



# County of Yolo

## PLANNING AND PUBLIC WORKS DEPARTMENT

John Bencomo  
DIRECTOR

292 West Beamer Street  
Woodland, CA 95695-2598  
(530) 666-8775 FAX (530) 666-8728  
www.yolocounty.org

### PLANNING COMMISSION STAFF REPORT

JUNE 10, 2010

**FILE #2004-037:** Request for modification of the Rivers Edge subdivision Inclusionary Housing Agreement and the deletion of the Resale and Rental Restriction Agreement for Affordable Units. The proposed agreement amendments would remove the resale equity restriction on the required affordable units in the subdivision.

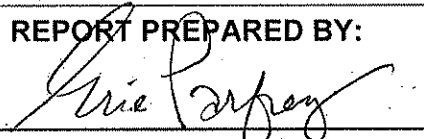
**APPLICANT:** Castle Principles, LLC  
Attn: Dan Boatwright  
12885 Alcosta Blvd. Suite A  
San Ramon, CA 94583

**LOCATION:** Located at the western end of 6th and 9th Streets and bordered by Colusa Basin Drainage Canal to the west in Knights Landing (APN: 056-160-02) (Attachment A).

**SUPERVISOR:** District 5 (Sup. Chamberlain)  
**ZONING:** R-1/PD-58  
**GENERAL PLAN:** Residential Low  
**FLOOD ZONE:** A (areas of 100-year flood) and B (areas between the limits of the 100-year flood and 500-year flood)  
**SOILS:** Sycamore silt loam, drained (Class I)  
**FIRE ZONE:** none

**ENVIRONMENTAL DETERMINATION:** Categorical Exemption

**REPORT PREPARED BY:**

  
Eric Parfrey, Principal Planner

**REVIEWED BY:**

  
David Morrison, Assistant Director

### RECOMMENDED ACTION

That the Planning Commission recommends the Board of Supervisors:

- A. **HOLD** a public hearing and receive testimony on the proposed amendment to the Inclusionary Housing Agreement and the deletion of the Resale and Rental Restriction Agreement for Affordable Units for the River's Edge subdivision project in Knights Landing (**Attachments A and B**);
- B. **ADOPT** the Categorical Exemption (**Attachment C**) as the appropriate level of environmental review in accordance with the California Environmental Quality Act (CEQA) and Guidelines; and
- C. **APPROVE** the amendment of the Inclusionary Housing Agreement and the deletion of the Resale and Rental Restriction Agreement for the River's Edge subdivision.

AGENDA ITEM 6.2

## **REASONS FOR RECOMMENDED ACTIONS**

Removal of the resale restrictions would allow the developer to offer the homes at a more competitive price with no resale restrictions, and would facilitate completion of the subdivision before new Federal Emergency Management Agency (FEMA) flood plain regulations go into effect in the Knights Landing area.

## **BACKGROUND**

### History

The River's Edge residential subdivision project consists of 63 single family residential units, and two non-residential lots, located in the community of Knights Landing. The project was approved by the Board of Supervisors on July 19, 2005. One of the Conditions of Approval for the subdivision required the developer to comply with the county's affordable housing program in effect at the time that the Final Subdivision Map was accepted by the county.

On February 27, 2007, the Board of Supervisors accepted the Final Subdivision Map and approved the Inclusionary Housing Agreement (Agreement No. 07-49) for the project. The Inclusionary Housing Agreement requires the developer to construct and sell seven moderate income and six low-income housing units on specific lots in order to comply with the county's Inclusionary Housing Program. "Moderate income" housing units are those that are priced initially to be affordable to a family earning between eighty percent (80%) and one hundred twenty percent (120%) of the Yolo County median household income. "Low income" housing units are priced to be affordable to a family earning less than eighty percent (80%) of the county median household income.

After the Final Subdivision Map was accepted, the developer completed construction of the backbone utility and infrastructure for the subdivision, and constructed the first 14 market rate homes. On September 9, 2008, the Board of Supervisors accepted the public improvements for streets, curbs, gutters, sidewalks, and storm drainage facilities; and approved a Resale and Rental Restriction Agreement for the 13 affordable housing units.

On September 29, 2008, Castle Principles applied for an amendment to the Planned Development No. 58 (PD-58) Ordinance governing the River's Edge subdivision, which was approved by the Board of Supervisors on April 7, 2009. The amendment allowed for the following:

- Reduced homes sizes;
- Allowed for alternate roofing materials;
- Clarified the types of interior materials and improvements required;
- Reduced the number of front facades;
- Established the setbacks and construction standards required for improvements near the levee;
- Required that the applicant purchase flood insurance for all new units sold; and
- Deferred FSA (Facilities and Services Authorization) and General Plan fees (totaling \$332,490) until the issuance of each home's final Certificate of Occupancy.

On January 28, 2010, the Planning Commission upheld Castle Company's appeal of the Yolo County Planning and Public Works Director's decision that the entire foundation of each house in the River's Edge subdivision had to be completed and inspected for it to be "grandfathered" under the existing Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRMs). The commission determined that the partial foundations (the garage only) were sufficient to meet the definition of "start of construction" under the County's Flood Damage Prevention Ordinance. So long as building permits for the partial foundations are approved prior to June 18,

2010, and the work is completed and inspected within 180 days, the structures would be considered "grandfathered" and elevation of the homes would not be required.

The revised FIRMs approved by FEMA for unincorporated Yolo County go into effect on June 18, 2010. The new flood maps will require all building permits in Knights Landing, Clarksburg, Yolo, and other areas, to raise the foundation of habitable areas at least one foot above the base flood elevation. Although there is no flood data specific to the River's Edge project site, it is estimated that homes would have to be raised anywhere from nine to twenty-four feet.

### Applicant Proposal

The Resale and Rental Restriction Agreement implements the requirements of the Yolo County Inclusionary Housing Ordinance (Chapter 9, Title 8 of the County Code). The ordinance requires that 20% of the total units in a single family subdivision be offered at prices affordable to low and moderate income families, and that the inclusionary units remain affordable upon resale to other low and moderate income households for a minimum of twenty years.

The resale restriction placed on each of the affordable units allows the sales price to rise at the same level as the increase in median incomes in the county, but does not allow the property owner to benefit from any additional equity created by housing price appreciation. For example, if an affordable unit is purchased by a qualified family and gains in market value by 15 percent over a period of three years, and the county median income increases by only 10 percent over the same period, the resale price must be set at no more than 10 percent over the original sales price at the beginning of the three year period.

The River's Edge developer is requesting that the county modify the Inclusionary Housing Agreement and the Resale and Rental Restriction Agreement for the project as follows:

- Limit the initial sales prices of the 13 designated affordable homes to no more than \$170,000 for the "low income" homes, and \$325,000 for the "moderate income" homes;
- Eliminate the resale restrictions that would require that the 13 units remain affordable for at least 20 years; and
- If these initial sales price limits are exceeded at any time during the initial sales offer, require the developer to pay the difference into the County inclusionary housing fund.

In its application, the developer, Castle Principles, argues that "With the advent of the FEMA flood zone designation, we must move quickly on pulling building permits and building homes. Thus, we cannot simply wait for sales prices to increase. With market prices so low, buyers are not willing to restrict the future sales price of the affordable homes. In addition, appraisals for deed restricted affordable homes are difficult to achieve at a level high enough to meet the banks' lending requirements."

### Analysis

The proposed agreement amendment would remove the resale equity restriction on the required affordable units in the subdivision. Under the agreement amendment, homes would have an initial sales price at levels affordable to low and moderate income families in the county, but would not be restricted in terms of housing appreciation over a 20-year period. The applicant instead agrees that should the initial housing sales prices rise during project build-out to an amount that is higher than the agreed-upon maximum amounts, the difference between the sales price and the affordable price would be paid by the developer to the county's inclusionary housing fund. As a result, the county inclusionary housing fund may see a benefit if there is significant appreciation in the housing market during the build-out of this project.

Due to the dramatic downturn in the housing market since late 2008, the initial price set for some new homes in unincorporated Yolo County, and in the Woodland area, has fallen from approximately \$350,000 to \$200,000 or less. New homes now sell in the Woodland-Knights Landing area for prices that are affordable to all moderate income families, and some low income families, assuming that the families can qualify for a bank loan. Regional economists are predicting that home prices will remain low for several years to come, due to a combination of persistent high unemployment rates, foreclosures flooding the real estate market, much more restrictive bank lending practices, and median incomes that are falling in California for the first time since the Great Depression. There is currently no incentive for a family to buy an equity-restricted home, when they can buy an adjoining unit for the same cost and enjoy the benefits of any future price increases. This situation is not isolated to Yolo County. The recent upheaval in the housing market is causing many other local jurisdictions to re-evaluate the feasibility of their affordable housing requirements.

Staff supports the request by the developer to modify the affordable housing agreement and delete the Resale and Rental Restriction Agreement, thereby removing the resale restrictions. Staff believes that such a modification is only acceptable due to the unique and special circumstances surrounding the River's Edge subdivision. There are four approved, but not yet constructed, residential subdivisions in Esparto. There, the developers have the option of waiting for years to allow home prices to rebound, at which time affordable houses would once again become competitive. The River's Edge subdivision in Knights Landing, however, does not have the option to wait. If Castle Principles fails to apply for and receive building permits for the remaining vacant lots in the River's Edge subdivision by June 18, 2010, and/or fails to construct the homes within three years of the building permit issuance, then all future homes in the project are required to be significantly elevated. Raising the homes will increase their cost and make them less affordable, and less marketable, compared to other projects in the area. Approving these amendments should not be used to set a precedent for other residential developments required to provide affordable housing in other parts of the county that are not located in a newly designated deep flood plain.

The proposal by the developer to market the moderate income homes for no more than \$325,000, and set the sales price at \$170,000 for the low income homes, is consistent with the most recent 2009 household income limits as set by the federal and state government and is consistent with the methodology for setting these initial sales prices as set forth in the county Inclusionary Housing Requirements.

The median income for a household of four members in Yolo County in 2009 was \$72,600. The median income changes depending on how many members there are in a household. According to the income estimates published by the federal government, a low income family of three in Yolo County in 2009 earned between \$29,950 and \$47,300 (50% to 80% of the median County household income). If 30% of this income was devoted to housing costs, this low income family could afford approximately \$750 to \$1,182 per month in mortgage costs, equivalent to a house priced between approximately \$136,000 and \$215,000. A moderate income family of five in Yolo County in 2009 earned between \$56,750 and \$85,100 (80% to 120% of the median income), and could afford approximately \$1,420 to \$2,125 per month in mortgage costs, or a home priced between \$312,000 and \$475,000.

Thus, the proposal by the applicant to sell homes in the River's Edge subdivision at approximately \$170,000 for smaller, two-bedroom homes suitable for low income families, and to sell larger four-bedroom homes at about \$325,000 for moderate income families, would fit within the general affordable income categories as set by the federal government for Yolo County.

**OTHER AGENCY INVOLVEMENT**

County Counsel has reviewed this report and attachments.

**ATTACHMENTS**

**Attachment A** – Proposed Amendment to the Rivers Edge Inclusionary Housing Agreement

**Attachment B** – Proposed Deletion of the Rivers Edge Resale and Rental Restriction Agreement for Affordable Units

**Attachment C** - Categorical Exemption

## ATTACHMENT A

### PROPOSED AMENDED AND RESTATED HOUSING AGREEMENT

**Yolo County Agreement No. 07-49 10-\_\_\_\_**  
**AMENDED AND RESTATED INCLUSIONARY HOUSING AGREEMENT**  
**FOR WHITE RESIDENTIAL SUBDIVISION**

This Amended and Restated Inclusionary Housing Agreement (“Agreement”) is entered into as of \_\_\_\_\_, 2007~~10~~, by and between the County of Yolo, a political subdivision of the State of California (“County”), and Castle Principles, LLC (“Developer”).

#### RECITALS

**WHEREAS**, to increase the stock of housing affordable to very low, low and moderate income households, the County has adopted an Inclusionary Housing Ordinance, set forth at Title 8, Chapter 9 of the Yolo County Code and attached as **Exhibit A** hereto;

**WHEREAS**, this Agreement is necessary to ensure compliance with certain requirements of Title 8, Chapter 9 of the Yolo County Code;

**WHEREAS**, on July 19, 2006, the Yolo County Board of Supervisors (“Board”) adopted a resolution approving Tentative Subdivision Map No. 4708, which created 63 residential lots subject to certain Conditions of Approval, and zoning the subject property Single-Family Residential, Planned Development No. 58 (R-1-PD No. 58) for the White Residential Subdivision;

**WHEREAS**, Developer is the fee owner of the real property (the “Property”) that comprises the area covered by Tentative Subdivision Map No. 4708, also known as the “White Subdivision” (Final Map for Subdivision No. 4708, to be presented to the Board of Supervisors for approval along with this Inclusionary Housing Agreement);

**WHEREAS**, Condition of Approval 14, adopted in connection with Tentative Subdivision Map No. 4708, requires Developer to comply with all County ordinances and policies regarding affordable housing in effect at the time of the filing of the Final Map;

**WHEREAS**, the County Inclusionary Housing Ordinance (Title 8, Chapter 9 of the Yolo County Code, Section 8-9.101 *et seq*) requires a developer of 10 or more residential for-sale housing units to provide 20% of the units for low and moderate income households, with 50% of the affordable units available to affordable sales prices to low income households and 50% of the affordable units available to affordable sales prices to moderate income households;

**WHEREAS**, to comply with the Inclusionary Housing Requirements, Developer must construct thirteen (13) affordable residential dwellings, out of the planned 63 units, with six (6) of the affordable units for sale at a price affordable to households at or below eighty (80) percent of the County median income (“Low Income Affordable Units”), as

established by the federal Housing and Urban Development Department (“HUD”), and seven (7) of the affordable units for sale at a price affordable to households at between eighty (80) and one hundred twenty (120) percent of the County median income (“Moderate Income Affordable Units”), as established by HUD;

**WHEREAS**, together with the requirements of Title 8, Chapter 9 of the Yolo County Code, Condition of Approval 14 provides a framework for meeting the affordable housing needs within the White Residential Subdivision; and

**WHEREAS**, Title 8, Chapter 9 of the Yolo County Code requires Developer to enter into this Inclusionary Housing Agreement, which implements the aforementioned affordable housing obligations of Developer.

**WHEREAS**, Developer and County initially entered into an Inclusionary Housing Agreement to implement the aforementioned affordable housing obligations on February 27, 2007; and

**WHEREAS**, on \_\_\_\_\_, 2010, the Yolo County Board of Supervisors adopted an ordinance authorizing the execution of an Amended and Restated version of the original Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises set forth in this Inclusionary Housing Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the County and the Developer, the parties agree as follows:

## **AGREEMENT**

1. Satisfaction of Inclusionary Housing Obligation and Conditions of Approval. The requirements of Condition of Approval 14 and Title 8, Chapter 9 of the Yolo County Code shall be satisfied with respect to the Property if the Developer constructs or causes to be constructed the Affordable Units meeting the construction requirements of Sections 2 through 4 below, in compliance with the construction schedule set forth in Section 5 below, and the Affordable Units are sold to homebuyers in compliance with Sections 6 through 10 below.
2. Number of Affordable Units. Consistent with the requirements of Condition of Approval 14, Developer shall construct or cause to be constructed at least thirteen (13) Low and Moderate Income Affordable Units, as more fully described in the Recitals to this Agreement.
3. Location of Affordable Units. The Affordable Units shall be constructed in the locations as shown on **Exhibit B**.
4. Appearance, Size, and Bedroom Count. The architecture and design of the thirteen (13) Affordable Units have been approved by the Director and are in substantial compliance with the requirements of Yolo County Code section 8-9.304. The approved floor plans and elevations are attached as **Exhibit C** hereto. They are substantially the same as presented to the County when the Board of Supervisors approved Tentative Subdivision Map No.

4708 and Planned Development No. 58 for the White Residential Subdivision. The approved Affordable Units are comparable in exterior appearance and overall quality of construction to the Market Rate Units. Each approved Affordable Unit has either 2 or 4 bedrooms as shown in Exhibit C and are approximately 1,209 to 2,533 square feet in size (excluding garage and porch). The approved Affordable Units are both similar and smaller in size than Market Rate Units in the White Residential Subdivision. The interior features are of good quality but may not be the same as or equivalent to those in the Market Rate Units. As provided at Yolo County Code section 8-9.304, the Developer may request the Director to allow the Developer to finish the interior of the Affordable Units with less expensive finishes and appliances than those present in the Market Rate Units.

5. Schedule for Constructing Affordable Units. As required in Yolo County Code section 8-9.303, the Affordable Units are to be constructed concurrently with the Market Rate Units. Consistent with this requirement for concurrent construction, County and Developer shall take the following steps:

A. Prior to the sale of any Affordable Units that are subject to this Agreement, , it shall be duly executed by both parties.

B. If Developer desires to assign any of its obligations under this Inclusionary Housing Agreement or contract with an affordable housing developer or other third party to construct the Affordable Units, Developer shall obtain prior County approval of the builder, which shall not be unreasonably withheld. Any builder approved by the County must agree to abide by all applicable terms and conditions of this Inclusionary Housing Agreement. Notwithstanding any sale, transfer or assignment, the Developer shall continue to be obligated under this Inclusionary Housing Agreement unless the County provides the Developer with a written partial or full release of its obligations.

C. Upon satisfying the applicable conditions above in this section, as well as the satisfaction of all other requirements for the issuance of building permits, and in order to provide for the construction of Affordable Units concurrent with the construction of Market Rate Units, Developer shall construct Affordable Units concurrent with adjacent homes.

6. Affirmative Marketing of Affordable Units for Initial Sale or Rent. Unless waived or modified in accordance with Section 8, below, the Developer shall use commercially reasonable efforts to affirmatively market the Low Income and Moderate Income Affordable Units to households that meet the income requirements set forth in Section 8. At a minimum, the Developer's affirmative marketing efforts shall include at least the following components:

A. Advertising the availability of the Affordable Units in newspapers of general circulation within the County in no less than eight (8) advertisements, of which at least four (4) shall be in the ~~Daily Democrat~~ Davis Enterprise and shall be at least sixteen (16) square inches;

B. No later than the date of issuance of building permits for the Affordable Units, sending notices to local government and non-profit agencies that serve households that meet the very low income requirements set forth in Section 8, below (a list of such organizations will be provided upon request by the Planning, ~~Resources~~ and Public Works Department), notifying



these agencies of the availability of the Affordable Units and requesting that they publicize the availability of the Affordable Units to their members and clients; and

C. From the date of issuance of building permits for the Affordable Units until the last such unit is sold ~~or rented~~, placing one or more signs on the Property readily visible to the public advertising the availability of the Affordable Units and providing contact information.

7. Waiver or Modification of Affirmative Marketing Duties. The requirements of Section 6, above, may be waived or modified at the discretion of the Director if the Developer attempts to sell or rent some or all of the Affordable Units to households (“Qualified Purchasers”) on the County’s Inclusionary Homebuyer Eligibility Waiting List. A waiver or modification of the requirements of Section 6 may be granted if the Developer takes the following two steps:

A. No later than sixty (60) days before the expected date of issuance of a Certificate of Occupancy for an Affordable Unit, the Developer provides the County with written notice of the availability of the Affordable Unit(s) for sale or lease. Said notice shall include information regarding the type (detached or attached), size (square footage and number of bedrooms), and location of the Affordable Unit(s), with specific reference to this Inclusionary Housing Agreement by date of execution; and

B. Upon County’s provision of a list of persons (including names, addresses, and telephone numbers) from its Inclusionary Homebuyer Eligibility Waiting List to Developer, which shall occur within fifteen (15) days of County’s receipt of the notice described in subsection A, above, Developer shall contact persons on the list in the order provided and offer each the Affordable Unit. Developer shall conduct all additional screening and selection of the applicants and at any time may contact the County for additional referrals.

8. Affordable Purchase Price. The monthly housing cost of each of the Affordable Units, ~~whether offered for rent or sale,~~ shall be affordable to very low income or moderate income households, as defined at Yolo County Code section 8-9.235. The initial sale price of each Affordable Unit shall be no more than \$175,000 for “low income” units, and \$325,000 for “moderate income” units. If these initial sales price limits for the first time sale, but not subsequent sale(s), of an affordable unit are exceeded any time in the future, the developer shall be required to pay the positive difference between the intended initial sales price and the actual sales price into the County “Affordable Housing Program” as defined by Section 8-9.5031(1) of Title 8, Chapter 9 of the Yolo County Code.

A. For Sale Units: The procedure set forth at Yolo County Code section 8-9.803.1-2 shall be followed except to the extent it requires the calculation of a first mortgage amount that is appropriate for a low income or moderate income household, rather than an amount appropriate for the very low income households under Yolo County Code section 8-9.235. The purchase price calculated in this manner shall remain in effect for six (6) months from the date it is initially approved by the County. If the Developer does not close escrow on the Affordable Unit within this period, the purchase price shall be recalculated. The recalculated purchase price shall remain in effect for an additional six (6) month period, and this process shall be repeated if the Affordable Unit remains unsold at the end of that period.

B. ~~For Rent Units:~~ If any of the Affordable Units are rented, the procedure set forth at Yolo County Code section 8-9.1001 shall be followed except to the extent it requires the calculation of a monthly rental amount that is appropriate for a Low Income household for any of the affected Affordable Units, rather than an amount appropriate for Very Low Income households under Yolo County Code section 8-9.235. The rental amount calculated in this manner shall remain in effect for six (6) months from the date it is initially approved by the County. If the Developer does not rent the Affordable Unit within this period, the rental amount shall be recalculated. The recalculated rental amount shall remain in effect for an additional six (6) month period, and this process shall be repeated if the Affordable Unit remains unrented at the end of that period. Adjustments to the monthly rental amount shall be made in the manner and frequency described in Yolo County Code section 8-9.1001.5.

