



April 9, 2014

Mr. Mark Evanoff, Redevelopment Manager
City of Union City
34009 Alvarado-Niles Road
Union City, CA 94587

Dear Mr. Evanoff:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), City of Union City 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 1, 2012. Subsequently, the Agency requested a Meet and Confer session for one or more of the items denied by Finance. The Meet and Confer session was held on October 17, 2012.

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 14 – Asset valued at \$315,000. Finance no longer objects to the transfer of this asset. Finance previously objected to the transfer because the sale of the asset occurred July 8, 2011 and HSC Section 34163 (b) prohibits a redevelopment agency (RDA) from entering into contracts with any entity for any purpose after June 27, 2011. Our review indicates the former RDA did not own the property at the time of sale. Documentation provided by the Agency during the meet and confer shows the former RDA never owned the property. Rather, the asset represented by Item 14 is a resale restriction in place to maintain its low to moderate income housing status. Per HSC section 34176 (e), a housing asset includes any real property, interest in, or restriction on the use of real property. Therefore, Item 14 meets the definition of a housing asset and is eligible for transfer.
- Exhibit C, Item 1 – Rehabilitation Grant Program to be funded with 2010 housing bond proceeds; a total of \$800,000 to be made available. Finance continues to object to the transfer of this asset. Finance previously denied this item because no documentation was provided to demonstrate the grants are to be awarded for low and moderate income housing purposes. Based on review of documents provided during the meet and confer, the City of Union City (City), not the former RDA, entered into a contract with the County of Alameda (County) on July 1, 2010. Per the contract, the City was to allocate \$250,000 to issue housing rehabilitation grants to low and very low income individuals

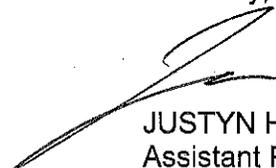
using 2010 bond proceeds. This contract between the City and the County ended June 30, 2011, and is not an enforceable obligation of the former redevelopment agency or successor agency to the former RDA. As no encumbrance exists, no housing asset that meets the definitions in HSC section 34176 (e) can be transferred to the Agency.

Finance notes that on April 3, 2013, the successor agency to the former RDA received a finding of completion in accordance with HSC section 34191.4 (c) and may now expend bond proceeds issued prior to January 1, 2011 for the purpose in which the bonds were issued. However, the request to utilize bond proceeds issued prior to 2011 should be reported on the successor agency's Recognized Obligation Payment Schedule for Finance's review and approval.

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,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Vern Smith, Housing Coordinator, City of Union City
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County
California State Controller's Office