



March 15, 2013

Ms. Liz Chavez, Housing Manager
City of Upland Housing Successor Agency
P.O. Box 460
Upland, CA 91758-0460

Dear Ms. Chavez:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 29, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Upland as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on July 30, 2012, for the period February 1, 2012 through July 30, 2012. Finance issued its determination related to those transferred assets on August 29, 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 13, 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, Items 4 through 24. Finance no longer objects to the transfers for Items 4 and 6 through 24; however, Finance continues to object to the transfer of Item 5. Finance originally objected to the transfers because sufficient documentation was not provided to verify properties were acquired for low and moderate income housing purposes. The Agency provided additional documents showing the purchases out of the Low and Moderate Income Housing Fund or Restrictive Covenants were recorded on the properties for Items 4 and 6 through 24. Therefore, Items 4 and 6 through 24 are housing assets pursuant to HSC section 34176 (e) (1).

The Agency was unable to provide additional documentation for Item 5 to show it was acquired for low and moderate income housing purposes. Therefore, Item 5 is not a housing asset pursuant to HSC section 34176 (e) (1). However, Finance notes that to the extent the Agency would like to continue with the development of Item 5 for affordable housing purposes, HSC section 34191.5 (c) (2) states that one of the property disposition options available to the successor agency of the former redevelopment agency is the retention of property for future development purposes pursuant to an approved Long Range Property Management Plan. If this option is selected, HSC section 34180 (f) (1) states that the city, county, or city and county must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to HSC section 34188, for the value of the property retained.

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: Mr. Jeff Zwack, Development Services Director, Housing Successor Agency, City of Upland
Mr. Larry Walker, Auditor-Controller, San Bernardino County
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County
Ms. Linda Santillano, Supervising Accountant, San Bernardino County
Ms. Franciliza Zyss, Accountant III, San Bernardino County
California State Controller's Office