



February 15, 2013

Ms. Angie Pacheco, Manager Housing Division
Inglewood Housing Authority
One Manchester Boulevard, Suite 750
Inglewood, CA 90301

Dear Ms. Pacheco:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated September 21, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Inglewood Housing Authority as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 22, 2012, for the period February 1, 2012 through August 22, 2012. Finance issued its determination related to those transferred assets on September 21, 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 30, 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 D, Item 73 – Loan to Regency Square in the amount of \$13.95 million for affordable housing development. Finance continues to object to the transfer. Finance originally objected to the transfer because the Form indicates the loan was issued in November 2011, but the promissory note provided is not dated or signed. The promissory note states the loan may be advanced to the recipient pursuant to the Owner Participation Agreement dated June 28, 2011. Without a signed promissory note to determine otherwise, the loan appears to be issued after June 27, 2011. HSC Section 34163 (b) prohibits a redevelopment agency (RDA) from entering into contracts with any entity after June 27, 2011. As it is not evident this loan is allowed by law, the loan receivable is not eligible for transfer to the Agency. The Agency contends the item is a housing asset because it qualifies as an asset and revenue needed to pay for enforceable obligations under HSC section 34176 (e) (3).

HSC section 34176 (e) (3) states a housing asset includes "Any loan or grant receivable, funded from the Low and Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law." While the loan receivable appears to meet this definition, HSC section 34163 (a) and (b) states that the former RDA shall not have the authority to, and shall not, "make

loans or advances or grant or enter into agreements to provide funds or provide financial assistance of any sort to any entity or person for any purpose" or "enter into contracts with, incur obligations, or make commitments to, any entity, whether governmental, tribal, or private, or any individual or groups of individuals for any purpose, including, but not limited to, loan agreements." The loan receivable was entered into after June 27, 2011, when the former RDA no longer had the authority to enter into such agreements per HSC section 34177.3 (d). Therefore, the loan receivable is not a housing asset and shall be returned to the successor agency. The successor agency shall administer the loan receivable and any payments received shall be used to fund approved enforceable obligations or be disbursed to the affected taxing entities.

- Exhibit D, Item 75 – Loan to Abode/Grevillea Housing in the amount of \$8.28 million for affordable housing development. Finance continues to object to the transfer. Finance originally objected to the transfer because the loan agreement is dated January 23, 2012. HSC Section 34163 (b) prohibits a RDA from entering into contracts with any entity after June 27, 2011. Since this loan is not allowed by law, the loan receivable is not eligible for transfer to the Agency. The Agency contends the item is a housing asset because it qualifies as an asset and revenue needed to pay for enforceable obligations under HSC section 34176 (e) (3).

HSC section 34176 (e) (3) states a housing asset includes "Any loan or grant receivable, funded from the Low and Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law." The Agency stated the loan is to be funded with proceeds from a 2007 Housing Bond. There is no receivable since the funds have not been disbursed and the funds to be used are not from the Low and Moderate Income Housing Fund; therefore, the item is not a housing asset that meets the definition of HSC section 34176 (e) (3) and should not be listed on the Form.

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 Mary Halterman, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Linda Tatum, Acting Community Development Director, Inglewood Housing Authority
Kristina Burns, Manager, Los Angeles County Auditor-Controller
California State Controller's Office