



March 22, 2013

Mr. Curtis Yakimow, Director of Admin Services
Town of Yucca Valley
570910 29 Palms Hwy
Yucca Valley, CA 92284

Dear Mr. Yakimow:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Town of Yucca Valley as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on August 1, 2012, for the period February 1, 2012 through August 1, 2012. Finance issued its determination related to those transferred asset 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 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 continues to object to the transfer of this item. The Exclusive Negotiation Agreement (ENA) was executed on January 1, 2011 with the intent to initiate a project and negotiate the terms of a disposition and development agreement (DDA) to be entered into at a later date. Contrary to the Agency's belief, the ENA did not commit the former redevelopment agency's (RDA) funds using the Low and Moderate Income Housing Fund. Section I (D) of the ENA states that "parties understand that final accord of all issues may not be reached" and "neither party is under any obligation to reach agreement on the DDA". The Agency also provided the DDA; however, the DDA is between the Town of Yucca Valley and a third party; the former RDA is not a party to the agreement. Furthermore, the DDA indicates that the RDA's funding is contingent upon availability of funds pursuant to the impacts of redevelopment dissolution law in ABx1 26. Therefore, this Item is not a housing asset as defined in HSC section 34176 (e) because there is no enforceable obligation entered into prior to June 27, 2011 encumbering funds to build or acquire low to moderate income housing.
- Exhibit C, Item 6 – Finance maintains its previous determination on this Item. The Agency did not dispute our determination of this Item during the Meet and Confer session. Unspent low and moderate income housing fund bond proceeds are not considered an encumbered asset. As such, this item should not be included in Exhibit C.

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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 Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Larry Walker, Auditor Controller, San Bernardino County
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County
Ms. Linda Santillano, Supervising Accountant, San Bernardino County
Ms. Franciliza Zyss, Accountant III, San Bernardino County
Mr. Albert Aleman, San Bernardino County
Ms. Ashley Schwenk, San Bernardino County
California State Controller's Office