

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Supervisor Marion Ashley and Chairman Stone      **SUBMITTAL DATE:** February 19, 2009

**SUBJECT:** Appointment to the Inland Empire Economic Recovery Corporation Board of Directors

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file this information update regarding the Inland Empire Economic Recovery Corporation; and
2. Endorse the Red Team Recommendations (Attachment A) as approved by the Western Riverside Council of Governments (WRCOG), and direct departments to work with WRCOG on implementation;
3. Direct the Executive Office to return to the Board with a status report in 90 days; and
4. Approve the appointment of Supervisor Marion Ashley to the Inland Empire Economic Recovery Corporation Board of Directors.

**BACKGROUND:**

In August 2008, Supervisor John Tavaglione and City of Riverside Mayor Ron Loveridge convened a "Red Team" to identify and, if feasible, implement stimulus measures to contribute to a rebound in the housing market. Western Riverside Council of Governments (WRCOG), County of Riverside, City of Riverside, Riverside County Chapter of the Building Industry Association (BIA), and the Riverside Chamber of Commerce contracted with economist Dr. John Husing to develop a list of strategies as detailed in Attachment A. One of the key strategies was the creation of a public/private organization to address the foreclosure crisis. The Inland Empire Economic Recovery Corporation (IEERC) was established by San Bernardino County as a public/private partnership to achieve similar goals as outlined in the Red Team recommendations.

On September 30, 2008, the Board of Supervisors considered and adopted a motion to request a local delegation to seek local input into provisions of the federal financial market bail-put bill. The same action item discussed the potential benefits of forming regional public and private partnerships to help retain the value of real estate assets, stabilize communities and minimize the fiscal impact on the taxpayer.

In December 2008, the Inland Empire Economic Recovery Corporation (IEERC) was formed with the California Secretary of State to establish as a non-profit 501(c)3 public benefit entity. The IEERC is acquiring foreclosed, abandoned or otherwise blighted single-family homes with the intent of repairing and reselling them to homeowner/occupants. This effort intends to spur an economic recovery in the local housing market as well as prevent negative impacts on neighborhoods from such abandoned or foreclosed homes or absentee landlords.

The foreclosure crisis gripping our region is on track to become a \$100 billion problem, creating the area's worst economy in more than four decades. Blighted neighborhoods threaten to overtake the Inland Empire, spreading graffiti and crime and further destabilizing communities already shaken by high job losses and a decline in their quality of life. Already, foreclosures are creating a \$2 billion issue in Riverside County alone.

The number of Riverside County properties falling into foreclosure last month increased by more than 50% over November, and by more than 50% over December 2007. A total of 10,347 mortgage default notices, auction sale notices and bank repossessions were recorded in Riverside County in December; and 52% more than in December 2007. The latest foreclosure spike was enough to move Riverside County from number 6 to number 4 in the state in foreclosure activity. In addition, property values have declined nearly 42% during the last 11 months.

**3.63**

The IEERC was formed as a nonprofit, public-benefit public-private partnership to provide the region with a unified and focused mechanism to stabilize our communities. The IEERC's goals include:

- Purchasing and rehabilitating foreclosed properties in the Inland Empire;
- Using local businesses such as general contractors, painters, plumbers, real estate agents, mortgage brokers, property managers, etc., to complete the necessary work and sell the properties that will be owner-occupied;
- Hosting home foreclosure prevention seminars throughout the region to provide struggling homeowners with the opportunity to speak directly with their lenders, non-profit organizations and expert agencies such as HUD which may be able to provide assistance.

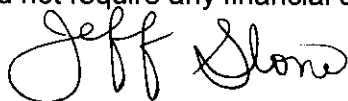
The IEERC has already conducted foreclosure seminars to educate and empower homeowners and to reduce the growing number of foreclosures. More are scheduled across the region.

