



August 29, 2012

Mr. Gary Chapman, Finance Director  
City of Fortuna  
PO Box 545, 621 11th Street  
Fortuna, CA 95540

Dear Mr. Chapman:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Fortuna submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 30, 2012 for the period February 1, 2012 through July 30, 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, Line Items 1 and 2 – Land: Documentation provided was not sufficient to demonstrate whether the properties are for low and moderate income housing purposes pursuant to HSC section 34176 (e) (1). Furthermore, the former redevelopment agency's ownership or interest in item 2 was not supported with documentation.
- Exhibit D, Line Items 3 and 4 - Loan Receivables: Amendments extending the timeframe for the developer to receive a loan from the Successor Agency were executed after June 27, 2011. The Loan and Purchase Notes were executed on March 1, 2012. HSC section 34163 (c) prohibits an agency from amending or modifying agreements, obligations, or contracts with any entity for any purpose after June 27, 2012.

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 Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at  
(916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Joe Mellett, Auditor-Controller, Humboldt County  
California State Controller's Office