



September 27, 2012

Ms. Francesca Tucker-Schuyler, Interim City Administrator
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640-3932

Dear Ms. Tucker-Schuyler:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Montebello Housing Successor Agency (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 the following assets or transfer of assets identified on your Form:

- Exhibit A, Items 2 through 9 – Sufficient documentation was not provided to substantiate these properties were acquired for low and moderate income housing purposes pursuant to HSC section 34176 (e) (1). The Agency states low and moderate income housing funds were used to purchase items 2 through 9; however, accounting records were not provided. The Agency's 5-Year Implementation Plan is silent on the intended use for items 2 through 6 and indicates items 7 through 9 were for a mixed-use project consisting of commercial use/office development and market rate housing. Therefore, without supporting documents to prove these assets were acquired for low and moderate housing purposes, these assets are not eligible for transfer.
- Exhibit A, Items 10 and 11 – No evidence was provided for item 10 to support the asset will be used for low and moderate purposes. The grant deed for item 11 indicates the City of Montebello owns the property. In addition, the assessor's parcel number for item 10 is the same as item 11. Therefore, due to insufficient documentation to demonstrate ownership of these properties, these assets are not eligible for transfer.
- Exhibit C, Items 1 through 3 – No evidence was provided to indicate the low/mod senior housing projects were encumbered prior to June 28, 2011 by an enforceable obligation as defined in HSC section 34171 (d).

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- Exhibit F, Item 2 – The rental income for the commercial parking lot does not meet a low and moderate income housing purposes pursuant to HSC section 34176 (e) (5). In addition, this item is associated with Exhibit A, Item 6, which is not eligible for transfer.

Except for items 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. Michael A. Huntley, Director of Planning and Community Development, City of Montebello
Ms. Kristina Burns, Manager, Los Angeles County Auditor Controller
California State Controller's Office