DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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December 15, 2012

Mr. John C. Prescott, Community Development Director
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, CA 91362

Dear Mr. Prescott:

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 Thousand Oaks Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 10, 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 December 10, 2012.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance is revising some of the adjustments made in our previous DDR determination letter. Specifically, we are revising the following adjustments.

- Balances retained for CalHFA loan in the amount of $2,080,000. Finance originally denied the Agency's request to retain the balances because there was no current payment due. This expense is for the repayment of a loan the former redevelopment agency borrowed in April 2005 and has been listed on the Recognized Obligation Payment Schedules (ROPS); however, no payment has been scheduled as this item is due in April 2015. During the Meet and Confer process, the Agency provided documentation to demonstrate the encumbrance of the loan reserves being retained for a balloon payment. Therefore, retention of $2,80,000 is allowed.

- Retention of $400,000 for a Housing Assistance Program for Seniors. This item was identified as being paid from reserves on the January through June 2013 ROPS. During the DDR review, Finance interpreted the funding source for this item on the ROPS to be other than LMIHF. However, this item is a housing program and has been shown as paid from housing funds in ROPS for the periods January through June 2012 and July through December 2012. Therefore, the fiscal year 2012-13 amount of $200,000 is provided through 2012-13; the remainder ($200,000) will need to be requested in future ROPS.

The Agency's LMIHF balance available for distribution to the affected taxing entities has been revised to zero (see table below).

LMIHF Balances Available For Distribution To Taxing Entities		
Available Balance per DDR:	$	(1,148,843)
Finance Adjustments		
Add: Amount not supported for Housing Assistance Program (Procedure 9)		200,000
Total LMIHF available to be distributed:	$	-

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 September 12, 2012 do not in any way eliminate the Controller's authority.

Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. John F. Adams, Finance Director, City of Thousand Oaks
Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor Controller
California State Controller's Office