DEPARTMENT OF FINANCE

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August 31, 2012

Ms. Leslye Corsiglia, Director of Housing
City of San Jose
200 East Santa Clara Street
12th Floor, Housing Department.
San Jose, CA 95113

Dear Ms. Corsiglia:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of San Jose submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 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 C, Item 4 and Exhibit D, Item 8 – The loan agreement for Eden Housing was entered into on June 29, 2011; however, HSC section 34163(b) prohibits a successor agency from entering into a contract with any entity for any purpose after June 27, 2011.

- Exhibit D, Items 1176 through 1195 – These are rehabilitation loan receivables entered into after June 27, 2011. HSC section 34163(b) prohibits a successor agency from entering into loans, agreements, or contracts with any entity for any purpose after June 27, 2011.

- Exhibit G, Item 1 – A reported $56 million deferred receivable related to a Supplemental Educational Revenue Augmentation Fund loan out of the successor agency's low and moderate income housing fund. The Santa Clara Auditor-Controller's Office has provided Finance with a preliminary objection determination. According to the Auditor-Controller's Office, the above loan was funded using successor agency TAB proceeds which are currently in repayment from the RPTTF.

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.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Rachel VanderVeen, Administrative Officer, City of San Jose
Ms. Irene Lui, Controller Treasurer, Santa Clara County
Ms. Jacelyn Ma, Property Tax Manager, Santa Clara County
Ms. Manju Beher, Internal Auditor Supervisor, Santa Clara County
California State Controller's Office