



May 8, 2014

Ms. Kim Carvalho, Deputy City Clerk
City of Del Rey Oaks
650 Canyon Del Rey Road
Del Rey Oaks, CA 93940

Dear Ms. Carvalho:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

The City of Del Rey Oaks Successor Agency (Agency) did not submit an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (Finance). Finance determined this was unnecessary, as the Monterey County Auditor-Controller confirmed there has never been any activity in the redevelopment tax rate area, and it remains at zero. The former redevelopment agency has never received tax increment as there was never any generated. Therefore, there are no unencumbered LMIHF balances available for distribution to the taxing entities.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Daniel Dawson, City Manager, City of Del Rey Oaks
Ms. Julie Aguero, Auditor Controller Analyst II, Monterey County
California State Controller's Office