DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 21, 2012

Ms. Marilyn J. Staats, Redevelopment Director
City of Montclair
5111 Benito Street
Montclair, CA 91763

Dear Ms. Staats:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 25, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Montclair (City) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 26, 2012 for the period February 1, 2012 through July 26, 2012. Finance issued its determination related to those transferred assets on August 25, 2012. Subsequently, the Agency requested a Meet and Confer session for one or more of the items denied by Finance.

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 as follows:

- Exhibit A, Item 1 – Real Property with a carrying value of $336,636. The City provided documentation to establish that the item was acquired for low-and-moderate-income housing purposes pursuant to HSC 34176 (e). Therefore, Finance no longer objects to the transfer of this item.

- Exhibit C, Item 1, Low-Mod Encumbrances in the amount of $1 million. Finance continues to object to the transfer of this asset. HSC section 34176 (e) defines assets eligible for transfer to the housing successor; however, the item is not eligible for transfer because it is not an enforceable obligation as per HSC section 34176 (e) (2). Per Finance's Recognized Obligation Payment Schedule letter dated December 18, 2012, the loan agreement related to this item was entered into July 1, 2011. HSC section 34163 (b) prohibits redevelopment agencies from entering into new contracts after June 27, 2011. Therefore, this item is not eligible for transfer to the housing successor.

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,

Steve Szalay
Local Government Consultant

cc: Mr. Larry Walker, San Bernardino County Auditor-Controller
California State Controller's Office