



March 2, 2013

Mr. David Batt, Assistant Finance Director  
City of South Pasadena  
1414 Mission Street  
South Pasadena, California 91030

Dear Mr. Batt:

Subject: Housing Assets Transfer Form

This letter supersedes 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 Pasadena 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 on August 1, 2012. Finance issued its determination related to those transferred assets on August 31, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items that was objected to by Finance. The Meet and Confer session was held on January 28, 2013.

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 2 – Parking Lot and Project Entitlement. Finance continues to object to the transfer of this asset. According to the Agency, this asset is part of a much larger parking lot in the downtown area which will be assembled with adjacent parcels in order to develop market rate commercial/residential uses and parking structures, including 12 units of low to moderate income residential units (out of the 60 proposed units). However, the Item or property to be transferred is not specifically for low and moderate income housing purposes and was not purchased using funds from the Low and Moderate Income Housing Fund. Therefore, it does not meet the definition of a housing asset per HSC section 34176 (e) (1).

However, Finance notes that to the extent the Agency would like to continue with development of Item 2, 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.

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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 Mayer, City Attorney, City of South Pasadena  
Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,  
Property Tax Division, Los Angeles County Auditor-Controller's Office  
California State Controller's Office