Additionally, as a public-benefit nonprofit corporation, IEERC is an accountable organization subject to the brown Act and other open-meeting laws. Its accounting practices are transparent, providing taxpayers and government agencies assurance that their funds are well managed. The corporation's bylaws require that the accounting ledgers and written meeting minutes are properly maintained and the nonprofit's books, records and documents are open to inspection.

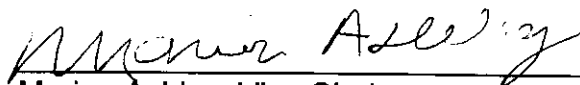
To meet the goal of achieving a regional solution to a regional problem, the IEERC Board of Directors has invited the County of Riverside Board of Supervisors to participate on the IEERC Board of Directors so that Riverside County might observe firsthand the positive impacts of the valuable working being undertaken by the community and business leaders who comprise IEERC's Board of directors. This invitation is being extended without a funding request. Appointing a member of the Board of Supervisors to the IEERC board will allow the county to better assess the organization and future county involvement.

IEERC Board of Directors include County of San Bernardino Supervisors Paul Biane and Brad Mizelfelt, Larry Sharp, President, of the Arrowhead Credit Union and Chairman of the Inland Empire Economic Partnership, and Cindy Roth, President and CEO of the Greater Riverside Chambers of Commerce.

As the IEERC will be purchasing properties in Riverside County, including my district, I would very much like to accept their invitation and sit on their board. It should be noted that my appointment to his Board would not require any financial obligation on the part of Riverside County.



Jeff Stone, Chairman



Marion Ashley, Vice Chairman



## Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Hemet • City of Lake Elsinore  
City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside • City of San Jacinto • City of Temecula  
City of Wildomar • Eastern Municipal Water District • Western Municipal Water District

Date: January 23, 2009

To: Members, WRCOG Technical Advisory Committee

From: Rick Bishop, Executive Director *Rick Bishop*

Subj: Riverside Red Team recommendations for consideration by your jurisdiction / agency

On January 5, 2009, the WRCOG Executive Committee endorsed a number of recommendations compiled by the Riverside Red Team aimed at identifying and, if feasible, implementing stimulus measures to contribute to a rebound of the housing market.

**As part of its action, the Executive Committee requested that each of WRCOG's member agencies (16 cities, the County of Riverside, the Eastern Municipal Water District and Western Municipal Water District) take time at an upcoming meeting or study session to 1) review the activities that have been undertaken by the Red Team thus far; and 2) examine the recommendations with an eye toward local implementation.**

In order to facilitate your review, WRCOG is providing you with a DVD of a presentation made to the WRCOG Executive Committee in December 2008 by Dr. John Husing, who was contracted by WRCOG and others to examine the status of the area's economy and provide suggestions that could stimulate an economic rebound in this subregion. This DVD provides an excellent accompaniment to Dr. Husing's detailed final report on this matter titled "The Housing Crisis: Issues & Potential Strategies" which is also enclosed as part of this transmittal. (Many Executive Committee members have suggested that it would be prudent to devote time during a Council / Board Study Session to view the DVD, which is 44 minutes in length, in order to gain sufficient background on the nature of and reasons for the economic slowdown in this subregion.)

Below please find a brief background on the Riverside Red Team. Also provided is a summary of the recommendations that were developed as part of the Red Team effort; these recommendations were endorsed in concept by the Executive Committee on January 5, 2009. WRCOG staff has begun the process of examining some of the recommendations further; the "WRCOG Update" provides follow-up information.

### Riverside Red Team Background

In August 2008, Riverside County Supervisor John Tavaglione and City of Riverside Mayor Ron Loveridge convened a time-sensitive "Red Team" to identify and, if feasible, implement stimulus measures to contribute to a rebound of the housing market.

Broadly speaking, there are four general areas that Red Team participants identified for examination as part of this effort. These include the following:

1. Gaining an understanding of the magnitude of the problems in the Inland Empire and Western Riverside County that are related to the downturn in the region's economy and associated impacts on the housing market;

2. Developing tools that local jurisdictions can consider for responding to the surge in foreclosed and abandoned properties in their communities. This includes reducing the flow of foreclosures;
3. Examining opportunities for participating in the process regarding how, when, and to whom foreclosed units will be sold; and
4. Examining opportunities that local jurisdictions can consider related to high costs associated with new housing construction.

