



February 25, 2013

Ms. Kelly McAdoo, Assistant City Manager  
City of Hayward  
777 B Street  
Hayward, CA 94541

Dear Ms. McAdoo:

Subject: Housing Asset 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 Hayward 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 January 23, 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 1 and 2 – Finance no longer objects to the transfers. Finance originally objected to the transfers because the real properties were transferred to the City prior to February 1, 2012. HSC 34176 (a) (2) states the list shall include assets transferred between February 1, 2012, and the date upon which the list is created. The Agency contends that the property was transferred from the former redevelopment agency (RDA) to the City in March 2011, prior to February 1, 2012; however, the City then transferred the property to the Agency on July 27, 2012. Although the properties are housing assets, they are still subject to review by the State Controller's Office since the properties were transferred prior to February 1, 2012.
- Exhibit D, Item 1 – Finance no longer objects to the transfer. Finance originally objected to the transfer because documents provided were not sufficient to demonstrate that the former RDA housing funds were loaned to the City for payments related to the SR238 Housing Settlement Agreement. The Agency provided documentation showing the loan was made to the City on March 2, 2011 from the Low and Moderate Income Housing Fund. Therefore, the item is a housing asset pursuant to HSC section 34176 (e) (3).
- Exhibit D, Items 106 and 107 – Finance continues to object to the transfers. Finance originally objected to the transfers because the loan agreements are between the Housing Authority of the City of Hayward and the borrowers. Furthermore, the loan

agreements were executed after June 27, 2011. Even if the City was acting on behalf of the former RDA, HSC 34163 (b) prohibits an agency from entering into agreements, obligations, or contracts with any entity for any purpose after June 27, 2011. Additionally, HSC section 34163 (a) states that the former RDA shall not have the authority to, and shall not, make loans or advances or grant or enter into agreements to provide funds or provide financial assistance of any sort to any entity or person for any purpose. Therefore, the items are not housing assets and shall be returned to the successor agency. The successor agency shall administer the receivables and any payments received shall be used to fund approved enforceable obligations or be disbursed to the affected taxing entities.

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. Omar Cortez, Housing development Specialist, City of Hayward  
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County  
California State Controller's Office