

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

152



FROM: Executive Office

SUBMITTAL DATE:
June 8, 2009

SUBJECT: Update on the Implementation of the Red Team Recommendations as Approved by the Western Riverside Council of Governments (WRCOG)

RECOMMENDED MOTION: That the Board of Supervisors receive and file the update (Attachment A) on the implementation of the Red Team Recommendations as approved by WRCOG.

BACKGROUND:

On February 24, 2009 the Board of Supervisors approved item 3.63, which included: 1) an update on the Inland Empire Economic Recovery Corporation (IEERC); 2) an endorsement of the Red Team Recommendations as approved by WRCOG; 3) a directive to county departments to work with WRCOG on the implementation; 4) the appointment of Supervisor Ashley to the board of the IEERC; 5) An amendment to include a point person from the Economic Development Agency to coordinate the county's participation in the IEERC and related programs; and 6) a directive to the Executive Office to return with an update to the Board of Supervisors.
Continued on the next page


Tina Grande, Principal Management Analyst

Departmental Concurrence

FINANCIAL DATA

Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
Annual Net County Cost:	\$ N/A	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Gary M. Christmas

County Executive Office Signature

Consent
 Policy
 Consent
 Policy

Dept's Recomm.:
 Per Exec. Ofc.:

2009 JUN 10 10:55

Prev. Agn. Ref.: 3.63 2/24/09

District: All

Agenda Number:

3.9

Update on the Implementation of the Red Team Recommendations as Approved
by the Western Riverside Council of Governments (WRCOG)

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The attached report is the update as directed. The format follows the format of WRCOG Executive Director's report to the WRCOG Technical Advisory Committee, which is the same report presented to the Board of Supervisors on February 24, 2009. The comments are a compilation of submissions by Transportation Land Management Agency Administration and Code Enforcement, Economic Development Agency, and the Executive Office. The comments are highlighted and italicized for clear identification.

ATTACHMENT A

Date: January 23, 2009

To: Members, WRCOG Technical Advisory Committee

From: Rick Bishop, Executive Director

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 sites. 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 parcels 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.

Riverside County Update: Item A1 – Data/Geographic Information Systems (GIS)

The County of Riverside Code Enforcement Department (hereafter stated as Code Enforcement Department) collects information from the County of Riverside Assessor/Clerk-Recorder's findings of Notice of Defaults (NOD). Data Quick and other sources are used to create a database, which is used to survey/inspect locations to determine if an open case is a vacant or occupied property. In approximately 30% of the NOD cases, the property is still occupied.

The Code Enforcement Department is developing a database application that collects the data from various sources, including the registration information, and this provides a survey/inspection report for Code Enforcement officers. This application should be completed and operational within the next 30 days.

This application is intended to speed the processing of information. It will incorporate the registration and inspection information into a single source of information on reporting compliance with the County's foreclosure ordinance.

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.	ReaQuest	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	ReaQuest	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.

Riverside County Update: Item A2 – Foreclosure Ordinance

The County of Riverside adopted a foreclosure ordinance in May of 2008 that requires registration and maintenance of properties. The registration fee was established in October of 2008 at \$75.00 annually (calendar year). The fee was established to cover the cost of registration and tracking of a property. To date, the Code Enforcement Department has received over \$150,000.00 in registration fees.

This fee does not cover the cost of a survey or inspection of a property. If a property has specific code violations (i.e., rubbish or abandoned vehicles), separate cases are initiated on those violations and are managed separately from the foreclosure program.

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.

Riverside County Update: Item A3 – Code Enforcement Department-Survey/Inspection

The Code Enforcement Department surveys locations to determine if a property is occupied, maintained, or posted in accordance with the foreclosure ordinance. In partnership with the Riverside County Economic Development Agency (EDA), the Code Enforcement Department provides to EDA reports and photographs on properties that are in distress. These reports are based on requests from EDA on specific areas that are eligible for Neighborhood Stabilization Homeownership Program funding.

At the end of calendar year 2008, the foreclosure task force conducted over 8,900 surveys of foreclosed properties.

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*.

