



August 30, 2012

Ms. Hannah Chung, Finance Director
City of Tehachapi
115 S. Robinson Street
Tehachapi, CA 93561

Dear Ms. Chung:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Kern County Housing Authority 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.

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 A, Items 1 through 3 related to unencumbered cash, bond reserve, and unspent bond proceeds. These items do not meet the definition of a housing asset per HSC 34176 (e). In addition, HSC 34176 (a) (2) states if a housing asset has been previously pledged to pay for bonded indebtedness, the successor agency shall maintain control of the asset in order to pay for bond debt.

Except for the 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: Ms. Ann K. Barnett, Auditor-Controller, Kern County
California State Controller's Office