



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 24-273

April 30, 2024

Introduced: 4/5/2024

Current Status: Agenda Ready

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Matter Type: General Agenda Item

- a. Approve and authorize Amendment No. 2 to the Donald D. Young and Michele Melicia Young individual Inclusionary Housing Agreement to allow conveyance of their inclusionary unit into a revocable trust; and
- b. Approve and authorize the Housing and Community Development Director, or his designee, to execute the approved Amendment No. 2 to the Inclusionary Housing Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize Amendment No. 2 to Donald D. Young and Michele Melicia Young individual Inclusionary Housing Agreement to allow conveyance of their inclusionary unit into a revocable trust; and
- b. Approve and authorize the Housing and Community Development Director, or his designee, to execute the approved Amendment No. 2 to Inclusionary Housing Agreement.

SUMMARY:

Donald D. Young and Michele Melicia Young own a home in the Las Palmas Ranch, Phase II Subdivision that is designated as a moderate-income unit. Moderate-income units are affordable to households earning no more than 120% of area median income, adjusted for the number of people in the household.

Inclusionary Housing Program homeowner, Donald D. Young, purchased his inclusionary unit as an unmarried man in early 2000, and executed a 30-year Inclusionary Housing Agreement. He married Michele in 2001 and added her to title in 2002. Then, he added Michele to the Inclusionary Housing Agreement in 2016 via a Memorandum and Reaffirmation of Inclusionary Housing Agreement document. In 2019, their estate planning attorney transferred the property into a revocable trust, but when the owners refinanced in 2020, the inclusionary unit was taken out of the trust. On October 18, 2021, their estate attorney transferred their property back into the revocable trust via the Grant Deed to ta Revocable Trust, Document No. 2021071102. On August 24, 2023, our office sent the owners a letter informing them that their transfer was unauthorized by the County. Their attorney is now helping them transfer the property into the trust with approval by the County.

Under the terms of the recorded Owners' Inclusionary Housing Agreement with the County ("Agreement"), transfers of title between owner-spouses and to eligible purchasers (i.e., new income qualified owner-occupants) are the only permitted transfers of title. Per the terms of the Agreement, any other transfer of property title, including into a trust, is not allowed.

The current Inclusionary Housing Program does allow for transfers into revocable trusts on certain conditions. However, this provision of the Inclusionary Housing Agreement requires Board approval. The Board has previously approved requests by other Inclusionary homeowners to transfer their inclusionary unit into a revocable living trust.

DISCUSSION:

Owners of Inclusionary units who purchased their home after July 12, 2011, are allowed to transfer their homes into trusts under Section 3.E. TITLE CHANGES AND PROPERTY INHERITANCE of the Inclusionary Housing Program Administrative Manual previously amended and adopted by the County Board of Supervisors. The amendment, however, did not provide for retroactive application of this provision for existing homeowners who had entered into an agreement prior to July 12, 2011.

The proposed amendment to the Agreement enables the homeowners to transfer title of their property to a trust by expanding the Agreement’s definition of “Permissible Transfer” to include conveyance to a revocable living trust for estate planning purposes. The amendment will allow the County to preserve its affordable housing program by requiring homeowners: (1) specifically acknowledge the continuing conditions of the Inclusionary Housing Program; (2) include specific language in the Deed transferring title into the trust; and (3) include specific language in the homeowners’ trust documents. The proposed amendment will not affect the Inclusionary Housing Program’s restrictions regarding the resale of home to income-and-asset qualified buyers and is consistent with the Ordinance.

OTHER AGENCY INVOLVEMENT:

The County Counsel Office has reviewed this report, and approved the First Amendment to the Donald and Michele Young 2019 Revocable Trust and the Correction Deed. The County Counsel Office will approve the Amendment No. 2 to Inclusionary Housing Agreement as to form.

FINANCING:

There is no fiscal impact on the General Fund or on revenues. Staff time to prepare this report is included in the FY2023-24 Adopted Budget for HCD Appropriation Unit HCD001, Unit 8542.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The County’s Inclusionary Housing Program provides homeownership opportunities in the unincorporated areas of Monterey County to Low- or Moderate-Income households.

Check the related Board of Supervisors Strategic Initiatives:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Craig W. Spencer, Director of Housing & Community Development, x5233

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The following attachments are on file with the Clerk of the Board:

Attachment A - Young - Inclusionary Housing Agreement

Attachment B - Amendment No. 2 Transfer to Trust PRE 2002 Young