Developer shall notify the County at least thirty (30) days before offering an Affordable Unit for sale or rent to allow the County adequate time to calculate and notify the Developer of the maximum initial sale or rental price. This Affordable Housing Covenant shall remain in effect for a minimum of twenty (20) years from the date of initial sale or rental of each Affordable Unit, shall run with the land and constitute an equitable servitude thereon, and shall be binding on the successors and assigns of Developer, all as to be separately set forth herein and in a Resale/Rental Restriction Agreement to be executed subsequently with the initial buyer or renter of each Affordable Unit.

Prices calculated under this section shall not include any financial incentives that the Developer may grant to eligible parties, including but not limited to the payment of non-recurring closing costs, loan points, or buy-downs.

9. ~~Down Payment and Financing Requirements.~~ In connection with the initial sale of an Affordable Unit, the following additional requirements shall apply:

A. ~~Required down payments for Qualified Purchasers shall be no more than five percent (5%) of the affordable purchase price, as calculated in accordance with this Inclusionary Housing Agreement and the provisions of Title 8, Chapter 9 of the Yolo County Code. Qualified purchasers may elect, but shall not be required, to make a larger down payment.~~

B. ~~County shall provide to the Qualified Purchaser a silent second mortgage ("Silent Second") calculated as the difference between the fair market value of the Affordable Unit as determined in accordance with Yolo County Code section 8-9.803.1 and the affordable purchase price of the Affordable Unit. This method of calculating the amount of the Silent Second shall apply irrespective of whether Yolo County Code section 8-9.805 requires a different method of calculation. A promissory note and deed of trust securing the Silent Second will be recorded by the County at the time of sale of each Affordable Unit. The Silent Second will be subordinated to the first mortgage (and second mortgage loan if such loan is provided by a public agency which requires such subordination) and will have a thirty (30) year term unless extended in accordance with Yolo County Code sections 8-9.805, 8-9.806, 8-9.807, or other sections thereof.~~

10. 9. Required Documents. Prior to or concurrent with the sale of each Affordable Unit, the Developer shall ensure that the County is provided with a closing statement that accurately reflects the initial sales price.

4

10. Default and Remedies. Failure of the Developer to cure any default in its obligations under this Agreement within thirty (30) days after the delivery of a notice of default by the County shall constitute a default under this Agreement, which shall also constitute a failure to satisfy the Conditions of Approval with respect to the Property and the requirements of Title 8, Chapter 9 of the Yolo County Code. In addition to remedies available for the breach of this Agreement, the County may exercise any and all remedies available to it under the Subdivision Map Act, the Yolo County Code, or otherwise, with respect to Developer's breach, including but not limited to:

A. Withholding, conditioning, suspending or revoking any permit, license, approval, subdivision map, or other entitlement for the development of the Property, including without limitation final inspections for occupancy and certificates of occupancy;

B. Instituting against the Developer and/or other parties a civil action for declaratory relief, an injunction, or other relief available at law, including damages; or

C. Any other means available under the Yolo County Code or other local, state, or federal laws applicable to the Project.

11. Remedies Cumulative; Waiver. The remedies set forth in Section 11, above, shall be cumulative and in addition to every other right, power, or remedy available to the County. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

12. No Agency Relationship. Neither Developer nor any of Developer's officers, employees, agents, contractors or subcontractors are or shall be considered to be agents of the County in connection with the performance of Developer's obligations under this Agreement

13. Successors and Assigns. This Agreement is binding upon any successors in interest to the rights granted to Developer in connection with the County's approval of the White Residential Subdivision. In addition to the provisions for assignment of specific obligations under this Agreement with respect to the thirteen (13) Affordable Units provided for in Section 5.B., above, Developer may assign this Agreement in its entirety to a successor in interest in developing the White Residential Subdivision. Such assignment must be upon thirty (30) days prior written notice to the Director and only to a successor in interest to ownership of the Property and assignee of the Subdivision Improvement Agreement for the White Residential Subdivision. Prior to the transfer or assignment of Developer's rights in the White Residential Subdivision, Developer shall obtain from its successor in interest/assignee written concurrence that the successor in interest/assignee understands and will comply with all of the terms and conditions of this Agreement.

14. Applicable Law and Venue. This Agreement shall be deemed to be executed within the State of California and construed and governed by the laws of the State of California. The version of Title 8, Chapter 9 of the Yolo County Code in effect at the time of execution of the Original Agreement shall govern the Developer's obligations set forth herein. Any action or proceeding arising out of this Agreement shall be filed and heard in the Yolo Superior Court, located in Woodland, California.

15. Attorneys' Fees and Costs. In addition to all other available remedies, the County shall be entitled to receive from the Developer or any other person violating the terms and conditions of this Agreement the costs of enforcing this Inclusionary Housing Agreement, including without limitation reasonable attorneys' fees and costs.

16. Indemnity. To the fullest extent permitted by law, Developer shall indemnify, defend and hold harmless the County and its elected representatives, officers, agents, employees and volunteers from and against any and all claims, damages, demands, losses, defense costs, expenses (including attorneys' fees) and liability of any kind or nature arising out of or resulting from performance of this Agreement, provided that any such claim, damage, demand, loss, cost, expense or liability is caused in whole or in part by any negligent or intentional act or omission of the Developer or any of its contractors, subcontractors, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder. The requirements of this Section 17 shall survive the term of this Agreement set forth in Section 19, below.

17. Notices.

A. All notices shall be deemed to have been given when made in writing and delivered or mailed to the respective representatives of the County and Developer at their respective addresses as follows:

*County:*

John Bencomo, Director  
Yolo County Planning, Resources and Public Works department  
292 W. Beamer Street  
Woodland, CA 95695

*Developer:*

Castle Principles, LLC  
Attn: Dan Boatwright  
12885 Alcosta Blvd., Suite A  
San Ramon, CA 94583

B. In lieu of written notice to the above addresses, any party may provide notices through the use of facsimile machines provided confirmation of delivery is obtained at the time of transmission of the notices and provided the following facsimile telephone numbers are used:

County: (530) 666-8728

Developer: (925) 242-8100

Any party may change the address or facsimile number to which such communications are to be given by providing the other parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

C. All notices shall be effective upon receipt and shall be deemed received through delivery if personally served or served using facsimile machines, or on the fifth (5th) day following deposit in the mail if sent by first class mail.

18. Term and Amendments. Except as otherwise provided in Section 17, above, this Agreement shall be effective until all of the Affordable Units have been constructed and sold by the Developer to Qualified Purchasers in accordance with the terms hereof. However, to the extent that Developer elects to rent some or all of the Affordable Units to qualified households, all applicable provisions of this Agreement shall remain in effect until the expiration of the Affordable Housing Covenant set forth in Section 8.C, above. This Agreement may be amended only by a written instrument signed by the County and the Developer.

19. Severability. The provisions of this Agreement are severable. If any portion of this Agreement is held invalid by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect unless amended or modified by the mutual consent of the parties.

