Introduced: 7/2/2025

Current Status: Housing & Community Development - Consent

Version: 1

Matter Type: General Agenda Item

a. Approve and authorize Amendment No. 2 to the Joseph J. Quercio III and Staci Lee Ann Quercio 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 the Joseph J. Quercio III and Staci Lee Ann Quercio 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.

SUMMARY:
Inclusionary Housing Program homeowner, Joseph J. Quercio III, purchased this inclusionary unit in 1998 with his first wife, and executed a 30-year Inclusionary Housing Agreement ("Agreement") with the County. He divorced his wife, and then remarried to Staci Lee Ann Quercio. They indicated in their 2024 monitoring response that they had transferred their inclusionary unit into a Trust without the County's approval. Our office informed the owners that their transfer was unauthorized by the County.

Now, these inclusionary unit homeowners are requesting approval to transfer title of their Inclusionary Housing Unit into a revocable living trust as part of their estate planning. They own the inclusionary unit in the Oak Tree Views Subdivision, and their unit is designated as a moderate-income unit. Under the terms of the recorded Owners' Agreement with the County, 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 without Board of Supervisors ("Board") approval.

The current Inclusionary Housing Program does allow transfers of title by Owner into an inter vivos trust in which Owner is the beneficiary is allowed, provided, however, that Owner shall provide written notice of such transfer to the County. 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 Board. 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. As previously stated, Joseph J. Quercio III and Staci Lee Ann Quercio purchased their inclusionary unit in 1998.

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 Inclusionary Housing Ordinance.

OTHER AGENCY INVOLVEMENT:
The County Counsel Office has reviewed this report and The First Amendment to Joseph J. Quercio III and Staci Lee Ann Quercio Revocable Trust Dated April 19, 2022 and the Corrective Grant Deed submitted by the homeowners with the required language. The County Counsel Office has approved 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 FY2025-26 Adopted Budget for Housing and Community Development Appropriation Unit HCD001, Unit 8542.

Prepared by: Rosa Camacho-Chavez, Housing Project Analyst II, x5389
Reviewed by: Darby Marshall, Housing Program Manager, x5391
Approved by: Craig W. Spencer, Director of Housing & Community Development, x5233

The following attachments are on file with the Clerk of the Board:
Attachment A - Quercio Inclusionary Housing Agreement
Attachment B - Amendment No. 2 Transfer to Trust PRE 2002 Quercio