



REVISED

April 1, 2013

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

Dear Mr. Cavier:

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.

During the Meet and Confer, the Agency requested to add an oversight board approved item that the Agency inadvertently omitted from the Form. The item is identified as Parcel Number 250-020-0049-0000. Finance acknowledges the addition of this item on the Agency's Form.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the added item and those specific items being disputed.

- Exhibit A, Items 24 through 27 and Parcel Number 250-020-0049-0000 – Finance objects to the transfer of the added property and continues to object the transfer of these Items. Documentation provided does not support that the specific properties were acquired for low and moderate income housing purposes. According to the Agency, the properties are part of a larger development and these properties may be developed for commercial, mixed-use, or residential purposes. In addition, the properties were not purchased using Low and Moderate Income Housing Funds and there are currently no restrictions or covenants showing that the properties are specifically for low and moderate income housing. Therefore, these properties are not housing assets as defined in HSC section 34176 (e) (1).

However, Finance notes that to the extent the Agency would like to continue with the development of Items 24 through 27 and Parcel Number 250-020-0049-0000, HSC section 34191.5 (c) (2) states that one of the property disposition options available to the successor agency of the former redevelopment agency is the retention of property for future development purposes pursuant to an approved Long Range Property

Management Plan. If this option is selected, HSC section 34180 (f) (1) states that the city, county, or city and county must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to HSC section 34188, for the value of the property retained.

- Exhibit A, Item 158 – Finance no longer objects to the transfer of this item. The Agency provided additional documentation on March 21, 2013 to demonstrate that this item was purchased using the Low and Moderate Income Housing Fund. Therefore, this Item is a housing asset as defined in HSC section 34176 (e).
- Exhibit C, Items 13 through 14 – Encumbrances totaling \$105,505. Finance continues to object to the transfer of these items. For these items, the Agency submitted an amended contract dated August 15, 2011. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements that modify the terms and conditions of the original agreement. The amended contract provided extends the period and increases the dollar amount; therefore, Finance has determined the encumbrance is not based on an enforceable obligation prior to June 27, 2011 and does not meet the definition of a housing asset.
- Exhibit D, Item 163 – Finance no longer objects to this Item. Finance previously denied the item as documents provided do not show the Item was funded from the Low and Moderate Income Housing Fund. Although we no longer object to the transfer of the Item, Finance notes that the Item should be reported on Exhibit A as the Item represents a restriction to maintain the affordability covenant on property pursuant to HSC section 34176 (e) (1). The Agency provided documentation to support that the Item is for low and moderate income housing purposes; therefore, this Item is a housing asset.

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: 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