



September 6, 2013

Mr. Steve Adams, City Manager
City of Arroyo Grande
300 East Branch Street
Arroyo Grande, CA 93420

Dear Mr. Adams:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form (Form) letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Arroyo Grande as Housing Successor Agency (Agency) submitted a Form to Finance on July 31, 2012, for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred asset on August 30, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items that was objected to by Finance. The Meet and Confer was held on July 18, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed.

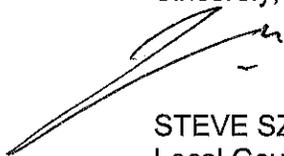
- Exhibit A, Item 2 – Finance no longer objects to the transfer of this item. The Agency contends and Finance confirmed that the property was purchased with funds from the Low and Moderate Income Housing Fund and therefore, meet the definition of a housing asset pursuant to HSC section 34176 (e) (1).
- Exhibit A, Item 1 – The Agency did not dispute Finance's determination of this asset during the Meet and Confer process. We maintain that the property does not meet the definition of a housing asset as per HSC section 34176 (e) (1). Documentation provided by the Agency did not demonstrate the use of the property is for low and moderate income housing purposes.

This is Finance's final determination related to the assets reported on your Form. Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on your Form. Assets transferred deemed not to be a housing asset shall be returned to the successor agency of the former redevelopment agency.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Derk Symons, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Debbie Malicoat, Director of Administrative Services, City of Arroyo Grande
Ms. Barbara Godwin, Property Tax Manager, County of San Luis Obispo
California State Controller's Office