DEPARTMENT OF FINANCE

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REVISED

February 26, 2013

Mr. William Huang, Housing Director
City of Pasadena
100 N. Garfield Avenue, Room S116
Pasadena, CA 91101

Dear Mr. Huang:

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 Pasadena 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 February 13, 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 – Finance no longer objects to the transfer. Finance originally objected to the transfer because the Agency did not provide sufficient documentation to substantiate that the asset listed on the Form meets the definition of a housing asset. The Agency provided additional documents showing the parcels purchased were paid using various funding sources that restrict the use of the property for affordable housing purposes. Therefore, the item is a housing asset pursuant to HSC section 34176 (e) (1).

- Exhibit C, Item 1 – Finance continues to object to the transfer. Finance originally objected to the transfer because the contract associated with the encumbrance is not an enforceable obligation of the former redevelopment agency (RDA). The contract is between the City of Pasadena and the National Community Renaissance; the former RDA was not a party to the agreement. The item was listed on the Recognized Obligation Payment Schedule (ROPS) for the January 2012 through June 2012 and July 2012 through December 2012 periods and was denied by Finance as an enforceable obligation. The Successor Agency to the former Pasadena RDA did not relist the disputed items on the ROPS for the January 2013 through June 2013 period to be reconsidered during the ROPS review; therefore, the items remained denied. Since there has not been an approved enforceable obligation, the item is not a housing asset pursuant to HSC section 34176 (e) (2) eligible for transfer to the Agency. However, the

Successor Agency to the former Pasadena RDA may relist the Item on a future ROPS to request Finance's funding approval.

- Exhibit E, Item 4 – Finance objected to the transfer because the income from the rental of properties is used to pay bond debt service. HSC 34176 (a) (2) states if a housing asset has been previously pledged to pay for bonded indebtedness, the successor agency of the former RDA shall maintain control of the asset in order to pay for the bond debt. The Agency did not object to Finance's determination during the Meet and Confer process.

During the Meet and Confer process, the Agency requested to include an additional item to the Form on Exhibit A that was inadvertently ommitted. The Agency provided documents showing that the 136/138 West Howard Street properties totaling $371,257 were purchased using funds from the Low and Moderate Income Housing Fund. Therefore, the properties are housing assets pursuant to HSC section 34176 (e) (1) and Finance approves the addition of the item to the Form and the transfer of those properties.

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: Mr. David A. Klug, Redevelopment Manager, City of Pasadena
Mr. James Wong, Senior Project Manager, City of Pasadena
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section, Property Tax Division, Los Angeles County Auditor Controller's Office
California State Controller's Office

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Housing letter template 8-20-10