WRCOG, in conjunction with the County of Riverside, City of Riverside, Riverside County Chapter of the Building Industry Association and the Riverside Chamber of Commerce, contracted with Dr. John Husing to perform a survey of key leaders in western Riverside County, and develop a list of strategies that could be pursued among the subregion's public and private sector entities to help invigorate the local economy. In August, the Red Team participants met to provide and discuss a range of ideas to address economic revitalization and to stem the tide of home foreclosures. Subsequent to this meeting, Dr. Husing conducted a number of interviews with Red Team members and others during September. Dr. Husing presented his report and observations to the Red Team in October. During that meeting, a Subcommittee was assigned to review the potential strategies contained in Dr. Husing's compilation and report back to the Red Team on October 27, 2008, with preliminary recommendations.

October 15: Draft red team report presented to Red Team. A Subcommittee of Red Team members was convened to review strategies contained in the report and present recommendations to the Red Team on October 27.

October 16: Draft red team report presented to WRCOG Technical Advisory Committee (TAC) (comprised of County Executives, City Managers, General Managers from member water districts, and the Executive Director of March JPA). The WRCOG TAC received the report, indicating that it desired to review Red Team recommendations prior to their transmittal to the WRCOG Executive Committee.

October 20: Red Team Subcommittee met to review report strategies.

November 3: WRCOG Executive Committee meeting. Dr. Husing provided background information on the economy and impacts on housing. Staff discussed Red Team efforts and summarized strategies being examined.

November 14: Red Team Subcommittee met to finalize recommendations.

November 17: Red Team meeting considered recommendations from Subcommittee.

November 20: WRCOG TAC considered final recommendations from Red Team and forwarded recommendations to WRCOG Executive Committee for consideration.

January 5: WRCOG Executive Committee conceptually endorsed recommendations and requested that each of WRCOG's 19 member agencies review and consider recommendations.

## **Summary Review of Strategies and Recommendations**

### **A. Strategies for "Protecting Our Neighborhoods"**

1. Identification/mapping of problem properties: This task would include the development and maintenance of a GIS database for identifying and tracking foreclosures, notices of default, and,

possibly, "properties at risk" at the jurisdictional level (and/or other levels of geography) in western Riverside County. Developing such a database would not only provide decision-makers with tabular and graphically-depicted information regarding the scope of the problem in individual communities, it would also provide foundation and complementary information needed for Strategy No. 2 below.

Lead: WRCOG and County of Riverside

WRCOG Update: Several of WRCOG's members are undertaking such activities. The WRCOG TAC encouraged WRCOG to coordinate among the jurisdictions with a goal of creating consistency with the databases being used. WRCOG staff is pursuing this work, and progress on this front is reported below:

Typical Process for tracking foreclosed homes: In an effort to track foreclosed homes in a city or the county, staff from either the building department or code enforcement will go out into the field to identify properties that may be vacant and foreclosed. This is done in a couple of ways. One is to investigate a property based on a complaint filed with the city as a nuisance; the other way is through general visual sightings by staff out in the field doing their regular work. Once the field person collects the relevant information at the site on the property they will return to their office and search through a database of foreclosed properties to obtain more specific data about the property, primarily to determine if it has been foreclosed on and who is the trustee of the property is. This information is collected from an internet site that a jurisdiction pays a subscription fee to a vendor in order to gain access to the data. The primary use of the information is to determine who the trustee of the property is, at which time the city or county will contact the trustee to inform them, typically a financial institution, that under their foreclosure ordinance, or other property ordinance, that they are required to maintain the property or will be fined by the city or county until they start maintaining the property. This field inspection process typically will only identify nuisance property and visible lack of maintenance, but it will not identify properties that are being maintained by the trustee or neighbors of those homes that where the families have received their notice of default.