Riverside County Update: Item B4 – Strategies for Controlling Disposal of Foreclosed Properties (Foreclosed Homes to First Time Buyers)

The County of Riverside operates a series of mortgage and down payment assistance programs with redevelopment, blight removal, owner occupancy and affordable housing objectives. The County's programs include:

Neighborhood Stabilization Homeownership Program (NSHP)

The primary objective is to address the problem of abandoned and foreclosed homes in targeted areas within Riverside County. The Program is available to anyone who has not owned a home in the last three years, has an annual income that is not greater than 120% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD), and is purchasing a foreclosed home in the County of Riverside. This Program provides down-payment assistance as a silent second loan in the amount of twenty percent (20%) of the purchase price of the home. EDA down payment assistance is secured by a deed of trust recorded in second position. The first loan must be a fully amortized, fixed rate; thirty-year mortgage.

The Program can also provide home repair assistance to the home purchased, incorporating energy-efficient improvements which will provide long-term affordability, increased sustainability and attractive housing and neighborhoods. Activities in the NSHP home repair assistance include items such as curb appeal and landscaping after the close of escrow. Total combined amount of down payment assistance and home repair assistance cannot exceed \$75,000. NSHP Repair Assistance will be secured by a deed of trust recorded in third position, behind the first mortgage and second deed of trust for the down payment assistance.

Mortgage Credit Certificate

A Mortgage Credit Certificate (MCC) entitles qualified home buyers to reduce the amount of their federal income tax liability by an amount equal to a portion of the interest paid during the year on a home mortgage. This tax credit allows the buyer to qualify more easily for a loan by increasing the effective income of the buyer. The Riverside County MCC Program provides for a fifteen percent (15%) rate which can be applied to the interest paid on the mortgage loan. The borrower can claim a tax credit equal to 15% of the interest paid during the year. Since the borrowers taxes are being reduced by the

amount of the credit, this increases the take-home pay by the amount of the credit. The buyer takes the remaining 85% interest as a deduction.

The buyer must be a first time home buyer and have a qualified income of not more than 150% of the County Area Median Income. The new homeowner continues to receive the annual credit while he is the owner occupant of the assisted home.

First Time Home Buyer Program

The First Time Home Buyer (FTHB) program provides down payment and closing cost assistance that will allow qualified families to purchase a home.

The Riverside County FTHB Program is designed to provide assistance to lower income persons in the purchase of their first home. Assistance may be provided for the down payment in the purchase of a home. The amount of assistance available depends upon the buyer's qualifications and the price of the home. In general, a buyer may only receive what they need, up to 20% of the purchase price of the home with a maximum of \$75,000.

Assistance is a silent second mortgage loan with a term of 15 years. The home buyer is required to maintain owner occupancy during the complete term of the loan. Having matured that requirement, the loan is forgiven or due as a balloon payment at the point of breach without penalty or interest.

The home buyer must have a qualifying income not higher than 80% of the County Area Median income and cannot have owned a home in previous three years.

Redevelopment Homeownership Program

The Redevelopment Homeownership Program (RHP) provides down-payment assistance for first-time homebuyers. This program is vastly similar to the First Time Home Buyer Program except that it allows for a qualifying income of up to 120% of the County Area Median Income. This program is limited to the unincorporated areas of the County of Riverside.

Public/Private Partnership

The Inland Empire Economic Recovery Corporation (IEERC) is a non-profit, public benefit corporation formed in December 2008 to assist San Bernardino and Riverside counties and cities with an economic recovery effort focused on the foreclosure crisis. The mission of the IEERC is to "reduce the spread of blight, generate jobs for the Inland Empire residents, and reduce the real estate values." The Board of Directors consists of public and private sector representatives, including a member of the Board of Supervisors from both Riverside County and San Bernardino County. The IEERC strategies include foreclosure prevention by outreach and education, and acquiring properties to sell to owner-occupied buyers.

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 Mitzefeld. WRCOG staff will arrange to meet with representatives behind the San Bernardino County effort and get additional details.

