



REVISED

July 11, 2013

Mr. Jeff Kay, Administrative Analyst  
City of San Leandro  
835 East 14<sup>th</sup> Street  
San Leandro, CA 94577

Dear Mr. Kay:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's original LMIHF DDR determination letter dated November 7, 2012. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of San Leandro Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 12, 2012. Finance issued a LMIHF DDR determination letter on November 7, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on November 30, 2012. Based on a review of additional or clarifying information provided to Finance, pursuant to HSC section 34179.6 (d), Finance has completed its review of the Agency's DDR and is authorized to issue this determination.

Based on our final review, Finance made no adjustments to the Low and Moderate Income Housing Fund (LMIHF) balance available for allocation to the affected taxing entities. The Agency's request to retain the \$3,923,774, to make payments for the "Alameda Housing Associates" Project (Project), is allowed. As a result, Finance concludes there are no unencumbered LMIHF balances available for distribution and, as a result, the Agency is not required to remit any funds. To the extent LMIHF was approved to be retained, the Agency should report payments for the Project on the future Recognized Obligation Payment Schedule and note the funding source as "Reserves".

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 and Finance's Housing Assets Transfer letter dated August 31, 2012 do not in any way eliminate the Controller's authority.

Mr. Jeff Kay  
July 11, 2013  
Page 2

Please direct inquiries to Chikako Takagi-Galamba, Manager at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Cynthia Battenberg, Business Development Manager, City of San Leandro  
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County  
California State Controller's Office