed Second Amendment, demolition of the Existing Property and subsequent construction of the new single family home are determined to be categorically excluded and exempt from NEPA per section 58.34(a)(12), because it does not require any mitigation for compliance with any listed statues or authorities.

(Continued)

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

Economic Development Agency

FORM 11: Second Amendment to the Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore, Unincorporated Community of North Shore, District 4, [\$0], CEQA Exempt; NEPA Exempt

DATE: January 13, 2016

PAGE: 4 of 4

BACKGROUND:

Summary

(Continued)

Pursuant to the California Environmental Quality Act (CEQA), the proposed Second Amendment is determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15301, Existing Facilities, State CEQA Guidelines Section 15303, New Construction or Conversion of Small Structures, and State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project involves the deobligation and reallocation of HOME funds, the demolition of an existing single family home located on the Existing Property and the development and construction of one infill single-family home on the New Property (Project). Pursuant to State CEQA Guidelines Section 15301, Existing Facilities, the demolition of the Existing Property, a single family residence, is exempt under CEQA as it involves negligible or no expansion of the existing use. Up to 3 single family homes may be demolished under this exemption. The construction of the New Property, one single family residence in a residential zone, is exempt under State CEQA Guidelines Section 15303. In addition, under State CEQA Guidelines Section 15061(b)(3), it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment as the Project will not lead to any direct or reasonably indirect physical environmental impacts. The use will be substantially similar to the existing surrounding residential units. A Notice of Exemption will be filed with the County Clerk upon approval of the Second Amendment.

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

Impact on Citizens 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 and will result in much needed affordable housing in the community.

SUPPLEMENTAL:

Additional Fiscal Information

There is no cost to the County; the Second Amendment is the mechanism to deobligate and reallocate previously obligated funds to the new property. No budget adjustment is required.

Attachments:

- A. Second Amendment to Agreement for North Shore Groups 5 & 6 Self-Help in the Community of North Shore
- B. Joint Transfer of Title Agreement
- C. CEQA Notice of Exemption

1 **WHEREAS**, pursuant to the HOME Grant Agreement, CVHC constructed and
2 developed a single family home located at 72-160 Barnacle Drive, North Shore,
3 Riverside County, California, also known as Assessor's Parcel Number 723-292-002-
4 9, legally described in Attachment No. 2 attached hereto and incorporated herein by
5 this reference ("Original Property"). The Original Property was constructed under
6 CVHC's mutual self-help program ;

7 **WHEREAS**, Nohemi N. Solórzano ("Homeowner") acquired the Original
8 Property from CVHC for \$95,350.00 and began occupying the Original Property as of
9 July 2013;

10 **WHEREAS**, pursuant to that certain North Shore Groups 5&6 Homebuyer Loan
11 Agreement and Disclosure Agreement between County and Homeowner dated
12 September 21, 2012 and recorded on September 25, 2012 in the County of Riverside
13 Official Records ("Official Records") as Document No. 2012-0457768, Homeowner
14 received a loan from the COUNTY in the amount of \$15,000 ("Homeowner Loan")
15 derived from the County's HOME Program to pay a portion of the purchase price for
16 the Original Property. The Homeowner Loan is evidenced by a Promissory Note dated
17 September 21, 2012 executed by Homeowner in favor of the County (Original
18 Promissory Note), and secured by a Deed of Trust executed by Homeowner for the
19 benefit of the County dated September 21, 2012 and recorded on September 25, 2012
20 in the Official Records as Document No. 2012-0457766 ("Original Deed of Trust");

21 **WHEREAS**, the Original Property has been adversely affected by differential
22 foundation movement related to expansive soils issues which were beyond CVHC's
23 reasonable control;

24 **WHEREAS**, additional studies, including floor level surveys, limited subsurface
25 exploration, laboratory testing, engineering analysis, soils tests, and inspections were
26 conducted and identified that the variation in floor elevation between the exterior walls
27 is too great to repair, and conventional expansive soil mitigation measures are likely to
28 be costly and not completely effective;

1 **WHEREAS**, the Original Property has sustained significant distress primarily
2 including drywall cracks/tears, separations at kitchen counter tile and cabinetry,
3 separation at bath tile and cabinetry, separations between baseboards and tile floors,
4 out of square/racked doors and window, minor exterior stucco cracking, soil
5 separation from the perimeter foundation line at the ground surface, and partial
6 blockage of surface drainage around the perimeter of the residence on the southeast
7 side of the home;

8 **WHEREAS**, in regard to the HOME Grant Agreement as a whole, and inclusive
9 of the entire Project, construction delays have been encountered due to difficulty in
10 qualifying potential buyers due to debt load and/or credit issues, extremely low
11 appraisal values and permitting delays;

12 **WHEREAS**, CVHC has determined (i) the Homeowner's Original Property
13 should be demolished due to continuing soil issues and differential foundation
14 movement making normal and reasonable mitigation unlikely, (ii) the Homeowner and
15 CVHC desire to construct a new home on a new site located at 72-220 Shell Drive,
16 North Shore, Riverside County, California, also known as APN 723-303-021 legally
17 described in Attachment No. 3 attached hereto and incorporated herein by this
18 reference ("New Property"), and (iii) the New Property shall be built without using
19 additional HOME Funds or any other funds from the County (collectively the
20 "Corrective Action");

