



August 29, 2012

Mr. Kenneth Farfsing, City Manager
City of Signal Hill
2175 Cherry Avenue
Signal Hill, CA 90755

Dear Mr. Farfsing:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Signal Hill Housing Authority (Authority) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 30, 2012 for the period February 1, 2012 through July 30, 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 C, Items 5 and 7 – The encumbrances for the hazard remediation and legal counsel do not qualify as housing assets because the agreements supporting these assets were not provided.
- Exhibit C, Item 9 – The encumbrance for replacement housing does not qualify as a housing asset because this item was previously denied as an enforceable obligation by Finance on the July through December 2012 Recognized Obligation Payment Schedule.
- Exhibit C, Item 10 – The encumbrance for demolition funds does not qualify as a housing asset because the agreement supporting this asset was not provided and HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

Except for 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.

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Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at
(916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long, sweeping underline that extends to the left.

STEVE SZALAY
Local Government Consultant

cc: Ms. Elise McCaleb, Economic Development Manager, City of Signal Hill
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section, Los
Angeles County Department of Auditor-Controller
California State Controller's Office