Riverside County Update: Item B5 – Strategies for Controlling Disposal of Foreclosed Properties (Foreclosed Homes That Need to Be Reconditioned or Rehabbed)

Riverside County received a direct allocation of \$48,567,786 in Neighborhood Stabilization Program (NSP) funds. NSP was enacted under Title III of Division B of the Housing and Economic Recovery Act under the heading of Emergency Assistance for Redevelopment of Abandoned or Foreclosed Homes. On March 17, Riverside County launched four NSP programs effecting the repair and re-occupancy of residential properties. These programs include:

NSP-1 - Acquisition, Rehabilitation and Resale to First-Time Homebuyers. Eligible applicants include public and private non-profit organizations. Allocation: \$20,000,000

NSP-1 provides a loan to various public and private non-profit organizations to acquire and rehabilitate foreclosed, or abandoned vacant single-family homes and resell them to low-, moderate- and middle-income owner-occupied and first-time homebuyers in the designated target areas in the County.

Homes must be vacant for a period of at least ninety (90) days. The homes must be purchased from a bank and a not more than 85% of the Current Market Appraised Value determined within sixty (60) days of the date of the appraisal.

Homes are subsequently sold to qualifying households that have not owned a home in the last three (3) years, with an annual income no greater than 120% of the area median income as published by HUD. The final sales price must not exceed the cost of acquisition and rehabilitation.

NSP-2 - Acquisition, Rehabilitation and Rental of Affordable Units. Eligible applicants include public and private non-profit organizations. Allocation: \$1,855,000

NSP-2 provides funding to various public and private non-profit organizations to acquire and rehabilitate foreclosed, or abandoned vacant single-family homes and rent them to low-, moderate- and middle-income households, with preference to Special Needs Households in the designated target areas in the County.

Homes must be vacant for a period of at least ninety (90) days. The homes must be purchased from a bank and a not more than 85% of the Current Market Appraised Value determined within sixty (60) days of the date of the appraisal.

The rehabilitated homes for rental will be available to households with an annual income no greater than 120% of the area median income as published by HUD.

NSP-3 - Neighborhood Stabilization Homeownership Program (NSHP): Down-payment assistance and home repair to qualified first-time homebuyer families for the purchase of foreclosed homes throughout Riverside County in designated target areas. Allocation: \$9,700,000

This item is also described above.

The primary objective is to address the problem of abandoned and foreclosed homes in targeted areas within Riverside County. The Program is available to anyone who has not owned a home in the last three years, has an annual income that is not greater than 120% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD), and is purchasing a foreclosed home in the County of Riverside. This Program provides down-payment assistance as a silent second loan in the amount of twenty percent (20%) of the purchase price of the home. EDA down payment assistance is secured by a deed of trust recorded in second position. The first loan must be a fully amortized, fixed rate, thirty-year mortgage.

The Program can also provide home repair assistance to the home purchased, incorporating energy-efficient improvements which will provide long-term affordability, increased sustainability and attractive housing and neighborhoods. Activities in the NSHP home repair assistance include items such as curb appeal and landscaping after the close of escrow. Total combined amount of down payment assistance and home repair assistance cannot exceed \$75,000. NSHP Repair Assistance will be secured by a deed of trust recorded in third position, behind the first mortgage and second deed of trust for the down payment assistance.

NSP-4 - Acquisition, and Rehabilitation of Foreclosed and Vacant Multi-Family Properties, or the Construction of New Multi-Family Rental Projects. Eligible applicants include public, private non-profit and for-profit organizations. Allocation: \$12,157,000.

NSP-4 provides loans and grants to various public and private non-profit or for-profit organizations to acquire and rehabilitate foreclosed and vacant multi-family properties, or the construction of new multi-family rental projects for the benefit of very low-income households in the designated target areas in the County.

Properties must be vacant for a period of at least ninety (90) days. The homes must be purchased from a bank and a not more than 85% of the Current Market Appraised Value determined within sixty (60) days of the date of the appraisal.

The rehabilitated properties for rental will be available to households with an annual income no greater than fifty percent (50%) of the area median income (AMI) as published by HUD.

An organization such as the IEERC, much like many others, is an eligible applicant for the above described programs. Note that the Inland Empire Economic Recovery Corporation has not solicited funding from any of the above described programs.

The Redevelopment Agency for the County of Riverside also operates the Infill Housing Program. This program's primary purpose is to build single family homes on vacant and blighted residential lots within established communities. The homes are then made available as affordable owner occupancy opportunities. The RDA has determined that acquisition, rehabilitation, and resale of abandoned, blighted or foreclosed homes meets the same spirit and purpose of the Infill Housing Program and are, thus, eligible for funding.

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.

Riverside County Update: Item B6 – Strategies for Controlling Disposal of Foreclosed Properties (Foreclosed Homes Headed for Investor-Landlords, Federal Agencies Policies Toward Selling Foreclosed Homes, and Reducing the Flow of Foreclosures / Restructuring Existing Loans)

Riverside County recently enacted ordinances requiring banks to maintain real estate owned properties. Code Enforcement has initiated their inspection and enforcement activity. Code Enforcement has established a comprehensive database of bank owned properties throughout the unincorporated areas of Riverside County. As a result of this new ordinance and subsequent inspection and enforcement activity, Code Enforcement is able identify properties suffering from absentee ownership.

The Riverside County Executive Office responded to the subject Board Submittal (Form 11) by establishing a position of owner occupancy preference in Riverside County and in avoidance of tenant occupancy, especially where in ownership of an absentee landlord. The Executive Office met and discussed this preference with Riverside County (contracted with Washington D.C.) based lobbyist, Thomas Walters. Mr. Walters, in turn, expressed the Riverside County preference to the United States Treasury Department as they prepared to invest in financial institutions as a result of the Housing and Economic Recovery Act of 2008 and the American Recovery and Reinvestment Act of 2009.

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.

Riverside County Update: Item B7 – Strategies for Controlling Disposal of Foreclosed Properties (Outreach / Counseling to Homeowners)

Riverside County is working with the Homeownership Education Learning Program (HELP) whose mission is to demonstrate and teach high ethical standards for industries related to the practice of lending, title insurance, tax advice or other services related to home ownership.

The stated goal of HELP is to protect the consumer and reward the professionals who desire to adhere to the accepted norms and laws of our society. We will create a new standard that both the public and private sector can agree on as the model for ethics and compliance.

HELP will offer a variety of services to benefit the public and its members.

Services will include but are not limited to:

- 1. HELP will provide one-on-one counseling for those who are interested in learning more about topics related to homeownership.***
- 2. HELP will have both live and online classes available, as well as video vignettes, to offer quick tutorials on a myriad of subjects related to housing. Consumers need quick and easy access to answers they can trust. HELP will afford them this in the convenience of their home, with no pressure to do business with anyone.***

3. *For those who desire to receive it, an e-newsletter will be provided that reminds readers about potential scams, upcoming events and relevant statistical data which may affect decisions surrounding homeownership.*
4. *Recognition as a government sanctioned enterprise is the hallmark of HELP's success to date. Providing educational material and presentations in a manner which is easy to understand and well received has and will continue to set HELP apart from all other educational resources. Information, translated in multiple languages will ensure that a growing Hispanic population will be protected as well.*
5. *HELP will establish a certification brand that will be given to those professional groups who are certified for their websites, business cards, and other materials deemed appropriate.*

Riverside County also has a longstanding relationship with the Fair Housing Council of Riverside County whose mission is provide comprehensive services which affirmatively address and promote fair housing (anti-discrimination) rights and further other housing opportunities for all persons without regard to race, color, national origin, religion, sex, familial status, presence of children, disability, ancestry, marital status, or other arbitrary factors.

In 2002, The Fair Housing Council of Riverside County teamed up with various community businesses, agencies, and government to provide an Annual Home Buyer Seminar where everyone can learn about the following steps to homeownership:

- *Credit Repair*
- *Credit Counseling*
- *Realtors*
- *Down Payment Assistance Programs*
- *Home Buyer Education*
- *Fair Housing Education*
- *Financial Planning*
- *Home Repair Lead Paint Program*
- *Escrow Companies*
- *Home Ownership*

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.

Riverside County Update: Item C8 – Strategies for Restoring the New Home Market.

As part of the BIA/Riverside County Strike Force, and per the direction of the Board of Supervisors, the Transportation Land Management Agency (TLMA) will be returning to the Board of Supervisors with a proposed temporary reduction in development impact fees on June 30, 2009.

Please do not hesitate to contact me at (951) 955-8303 or at 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*)