20. Captions. The captions of this Agreement are for convenience and reference only and shall not define, explain, modify, limit or otherwise aid the interpretation or construction of this Agreement.

21. Fee Waivers. Pursuant to Yolo County Code Section 8-9.701, Developer is granted, as an inclusionary incentive, a waiver of fifty percent (50%) of County building, planning, and environmental health fees associated with the Affordable Units. This waiver does not extend to other development impact fees that are applied to residential and other construction within the County.

22. Authority. The person executing this Agreement on behalf of the Developer affirmatively represents that she/he has the requisite legal authority to enter into this Agreement on behalf of the Developer and to bind the Developer to the terms and conditions of this Agreement. Both the person executing this Agreement on behalf of the Developer and the Developer understand that the County is relying on this representation in entering into this Agreement.

23. Legal Effect. Upon its full execution, this Agreement supersedes the original Inclusionary Housing Agreement executed by the parties and recorded against each Affordable Unit, which shall be of no further force or effect. Within fifteen (15) days after the full execution of this Agreement, the County shall record a notice to this effect

in the chain of title for each Affordable Unit. The County shall also record a notice advising future buyers and other interested parties that the Resale and Rental Restriction Agreement for each Affordable Unit was extinguished, with the consent of Developer, as of the date of adoption of the ordinance described in the recitals of this Agreement..

24. Entire Agreement. This Agreement constitutes the entire agreement between the County and Developer with respect to inclusionary housing and supersedes all prior negotiations, representations or agreements in that regard, whether written or oral. In the event of a dispute between the parties as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement shall be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to this Agreement.

IN WITNESS WHEREOF, the parties execute this Agreement as of the date first set forth above.

Castle Principles

County of Yolo

By \_\_\_\_\_  
Dan Boatwright

By \_\_\_\_\_  
Helen Thomson, Chairwoman  
Yolo County Board of Supervisors

Attest:  
Julie Dachtler, Deputy Clerk  
Yolo County Board of Supervisors

By \_\_\_\_\_  
Deputy (Seal)

Approved as to Form:  
Robyn Truitt Drivon, County Counsel

By \_\_\_\_\_  
Philip J. Pogledich, Senior Deputy

[notarial acknowledgments attached]

**EXHIBIT A**  
**TITLE 8, CHAPTER 9 OF THE YOLO COUNTY CODE**

**EXHIBIT B**

**WHITE RESIDENTIAL SUBDIVISION**

**MATRIX OF LOCATION/LOT OF DESIGNATED AFFORDABLE UNITS**



**EXHIBIT C**

**FLOOR PLAN AND HOUSE LAYOUT MAP  
OF DESIGNATED AFFORDABLE UNITS**

**ATTACHMENT B**

**PROPOSED AMENDMENTS TO RESALE AGREEMENT  
(in ~~strikeout~~ and underline)**

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

~~Yolo County Planning, and  
Public Works Dept.  
Attn: Eric Parfrey,  
Principal Planner  
292 West Beamer Street  
Woodland, CA 95695~~

~~Exempt from Recording Fees (Gov. Code § 27383)~~

(Space above line for Recorder's use)

**Yolo County Agreement No. 08-236**

**~~RESALE AND RENTAL RESTRICTION AGREEMENT  
FOR AFFORDABLE UNITS~~**

~~This Resale and Rental Restriction Agreement for Affordable Units ("Agreement") is entered into as of \_\_\_\_\_, 200810, by and between the County of Yolo, a political subdivision of the State of California ("County"), and Castle Principles, LLC, a Limited Liability Company ("Developer").~~

**RECITALS**

~~WHEREAS, pursuant to the Yolo County Inclusionary Housing Ordinance, set forth in Title 8, Chapter 9 of the Yolo County Code, a portion of all new housing constructed in the County is required to be affordable to very low, low and moderate income households; and~~

~~WHEREAS, Developer entered into an Inclusionary Housing Agreement with the County on Feb 27, 2007 and filed with the Clerk of the Yolo County Board of Supervisors on March 6, 2007 (the "**Inclusionary Housing Agreement**");~~

~~WHEREAS, the Inclusionary Housing Agreement provides for the construction and sale of thirteen (13) homes identified on Exhibit A attached hereto (the "**Affordable Units**") in the White Subdivision, No. 4708, which is identified on Exhibit B attached hereto (the "**White Subdivision**" or the "**Property**") to low and moderate income households at affordable prices; and~~

~~WHEREAS, this Agreement is necessary to ensure compliance with certain requirements of Title 8, Chapter 9 of the Yolo County Code, a copy of which is attached hereto~~

as ~~Exhibit C~~, including the requirement the Affordable Units covered by this Agreement remain affordable to low and moderate income households for a minimum of twenty (20) years; and

~~WHEREAS~~, consistent with the foregoing Recitals, the purpose of this Agreement is to place resale and rental controls on the Affordable Units; and

~~WHEREAS~~, this Agreement shall constitute a deed restriction on each of the Affordable Units and shall be recorded as an **individual restriction** against each Affordable Unit in the White Subdivision;

~~NOW, THEREFORE~~, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the County and the Developer, the parties agree as follows:

### AGREEMENT

1. ~~Description of Property.~~ This Agreement concerns the Affordable Units in the White Subdivision and does not restrict or encumber any other lots or parcels on the Property.

2. ~~Duration of Restriction.~~ The restrictions and covenants contained in this Agreement shall be deemed to run with the Affordable Units and bind all successors in interest for a term of twenty (20) years, commencing on the date of County issuance of a certificate of occupancy for each Affordable Unit. For Affordable Units that are owner occupied, the term of twenty (20) years shall commence again upon **the close of escrow for an approved resale** of such Affordable Unit pursuant to this Agreement. At the end of the twenty-year period, as provided in Section 8-9.807 of the Yolo County Code, the restrictions and covenants set forth in this Agreement shall extinguish without any further action by any of the parties hereto or their successors in interest. However, for owner occupied Affordable Units, the Silent Second (as defined in Section 7, below), shall not be released by the County for an additional ten (10) years in accordance with Section 7 of this Agreement.

As used in this Agreement, the terms **“Low Income,” “Moderate Income,” “Low Income Households,”** and **“Moderate Income Households”** shall be interpreted in a manner consistent with the definition set forth in Yolo County Code section 8-9.221, which as of the date of execution of this Agreement states that “low income households” are those households “with incomes from fifty one percent (51%) to eighty percent (80%) of the County median income as defined by the U.S. Department of Housing and Urban Development and **“moderate income households” are those households “with incomes from eighty one percent (81%) to one hundred twenty percent (120%) of the County median income as defined by the U.S. Department of Housing and Urban Development and California Department of Housing and Community Development.**

3. ~~Initial Sale or Rental Price.~~ Section 8 of the Inclusionary Housing Agreement addresses the calculation of the initial sale or rental price for each Affordable Unit, and it is incorporated herein by this reference. All subsequent sales and rentals shall be governed by Section 5, below. As of the date of execution of this Agreement, the County and the Developer agree that the maximum initial sale price for the following six month period for each two-

~~bedroom Affordable Unit for Low Income Households is \$195,000 \$170,000, and for each four- and five bedroom Affordable Unit for Moderate Income Households is \$360,000 and \$388,000, respectively \$325,000. If these initial sales price limits for the first time sale, but not subsequent sale(s), of an affordable unit are exceeded any time in the future, the developer shall be required to pay the positive difference between the intended initial sales price and the actual sales price into the County "Affordable Housing Program" as defined by Section 8-9.5031(1) of Title 8, Chapter 9 of the Yolo County Code.~~

4. ~~Buyer or Renter Eligibility.~~ To be eligible to purchase or rent an Affordable Unit, an interested party must satisfy the following requirements:

A. ~~Certification.~~ As provided in Section 8-9.601 of the Yolo County Code, the interested party must certify that he or she will occupy the Affordable Unit as his or her principal place of residence throughout his or her ownership or rental period.

