



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

December 14, 2012

Ms. Tiffany Bohee, Executive Director
City and County of San Francisco Successor Agency
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103

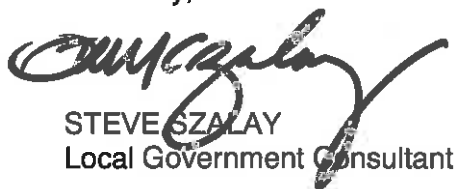
Dear Ms. Bohee:

This letter is a follow-up to our Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review Letter in which the California Department of Finance (Finance) relayed to the City and County of San Francisco Successor Agency (Agency) our decision related to the Meet and Confer session held on November 26, 2012.

Please be advised that Finance will not be pursuing the penalties outlined in HSC section 34179.6 at this time. Finance is committed to working with the Agency to satisfy any concerns we have related to the LMIHF balances that may or may not be available for distribution to the affected taxing entities.

We look forward to working cooperatively with you and your staff as we complete the exhaustive review that is necessary. If you have any questions or concerns regarding this matter, please contact Justyn Howard, Assistant Program Budget Manager, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant