



August 31, 2012

Colleen O'Donoghue, Assistant Finance Director  
City of Costa Mesa  
77 Fair Drive, 1<sup>st</sup> Floor  
Costa Mesa, CA 92626

Dear Ms. O'Donoghue:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Costa Mesa submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to the following assets or transfer of assets identified on your Form: Exhibit D, Items 46 and 47 – Loans to Van and Mau Duong and George and Leslie Paquette, for \$66,000 and \$115, 250, respectively. These loans were funded through the Neighborhood Stabilization Program, eligible to middle income households. These loans do not meet the purpose of low and moderate income housing.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

Please direct inquiries to Nichelle Thomas, Supervisor or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY  
Local Government Consultant

cc: Mr. Bobby Young, Finance Director, City of Costa Mesa  
Ms. Willa Bouwens-Killeen, Principal Planner, City of Costa Mesa  
Mr. Frank Davies, Administrative Manager, Orange County  
California State Controller's Office