



August 31, 2012

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

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of South Gate Housing Authority submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 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 A, Item 6 – The housing site used for commercial property does not qualify as a housing asset. The lease agreement provided could not substantiate this asset was used for low and moderate income housing purposes. This item is associated with Exhibit E, Item 1 below.
- 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.
- Exhibit E, Item 1 – Commercial rental income does not qualify as a housing asset. Resolution number 2011-02 states the tenant is leasing the premises for the purposes of furthering the goals of the Redevelopment Plan and operating a neighborhood convenience retail location. Sufficient documentation was not provided to determine if the Redevelopment Plan or rental income is used for low and moderate income housing purposes. Additionally, this asset was incorrectly reported on Exhibit E instead of Exhibit F.

Except for the 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". The signature is written in a cursive style with a large initial "S".

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