



REVISED

April 9, 2014

Mr. G. Harold Duffey, Executive Director
City of Compton
205 South Willowbrook
Compton, CA 90220

Dear Mr. Duffey:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form (Form) letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Compton as Housing Successor Agency (Agency) submitted a 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.

HSC section 34176 (e) defines a housing asset. Based on a review of additional information and documentation provided to Finance, Finance has completed its review of those specific items as further discussed below:

- Exhibit A, Items 1 through 5 – Real Property. The Agency provided documents to support the assets meet the definition of HSC section 34176 (e). However, Finance notes that the Agency submitted Oversight Board Action 2013-018 on May 24, 2013 for the sale and disposition of these properties to Compton Senior Apartments, L.P. (META Housing). Finance's letter dated August 23, 2013, approved the sale and disposition; therefore, we determined the disposition of these assets has already been addressed through a separate process and are no longer available for transfer to the Agency.
- Exhibit A, Item 6 – Real Property. Finance continues to deny the transfer of this item as it does not meet the definition of a housing asset per HSC section 34176 (e). Pursuant to former redevelopment agency resolution 1,808, the property will be developed for a mixed use project and is slated to use 2010 tax allocation housing bond proceeds totaling \$1.3 million; however, the property was not purchased using the housing bond proceeds. In fact, City of Compton (City) resolution 20,020 provided by the Agency indicates that the property was donated to the Agency and it does not have any low to moderate income housing covenants or restrictions; the only restriction on the property is that it not be used as a restaurant or other eating establishment. Therefore, we continue to deny this item is as a housing asset eligible for transfer pursuant to HSC section 34176 (e).

Finance notes that to the extent the successor agency of the former redevelopment agency would like to retain this property for housing purposes, HSC section 34191.5 (c)

(2) states that one of the property disposition options available to the successor agency is the retention of property for future development purposes pursuant to an approved Long Range Property Management Plan.

- Exhibit A, Item 7 through 12 – Vacant Land Parcels. Finance no longer denies the transfer of these parcels. The Agency provided documentation supporting these parcels were purchased with 2010 tax allocation housing bond proceeds for mixed use projects; therefore, restrictions are in place for use of these assets for low to moderate income housing purposes.
- Exhibit A, Item 13 and 14 – Real Property. Finance continues to deny the transfer of these properties. Documentation provided do not support these items are restricted for low to moderate income housing purposes; therefore, these items cannot be approved for transfer as housing assets per HSC section 34176 (e).
- Exhibit A, Item 15 – Real Property. Finance no longer denies the transfer of this item. Documentation provided by the Agency shows this property was purchased using funds from the Low and Moderate Income Housing Fund (LMIHF) and therefore, its use is restricted for low to moderate income housing purposes.
- Exhibit A, Item 16 – Real Property. Finance continues to deny the transfer of these properties. Documentation provided by the Agency indicates these properties were purchased in 2010 using tax allocation bond proceeds. In addition, the Agency provided the Purchase and Sale Agreement for these properties; however, nothing in the agreement indicates these properties are restricted for low and moderate income housing purposes.
- Exhibit C, Items 1 through 5 - Low and Moderate Income Housing Encumbrance. Finance continues to deny the transfer of these items. Documentation provided by the Agency supports this encumbrance is for the acquisition of the properties identified as Items 7 through 12 on Exhibit A. Because these properties have already been acquired and subsequently transferred to the developer through an approved Oversight Board action, the encumbrances for the purchase of the properties and the associated transfer of the encumbrances on the Form are no longer necessary.
- Exhibit D, Item 1 – Loan receivable with a balance of \$2,300,000. Finance no longer denies the transfer of this item. The Agency provided documentation supporting this loan was funded with funds from the LMIHF for affordable housing purposes.
- Exhibit D, Item 2 – Loan receivables with balances totaling \$21,477,034. Finance no longer denies the transfer of this item. This amount represents loan balances as of February 1, 2012. Our review indicates that these balances were also included in the LMIHF Due Diligence Review (DDR) as of June 30, 2012 with balance of \$21,145,976. The LMIHF DDR was reviewed and approved by the Oversight Board and Finance. Therefore, this asset is a housing asset per HSC section 34176 (e) and eligible for transfer.
- Exhibit D, Item 3 – Loan receivable with a balance of \$1,470,441. Finance continues to deny the transfer of this item. The Agency confirmed these loans were made from

federal funding sources, not redevelopment funds. As the loans were not funded with funds from the LMIHF, this item is not a housing asset pursuant to HSC section 34176 (e) and is not eligible for transfer.

- Exhibit D, Item 4 – Loan from the City of Compton (City) totaling \$3 million. Finance continues to deny the transfer of this item. Discussions with Agency staff indicate this is a loan from the City to the former redevelopment agency (RDA) for the purchase of the properties identified as items 7 through 12 on Exhibit A. Exhibit D is for loans and grants receivable made by the former RDA from the LMIHF, not for loans payable. However, Finance notes that this item may be placed on a Recognized Obligations Payment Schedule for payment after the successor agency receives a finding of completion pursuant to HSC section 34191.4.
- Exhibit D, Item 5 – Loan receivables with balances totaling \$956,944. Finance continues to deny the transfer of this item. For this loan, the Agency submitted general ledger entries showing expenditures from the LMIHF for supplies, and payroll and benefit expenditures; however, documentation provided does not demonstrate a valid loan made from the LMIHF.

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,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Dr. Kofi Sefa-Boakye, Director, City of Compton
Mr. Michael Antwine, Deputy Redevelopment Director, City of Compton
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Department of Auditor-Controller
California State Controller's Office