Data providers: There is no one specific data source that every jurisdiction relies on; however, Data Quick and RealtyTrac seem to be used by more cities than other sources, and both require a subscription fee to access their data. Other pay-sites mentioned were American Title, RealQuest, MERS and Foreclosure Radar. The fees for these sites vary depending on either the number of records or how long the subscription is. Other data sources mentioned were Chicago Title, Fannie Mae and HUD, which provide the data at no charge. What could not be determined is the quality of the data listed on these sights. One city stated that of the sites that they have used, RealtyTrac seemed to have the most current data available. Others estimated that 80% of the data is correct and up to date. One concern mentioned is the timeliness of the data, specifically when it comes to property ownership and the ability to identify who to send notices to or who to notify when placing a lien on the property due to non-maintenance of the property. A second concern is when a foreclosed property is purchased, it is not known how long it can take to have that property removed or changed in the database to avoid identifying the wrong owners.

Many of the jurisdictions have passed some form of foreclosure ordinance that will require the banks and lending institutions to register foreclosed homes with the jurisdictions. The problem early on is notifying all the various institutions of an ordinance a jurisdiction has approved that will require the trustee of a foreclosed property to maintain the property or be subject to fines, or that a lien will be placed on the property. Some city housing or redevelopment departments are working with the building and code enforcement departments with assistance from HUD to aid in

the implementation of the Neighborhood Stabilization Program (NSP). Cities are using state and federal funds to keep foreclosed homes from falling into disrepair and utilizing state-passed bills to impose fines or liens on unmaintained properties.

Much of the work being undertaken by jurisdictions is focused on identifying properties that have been foreclosed on and to make sure that they do not decline into disrepair. It does not appear that much work is being done in the area of pre-foreclosures or those who have received their notice of default. By the time the city or county investigates a property, the resident has moved out and nothing can be done to keep that family in the house.

Using GIS for NOD and Outreach: WRCOG staff has collected data from one of the free internet sites, and through GIS has been able to locate properties by parcel that are listed as Notice of Default (NOD), Trustee Sale or Real Estate Owned (REO). The parcel data is based on the Riverside County Assessor parcel database and its corresponding GIS layer. The foreclosure data is then downloaded and exported to an Excel file which is then modified to allow each record to be assigned to the parcel using that parcel's assessor's parcel number (APN).

In an effort to increase contacting those properties about to go into foreclosure, and to improve the response to those cities that have housing programs to assist those going through foreclosure, a couple of approaches could be used.

One approach could be to access third party data using GIS software to target specific NOD properties and their owners as part of a comprehensive outreach program to assist them with avoiding foreclosure. This information can be collected by WRCOG and forward to a jurisdiction in the form of detailed site maps showing property's location with detailed property data on each parcel. The jurisdiction, through a mail merge process, can use the data as part of a targeted mail-out to those locations and then for follow-up site visits. This process could reduce the number of homes that fall into foreclosure and eventual disrepair.

A second possibility would have WRCOG collect the data and target the NOD in a broader outreach effort. The information sent out would inform a property owner of assistance programs, who to contact at each city or county, or of a consolidated regional program established by all the cities and the county. If a jurisdiction does not have a program in place, a list of other potential sources that could assist a home owner from going into foreclosure could be provided. This would allow for consistency of information and reduce or eliminate duplicative efforts.

