



July 30, 2013

Mr. Jorge Galvan, Planning and Development Director
City of Imperial
420 South Imperial Avenue
Imperial, CA 92251

Dear Mr. Galvan:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Imperial as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on August 1, 2012, for the period February 1, 2012 through August 1, 2012. Finance issued its determination related to those transferred asset on August 31, 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 session was held on January 25, 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 1—Low-Mod housing valued at \$580,000. Finance no longer objects to the transfer of this item. The Agency provided documentation to show the property was purchased using funds from the Low and Moderate Income Housing Fund. Therefore, Finance has determined this is a housing asset as defined in HSC section 34176 (e) and eligible for transfer. In addition, the Agency requested the acquisition amount be revised on the Form from \$580,000 to \$415,000. Finance was able to verify the purchase amount based on the documentation provided and is adjusting the carrying value on the Form to \$415,000.
- Exhibit C, Item 1—Mixed-Use properties valued at \$1 million. Finance no longer objects to the transfer of this item. The Agency provided documentation that this item is for a Disposition and Development Agreement (DDA) entered into June 15, 2011. Although the DDA does not specifically reference low and moderate income housing, the Agency also provided a resolution specifying \$1.3 million from low and moderate income housing funds and a regulatory restricting the use of a portion of the project for low to moderate income housing that were executed the same day as the DDA. The documents provided demonstrate the low and moderate income housing intent for the project; therefore, this item is a housing asset as defined by HSC section 34176 (e) and eligible for transfer to the Agency.

In addition, the Agency requested the encumbered amount be revised to \$1.3 million as stated in the resolution; however, even though \$1.3 million is referenced in the resolution, the documents supporting this item, including the DDA and Installment Note only obligate the developer to repay \$1.2 million. Therefore, Finance has determined the supported enforceable housing obligation encumbrance is \$1.2 million and cannot be adjusted to \$1.3 million.

- Exhibit D, Item 1—Funds totaling \$300,000. Finance no longer objects to the transfer of this item. The Agency provided documentation supporting the funds were used as leverage to secure a grant from the Federal Department of Housing and Community Development (HCD) for low and moderate income housing. We note that although the agreement for the grant is between the City of Imperial and HCD, the agreement specifies the leverage funds are local redevelopment funds. The Agency also provided a resolution by the former RDA committing the funds as leverage for the grant; therefore, the Agency will be permitted to transfer the encumbrance.

Additionally, we note that this item was listed on Exhibit D for Loans and Grant Receivables; however, this item is an encumbrance of funds and not a grant receivable and should be reported on Exhibit C. As such, Finance is making this adjustment on the Form.

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.

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

Sincerely,



for
STEVE SZALAY

Local Government Consultant

cc: Ms. Laura Gutierrez, Finance Director, City of Imperial
Mr. Douglas R. Newland, Auditor-Controller, Imperial County
California State Controller's Office