



April 1, 2013

Mr. Bryan Cook, Assistant City Manager/Director of Finance
City of South Gate
8650 California Avenue
South Gate, CA 90280-3075

Dear Mr. Cook:

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 City of South Gate as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on July 31, 2012, for the period February 1, 2012 through July 31, 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.

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, Item 6 – Finance no longer objects to the transfer of this item. The Agency claims the property was originally purchased in 1992, was then sold, and then re-acquired by the former redevelopment agency (RDA) in 2009. While the property is currently being used for commercial purposes, upon regaining possession of the property, the former RDA provided documentation showing the property is recorded in the Low and Moderate Income Housing Fund. Therefore, the property is a housing asset per HSC section 34176 (e). We note that this item is associated with Exhibit E, Item 1, below.
- Exhibit E, Item 1 – Finance no longer objects to the transfer of this item. While commercial rental income does not qualify as a housing asset, this rental income is tied to the housing asset listed as Exhibit A, Item 6 that was purchased for low and moderate income housing purposes. We note that this asset was incorrectly reported on Exhibit E and should be reported on Exhibit F.

In addition, per Finance's Housing Asset Transfer Form letter dated August 31, 2012, Finance continues to object to the transfer of the following assets. The Agency did not dispute these items during the Meet and Confer.

- Exhibit D, Items 103, 127, 164, 190, and 192 – These loans and grants do not qualify as housing assets because these loans and grants were issued after June 27, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into loans or grants with any entity for any purpose after June 27, 2011.

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. John Downs, City Financial Consultant, City of South Gate
Ms. Jane Carlson, Consultant, RSG, Inc.
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Auditor-Controller's Office
California State Controller's Office