B. ~~Acknowledgment.~~ The interested party must sign an "Acknowledgment of Resale/Rental Restriction" form, a sample of which is attached hereto as **Exhibit D**, to indicate his or her acknowledgment and acceptance of all of the terms and restrictions of this Agreement and to provide the certification required by Section 4.A., above.

C. ~~Income Eligibility.~~ The combined maximum income for all household members of the interested party for the then-current calendar year and the two most recently completed calendar years shall not exceed the level set forth in the definition of "**Low Income Households**" or "**Moderate Income Households**" in Yolo County Code Section 8-9.221. Upon the County's request, the interested party must provide all financial documents reasonably requested by the County to enable it to determine the income eligibility of the interested party.

5. ~~Transfers.~~ Any transfer of an Affordable Unit during the 20-year duration of the affordability and occupancy restrictions, as described in Section 2, above, will be subject to the provisions of this Agreement. As used herein, the term "Transfer" means any sale, assignment, or transfer, voluntary or involuntary, of any interest in the Affordable Unit. However, transfers by gift, devise, or inheritance to an existing spouse, child, surviving joint tenant, or spouse as part of a dissolution proceeding, or in connection with marriage, shall not be considered a Transfer for purposes of this Agreement. The following specific restrictions apply to Transfers:

A. ~~Leasing of Owner Occupied Units.~~ The owner of an Affordable Unit shall use the unit only as a single-family/owner-occupied residence. The owner shall not lease the Affordable Unit without the written consent of the County Director of Planning, Resources and Public Works ("**Director**"), who shall allow leasing only in cases of demonstrated hardship. No lease approved under this Section shall have a term in excess of one (1) year. The tenant must qualify as an eligible renter under this Agreement and the County's Inclusionary Housing Ordinance, and the rent shall not exceed the rent determined by the County to be affordable to a Low Income or Moderate Income Household, as applicable, at the beginning of the lease period. Any rental or lease of the home in violation of this Agreement is prohibited, and shall be a default under this Agreement.

~~———— B. ——— Resale of Owner Occupied Units. All of the following must occur before the owner of an Affordable Unit may resell the unit to an eligible purchaser:~~

~~(1) ——— Notice of Intended Sale. The owner must give the Director written notice of intent to sell the Affordable Unit at least sixty (60) days prior to the actual date of the sale. The notice must include the address of the Affordable Unit, the date of its purchase by the owner, a copy of the HUD-1 Settlement Statement or equivalent document from the close of escrow on the owner's purchase of the Affordable Unit, and the date on which the owner intends to place the Affordable Unit on the market.~~

~~(2) ——— Pest Report. Within fifteen (15) days of delivering a Notice of Intended Sale to the County, the owner must also provide the County with a current written report of inspection of the Affordable Unit by a licensed structural pest control operator.~~

~~(3) ——— County Response to Notice. Within thirty (30) days of receiving the Notice of Intended Transfer provided for in this Section, the Director shall provide written notice to the owner of the County's election to proceed under one of the following two alternatives:~~

~~a. ——— County Exercise of Purchase Option. The County may notify the owner that the County elects to exercise the County option to purchase the Affordable Unit, as set forth in Section 6 below, and shall include the County's calculation of the Maximum Allowable Resale Price to be paid by the County pursuant to Section 6 below, including all transaction fees.~~

~~b. ——— Owner Sale at Maximum Allowable Resale Price to Eligible Purchaser. Alternatively, the County may notify the owner that the County will not exercise its purchase option and that the Owner may instead proceed to sell the Affordable Unit at a price that does not exceed the Maximum Allowable Resale Price. Any such response notice shall also specify the maximum qualifying income for an eligible purchaser. The owner may then proceed to request referrals from the County in the same manner as a developer, to the extent the County may maintain a list of eligible purchasers.~~

~~(4) ——— Calculation of Maximum Allowable Resale Price. If the County exercises the County Option, or if the owner sells to an eligible purchaser, the Maximum Allowable Resale Price shall not exceed the purchase price for the Affordable Unit paid by the current owner (the "Owner's Purchase Price"), adjusted as follows:~~

~~a. ——— Index Adjustments. The Owner's Purchase Price may be increased by an amount equal to the Owner's Purchase Price multiplied by a fraction, the numerator of which is equal to the difference between the most recently published Index (as defined below) prior to the date of execution of an agreement to sell the Affordable Unit and the Index last published immediately before the date on which the present owner closed escrow in purchasing the Affordable Unit, and the denominator of which is the~~

~~Index last published before the close of escrow on the resale. As used herein, the term "Index" refers to the median household income for a family of four (4) published by the California Department of Housing and Community Development and the United States Department of Housing and Urban Development for the Yolo County Primary Metropolitan Statistical Area. If the Index is no longer published at the time of execution of an agreement to sell the Affordable Unit, the Director may use any other recognized method of determining the median household income for a family of four (4) in the County in place of the Index.~~

~~b. Capital Improvements. The amount calculated pursuant to subsection a., above, shall be increased by an amount equal to the fair market value added to the Affordable Unit, as determined by an appraisal approved by the County, for any capital improvements made to the Affordable Unit since the close of escrow on the sale to the current owner which: (i) are reasonably expected to have a useful life of greater than five (5) years after the execution of an agreement to sell the Affordable Unit, and (b) have been constructed with all required government permits and other approvals.~~

~~c. Damage. The amount calculated pursuant to subsections a. and b., above, shall be decreased by an amount that the Director reasonably estimates will need to be spent to repair any damage to the Affordable Unit, including but not limited to pest damage documented in the report provided pursuant to subsection B.2., above, necessary to put the Affordable Unit in a saleable condition, including reasonably necessary structural, mechanical, electrical, plumbing and fixed appliance repairs. All such work shall be performed prior to the close of the sale transaction at the expense of the selling owner. Normal wear and tear, general painting, and cleaning or replacing floor coverings and window coverings are excluded from this provision.~~

~~(5) Section 4.A. through Section 4.C. The requirements of Section 4.A. through Section 4.C., above, must be satisfied by the eligible purchaser.~~

~~(6) Escrow. Upon opening an escrow, the selling owner shall give the Director written notice of the name, address, and phone number of the title company and agent involved in the sale of the Affordable Unit, along with the account number used by the title company for the transaction. The selling owner shall also instruct the escrow agent to disclose to the Director the terms of sale in the escrow and the proposed closing date, along with any changes thereto as they may occur. Finally, the selling owner shall, within ten (10) days after the close of escrow, provide the Director with a copy of the final closing statement, certified by the escrow agent, and the address of the selling owner after the close of escrow.~~

