



August 31, 2012

Mr. Donald Cavier, Director of Finance
Sacramento Housing and Redevelopment Agency
801 12th Street
Sacramento, CA 95814

Dear Mr. Cavier:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Sacramento Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 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:

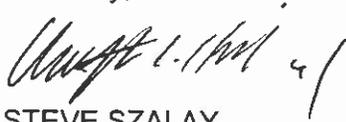
- Exhibit A, Items 24 through 27 and 158 – Sufficient documentation was not provided to verify the properties were acquired for low and moderate income housing purposes, and the Agency does not hold title of the Fairbanks Avenue property.
- Exhibit C, Items 13 through 14 – The Agency did not encumber funds for the maintenance contract from the Low and Moderate Income Housing Fund. Additionally, the Administrative Funding Agreement was executed on January 17, 2012. HSC section 34163 (b) prohibits a redevelopment agency from entering into contracts with any entity for any purpose after June 27, 2011.
- Exhibit D, Item 163 – The grant awarded by the former redevelopment agency was not funded by the Low and Moderate Income Housing Fund.

Except for the 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.

Mr. Donald Cavier
August 31, 2012
Page 2

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay", with a stylized flourish at the end.

STEVE SZALAY
Local Government Consultant

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