



August 30, 2012

Mr. Erwin Ordoñez, Senior Planner  
Town of Los Gatos  
110 E. Main Street  
Los Gatos, CA 95030

Dear Mr. Ordoñez:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Town of Los Gatos 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 August 1, 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 asset or transfer of asset identified on your Form:

Exhibit D, Item – A \$5.1 million cooperative agreement was signed on March 7, 2011 between the Successor Agency and the Town of Los Gatos to fund and continue redevelopment plans for low and moderate income housing. However, HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations. Therefore, the \$5.1 million cooperative agreement is not a transferable housing asset.

Except for item disallowed as noted above, Finance is not objecting to the remaining items, if any, 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 Robert Scott, Supervisor or Derk Symons, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: On following page

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cc: Mr. Stephen Conway, Town of Los Gatos  
Ms. Irene Lui, Controller Treasurer, Santa Clara County  
Ms. Jacelyn Ma, Property Tax Apportionment Manager, Santa Clara County  
Ms. Manju Beher, Santa Clara County  
California State Controller's Office