



July 3, 2013

Mr. Patrick Richardson, Director of Development Services
City of Temecula
41000 Main Street
Temecula, CA 92589-9033

Dear Mr. Richardson:

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 Temecula 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 assets 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 February 8, 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 4 — Finance no longer objects to the transfer. Finance originally objected to the transfer because documentation provided was not sufficient to demonstrate whether the vacant land is for low and moderate income housing purposes pursuant to HSC section 34176 (e) (1). The Agency contends the item is a housing asset because the parcel was purchased with funds from the Low and Moderate Income Housing Fund (LMIHF). The Agency provided additional documents showing the improvements were paid out of the LMIHF. Therefore, the item is a housing asset pursuant to HSC section 34176 (e) (1).
- Exhibit C, Item 1 — Finance no longer objects to the transfer. Finance originally objected to the transfer because the \$4 million encumbrance is related to an Owner Participation Agreement (OPA) with Front Street Plaza Partners LLC was amended after June 27, 2011. The successor agency contended that the item is an enforceable obligation because the OPA was entered into on February 22, 2011, and an extension was granted under the force majeure clause. Finance concurs that the an extension was required under the force majeure clause in instances where a delay was due to "governmental restriction, litigation, acts or failures to act of any governmental agency or entity." Therefore, the item is an enforceable obligation and is a housing asset pursuant

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to HSC section 34176 (e) (2). The Successor Agency may request the use of the bond proceeds for the project on the next Recognized Obligation Payment Schedule.

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 Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Genie Wilson, Chief Financial Officer, City of Temecula
Ms. Pam Elias, Chief Accountant, Property Tax Division, Riverside County
Auditor-Controller
Ms. April Nash, Supervising Accountant, Riverside County Auditor-Controller
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County Auditor-Controller
California State Controller's Office