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November 8, 2005

Mr. Michael Genest, Acting Director
Department of Finance
Room 1145, State Capitol
Sacramento, California 95814

Dear Mr. Genest:

In a letter dated September 22, 2005 and submitted pursuant to the requirements of Provision 1 of Item 4300-105-0001 of the *2004-05 Budget Act*, you informed me of your intent to allow the Department of Developmental Services (DDS) to expend \$11.1 million in funding that was reappropriated in Item 4300-490 of the *2005-06 Budget Act*. The funds would be used to provide community-based housing in the San Francisco Bay Area for current residents of Agnews Developmental Center, which is slated for closure by July 2007.

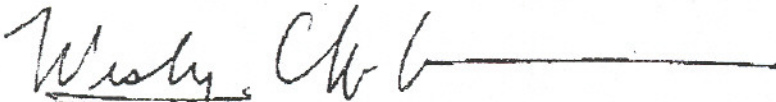
I find that the request is consistent with recent legislation—Chapter 831, Statute of 2004—that allows for the purchase of a permanent stock of housing to provide residential services for developmentally disabled individuals under the Bay Area Housing Plan (BAHP). Accordingly, I concur in this request. However, due to a variety of factors there is a potential for BAHP costs to exceed the administration's projections.

Therefore, I concur with this request on the condition that the administration provide the Legislature with regular updates on the expenditure of this funding. As a condition of my approval, DDS should provide the Legislature, on a monthly basis, with the following information: (1) all the properties acquired in the prior month, (2) the cost of each of these properties, (3) the address of each property, (4) the square footage of any residential structures on the property, (5) the size of any lot that is purchased with the intent to build on it, and (6) estimated construction and/or renovation costs for

each property before construction and/or renovation begins. In the event that actual construction and/or renovation costs of a property exceed by 10 percent or more the estimated costs, DDS should notify the Legislature of these cost overruns on a monthly basis.

I believe that the reporting requirements described above would provide the Legislature with information necessary to exercise oversight of the BAHP. Also, the Legislature would have the opportunity to identify any cost overruns on a timely basis and take action if it is deemed necessary.

Sincerely,


WESLEY CHESBRO
Chair

cc: Members of the JLBC
Cliff Allenby