## List of Data used by Jurisdictions and Identification Process

City/Co	Department Contacted	Third Party Data	Information
Banning	Planning	Internet - MERS	Building Dept. locates sites through field analysis and then uses internet to collect property data
Beaumont	Planning	RealtyTrac & Chicago Title now Foreclosure Radar	Code Enforcement identifies potential properties and then uses data to confirm and collect property data.
Calimesa	Planning	RealtyTrac & City ord. having banks register foreclosed property.	Does field inspections to locate potential foreclosed homes and then uses data to gather property information.
Canyon Lake	Planning	Collect by POA	Building & Code Enforcement through complaints, field inspections or data to identify foreclosed property.
Corona	Planning & Redev. Dept.	Chicago Title and HUD	Looks to use NSP program to avoid foreclosures. HopeNow program.
Hemet	Planning	HUD	Note severely impacted homes during general Code Enforcement activities.
Lake Elsinore	Planning & Building Dept.	RealQuest	Canvassed city for foreclosures to create master database file. Add to database as new foreclosures are discovered through normal Code Enforcement activities.
Menifee	No Contact	None	No process in place at current time.
Moreno Valley	Planning	Track thru City Permits Plus and DataQuick	Code Enforcement does field inspections and uses data to collect property data.
Murrieta	Planning & Code Enforcement	DataQuick and RealtyTrac.	Field inspection is done when complaint is issued (approx 20/day) then staff uses data for property information to determine ownership. Creating web program for faster access to data.
Norco	Planning & Housing Dept.	None	Limited city funds and staffing has not allowed for a process to be implemented.
Perris	Planning and Field work done by Building Dept.	DataQuick and Co. Recorder. City ord. to have banks register foreclosed properties.	City does field surveys to locate potential foreclosed homes and then accesses data for foreclosure status, property information and ownership.
Riverside	Planning & Redevelopment	Chicago Title, DataQuick, Fannie Mae and HUD	Track foreclosed homes based on complaints called into the City or during normal Code Enforcement activities. Uses data to contact bank or lending institution.
San Jacinto	Planning & Code Enforcement	RealtyTrac	No foreclosure process in currently in place. Data collected under normal Code Enforcement activities.
Temecula	Planning	RealQuest	Code Enforcement looks for sites as part of their normal duties. Checks downloaded data via mobile source or at office for property information.
Wildomar	Building	None	No foreclosure process in place. Data collected under normal Code Enforcement activities.
County of Riverside	Building & Safety	DataQuick	Maps data from vendor to identify location. Code Enforcement surveys property for property status. Approximately 80% accuracy of data.

2. Ordinances: This task would require WRCOG to survey member jurisdictions to collect, compare and contrast local implementation mechanisms and related activities used for identifying foreclosed/abandoned properties. This could include surveying jurisdiction actions for external inspection, repair, fines and liens on certain properties, and registration of foreclosed properties. It could also include surveying to determine if ordinances exist that regulate single family rentals in communities. This effort will allow jurisdictions to compare their mechanisms with those of proximate jurisdictions, and will provide opportunities for identification of “best practices” for potential consideration by decision-makers.

Lead: WRCOG.

WRCOG Update: WRCOG staff is in the process of contacting members to collect the information needed to develop the requested comparisons.

3. Code enforcement: The draft report concludes that an increased commitment to code enforcement is needed, and suggests that a regional approach might be considered. The Subcommittee, TAC and Executive Committee concurred with the need for decision-makers to consider increasing the nature and scope of local code enforcement operations and activities. Local jurisdictions will be surveyed to gain an understanding of local variations in code enforcement operations with respect to programs, staffing, funding, cost recovery, etc. Again, a compilation of such information could result in the identification of “best practices” that local jurisdictions can integrate into their existing programs. The concept of pursuing a regional approach to code enforcement was not endorsed. Mutual aid arrangements are viewed as difficult given the various standards and procedures of adjacent jurisdictions. Volunteer code enforcement efforts have had some success (City of Riverside) and could be explored further. WRCOG will work with jurisdiction/agency staff to identify consistent Code Enforcement Programs and “best practices.”

Lead: WRCOG.

## B. Strategies for Controlling Disposal of Foreclosed Properties

4. Foreclosed Homes to First-Time Buyers: Local jurisdictions have First-Time Buyer programs, or their residents fall under the county’s program. Foreclosed homes are not emphasized in the existing programs. The entitlement of cities and the county are anticipating using the Federal Stabilization Funding (NSP) dollars to augment existing programs. The strategy proposes that local leaders work with lenders, area realtors and others to steer foreclosure home turnover from investors to owner-occupants. This is a laudable objective, and is viewed as being an extremely ambitious undertaking given the considerable magnitude of the issue identified in Dr. Husing’s report. Considering that lenders are faced with the disposal of tens of thousands of units, it is doubtful as to whether the ultimate ownership and use of these holdings is their priority.

