



March 22, 2013

Mr. Dale Hutchinson, Administrator  
City of Long Beach  
333 W. Ocean Blvd  
Long Beach, CA 90802

Dear Mr. Hutchinson:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Long Beach as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on July 31, 2012, for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred asset on August 30, 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 A, item 13 – Land for resale for low mod housing. Finance continues to object to the transfer of these properties. Further discussion with Agency staff indicate the properties were purchased in 2006 and deeded to a third party non-profit prior to dissolution law; therefore, it is Finance's position that these properties are listed on the Form erroneously as they are not owned by the former redevelopment agency.
- Exhibit C, Item 36 – Encumbrance for Atlantic Workforce Housing Groundwater Monitoring staff costs totaling \$6,400. Finance continues to object to the transfer of this encumbrance. Further review and discussion with Agency staff indicate the "Agreement for Services" was entered into between the City of Long Beach and the Long Beach Housing Development Company (LBHDC), a non-profit organization whose sole member is the City of Long Beach. The former redevelopment agency was not a party to the agreement. Therefore, this item is not an enforceable obligation of the former redevelopment agency and not a housing asset as defined in HSC section 34176 (e).
- Exhibit D, Items 18, 24, 32, 36, 42, 44, 45 through 49, 50, 52 through 54, 56, 58 through 61, 63, 64, 66 through 70, 72, 74 through 76, and 99 – Finance continues to object to the transfer of these items. These loans were issued after June 27, 2011 using funds from the LMIHF. HSC section 34177.3 (a) prohibits a successor agency from creating new

enforceable obligation after June 27, 2011. The Agency claims the loans were made in accordance with a loan agreements entered into prior to June 27, 2011. Finance reviewed the original loan agreements and determined that the former redevelopment agency was not a party to the agreements. The agreements were between LBHDC and individual loan borrowers; therefore, these items are not housing assets eligible for transfer.

In addition, Finance continues to object to the transfer of the following item that was not contested by the Agency:

- Exhibit A, Item 3 – Parking lot on 4<sup>th</sup> and Elm does not qualify as a housing asset. The declaration of covenants, conditions, and restrictions states that the lots and city blocks acquired shall be continuously occupied or held vacant and available for tenants with low income. However, insufficient documentation was not provided to determine if the parking lot is used for low mod housing purposes.

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: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor Controller's Office  
California State Controller's Office