



September 24, 2012

Mr. Daniel Rofoli, Consultant
Housing Authority of Los Angeles County
2 Coral Circle
Monterey Park, CA 91755

Dear Mr. Rofoli:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Housing Authority of the County of Los Angeles (Authority) assuming the housing functions of the City of Industry Successor Agency submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 30, 2012 for the period February 1, 2012 through August 30, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to Exhibit C, item 1 in the amount of \$18.8 million. This encumbrance was not listed as an enforceable obligation in the City's Recognized Obligation Payment Schedules for either the January through June 2012 or July through December 2012 periods. Additionally, no evidence was provided that the \$18.8 million is encumbered by an enforceable obligation as defined in HSC section 34171 (d).

The requirement to set aside 20 percent of Redevelopment Agency tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation, making the December 28, 1992 Agreement for the Transfer of Low and Moderate Income Set Aside Funds no longer operative. Per HSC section 34177 (d), any unencumbered fund balances are required to be remitted to the county auditor controller for distribution to the taxing entities. This will be accomplished through the due diligence review process pursuant to HSC sections 34179.5 and 34179.6.

Except for item disallowed as noted above, Finance is not objecting to the remaining items, if any, listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst
at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Kevin Radecki, Executive Director, Urban Industry Development Agency
Ms. Kristina Burns, Manager, Los Angeles County Auditor Controller's Office
California State Controller's Office