

February 25, 2013

Ms. Lori Stone, Executive Director
March Joint Powers Authority
23555 Meyer Drive
Riverside, CA 92518

Dear Ms. Stone:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 23, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the March Joint Powers Authority as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on July 25, 2012, for the period February 1, 2012 through July 25, 2012. Finance issued its determination related to those transferred assets on August 23, 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 February 20, 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 C, Item 1 – Finance removes the item from the Form. The \$8 million reported as the amount owed on an enforceable obligation was already included in the Recognized Obligation Payment Schedules for the periods January through June 2012 and July through December 2012. Finance did not deny the amounts requested and the successor agency to the former redevelopment agency has already disbursed the funds. Therefore, there is no remaining encumbrance and there is no housing asset to be transferred.
- Exhibit C, Item 2 – Finance continues to object to the transfer. Finance originally objected to the transfer as the Transitional Housing Relocation encumbrance does not qualify as a housing asset because the agreement supporting the asset is not enforceable. The documentation provided did not demonstrate that the funding was obligated prior to June 27, 2011. The Agency contends the item is a housing asset because the former redevelopment agency (RDA) was contractually obligated by the March LifeCare Disposition and Development Agreement (DDA) to relocate and fund the transitional housing for families. The Agency provided the DDA dated April 7, 2010, which requires the successor agency to relocate the existing tenants. However, the encumbrance is not for purposes of building or acquiring low and moderate income housing. Therefore, the item is not a housing asset per HSC section 34176 (e) (2).

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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: Ms. Danielle Wheeler, Assistant Director, March Joint Powers Authority
Ms. April Nash, Auditor-Controller's Office, County of Riverside
Ms. Jennifer Baechel, Auditor-Controller's Office, County of Riverside
Ms. Pam Elias, Auditor Controller's Office, County of Riverside
California State Controller's Office