



August 31, 2012

Ms. Kathleen H. Kane, Executive Director
Sonoma County Community Development Commission
No. 1 The Plaza
Sonoma, CA 95476

Dear Ms. Kane:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the County of Sonoma (County) 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 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 included obtaining clarification for various items.

Based on our review and application of law, Finance is objecting to the following transfer of assets identified on your Form: Exhibit C, Item 4 — \$1.5 million of stranded bond proceeds transferred from the successor agency to the County. HSC section 34176 (e) (2) allows the transfer of an encumbrance supported by an enforceable obligation to build or acquire low and moderate income housing as a housing asset. However, the \$1.5 million of stranded bond proceeds is not a housing asset and may not be transferred to the County.

Except for the 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 Jenny DeAngelis, Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: On the following page

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Mr. Nick Stewart, Affordable Housing Finance Supervisor, County of Sonoma
Ms. Carol E. Giovanatto, Assistant City Manager, County of Sonoma
Mr. Erick Roeser, Property Tax Manager, Sonoma County
Ms. Carol E. Giovanatto, Assistant City Manager, City of Sonoma
California State Controller's Office