



February 15, 2013

Mr. Michael Matsumoto, Director of Finance
City of Pico Rivera
6615 Passons Boulevard
Pico Rivera, CA 90660

Dear Mr. Matsumoto:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Pico Rivera as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012, for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred assets 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 February 4, 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 1 – Finance continues to object to the transfer. Finance originally objected to the transfer as the vacant land does not qualify as a housing asset because the grant deed provided does not support that this asset is used for low and moderate income housing purposes. The Agency contends the item is a housing asset because a Request for Proposal for development of the site for housing was issued in 2008. However, no additional documents were provided to show the property was acquired for low and moderate income housing purposes. Therefore, the item is not a housing asset pursuant to HSC section 34176 (e) (1) and not eligible for transfer to the Agency.
- Exhibit C, Item 1 – Cash totaling \$2.2 million was transferred to the housing entity in order to fund bond payments. Finance continues to object to the transfer. Finance originally objected to the transfer because HSC Section 34716 (e) (2) states funds must be encumbered to build or acquire low and moderate income housing. The Agency contends the funds are needed to support the bond debt service because cash flows are projected to be tight. However, HSC section 34176 (a) (2) states if a housing asset has been previously pledged to pay for bonded indebtedness, the successor agency to the former redevelopment agency shall maintain control of the asset in order to pay for bond debt. Therefore, the item is not a housing asset eligible for transfer to the Agency.

Mr. Michael Matsumoto
February 15, 2013
Page 2

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: Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Department of Auditor-Controller
California State Controller's Office