~~C. Excess Sales Proceeds. If a selling owner receives sale proceeds in excess of the Maximum Allowable Resale Price, the County shall have the right to commence an action in Yolo Superior Court to recover from the seller an amount equal to one hundred and twenty-five percent (125%) of the excess sales proceeds. Such an action may be commenced at any time within one (1) year after the County is advised of seller's receipt of excess sales proceeds.~~

~~D. — Resale Upon End of Twenty Year Occupancy and Affordability Restrictions. Consistent with Section 8-9.807 of the Yolo County Code, the restrictions upon the resale of an Affordable Unit shall be extinguished after an **eligible purchaser** has occupied the unit as his or her primary residence for at least twenty (20) years. However, the Silent Second described in Section 7, below, shall not be released for an additional ten (10) years, and any sale of the Affordable Unit prior to the end of that period shall trigger the payoff of the Silent Second in accordance with Section 8-9.806 of the Yolo County Code.~~

~~E. — Developer Rental Units. In the event an Affordable Unit is retained by the Developer as a rental, the tenant (including all household members) must meet the income limitations for a Low or Moderate Income Household, as applicable, under Section 2, above. Any subletting of an Affordable Unit by any such tenant shall be prohibited under the terms of the Developer's rental agreement. This restriction is not, however, intended to preclude the use of the Affordable Units as provided in the Yolo County Code for home occupation uses.~~

~~6. — County Purchase Option. Pursuant to Section 8-9.801 of the Yolo County Code, prior to any resale of an owner-occupied unit covered by this Agreement, the County shall have the option to purchase the Affordable Unit (the "**County Option**") for the Maximum Restricted Resale Price, calculated pursuant to Section 4 of this Agreement (excluding the amount of the Silent Second, as defined in Section 7, below). The County may, instead of purchasing an Affordable Unit itself, assign its right to purchase the Affordable Unit to another public agency, a nonprofit corporation, or to an eligible purchaser. If the County assigns its purchase option, the assignee shall sign the County Response Notice described in Section 5.B.3, above, and shall thereby be bound to purchase the Affordable Unit pursuant to the terms of the County Option as set forth in this Agreement. The County option may be exercised by the County or its assignee in the County Response Notice, as described in Section 5.B.3, to be sent by the County to the Owner within thirty (30) days of the County's receipt of a complete Notice of Intended Sale. If the County Option is exercised in this manner, the County or its assignee shall purchase the Affordable Unit within ninety (90) days of the date of the County Response Notice. In the final three (3) days prior to the closing date, the owner shall permit a final walk through of the Affordable Unit by the County or its assignee.~~

~~7. — Silent Second. Pursuant to Section 8-9.805 of the Yolo County Code, the County shall provide to an eligible purchaser a silent second mortgage ("**Silent Second**"), calculated as of the difference on the closing date between the fair market value of the Affordable Unit and the affordable purchase price. A note and deed of trust securing the Silent Second shall be recorded in favor of the County at the time of sale of each Affordable Unit. The Silent Second will be subordinated to the first mortgage and will have a thirty (30) year due date unless extended by the Director in his or her sole discretion. **The Silent Second may not be prepaid during the first twenty (20) years of residency of an eligible purchaser, and shall be released at the close of thirty (30) years of residency in accordance with Section 8-9.806 of the Yolo County Code.**~~

~~8. — Default. If the County learns of any default under this Agreement, the Director may declare the defaulting party in default by giving written notice of the default to such party (and any escrow agent involved in a non-conforming transfer of the Affordable Unit) specifying~~

~~the nature of the default, including, but not limited to, identification of any transfer or proposed transfer that is or will be in violation of this Agreement. If the default is not cured to the reasonable satisfaction of the Director within thirty (30) days after such notice (or as may be extended by the Director in his or her sole discretion) or two days before the date set for the close of escrow, whichever occurs first, the County may apply to a court of competent jurisdiction for the restraining order or injunction to enjoin the non-conforming transfer, or for any other relief at law or in equity as may be appropriate. The remedies of the County under this Agreement are cumulative, and the exercise of one or more remedies shall not be deemed an election of remedies and shall not preclude the exercise by the County of any additional remedies. The County may also notify all lenders and other lienholders that it has declared a default under this Agreement.~~

~~9. Miscellaneous Provisions.~~

~~A. Recitals Incorporated. The recitals are expressly incorporated into and made part of this Agreement.~~

~~B. Successors and Assigns. The covenants contained in this Agreement shall run with the land and be binding on the inure to the benefit of all heirs, administrators, executors, successors, assigns, transferees, designees or agents of the parties for the entire period during which such covenants remain in force and effect under the terms of this Agreement. The covenants set forth herein shall be enforceable by the County in the event of a breach, and it shall have the right to exercise all of the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce this Agreement and cure the breach.~~

~~C. Attorneys' Fees and Costs. If any action is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs.~~

~~D. Subordination. The County and the Developer acknowledge and agree that this Agreement is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first lender deed of trust and to all advances heretofore made or which may hereafter be made pursuant to said deed of trust. In the event of a foreclosure, deed in lieu of foreclosure, or assignment to HUD, the terms and provisions of this Agreement shall terminate and have no further force or effect as to the subject Affordable Unit or any transferee thereafter, provided that:~~

~~(1) A Notice of Default was duly recorded in accordance with the provisions of California Civil Code section 2924 *et seq.*; and~~

~~(2) A copy of such Notice of Default was forwarded to County at the address provided in Section 9.I, below, and the County was afforded an option to buy. The County shall have 90 days after receipt of notice in accordance with subsection (1) to buy by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable on the last day of the statutory redemption period and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure or other event specified in Section~~



~~9.D., above (the “Option Price”). Upon receiving the Option Price, the holder shall deliver to the County a deed conveying the Affordable Unit to the County. The holder shall convey only such title as it holds and will not create or participate in the creation of any additional liens or encumbrances against the Affordable Unit at the time it acquired property from the owner. If the County elects not to exercise its option to buy, it shall notify the holder in writing of its decision prior to the expiration of the 90-day option period.~~

~~Any other requests for subordination, including requests made in connection with a proposed refinancing, shall be governed by the subordination and refinancing policies set forth in Sections 8-9.901 and 8-9.902 of the Yolo County Code.~~

~~E. — Controlling Agreement: Developer represents that Developer has not and will not execute any other agreement with provisions contradictory to or in opposition to the provisions of this Agreement, and that, in any event, this Agreement is controlling as to the rights and obligations between and among the County, Developer, and their respective successors and assigns.~~

~~F. — Nondiscrimination: Developer covenants by and for itself and its successors and assigns, and all persons claiming by and through them, that it shall not discriminate on the basis of race, color, ethnicity, national origin, ancestry, familial status, disability, gender, marital status, religion, age, sexual orientation, or **source of income** in the sale or rental of an Affordable Unit. This covenant against discrimination shall continue in perpetuity.~~

~~G. — Limitation on Liability: The County shall not be liable to any owners or lessees or become obligated in any manner to any owners or lessees because of their failure to comply with the terms of any agreement or escrow for the sale of the Affordable Units.~~

~~H. — Severability: If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respects, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.~~

~~I. — Notices: Notices to the County under this Agreement shall be in writing and shall be sent by mail, postage prepaid, or delivered by facsimile (530-666-8156) or hand, to the following address or such other address as the County may designate from time to time in writing: 292 West Beamer Street, Woodland, CA 95695, Attn: Director.~~

~~J. — Headings: Captions and paragraph headings used in this Agreement are for convenience only and shall not be used to interpret any of its provisions.~~

~~K. — Applicable Law: The terms of this Agreement shall be interpreted and enforced under the laws of the State of California.~~

~~IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written above.~~

Castle Principles, LLC, a California  
Limited Liability Company

By \_\_\_\_\_  
— Thomas A. Baldacci, Managing Member

County of Yolo

By \_\_\_\_\_  
— John Bencomo, Director  
— Yolo County Planning and Public Works  
Dept.

