



February 15, 2013

Ms. Rhonda Huth, Senior Management Analyst
City of Coronado
1825 Strand Way
Coronado, CA 92118

Dear Ms. Huth:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Coronado as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (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 25, 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 19, 21, and 22 – Contracts for services totaling \$604,799. Finance no longer objects to the transfer of these items. Finance originally objected to the transfer because the contracts should be for "real property," not for services and the items do not meet the definition of a housing asset. The Agency contends the items are housing assets because the items are improvements other than buildings which are real property assets and not contracts for services. The Agency listed the real property separately from the improvements on the real property on the Form. Based on additional documents provided, the items are the improvements associated with the property transferred to the Agency and not objected to by Finance. Therefore, the items are housing assets eligible for transfer.
- Exhibit B, Items 3, 5, and 6 – Appliances totaling \$30,648. Finance no longer objects to the transfers. Finance originally objected to the transfers because the personal property was purchased after the cutoff date of June 27, 2011. The Agency contends the items are housing assets because Item 3 was a normal operating expense associated with managing rental housing and Items 5 and 6 were purchased at the end of a rehabilitation project that had a contract dated August 16, 2010. Based on documents provided, the items were all purchased in accordance with an obligation that existed prior to June 27, 2011. Therefore, the items are housing assets eligible for transfer.

- Exhibit C, All Items – Although Finance originally objected only to the transfers of Exhibit C, Items 11, 14, 16, and 19, the Agency removed all items from Exhibit C because they had incorrectly completed the Form. Finance does not object to the removal of the items on the Form.
- Exhibit D, Items 11 and 12 – Affordable Housing Grants for 924 Orange Avenue. Although Finance did not originally object to the transfers, the Agency removed the items because the grants were paid for by the City in 1993, and not by the former redevelopment agency. Finance does not object to the removal of the items on the Form.

This is Finance's final determination related to the assets reported on your Form. Except for any 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. Rachel Hurst, Director of Community Development, City of Coronado
Ms. Tracy Sandoval, Assistant Chief Financial, San Diego County
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County
California State Controller's Office