



February 21, 2013

Ms. Maureen Toms, Redevelopment Program Manager
Contra Costa County
30 Muir Road
Martinez, CA 94553-0095

Dear Ms. Toms:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's original Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) determination letter dated January 16, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the Contra Costa County Successor Agency (Agency) submitted an oversight board approved LMIHF DDR to the California Department of Finance (Finance) on December 21, 2012. Finance issued a LMIHF DDR determination letter on January 16, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on February 5, 2013.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance is revising the adjustments made in our previous LMIHF DDR determination letter. Specifically, we are revising the following adjustments:

- Agency Assistance loan provided to Pleasant Hill Transit Village Associates, LLC in the amount of \$2.5 million. Finance originally denied this item because the documentation provided appeared to indicate the loan was for the construction of a BART station parking structure. During the Meet and Confer process the Agency provided documentation to support the assistance provided was to defray the costs of an affordable housing apartment project.
- Property acquisition in the amount of \$250,000 for the properties located at 1538-1540 Third Street, Richmond, California. Finance originally denied the purchase of these properties because it was executed after June 27, 2011. During the Meet and Confer Process the Agency provided documentation regarding eminent domain proceedings that preceded the June 27, 2011 deadline date.

As a result, there are no unencumbered LMIHF balances available for distribution to the affected taxing entities.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's

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Housing Assets Transfer letters dated August 31, 2012 and February 6, 2013 do not in any way eliminate the Controller's authority.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Steven Goetz, Deputy Director, Contra Costa County
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office