



March 22, 2013

Mr. Chris Pahule, Assistant Director
Sacramento Housing and Redevelopment Agency
801 12th Street
Sacramento, CA 95814

Dear Mr. Pahule:

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 Sacramento Housing and Redevelopment Agency 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 asset 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 was held on January 28, 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, Items 2 and 4 – Vacant real property valued collectively at \$2.7 million. Finance continues to object to the transfer of these items. Finance is unable to conclusively determine the properties are for low and moderate income housing purposes. The Agency claims the properties are zoned as residential and are intended for low to moderate income housing; however, the supporting documentation provided does not establish that the properties are for low to moderate income housing purposes. In addition, the Agency did not provide any documentation that the properties were purchased using the Low and Moderate Income Housing Fund. For these reasons, these items are not housing assets as defined in HSC section 34176 (e) (1).
- Exhibit C, Item 7 – Choice Neighborhoods Grant award in the amount of \$239,920 awarded January 12, 2012. Finance continues to object to the transfer of this asset. The grant was awarded to the Sacramento County Housing Authority and not the Redevelopment Agency of the County of Sacramento. The Agency provided the grant application packet indicating the intent to use low to moderate income housing funds; however, the documents provided were unsigned. In addition, the agreement and application for the grant funds was presented to the Redevelopment Council on July 26, 2011 when the former redevelopment agency no longer had the authority to enter into such agreements. HSC section 34163 (g) states, after June 27, 2011, agencies shall

not accept financial or other assistance from the state or federal government if the acceptance necessitates or is conditioned upon the Agency incurring indebtedness.. Therefore, the encumbrance of funds as match for the grant is not permissible and this item is not a housing asset as defined in HSC 34176 (e).

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 Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Lori Miller, Finance Manager, Sacramento Housing and Redevelopment Agency
Mr. Ben Lamera, Assistant Auditor-Controller, Sacramento County Auditor-Controller
Ms. Kim Le, Senior Accounting Manager, Sacramento County Auditor-Controller
California State Controller's Office