



July 15, 2013

Mr. Daniel Rofoli, Consultant
Housing Authority of Los Angeles County
2 Coral Circle
Monterey Park, CA 91755

Dear Mr. Rofoli:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form (Form) letter dated August 29, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Housing Authority of Los Angeles County as Housing Successor Agency (Agency) to the former Huntington Park Redevelopment Agency/Community Development Commission 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 assets on August 29, 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 1, 2013.

Originally, the Form submitted by the Agency included twenty-eight (28) loans made by the former redevelopment agency; however, a majority of the required information was marked "TBD." As such, Finance could not determine the appropriateness of the transfers of the assets. Through the Meet and Confer process, the Agency submitted a corrected Form. Based on a review of the corrected Form and additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items reported on the corrected Form.

- Exhibit C, Item 1 – Concord Housing residential rental project funded by 1999 Mortgage Revenue Bonds in the amount of \$4.3 million. Finance continues to object to the transfer of this item. HSC section 34176 (e) (2) states funds that are encumbered by an enforceable obligation to build or acquire low and moderate income housing are considered to be housing assets. However, there were no contracts in place prior to June 27, 2011 to build or acquire property for low and moderate income housing purposes. Therefore, an encumbrance does not exist and the item does not meet the definition of a housing asset pursuant to HSC section 34176 (e) (2). Additionally, discussions with the Agency indicated that no bond proceeds remain from the Mortgage Revenue Bonds.

To the extent any bond proceeds remain, Finance notes that pursuant to HSC section 34191.4 (c), successor agencies that have been issued a Finding of Completion by Finance will be allowed to use excess proceeds from bonds issued prior to December 31, 2010, for the purposes for which the bonds were issued. Alternatively, HSC section 34176 (g)

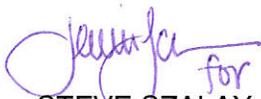
authorizes the Agency to designate the use of and commit bond proceeds that remain after the satisfaction of enforceable obligations that have been approved in a Recognized Obligation Payment Schedule (ROPS) and that are consistent with the bond covenants. The proceeds must have been derived from bonds that were issued for the purposes of affordable housing and issued prior to January 1, 2011. To initiate this process, the Agency is required to provide notice to the successor agency of any designations of use or commitments of funds that it wishes to make at least 20 days before the deadline for submission of the ROPS to the Oversight Board. These commitments and designations will not be considered valid or binding until they are included in and approved in a valid ROPS.

- Exhibit C, Items 2 through 11 – Finance believes these items were inadvertently included on Exhibit C and should have been reported on Exhibit A. The Agency confirmed these items are not encumbrances, but restrictions on the use of property. Finance reviewed the documentation provided and determined that low and moderate income housing covenants are in place for the items listed. For Exhibit C, Item 11, a balance on the contract remains; however, the item was denied by Finance as an enforceable obligation. The Agency contends the contract for Exhibit C, Item 11 is still valid and the covenants contained in the agreement will continue. Therefore, Finance will not object to the transfer of these items on Exhibit A as restrictions on the use of property in accordance with HSC section 34176 (e) (1).
- Exhibit D, Items 1 and 2 – Finance no longer objects to the transfer of these items. The Agency provided documentation showing that the loans were made from the Low and Moderate Income Housing Fund through contracts entered into prior to June 27, 2011. Therefore, these items are housing assets pursuant to HSC section 34176 (e) (3). However, Finance notes that the supported loan amount for Exhibit D, Item 1 is \$558,800, not \$1.23 million reported by the Agency on the corrected Form.

This is Finance's final determination related to the assets reported on the Agency's corrected Form. Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on the 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: Ms. Jacqueline Rodarte, Project Manager, Los Angeles County
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Auditor Controller's Office
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