



July 12, 2013

Mr. Steve Valenzuela, Chief Financial Officer  
CRA/LA – A Designated Local Authority  
1200 West 7<sup>th</sup> Street, 2F  
Los Angeles, CA 90017

Dear Mr. Valenzuela:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated March 27, 2013. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Los Angeles Housing Department as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (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 March 27, 2013. 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 June 10, 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 A1 – Real Property: Items 20, 27 through 30, 40, 57, and 62 – Finance no longer objects to the transfer of Items 20, 40, 57, and 62; however, Finance continues to object to the transfer of Items 27, 28, and 29. During the Meet and Confer process, the Agency informed us that Item 30 is related to Item 29; therefore, Finance is objecting to the transfer of Item 30 for the same reasons as Item 29. Finance originally objected to the transfer of these items as the documentation provided did not support that these assets are used or required to be used for low and moderate housing purposes.

During the Meet and Confer process, the Agency provided additional documents for Items 20, 40, 57, and 62 showing that each of the parcels has an affordable housing requirement either through the funding source used to purchase the properties or the covenants and agreements associated with the properties. Therefore, Items 20, 40, 57, and 62 meet the definition of a housing asset pursuant to HSC section 34176 (e) (1).

During the Meet and Confer process, the Agency was not able to provide documents for Items 27 through 30 that show these parcels have an affordable housing

requirement. Therefore, Items 27 through 30 do not meet the definition of a housing asset pursuant to HSC section 34176 (e) (1).

However, Finance notes that to the extent the Agency would like to retain these parcels to develop low and moderate income housing, HSC section 34191.5 (c) (2) states that one of the property disposition options available to the successor agency of the former redevelopment agency is the retention of property for future development purposes pursuant to an approved Long Range Property Management Plan. If this option is selected, HSC section 34180 (f) (1) states that the city, county, or city and county must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to HSC section 34188, for the value of the property retained.

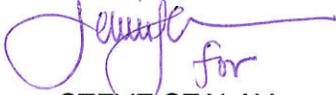
- Exhibit C1 – Encumbrances: Items 5, 8, and 19 – Finance no longer objects to the transfer of these items. Finance originally objected to the transfer of these items as no executed agreements were provided and the memorandums and unexecuted oversight board resolutions were not sufficient to determine if these encumbrances are allowed for transfer. During the Meet and Confer process, the Agency provided executed copies of the agreements for each of the projects to build or acquire low and moderate income housing. Therefore, Exhibit C1, Items 5, 8, and 19 meet the definition of a housing asset pursuant to HSC section 34176 (e) (2).
- Exhibit C1 – Commitments: Item 1 – Finance no longer objects to the transfer of the item. Finance originally objected to the transfer of the item as the oversight board resolutions were not executed and no executed agreements were provided. During the Meet and Confer process, the Agency provided an executed copy of the agreement. Therefore, Exhibit C1, Item 1 meets the definition of a housing asset pursuant to HSC section 34176 (e) (2).
- Exhibit D1 – Active Loans: Item 871488 – Finance no longer objects to the transfer of the item. Finance originally objected to the transfer of the item as no loan agreement was provided. During the Meet and Confer process, the Agency provided an executed copy of the loan agreement, promissory note, and covenants indicating that the loan was funded from the Low and Moderate Income Housing Fund. Therefore, Item 871488 meets the definition of a housing asset pursuant to HSC section 34176 (e) (3).
- During the Meet and Confer process, the Agency stated that the incorrect address was listed for Exhibit A, Item 25. The Agency provided documents showing that the correct addresses should be 619 through 627 and 629 S. Westlake Avenue for Exhibit A, Item 25. Finance acknowledges and concurs with the change to 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.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. David Riccitiello, Chief Executive Officer, CRA/LA  
Mr. Rushmore D. Cervantes, Executive Officer, City of Los Angeles Housing Department  
Ms. Kristina Burns, Manager, Los Angeles County Auditor Controller's Office  
California State Controller's Office