Approved as to Form:  
Robyn Truitt Drivon, County Counsel

By \_\_\_\_\_  
— Philip J. Pogledich, Senior Deputy

~~Notarial acknowledgments attached~~

**EXHIBIT A**  
**LIST OF AFFORDABLE UNITS**  
**The following Lots shall be Affordable Housing Units**

Moderate Income: 18, 26, 40, 43, 45, 49, and 54  
Low Income: 46, 47, 51, 52, 60, and 61

**EXHIBIT B**

**~~LEGAL DESCRIPTION FOR THE WHITE SUBDIVISION~~**

**EXHIBIT C**

**TITLE 8, CHAPTER 9 OF THE YOLO COUNTY CODE**

**EXHIBIT D**

**FORM OF ACKNOWLEDGMENT OF RESALE/RENTAL RESTRICTION  
(FOR OWNER OCCUPIED UNITS)**

Name: \_\_\_\_\_ (“Owner”)

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Owner hereby acknowledges, agrees, and certifies as follows:

1. ~~Owner acknowledges that the Affordable Unit located at the above address is subject to certain restrictions set forth in the “Resale and Rental Restriction Agreement” (“Agreement”) between the County of Yolo (“County”) and Castle Principles, LLC (“Developer”), as well as the provisions of the County Inclusionary Housing Ordinance (attached as Exhibit C to the Agreement). Among other things, restrictions apply to the sale or rental of the Affordable Unit and occupancy of the Affordable Unit. Owner acknowledges that these and other provisions of the Agreement and the Inclusionary Housing Ordinance restrict the full benefits of owning the Affordable Unit. Owner may not enjoy the same economic or other benefits of home ownership that the Owner would enjoy if this Agreement and the Inclusionary Housing Ordinance did not exist.~~

2. ~~Owner acknowledges that without the Inclusionary Housing Ordinance and this Agreement, the Affordable Unit could not be made available to eligible purchasers, including Owner, at an affordable price.~~

3. ~~Owner represents that he/she has received a copy of the Agreement, has read the Agreement, and understands the Agreement. In recognition of the acknowledgments and agreements set forth in this Form, Owner accepts and agrees to be bound by the provisions of the Agreement with the understanding that the Agreement will remain in full force and effect as to the Affordable Unit throughout the term of the Agreement.~~

4. ~~Owner certifies that he/she will occupy the Affordable Unit as his/her principal place of residence throughout the term of the Agreement or until an approved resale, whichever occurs first. Owner understands and agrees that leasing the Affordable Unit constitutes a breach of the Agreement unless approved in advance by the Director of the Yolo County Planning, Resources and Public Works Department. From time to time as may reasonably be required by the County, Owner agrees to provide to County sufficient evidence that he or she has used the Affordable Unit as his/her principal place of residence during the prior calendar year, which may include providing a recent utility bill, proof of insurance, or similar verification of occupancy.~~

5. ~~Owner understands that the determination of the maximum allowable resale price of the Affordable Unit to an eligible purchaser can only be made at the time of the proposed transfer, and that the determination takes into consideration various factors that cannot be accurately predicted in advance. The maximum allowable resale price may therefore not increase or decrease in the same manner as other similar real property which is not encumbered by this Agreement. Owner further acknowledges that at all times in setting the maximum allowable resale price, the primary objective of the County and this Agreement is to provide housing to eligible purchasers at affordable prices. The maximum allowable resale price will almost certainly be less than other similar properties that have no restrictions.~~

---

Signature of Owner

**FORM OF ACKNOWLEDGMENT OF RESALE/RENTAL RESTRICTION  
(FOR RENTAL UNITS)**

Name: \_\_\_\_\_ (“Tenant”)

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Tenant hereby acknowledges, agrees, and certifies as follows:

1. ~~Tenant acknowledges that the Affordable Unit located at the above address is subject to certain restrictions set forth in the “Resale and Rental Restriction Agreement” (“Agreement”) between the County of Yolo (“County”) and Castle Principles, LLC. (“Developer”), as well as the provisions of the County Inclusionary Housing Ordinance (attached as Exhibit C to the Agreement). Among other things, restrictions apply to the sale or rental of the Affordable Unit and occupancy of the Affordable Unit. Tenant acknowledges that these and other provisions of the Agreement and the Inclusionary Housing Ordinance restrict the full benefits of renting the Affordable Unit. Tenant may not enjoy the same economic or other benefits of renting the Affordable Unit that the Tenant would enjoy if this Agreement and the Inclusionary Housing Ordinance did not exist.~~

2. ~~Tenant acknowledges that without the Inclusionary Housing Ordinance and this Agreement, the Affordable Unit could not be made available to eligible renters, including Tenant, at an affordable price.~~

3. ~~Tenant represents that he/she has received a copy of the Agreement, has read the Agreement, and understands the Agreement. In recognition of the acknowledgments and agreements set forth in this Form, Tenant accepts and agrees to be bound by the provisions of the Agreement with the understanding that the Agreement will remain in full force and effect as to the Affordable Unit throughout the term of the Agreement.~~

4. ~~Tenant certifies that he/she will occupy the Affordable Unit as his/her principal place of residence throughout the term of the Agreement. Tenant understands and agrees that subleasing the Affordable Unit constitutes a breach of the Agreement. From time to time as may reasonably be required by the County, Tenant agrees to provide to County sufficient evidence that he or she has used the Affordable Unit as his/her principal place of residence during the prior calendar year, which may include providing a recent utility bill or similar verification of occupancy.~~

\_\_\_\_\_  
Signature of Tenant



## ATTACHMENT C

### COUNTY RECORDER

Filing Requested by:

Yolo County Planning and Public Works

Name

292 West Beamer Street

Address

Woodland, CA 95695

City, State, Zip

Attention: Eric Parfrey

## Notice of Exemption



To: Yolo County Clerk  
625 Court Street  
Woodland, CA 95695

Project Title: Zone File 2004-037 (Amendments to the Inclusionary Housing Agreement and the Resale and Rental Restriction Agreement for the White Subdivision)

Applicant: Castle Companies

Project Location: The River's Edge residential subdivision project of 63 single family residential units, and two non-residential lots, is located at the western end of 6th and 9th Streets and bordered by Colusa Basin Drainage Canal to the west, in Knights Landing (APN: 056-160-02)

Project Description: The amendments would remove the resale price restrictions for the 13 affordable housing units in the River's Edge subdivision.

Exempt Status: Exemption based on Section 15061 (b)(3) of the California Environmental Quality Act Guidelines (CEQA), known as the "common sense" rule.

Reasons why project is exempt: Section 15061(b)(3) consists of activities covered by the "common sense" rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

**Lead Agency Contact Person:** Eric Parfrey, Principal Planner **Telephone Number:** (530) 666-8043

Signature (Public Agency): \_\_\_\_\_ Date:

Date received for filing at OPR: