

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



FROM: Supervisors John Tavaglione & Marion Ashley

SUBMITTAL DATE:
April 28, 2009

SUBJECT: Recommendations of the Red Team Report

RECOMMENDED MOTION: That the Board of Supervisors:

1. Direct the TLMA to form a working group comprised of members of the BIA Strike force to develop a program that significantly reduces the DIF between 25%-50% on temporary basis and report back within 30 days.
2. Adopt a resolution that recommends to WRCOG that TUMF be reduced as recommended in the Red Team Report within 30 days.

BACKGROUND: The current housing crisis has put nearly 33% of the Inland Empire's single family homeowners upside down on their mortgages, yet it has also offered a renewed affordability to prospective home-buyers. Recent trends in home-buying indicate that there may be an increased demand for new homes. Myers builder Advisors, areal estate consulting firm, noted that the current inventory of unsold existing homes in San Bernardino and Riverside County is at its lowest since April 2006.

The Construction Industry Research Board reports that only 2,000 new homes are projected to be built in Riverside County in 2009, a dramatic reduction in permits pulled in Western Riverside County alone from 22,028 in 2005 and 14,457 in 2006. According to economist John Husing, the downturn in the residential construction industry is directly or indirectly responsible for the loss of over 95% of the 32,000 jobs that have disappeared in shrinking sectors of Riverside County.

The real estate market's collapse in 2007 has been the key factor in the Inland Empire's growing unemployment rate – which has increased every month since 2008. The California Employment Development Department reported a 12.2% unemployment rate in February and an even higher rate at 13.2% in March. Adding the potential for new construction related jobs in Riverside County could help curb this trend and reduce the cost of County and State services for unemployed residents.

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[Signature]
John Tavaglione
Supervisor – District 2

[Signature]
Marion Ashley
Supervisor – District 5

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Wilson and Ashley
Nays: None
Absent: None
Date: April 28, 2009 6:30 PM
xc: Supvs. Tavaglione and Ashley, COB, TLMA

Kecia Harper-Ihem
Clerk of the Board
[Signature]
Deputy

Prev. Agn. Ref.: DISTRICT 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100
District: All

Agenda Number:

3.78

Dept's Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy
 Departmental Concurrence

As costs for land, construction materials and staffing have all declined during this housing crisis, local development and transportation fees remain unchanged. To help encourage the renewed growth of the building industry and other related trades, considerations should be implemented to promote construction projects which could help return jobs and provide economic growth to Riverside County.

Fee reductions remain the one cost that local jurisdictions can directly change to help encourage development projects. Local cities and school districts have taken actions to reduce their impact fees in an effort to attract new projects and stimulate the local economy. Fee reductions will motivate potential builders to look to Riverside County as they may have a chance to remain competitive with foreclosed homes on the market.