

NEWS

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SAN BERNARDINO COUNTY
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FOR IMMEDIATE RELEASE

December 29, 2011

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Statement by Board of Supervisors Chair Josie Gonzales on today's State Supreme Court ruling on redevelopment

Today's state Supreme Court decision constitutes a devastating blow to San Bernardino County's efforts to cope with the current economic downturn and realize its potential as a home for good-paying jobs, enabling future economic recovery.

Redevelopment has been one of California's great successes, which is why today's ruling is a very difficult pill to swallow for those of us in local government who have created jobs and better communities through redevelopment.

However, the legal process has run its course, and we will now focus our efforts on joining with the California Redevelopment Association and other counties, cities and towns in California to work with the Legislature to re-establish redevelopment in a manner that conforms with the Constitution, achieves any necessary reforms, and continues to assist communities in creating jobs and eliminating blight. We don't think it was the Legislature's original intent to completely abolish redevelopment.

As the County of San Bernardino stated in a September 30, 2011 friend-of-the-court brief supporting the effort to preserve redevelopment, the county has suffered greatly during the ongoing economic crisis, and redevelopment is a resource that continually stimulates and accelerates our recovery efforts.

Without redevelopment, the area that was once Kaiser Steel would still be a broken-down wasteland, the community of Cedar Glen would have no hope of recovering from the devastating wildfire of 2003, and countless job-generating projects in our 24 cities and towns never would have come to pass. The prospect of no longer having redevelopment as a tool to stimulate positive change is a frightening threat to our future.

Unemployment in San Bernardino County has hovered at more than 13 percent all year, higher than the rate in California and the U.S. Median housing prices have declined approximately 43 percent

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for new homes and approximately 60 percent for existing homes from their high ranges in 2005 through 2007 respectively. More than half of the county's homes are in a negative equity status, and more than 40,000 of these homes are in some stage of foreclosure. This has resulted in sharp declines in property tax revenues, leaving redevelopment as the only way to fund the improvements that are needed to bring badly needed jobs into our county.

The estimated annual loss from the elimination of the San Bernardino County Redevelopment Agency is \$11.15 million, in addition to \$22 million in unencumbered housing funds for a total one-year loss of \$33.15 million from the local economy. The county's 26 redevelopment agencies generate approximately \$610 million in annual tax increment – money that now goes into the local economy but that under the court's ruling would go into the state treasury.

County projects already underway will not be affected by the ruling because they have already been funded. However, the county RDA was about to launch a neighborhood revitalization program targeting 180 low- and moderate-income homes in various unincorporated pockets of San Bernardino County. The program was to provide grants of up to \$20,000 to income-eligible families in target neighborhoods. The goal was to complete exterior renovations which include landscaping, energy efficient windows, garage doors, fencing, roofing, and needed exterior repairs.

The county RDA was also in the process of identifying sites within the unincorporated areas to purchase as a mechanism to revitalize our communities. A number of properties were identified and negotiations are in process. In the short term, it is expected that the loss of funds equates to a loss of 400 new affordable housing units for our residents.

In Cedar Glen, where 320 homes were destroyed by fire, redevelopment funds were used to rebuild a woefully inadequate water system previously owned by private owners before becoming part of a County Service Area water system. The rebuilding of the water system has allowed for the reconstruction of homes as well as beginning the process of providing sufficient water pressure to fight future fires.

San Bernardino County Redevelopment Agency investment in the San Sevine Redevelopment Area – home of California Steel Industries – has generated approximately 490 jobs. Without redevelopment, that area would still be little more than the ruins of the closed Kaiser Steel mill.

Several infrastructure projects would not have come to pass without redevelopment. The I-10 and Cherry Interchange project was stalled due to a lack of state and city funds. The county RDA is contributing \$17.2 million to the project. With the agency's contribution, the state was able to retain \$30 million of federal funds. In addition, the county RDA financed the construction of Redwood Terrace near Fontana, a 68-unit senior citizens housing project.

The county does not have the revenues to contribute to the activities and projects that are currently under the auspices of the Redevelopment Agency. The inability to provide infrastructure and assistance to businesses will adversely impact the economic recovery and growth within our communities.

In an area already suffering from the severe effects of the recession, the loss of redevelopment and its activities is likely to increase the economic devastation, forestall recovery and increase the burden on county resources.