



San Bernardino Associated Governments

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- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
 ■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 9

Date: November 12, 2008

Subject: San Bernardino County Economic Recovery Corporation

- Recommendation:**
1. Support the concept and further definition of the San Bernardino Economic Recovery Corporation (SBERC) which will work to address the impact of the housing market decline on our local economy.
 2. Direct SANBAG staff to work with public and private partners in facilitating the development of this organization.
 3. Authorize the expenditures from Task No. 49009000 (Council of Governments New Initiatives) to fund SANBAG staff and consultant work in an amount not to exceed \$50,000.

Background: San Bernardino County has been hit particularly hard with foreclosure activity and faces the most difficult economic times in over four decades. A significant challenge facing local government is how to retain the value of real estate assets. A significant loss of value has a negative impact on the local governments' ability to provide essential services.

Supervisor Paul Biane; Mark Dowling, San Bernardino County Economic Development Administrator; and Steve PonTell, LaJolla Institute; gave a presentation to the SANBAG City Managers Technical Advisory Committee on October 16, 2008. This presentation demonstrated the

Approved
Administrative Committee

Date: _____

Moved: *Second:*

In Favor: *Opposed:* *Abstained:*

Witnessed: _____

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requirements of the Housing & Economic Recovery Act of 2008 and introduced concepts for a private-public partnership to acquire and resell foreclosed properties in the Inland Empire. Consistent with the priorities set in the September 2008 SANBAG Board workshop, SANBAG is serving to further facilitate discussion and disseminate information on methods to deal with the high rate of foreclosures in this County.

The proposed collaboration, the San Bernardino County Economic Recovery Corporation (SBCERC), will be a public-private partnership organized and designed to engage in and facilitate activities such as raising capital; negotiating with loan servicing companies, lenders, and governmental agencies; and coordinate local governmental initiatives to stabilize neighborhoods and leverage private resources. Understanding that regional areas are different and broader in many ways, the SBERC will be better positioned to develop solutions to the housing impact as our local communities understand more intimately the dynamics of the markets in which they operate and the nature of their specific local competitive requirements.

SBERC's efforts could help to stabilize communities, minimize fiscal impact to taxpayers, and facilitate collaboration on comprehensive solutions focusing on preserving asset valuations and promoting the strong foundations of homeownership.

It has been suggested that an organization independent of SANBAG would be created, led by a board with 5-7 members composed of 2-3 public, and 3-4 private sector leaders. In conjunction with the board, a team of consultants from key public and private sectors would be retained to collaborate with local stakeholders and steer the SBERC in developing a comprehensive work program to achieve desired outcomes.

The work program may include:

- Working with county, city, and private counsel to create the legal framework for the SBCERC;
- Working with local governmental technical staff to develop housing programs that will have statistically significant impacts;
- Establishing a dialog with all relevant agencies such as Fannie Mae, Freddie Mac, FDIC, Treasury Department, and HUD;
- Establishing a dialog with key private lenders;
- Creating business models for raising and leveraging capital; and creating the legal and operating structure for the ongoing operation of the SBCERC.

SANBAG has in its budget over \$400,000 earmarked for Council of Government New Initiatives in Task No. 49009000. These funds were accumulated over a six year period from the general membership dues of our member jurisdictions. The general membership dues for FY 2008/09 are \$73,303.

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To ensure the SANBAG Board has the tools it needs to respond to the financial crisis impacting all the jurisdictions in San Bernardino County, staff is recommending support of the concept and authority to expend staff time and financial resources for consulting work to further define the steps necessary for the formation of the San Bernardino Economic Recovery Corporation or other programs to help our region recover from the financial crisis.

Financial Impact: Approval of this item will allow staff to expend \$50,000 from Task No. 49009000. There is sufficient fund balance in this Task to accommodate this work effort.

Reviewed By: This item is scheduled for review by the Administrative Committee on November 12, 2008.

Responsible Staff: Duane A. Baker, Director of Management Services