



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 27, 2012

Mr. Brian Ponty, Finance Director  
City of Redwood City  
1017 Middlefield Road  
Redwood City, CA 94063

Dear Mr. Ponty:

Subject: Housing Asset Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Redwood City Successor Agency (Agency) 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. Finance issued its determination related to those transferred assets on August 31, 2012. Subsequently, the Authority requested a Meet and Confer session for one or more of the items denied by Finance.

Through the Low and Moderate Income Housing Fund Due Diligence Meet and Confer process, Finance continues to object to Exhibit C, Item 1 – Legal Aid Society (LAS) agreement in the amount \$10,272,916 for affordable housing. HSC section 34176 (e) (2) allows the housing successor entity to recognize encumbrances for housing related enforceable obligations so that they can be placed on future ROPS. The purpose of the LAS agreement was to ensure that the designated housing fund be used for the development, acquisition, or preservation of affordable housing. However, the LAS agreement does not require specific contracts be executed, and without a binding contract for a specific purpose, an enforceable obligation doesn't exist. Furthermore, HCS section 34179.5 (c) (5) (B) and (D) required the DDR to identify funds that are legally restricted or contractually dedicated. Finance does not believe the LAS agreement contractually dedicates these funds as an enforceable obligation pursuant to HSC section 34171 (d).

This is Finance's final determination with respect 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.

Mr. Brian Ponty  
December 27, 2012  
Page 2

Please direct inquiries to Zachary Stacy, Manager or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



Steve Szalay  
Local Government Consultant

cc: Ms. Kristen Mees, Economic Development Secretary, City of Redwood City  
Mr. Robert Adler, Auditor Controller, San Mateo County  
Ms. Shirley Tourel, Manager, Auditor Controller's Office, San Mateo County  
California State Controller's Office