21 **WHEREAS**, CVHC is requesting that the COUNTY amend the HOME Grant
22 Agreement to (i) deobligate \$15,000 in HOME funds allocated to the Original Property
23 as direct mortgage assistance and reallocate those funds to the New Property, (ii)
24 allow for the demolition of the Original Property at no cost to the County, (iii) allow for
25 the construction of the new home on the New Property at no cost to the County, (iv)
26 extend the construction completion date to May 31, 2016, and (v) expressly provide
27 that CVHC shall be solely responsible for all demolition, construction, and relocation
28 costs plus any other costs arising out of or related to the Corrective Action;

1 **WHEREAS**, the COUNTY and CVHC desire to amend the HOME Grant
2 Agreement as follows (i) deobligate \$15,000 in HOME funds allocated to the Original
3 Property as mortgage assistance and reallocate those funds to the New Property; (ii)
4 allow for the demolition of the single family home located on the Original Property, (iii)
5 allow for construction of a single family home on the New Property, (iv) amend the
6 Amended Project Description attached to the HOME Grant Agreement as Exhibit A to
7 modify the project description and extend the construction completion date to May 31,
8 2016, (v) cancel the Original Promissory Note, (vi) reconvey the Original Deed of
9 Trust, (vii) require Homeowner to execute a new Promissory Note and Deed of Trust
10 in connection with the reallocated HOME Program mortgage assistance; and (viii)
11 modifications to certain other obligations of the Parties, all on the terms and conditions
12 specifically set forth below.

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

- 16 1. **Recitals**. The recitals set forth above are true and correct and incorporated
17 herein by this reference.
- 18 2. **Deobligation of HOME Mortgage Assistance**. Subject to CVHC's satisfaction
19 of the conditions precedent set forth in Paragraph 3 below and the Developer
20 Obligations set forth in Section 2.g. of the HOME Grant Agreement discussed in
21 Paragraph 4 below, the County hereby consents to the deobligation of \$15,000 in
22 HOME funds allocated to the Original Property as mortgage assistance and the
23 reallocation of such funds to be used by Homeowner to pay a portion of the
24 purchase price for the New Property.
- 25 3. **Relocation, Demolition, and Construction Costs**. Notwithstanding anything to
26 the contrary contained in the HOME Grant Agreement, including all attachments,
27 CVHC hereby expressly acknowledges and agrees that CVHC shall pay any and
28 all costs related to and/or arising out of (i) the demolition of all improvements,

1 including the existing single family home, located on the Original Property, (ii)
2 development and construction of all improvements, including the single family
3 home, to be located on the New Property, (iii) the relocation of Homeowner,
4 including all household members and/or individuals residing in the improvements
5 located on the Original Property, and (iv) any other costs arising out of or related
6 to the Corrective Action. CVHC shall comply with applicable law in connection
7 with the relocation of Homeowner and all occupants of the Original Property.

8 **4. Developer Obligations.** Section 2. of the HOME Grant Agreement entitled,
9 “Developer Obligations” is hereby amended to add the following obligations of
10 CVHC:

11 “g. Due to the differential foundation movement of the single family home located
12 on that certain real property located at 72-160 Barnacle Drive, North Shore,
13 Riverside County, California, also known as Assessor’s Parcel Number 723-292-
14 002-9 (“Original Property”), constructed by CVHC and conveyed to Nohemi N.
15 Solorzano (“Solorzano”) pursuant to that certain Grant Deed recorded in the
16 Official Records of the County of Riverside on September 25, 2012 as Document
17 No. 2012-0457766, CVHC shall be required to satisfy the following obligations
18 within the time period set forth in the Second Amended Implementation
19 Schedule contained within the Second Amended Project Description attached
20 hereto as Exhibit A and incorporated herein by this reference:

- 21 1. No later than **February 1, 2016**, deliver to County a copy
22 of a fully executed Joint Transfer of Title Agreement
23 executed by CVHC and Solorzano, in a form first
24 approved by County, memorializing CVHC and
25 Solorzano’s agreement to transfer title to the Original
26 Property and to construct a new single family home on that
27 certain real property located at 72-220 Shell Drive, North
28 Shore, Riverside County, California, also known as APN

1 723-303-021 ("New Property") as described in the Second
2 Amended Project Description attached hereto as Exhibit A.

3 2. Convey fee title to the New Property pursuant to a Grant
4 Deed to Solorzano no later than **June 1, 2016**.

5 3. No later than **June 30, 2016** demolish, at no cost to the
6 County, the single family home, including any ancillary
7 structures, located on the Original Property, in accordance
8 with the Second Amendment to Agreement for North Shore
9 Groups 5&6 Self-Help in the Community of North Shore
10 executed by County and CVHC and dated January 26,
11 2016 ("Second Amendment") and applicable laws and
12 regulations, no later than thirty (30) days after the
13 recordation of the Grant Deed conveying title to the
14 Original Property from Solorzano to CVHC.
15 Notwithstanding anything to the contrary contained herein
16 including any attachments, CVHC shall pay all costs to
17 demolish the improvements, including the single family
18 home, located on the Original Property.

19 4. No later than **May 30, 2016**, Develop and construct, at no
20 cost to the County, a single family home including any
21 required ancillary structures, on the New Property pursuant
22 to this Agreement, approved governmental plans and
23 permits, the Second Amended Project Description
24 attached hereto as Exhibit A, and the Second Amendment.
25 Notwithstanding anything to the contrary contained herein
26 including any attachments, CVHC shall pay all costs for the
27 development and construction of the improvements to be
28 located on the New Property.

- 1 5. Pay all costs to relocate Solorzano and all other occupants
2 of the single family home located on the Original Property
3 pursuant to applicable law. Relocation of Solorzano and
4 all other occupants shall occur no later than **June 1, 2016**.
- 5 6. No later than **February 30, 2016**, cause Solorzano to
6 execute and deliver to County an amendment to that
7 certain North Shore Groups 5&6 Homebuyer Loan
8 Agreement and Disclosure Agreement between County
9 and Solorzano dated September 21, 2012 and recorded on
10 September 25, 2012 in the County of Riverside Official
11 Records ("Official Records") as Document No. 2012-
12 0457768 ("Homebuyer Loan Agreement"), in recordable
13 form, substantially in a form and substance first approved
14 by County Counsel, to reflect the reallocation of \$15,000 in
15 HOME Funds direct mortgage assistance from the Original
16 Property to the New Property, the procedures for
17 implementing such reallocation, and any County required
18 releases and waivers.
- 19 7. No later than **February 30, 2016**, cause Solorzano to
20 execute and deliver to County a new Promissory Note in
21 favor of the County, substantially in a form and substance
22 first approved by County Counsel, evidencing the HOME
23 Funds direct mortgage assistance in the amount of
24 \$15,000.
- 25 8. No later than **February 30, 2016**, cause Solorzano to
26 execute and deliver to County a new Deed of Trust, in
27 recordable form, for the benefit of the County, substantially
28 in a form and substance first approved by County Counsel,

1 securing the new Promissory Note evidencing the HOME
2 Funds direct mortgage assistance in the amount of
3 \$15,000.

4 5. **County Obligations.** Section 3 of the HOME Grant Agreement entitled,
5 “County’s Obligations”, is hereby amended to add the following County
6 Obligations:

7 “c. Upon CVHC’s satisfaction of the obligations set forth in Section 2.g.
8 above, County shall perform the following:

9 1. Cancel that certain Promissory Note executed by
10 Solarzano in favor of the County dated September 21,
11 2012 evidencing \$15,000 in HOME funds direct mortgage
12 assistance (Original Promissory Note).

13 2. Reconvey that certain Deed of Trust executed by
14 Solarzano for the benefit of the County dated September
15 21, 2012 and recorded in the Official Records on
16 September 25, 2012 as Document No. 2012-0457766. The
17 Reconveyance Deed of Trust shall be in a form and
18 substance first approved by County Counsel.

19 3. Execute, in recordable form, an amendment to the
20 Homebuyer Loan Agreement, substantially in a form and
21 substance first approved by County Counsel, to reflect the
22 reallocation of \$15,000 in HOME funds direct mortgage
23 assistance from the Original Property to the New Property,
24 the procedures for implementing such reallocation, and
25 any County required releases and waivers.

26 6. **Amended Project Description.** Exhibit “A” of the HOME Grant Agreement,
27 “Amended Project Description” is hereby deleted in its entirety and replaced with
28 the Second Amended Project Description, which is attached hereto as

1 Attachment No. 1 and incorporated herein by this reference. The Second
2 Amended Project Description includes the Second Amended Project Sources
3 and Uses of Funds, and Second Amended Implementation Schedule and
4 Document Submission Schedule.

5 **7. CVHC Indemnification and Hold Harmless.** Without limiting the hold harmless
6 and indemnity contained in Section 33 of the HOME Grant Agreement, CVHC
7 shall indemnify and hold harmless the County of Riverside, its Agencies, Boards,
8 Districts, Special Districts and Departments, their respective directors, officers,
9 Board of Supervisors, elected and appointed officials, employees, agents and
10 representatives (collectively the "Indemnified Parties") from any liability
11 whatsoever, based or asserted upon any services and/or acts of CVHC, its
12 officers, employees, subcontractors, agents or representatives arising out of their
13 performance under this Agreement, including but not limited to property damage,
14 construction defects, bodily injury, or death or any other element of any kind or
15 nature whatsoever arising from the performance of CVHC, its officers, agents,
16 employees, subcontractors, agents or representatives under this Agreement
17 and/or arising out of related to the development, construction, and/or acquisition
18 or disposition of the Original Property. CVHC shall defend, at its sole expense, all
19 costs and fees including, but not limited, to attorney fees, cost of investigation,
20 defense and settlements or awards, of the Indemnified Parties in any claim or
21 action based upon such alleged acts or omissions.

