



May 24, 2013

Mr. Rene M. Visé, Administrative Services Director  
City of Santa Maria  
110 East Cook Street, Room 6  
Santa Maria, CA 93454

Dear Mr. Visé:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

The City of Santa Maria 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). The Agency claims a LMIHF DDR is unnecessary because a LMIHF never existed. The Santa Barbara County Auditor Controller provided documentation to support the Agency's claim. 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 Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY  
Local Government Consultant

cc: Mr. Rick Haydon, City Manager, City of Santa Maria  
Mr. Ed Price, Division Chief Property Tax Division, County of Santa Barbara  
California State Controller's Office