Lead: Cities, County, Private/Non-Profit\*.

5. Foreclosed Homes That Need to Be Reconditioned or Rehabbed: This strategy proposes that local jurisdictions consider bulk acquisition of properties at less than current value, engage contractors to repair the properties, and then sell the properties. The Red Team recommended that jurisdictions and other agencies coordinate these activities, including identifying funding, creating databases of reliable contractors, and using Public Works departments to inspect and set standards. The WRCOG TAC supported these recommendations, but expressed concerns

regarding having local jurisdictions holding mortgages on a large number of properties considering the continued instability of the housing market.

*WRCOG Update:* Riverside County has been allocated approximately \$48 million in NSP funds from the federal government that can be used for this purpose, and some jurisdictions have expressed intent to use such funds accordingly. However, the amount provided is not nearly sufficient to accomplish the task at the scale envisioned. In San Bernardino County, the Inland Empire Economic Recovery Corporation (IEERC) has been formed. It has been allocated \$2.5 million by the county government to help with its organization and its strategy of gaining control of local foreclosed homes. The strategy is to work with private sector investors who agree to buy foreclosed homes in the Inland Empire in bulk and only sell them to owner occupants. The IEERC will create a public sector presence in the price negotiation to get prices down so there is room for the group acquiring the homes to make any needed repairs. The IEERC will be given the rights to homes that the public sector needs to control because of their condition. It will, in turn, use an RFQ process to qualify groups to acquire the homes from them, repair the homes and sell them under its supervision. The board is currently made up of Larry Sharp, President and CEO of Arrowhead Credit Union, Cindy Roth, Executive Director of the Riverside Chamber of Commerce, Supervisor Paul Biane and Supervisor Brad Mitzelfeld. WRCOG staff will arrange to meet with representatives behind the San Bernardino County effort and get additional details.

6. Foreclosed Homes Headed for Investor-Landlords, Federal Agencies Policies Toward Selling Foreclosed Homes, and Reducing the Flow of Foreclosures/Restructuring Existing Loans: This strategy would entail an organized effort to encourage elected congressional delegation from Riverside County to support legislation requiring local input. This endeavor would require a strong, effective, and coordinated advocacy. A locally based solution is best, but could be costly. Restructuring of existing loans does not appear to be something that can be addressed at a local level.

Lead: Cities, County.

7. Outreach / Counseling to Homeowners: Homeowners facing potential foreclosure are often in need of counseling to help them learn of potential assistance opportunities and strategies. Existing service providers (such as the Fair Housing Council) are seriously understaffed and/or underfunded, and are not easily located by the general public. The Red Team encouraged the jurisdictions to continue with any current educational programs, and also encouraged discussion about how a centralized – and well-marketed – counseling center can be established and funded. The WRCOG TAC viewed this as the top priority and recommended that WRCOG coordinate meetings with Fair Housing, Springboard and a San Diego collaborative in order to gain an understanding of their programs to assist homeowners in ways in which WRCOG jurisdictions and agencies can provide financial and marketing assistance.

*WRCOG Update:* WRCOG staff met with staff representing the Riverside Fair Housing Council (FHC) on December 16 to learn about the support activities they provide and needs they have. The FHC is currently deluged by requests for appointments (more than 200 calls daily), are severely understaffed (now have 6 counselors) and as such are not able to accommodate all requests. They are able to accommodate approximately three new clients daily (meetings last 1 ½ hours to 3 hours). The FHC's approach is to educate homeowners to understand what the foreclosure process is, how to contact their lender(s) and how to gather materials and prepare for meetings with them. Specifically, they provide credit counseling, examine family budgets, contact lenders, and assist in the preparation of files that will be provided to lenders so that the

lenders can more easily assess homeowner options. The FHC reports a success rate of 30% - 40% of saved homes.

The FHC receives funding from a few of WRCOG's jurisdictions, including the City of Riverside (\$200,000 over two years), City of Moreno Valley (\$15,000), City of Corona (\$15,000) and the County of Riverside (\$45,000). The FHC operates from three locations in the WRCOG subregion, with offices in Riverside, Moreno Valley and Murrieta (sometimes they operate from the Corona Library), but space is at a premium and staff indicated that opportunities to be housed in City / County / Agency offices would be very helpful, as it addresses both the space limitations they currently experience and also situates the FHC within a "public" arena that would instill additional confidence in users.

FHC staff indicates that they need at least an additional six full-time counselors, plus accounting support. They estimate a cost of approximately \$25 / hour for each position.

### C. Strategies for Restoring the New Home Market

8. Reductions in local government and special district fees: The report suggests that a fee reduction of 80% for local government and special district fees, and a 40% reduction in school fees could help bring the price of newly-constructed housing to levels where they can again become competitive and perhaps even revitalized in the current market. Fees are targeted, as they are viewed as the only costs in housing that local officials control. Fees, however, are used to mitigate the impacts of new development on a wide range of infrastructure. Significantly reducing or eliminating fees could raise legal arguments with regard to adequate project mitigation. Additionally, a significant number of jobs related to planning and constructing public infrastructure are based on fees generated from new development.

The WRCOG TAC recommended that each jurisdiction and agency undertake an examination of local fees under their control and make individual determinations on the extent to which fee reductions are implementable in their jurisdictions. The WRCOG TAC recommended that WRCOG accelerate its annual fee review for TUMF based on construction cost indices and return with findings in February. The WRCOG TAC also requested that legal counsel examine to what extent fee reductions jeopardize the nexus to public infrastructure, and supported the formation of a jobs creation task force to examine ways to create jobs in the subregion with an emphasis on creating additional jobs diversity. The WRCOG Executive Committee recommended conducting a fiscal and legal review of 1) fee reduction; and 2) examining alternative methods to achieve infrastructure development.

*WRCOG Update:* (It is important to note that the recommendations in the Husing study are for reductions in ALL impact fees, not just TUMF. WRCOG only has authority over TUMF fees, thus the following activities pertain to TUMF only.) WRCOG legal counsel is completing its examination of any legal issues related to a temporary reduction in TUMF fees. Legal counsel's review will focus on 1) nexus study requirements; 2) impact of reductions on previously collected fees; 3) impact on project mitigation under CEQA; and 4) impact on Measure A. WRCOG staff has accelerated its annual fee review – based on construction cost indices – of TUMF, and will present findings to the WRCOG Executive Committee for consideration in February. Based on the indices, it is expected that TUMF fees will be reduced minimally (approximately \$200 per unit). Additionally, WRCOG's Executive Committee will consider placing a cap on the Regional System of Highways and Arterials (e.g. the TUMF network) cost at \$5 billion during the currently on-going comprehensive TUMF Program update. This "cap" will ensure that fees will not increase as a result the review. No progress has been made on the recommendation to form a jobs creation task force or to examine alternative methods to achieve

infrastructure development. However, WRCOG, RCTC and others are monitoring the new administration's proposal for massive federal investment in the nation's infrastructure.

Please do not hesitate to contact me at (951) 955-8303 or at [bishop@wrcog.cog.ca.us](mailto:bishop@wrcog.cog.ca.us) if you have any questions.

Enclosures:   1. "Inland Empire 2008: A Very Difficult Year" DVD presentation by Dr. John Husing  
                  2. "The Housing Crisis: Issues & Potential Strategies" report prepared by Dr. John Husing  
                  2. Riverside Red Team member listing  
                  3. Correspondences from Eugene Montanez and Western Municipal Water District

cc:           Members, WRCOG Executive Committee (*no enclosures*)  
              Members, Riverside Red Team (*no enclosures*)  
              Dr. John Husing (*no enclosures*)