22 With respect to any action or claim subject to indemnification herein by
23 CVHC, CVHC shall, at their sole cost, have the right to use counsel of their own
24 choice and shall have the right to adjust, settle, or compromise any such action or
25 claim without the prior consent of COUNTY; provided, however, that any such
26 adjustment, settlement or compromise in no manner whatsoever limits or
27 circumscribes CVHC'S indemnification to COUNTY including the Indemnified
28 Parties as set forth herein.

1 CVHC's obligation hereunder shall be satisfied when CVHC has provided
2 to COUNTY the appropriate form of dismissal relieving COUNTY and the
3 Indemnified Parties from any liability for the action or claim involved.

4 The specified insurance limits required in the HOME Grant Agreement,
5 including any amendments, shall in no way limit or circumscribe CVHC's
6 obligations to indemnify and hold harmless COUNTY herein from third party
7 claims.

8 In the event there is conflict between this clause and California Civil Code
9 Section 2782, this clause shall be interpreted to comply with Civil Code 2782.
10 Such interpretation shall not relieve CVHC from indemnifying COUNTY and the
11 Indemnified Parties to the fullest extent allowed by law.

12 This hold harmless and indemnification shall survive termination or
13 expiration of the HOME Grant Agreement, including any amendments.
14

15 8. **ENTIRE AGREEMENT.** This Second Amendment, and the HOME Grant
16 Agreement, including all attachments thereto, contain the entire understanding
17 and agreement of the Parties hereto. There are no oral or written representations,
18 understandings, or ancillary covenants, undertakings or agreements, which are
19 not contained or expressly referred to within this Second Amendment and the
20 HOME Grant Agreement, including attachments.
21

22 9. **FULL FORCE.** Except as modified and amended by this Second Amendment, all
23 other terms and conditions of the HOME Grant Agreement, including attachments,
24 remain unmodified and in full force and effect.
25

26 10. **NO WAIVER.** Any failure or delay by County in asserting any of its rights and
27 remedies as to any default shall not operate as a waiver of any default or of any
28 such rights or remedies. Delays by County in asserting any of its rights and

1 remedies shall not deprive County of its right to institute and maintain any actions
2 or proceeding which it may deem necessary to protect, assert or enforce any such
3 rights or remedies.

4
5 11. **COUNTERPARTS.** This Second Amendment may be signed by the authorized
6 Parties hereto in counterparts, each of which shall be an original but all of which
7 together shall constitute one and the same agreement.

8
9 12. **EFFECTIVE DATE.** The effective date of this Second Amendment is the date this
10 Second Amendment is signed by the COUNTY.

11
12 13. **APPROVAL BY BOARD.** This Second Amendment is not binding until approved
13 by the COUNTY Board of Supervisors.

14
15
16
17 (REMAINDER OF PAGE INTENTIONALLY BLANK)

18 (SIGNATURES ON NEXT PAGE)
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28

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

3
4 **COUNTY:**

5 County of Riverside,
6 a political subdivision of
7 the State of California

4 **CVHC:**

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

7
8
9 By: _____
10 John J. Benoit
11 Board of Supervisors

7
8
9 By: 
10 John F. Mealey
11 Executive Director

12 Date: _____

12 Date: _____

13
14 **ATTEST:**

15 **KECIA HARPER-IHEM**
16 Clerk of the Board

17
18 By: _____
19 Deputy

20
21 **APPROVED AS TO FORM:**
22 **GREGORY P. PRIAMOS, County Counsel**

23
24 By: 
25 Jhaila R. Brown,
26 Deputy County Counsel

ATTACHMENT NO. 1
EXHIBIT A
SECOND AMENDED PROJECT DESCRIPTION
(Behind this Page)

SECOND 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"). A total of \$100,000 of the HOME funds will be reserved as mortgage assistance for the HOME Units.

The homes will be built through CVHC's 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 which starts from the date the last HOME Unit receives the certificate of occupancy or equivalent.

SECOND AMENDED PROJECT DESCRIPTION CONTINUED

NORTH SHORE GROUPS 5 & 6 – HOME UNITS

- | | | |
|-------------------|-------------------|----------------------------------|
| • APN 723-303-021 | Shell Drive | Shell Drive and Sunfish Lane |
| • 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 723-292-033 | 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 |

SECOND AMENDED IMPLEMENTATION SCHEDULE

MILESTONE	COMPLETION DATE
1. HOME Agreement Executed	July 12, 2011
2. Families Selected	February 01, 2014
3. Obtain Building Permits	December 18, 2015
4. Obtain Equity Financing	February 01, 2012
5. Transfer of Title for All 11 HOME Units	June 01, 2014
6. Construction of HOME Units Begins No Later Than	February 01, 2014
7. Completion of Construction of All HOME Units	May 31, 2016
8. Notice of Completion Recorded with Recorded Copy to COUNTY/EDA	May 31, 2016
9. Submission of Final Cost Certificates, Sources and Uses of Funds	May 30, 2016
10. Submission of Income & Ethnic Characteristics Report	May 30, 2016

ATTACHMENT NO. 2
LEGAL DESCRIPTION OF ORIGINAL PROPERTY

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 344 OF TRACT NO. 2538, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 46, PAGE(S) 34 TO 36, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 723-292-002-9

ATTACHMENT NO. 3
LEGAL DESCRIPTION OF NEW PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 282 OF TRACT NO. 2538, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 46, PAGES 34 TO 36, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS AND OTHER MINERALS WITHOUT THE RIGHT OF SURFACE ENTRY AS RESERVED BY DEED RECORDED MARCH 19, 1963, IN BOOK 3347, PAGE 324, OF OFFICIAL RECORDS.

APN: 723-303-021

JOINT TRANSFER OF TITLE AGREEMENT

THIS JOINT TRANSFER OF TITLE AGREEMENT ("Agreement") is made as of **January 8th, 2016**, by and between NOHEMI N. SOLÓRZANO (hereinafter "Solórzano") and COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation (hereinafter called "CVHC").

Recitals

This Agreement is entered into with reference to the following facts:

A. Solórzano is the current owner of a residential dwelling and parcel of real property commonly referred to as 72-160 Barnacle Drive, North Shore, California 92254, in Riverside County, State of California, legally described in **Exhibit A** attached hereto and made a part hereof by this reference ("Barnacle Property" or "Barnacle Residence").

B. CVHC is the current owner of a parcel of real property commonly referred to as 72-220 Shell Drive, North Shore, California 92254, in Riverside County, State of California, legally described in **Exhibit B** attached hereto and made a part hereof by this reference ("Shell Property").

C. CVHC desires to construct a residential dwelling substantially similar to the Barnacle Residence on the Shell Property ("Shell Residence"), as set forth within the plans attached hereto as **Exhibit C** and made a part hereof by this reference ("Plans");

D. Following completion of construction and issuance of a certificate of occupancy for the Shell Residence, the parties desire to facilitate joint transfer of title for the Barnacle Property and the Shell Property and transfer of financing from the Barnacle Property to the Shell Property, all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Agreement to Transfer Title.** CVHC agrees to transfer title to the Shell Property to Solórzano; Solórzano agrees to transfer title to the Barnacle Property to CVHC; and Solórzano agrees to facilitate transfer of all current financing on the Barnacle Property to the Shell Property, all in accordance with the terms, covenants and conditions hereinafter set forth ("Joint Transfer").

2. **Consideration.** As consideration for the Joint Transfer:

A. CVHC shall construct the Shell Residence in a manner that is similar to the Barnacle Residence, as set forth within the Exhibit "C" Plans, at no additional cost or expense to Solórzano and thereafter transfer title to the Shell Property to Solórzano; and

B. In exchange for title to the Shell property, Solórzano shall transfer title to the Barnacle Property to CVHC free and clear of all monetary encumbrances except non-delinquent real property taxes; and

C. Solórzano shall facilitate transfer of all existing financing on the Barnacle Property, inclusive of the first and second deeds of trust now recorded against the Barnacle Property ("Existing Financing"), to the Shell Property.

3. **Continued Occupancy and Payment of Loans on Barnacle Residence.** Solórzano shall continue to occupy the Barnacle Residence until the Closing Date (identified in Section 4 below) and remit timely payment on any and all Existing Financing pending the Joint Transfer. The parties hereto agree to execute and deliver to lenders providing Existing Financing any and all requisite information / documentation to facilitate transfer of said Existing Finance to the Shell Property.

4. **Escrow.** Within ten (10) calendar days after this Agreement is executed by Solórzano and CVHC, the parties shall open an escrow for this transaction at Lawyers Title Company located at 47875 Caleo Bay, Suite A101, La Quinta, California 92253. The Joint Transfer shall be consummated at the aforesaid escrow within sixty (60) calendar days of issuance of the certification of occupancy for the Shell Residence (the "Closing Date").

This transaction shall be consummated and the escrow closed in the following manner:

A. CVHC shall deposit a duly executed and acknowledged Grant Deed conveying the Shell Property to Solórzano.

B. CVHC shall remit payment of all escrow costs and prorations.

C. Solórzano shall deposit a duly executed and acknowledged Grant Deed conveying the Barnacle Property to CVHC.

D. Solórzano shall submit all requisite documentation to facilitate the transfer of any and all Existing Financing to the Shell Property and remove the Existing Financing as a monetary encumbrance against the Barnacle Property.

E. Escrow shall close when the escrow is in a position to issue the title insurance policy described in Section 5, below, showing title to the Shell Property vested of record in Solórzano and title to the Barnacle Property free and clear of the Existing Financing, vested of record in CVHC.

F. Closing shall be deemed to have occurred when the Grant Deeds (identified in Sections 4.A. and 4.C. above) are recorded.

G. Real estate taxes shall be prorated between the parties as of the Closing Date.

5. **Condition of Title Upon Closing Date.** Each party shall deliver to the other party marketable title for the applicable property on the Closing Date subject only to the then current real estate taxes and assessments constituting liens not then due or payable as well as other non-monetary liens and encumbrances such as easements of record (except that the Existing Financing shall be transferred and become encumbrances against the Shell Property). Title for each property shall be insured by a CTLA policy of title insurance insuring that, as of the Closing Date, said property is vested of record in the applicable party (or its assignee or nominee).

6. **Possession.** Possession of each property shall be delivered to the applicable party upon the Closing Date.

7. **Release of Construction Defect and Other Related Claims Pertaining to the Barnacle Property.** Except for CVHC's obligations contained in this Agreement, Solórzano acknowledges and agrees that transfer of the Shell Property to Solórzano shall constitute full settlement of any and all

obligations, rights, claims, liabilities, and/or damages (including, but not limited to, construction defect, property damage and/or any personal injury damage/claims) that Solórzano now has or may have against the Coachella Valley Housing Coalition, a California nonprofit public benefit corporation, its officers, directors, employees, contractors, subcontractors and agents (collectively "CVHC") and/or the County of Riverside, a political subdivision of the State of California, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents, attorneys and representatives (collectively, "County") arising out of and/or related to Solórzano's purchase and/or possession of the Barnacle Property as well as any agreement by and between Solórzano and/or CVHC and/or the County ("Claims"). Joint Transfer via this Agreement shall constitute full satisfaction, discharge, and release of any and all such liabilities, obligations, and/or claims of every kind and nature whatsoever which Solórzano now has or may have in the future against CVHC and/or the County related to the Claims.

8. **Waiver.** It is further understood and agreed that Solórzano expressly waives and assumes the risk of any and all past, present and future claims of which the parties do not know or suspect to exist in their favor, whether through negligence, ignorance, oversight, error or for any other reason whatsoever and which, if known, would materially affect their decision to enter into this Agreement. This Agreement expressly waives all rights under ' 1542 of the California Civil Code and any similar laws of the United States and of any state or territory of the United States are expressly waived. Said section reads as follows:

A general release does not extend to claims which the creditor does not know, or suspect to exist in his favor at the time of executing a Release, which if known by him must have materially affected his settlement with the debtor.

9. **Notices.** All notices and other communications required or permitted to be given under this Agreement shall be in writing and all notices and communications shall be deemed received upon personal delivery to the party to whom the notice is directed or, if sent by a reputable overnight courier (such as Federal Express), one (1) day following its deposit with such courier or, if sent by mail, two (2) days following its deposit in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to CVHC, Solórzano or Escrow Holder, as the case may be, at the addresses set forth below (or such other address as CVHC, Solórzano or Escrow Holder may specify by notice to the other party(ies), and Escrow Holder in the case of CVHC or Solórzano, pursuant to this Section):

SOLÓRZANO: Nohemi N. Solórzano
72-160 Barnacle Drive
North Shore, CA 92254

CVHC: John F. Mealey, Executive Director
COACHELLA VALLEY HOUSING COALITION
45-701 Monroe Street, Suite G, Plaza 1
Indio, CA 92201

With copy to: Wayne S. Guralnick, Esq.
GURALNICK & GILLILAND
40-004 Cook Street, Suite 3
Palm Desert, CA 92211

ESCROW HOLDER: LAWYERS TITLE COMPANY
47875 Caleo Bay, Suite A101
La Quinta, California 92253

10. **BROKERS OR FINDERS.** Each party hereby represents to the other party that the representing party has not employed or dealt with any broker or finder in connection with the transaction contemplated hereby and agrees to protect, defend, indemnify and hold harmless the other party and the other party's successors under this Agreement from any and all actions, suits, claims, demands, debts, losses, liabilities or expenses (including, without limitation, attorneys' fees and court costs) arising from or in connection with a breach of the representing party representations in this Section 10. This Section 10 shall survive the Close of Escrow.

11. **GENERAL.**

A. **Attorneys' Fees.** If any legal action is brought to enforce the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses in addition to any other relief to which the prevailing party may be entitled.

B. **Separate Agreements.** Escrow Holder is not to be concerned with the agreements of CVHC and Solórzano as set forth above, except to the extent such agreements constitute escrow instructions to Escrow Holder. The parties hereto jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorneys' fees, suffered or incurred by Escrow Holder in connection with or arising out of this Escrow. Escrow Holder shall not be liable for any error of judgment or for any act done or omitted by Escrow Holder in good faith, or for any mistake of fact or law, except for its own negligent misconduct, and Escrow Holder shall have no duties to anyone except to those parties executing this Agreement.

C. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against CVHC or Solórzano. This Agreement signed by both CVHC and Solórzano attached hereto constitute the entire and complete Agreement between CVHC and Solórzano. All prior negotiations, correspondence and agreements of the parties to this Agreement respecting the subject matter of this Agreement are fully and completely merged in this Agreement, and this Agreement supersedes any and all such prior matters. The only representations, agreements and warranties made by each party are those set forth in writing in this Agreement. Each party understands and acknowledges that no salesman, broker or other person has any authority whatsoever to make any representation, agreement or warranty, express or implied, for either party, except those expressly set forth in writing in this Agreement and that if any salesman, broker or other person has made or makes in the future, orally or in writing, any representation, agreement or warranty different from or in addition to those expressly set forth in writing in this Agreement, each and all of the same are unauthorized, void and of no force or effect. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of other provisions of this Agreement shall in no way be affected thereby. This Agreement shall be construed and enforced in accordance with the substantive laws of the State of California. The obligations contained in this Agreement, except for those specifically discharged in escrow (such as conveyance of title to each property, placing any deeds of trust on each property and delivery of monies and documents into Escrow), shall not merge with the transfer of title, but shall remain in effect until fulfilled.

D. Any claim, controversy or dispute of whatever nature arising out of or concerning this Agreement shall be resolved by final and binding arbitration according to the Judicial Arbitration and Mediation Services (JAMS) Rules of Practice and Procedure then in effect, except that the parties shall be entitled to only such discovery as is permitted by *Code of Civil Procedure* § 1283.05 and any amendment thereto or successor statutes. Judgment on the arbitrator's award may be entered in any court having jurisdiction thereof. Should any party refuse or neglect to appear or participate in arbitration proceedings, the arbitrator is empowered to decide the controversy in accordance with whatever evidence is presented. The arbitrator is authorized to award any party or parties such sums as he/she shall deem proper for the

time and expense, including but not limited to, costs and legal fees of arbitration. The arbitration shall be binding on the parties.

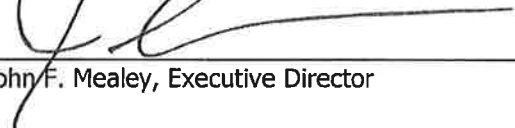
E. This Agreement may be executed in counterparts and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original and all counterparts taken together shall constitute one and the same Agreement, which shall be binding in effectiveness to all parties.

F. **County of Riverside as Third Party Beneficiary** The parties hereto acknowledge and agree that the County shall be an express third party beneficiary to this Agreement and shall be entitled to the rights and benefits hereunder and may enforce the provisions of this Agreement as if it were a party hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereunder written.

CVHC:

COACHELLA VALLEY HOUSING COALITION, a California Nonprofit Public Benefit Corporation

Date: 7 Jan 2016 By: 
John F. Mealey, Executive Director

SOLÓRZANO:

Date: 1-8-2016 
Nohemi N. Solórzano, an Individual

**EXHIBIT A - LEGAL DESCRIPTION OF
BARNACLE PROPERTY**

Lot 344 of Tract No. 2538, in the Riverside County, State of California, as per map recorded in Book 46, pages 34 to 36, inclusive of maps, in the office of the county recorder of said county.

Address: 72-160 Barnacle Drive, North Shore, CA 92254

APN: 723-292-002

**EXHIBIT B - LEGAL DESCRIPTION OF
SHELL PROPERTY**

Lot 282 of Tract No. 2538, in Riverside County, State of California, as per map recorded in Book 46, pages 34 to 36, inclusive of maps, in the office of the county recorder of said county.

Address: 72-220 Shell Drive, North Shore, CA 92254

APN: 723-303-021

EXHIBIT C - PLANS FOR SHELL PROPERTY

(See Attached)

See plans prepared by INSU-FORM, INC., identified as follows:

- Sheet Entitled: Elevation; and
- Sheet Entitled: Floor Plan 4 bdr.



NOTICE OF EXEMPTION

Project Name: North Shore Group 5 & 6

Project Number: HM4-11-002

Project Location: 72-220 Shell Drive, North Shore, CA, Assessor’s Parcel Number 723-303-021 (See attached Exhibit A). Unit to be demolished located at, 72-160 Barnacle Drive, North Shore, Assessor’s Parcel Number 723-292-002 (See attached Exhibit B)

Description of Project: The Coachella Valley Housing Coalition (CVHC) is proposing to build a four bedroom single family home on a vacant infill lot located at 72-220 Shell Drive in the unincorporated community of North Shore. The home will be built through CVHC’s self-help program dedicated to assist low income first time homeowners with building their own homes. This home that is being proposed is intended to replace a home located at 72-160 Barnacle Drive, North Shore, that was built through CVHC’s self-help program back in 2013 because the home has experienced significant differential foundation and slab movement that has resulted in significant distress to the home. After the new home on Shell Drive is completed the family living at the Barnacle Drive home will be moved in to the new home and the home at 72-160 Barnacle will be demolished by CVHC.

The home that is being replaced was completed July 16, 2013, and it was a part of a HOME funded 11 unit self-help development on scattered sites in the unincorporated community of North Shore. An environmental assessment was prepared and adopted by the Riverside County Board of Supervisors on March 29, 2011, at the time when HOME funds were first awarded for the 11 unit self-help development. The County is performing an environmental assessment on the proposed project site on which the proposed single family home is to be built.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: The Coachella Valley Housing Coalition

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15303, New Construction or Conversion of Small Structures, and Section 15061 (b) (3), General Rule Exemption, Existing Facilities Exemption 15301

Reasons Why Project is Exempt: Pursuant to the California Environmental Quality Act (CEQA), the proposed project is determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15301, Existing Facilities, State CEQA Guidelines Section 15303, New Construction or Conversion of Small Structures, and State CEQA Guidelines Section 15061(b) (3), General Rule or “Common Sense” Exemption. The proposed project involves the deobligation and reallocation of HOME funds, the demolition of an existing single family home and the development and construction of one infill single-family home on vacant lot. Pursuant to State CEQA Guidelines Section 15301, Existing Facilities, the demolition of the existing property, a single family residence, is exempt under

CEQA as it involves negligible or no expansion of the existing use. Up to 3 single family homes may be demolished under this exemption. The construction of the new property, one single family residence in a residential zone, is exempt under State CEQA Guidelines Section 15303. In addition, under State CEQA Guidelines Section 15061(b)(3), it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment as the proposed project will not lead to any direct or reasonably indirect physical environmental impacts. The use will be substantially similar to the existing surrounding residential units.

- Section 15303 – Class 3-Construction and location of limited numbers of new, small facilities or structures. In urbanized areas, up to three single-family residences may be constructed under this exemption. The project as proposed is the development and construction of one infill single-family residential home to be sold to a qualified low-income household. The development and construction of the residential unit will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur, and would not result in any physical impacts related to air quality, traffic, noise, biological or historic resources, or any other potential physical environmental impacts. Once the residential unit is constructed, the property will remain as affordable residential unit for a period of 15 years. Therefore, the project meets the scope and intent of the Class 3 Exemption.
- Section 15061(b)(3) – General Rule or “Common Sense” Exemption. The State CEQA Guidelines provides this exemption based upon the general rule that CEQA only applies to projects with the potential to cause a significant effect on the environment. The development and construction of residential units will not have an effect on the environment. The use of the site will be substantially similar to the existing surrounding residential units and will not create any new environmental impacts to the surrounding area. In fact, the infill housing will improve the surrounding community. Therefore, the project as proposed will not have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.
- Section 15301 – Existing Facilities Exemption. This exemption includes the demolition of the existing property, a single family residence, is exempt under CEQA as it involves negligible or no expansion of the existing use. Up to 3 single family homes may be demolished under this exemption. Therefore, the project meets the scope and intent of this exemption.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  _____ Date: 1-11-16

John Aguilar, Deputy Director
County of Riverside, Economic Development Agency

Exhibit A

72-220 Shell Drive, North Shore, CA, Assessor's Parcel Number 723-303-021

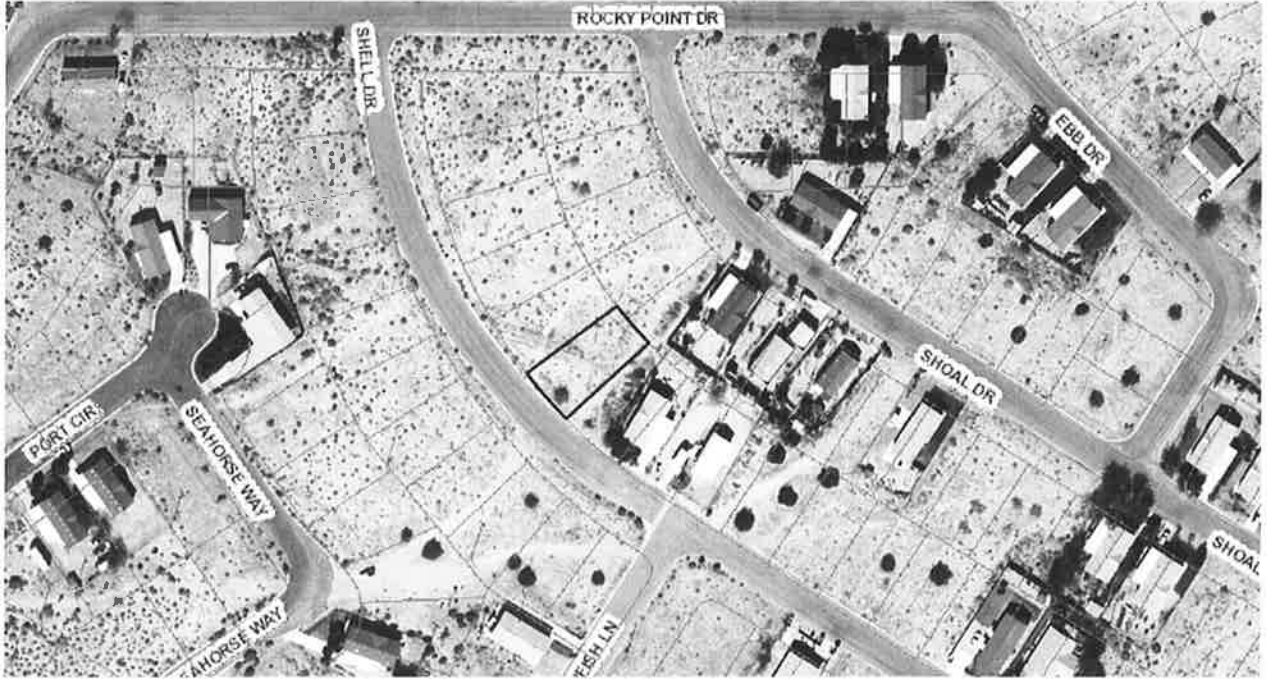


Exhibit B

72-160 Barnacle Drive, North Shore, Assessor's Parcel Number 723-292-002

