



August 30, 2012

Ms. Karen Youel, Management Analyst II, Housing  
City of Escondido  
201 North Broadway  
Escondido, CA 92025

Dear Ms. Youel:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Escondido submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to the following assets or transfer of assets identified on your Form:

- Exhibit A, Item 2 – Real property in the amount of \$568,510. No documentation was provided to support that this property was purchased for low and moderate income housing purposes.
- Exhibit C, Items no. 5 and 6 – Submetering service contracts. Even though the services are being rendered at low mod housing sites, the contracts themselves do not represent low mod encumbrances per the definition stated in HSC 34176 (e) (2).
- Exhibit D, Items 4 and 16 – 39 out of 478 loans totaling \$750,003.00 are dated after June 27, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into an agreement with any entity after June 27, 2011.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

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Please direct inquiries to Nichelle Thomas, Supervisor or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Ms. Christina Holmes, Accountant II, City of Escondido  
Ms. Tracy Sandoval, Assistant Chief Financial, County of San Diego  
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego  
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, County of San Diego  
California State Controller's Office