



February 25, 2013

Mr. Sol Blumenfeld, Assistant Executive Director  
City of Culver City  
9770 Culver Blvd.  
Culver City, CA. 90232

Dear Mr. Blumenfeld:

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 City of Culver City 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 assets 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 session was held on January 23, 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 A, Item 3 – Low to Moderate Income Ownership Housing valued at \$3.15 million. Finance previously objected to this item because although the property was purchased with Low to Moderate Income Housing Funds (LMIHF) in 2004, adequate development activities were not performed within five years of purchase per HSC section 33334.16. Finance no longer objects to the transfer of this item.
- Exhibit C, Item 1 and Exhibit D, item 7 – Disposition and Development Agreement and Loan Agreement with Habitat for Humanity of Greater Los Angeles executed on January 30, 2012. Finance continues to object to the transfer of these items. Finance denied the items because HSC section 34163 (b) prohibits a redevelopment agency from entering into contracts with any entity after June 27, 2011. The Agency contends it has a statutory obligation to develop the property (listed on the Form as Exhibit A Item 3) for low and moderate income housing purposes arose when the former Culver City Redevelopment Agency acquired the property. However, obligations associated with the former RDA's previous statutory housing obligations are not enforceable obligations. Upon the transfer of the former RDA's housing functions to the new housing entity, HSC section 34176 requires that "all rights, powers, duties, obligations and housing assets...shall be transferred" to the new housing entity. This transfer of "duties and

obligations" necessarily includes the transfer of statutory obligations; to the extent any continue to be applicable. To conclude that such costs should be on-going enforceable obligations of the successor agency to the redevelopment agency could require a transfer of tax increment for life – directly contrary to the wind down directive in ABx1-26/AB1484. Since there is no enforceable obligation associated with the encumbrance listed, the item does not meet the definition of HSC section 34176 (e) (2) and is not a housing asset eligible for transfer.

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, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Tevis Barnes, Housing Administrator, Culver City  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office