



August 31, 2012

Ms. Nancy Gornowicz, Manager
City of Santa Rosa
90 Santa Rosa Avenue
Santa Rosa, CA 95404

Dear Ms. Gornowicz:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Housing Authority of the City of Santa Rosa 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 included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to Exhibit C, Item 6 – Administrative Cost. HSC Section 34176 (e) (2) allows for the transfer of housing asset encumbrances if used to build or acquire low and moderate income housing. Administrative costs are recurring operating costs and not a housing asset encumbrance as defined by HSC.

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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Elizabeth Smith, Accountant, City of Santa Rosa
Ms. Donna Dunk, Assistant Auditor-Controller, Sonoma County
California State Controller's Office