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Inland economy's troubles pull business, local-government leaders into huddle

By: Leslie Berkman
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Business and government leaders from western Riverside County banded together Friday to look for local ways to reduce mortgage failures and revive the Inland economy now reeling from the housing crisis.

About 30 people met at Riverside City Hall at the invitation of the Western Riverside Council of Governments, the Greater Riverside Chambers of Commerce and the Riverside County chapter of the Building Industry Association of Southern California.

The ideas some members initially advanced included having government and private employers help their employees facing foreclosure open negotiations with mortgage lenders to having governments buy foreclosed houses to make sure they go to families, not speculators.

Rick Bishop, the governments council's executive director, said those in attendance, which also included representatives of Riverside

County, the cities, various economic development agencies, schools, banks and the real estate industry, would be part of a "red team" trying to tackle economic challenges that so far largely have been shaped by outside forces.

"We are trying to steer rather than just go along for the ride," said Riverside Mayor Ron Loveridge, who led the discussion.

Loveridge said the team's goals are to increase homeownership, create jobs, raise local government revenues to complete transportation projects and position the Inland area to benefit from a future housing and economic rebound.

Inland economist John Husing painted a gloomy picture for the group. He said the housing collapse has rippled through the area, sharply affecting Inland jobs, retail sales and the office market. He also said soaring gasoline prices have made moving east less attractive to coastal residents seeking a cheaper housing alternative.

Bishop said the hosts of the event have hired Husing on a \$15,000 contract to assist in devising a local strategy to address these problems. Husing will collect ideas from the team members. On Sept. 2, he is scheduled to report back with recommendations.

Bishop said several members of the task force have been lobbying for President Bush to sign into law an extensive package of housing legislation that, among other things, would approve \$300 billion to refinance mortgages headed to foreclosure by providing more affordable loans. The legislation also would provide funding that cities and counties could use to buy foreclosed houses.

Loveridge said in an interview that local governments could buy foreclosed homes to resell them to families who want to live in them. He said that would help prevent foreclosed homes from falling into the hands of investors who lease out properties. A concentration of rental homes can depress the neighborhood they are in, he observed.

Riverside County Supervisor John Tavaglione said county and business officials who have existing relationships with lenders could use those ties to help their own employees whose homes are headed toward foreclosure. He said government and private employers could open access to lenders for their employees and set up financial counseling sessions.

Tavaglione and others at the meeting said by lowering fees imposed on home builders, government might help restart home building in Riverside and San Bernardino counties.

Husing noted that a recent surge in home buying shows there is pent-up demand for houses priced low enough for people to afford.

Most important to revive home building, they said, is halting the flood of repossessed homes that have been pouring into the market.

"Slowing down the foreclosure market -- I think that is the first goal," Tavaglione said. "We need also to do a better job of marketing the area as a place to live."

Borre Winckel, executive officer of the Riverside County chapter of the Building Industry Association of Southern California, stressed the urgency of what the group was trying to do. "This exercise is not to be taken lightly. We are

particularly at a painful spot in the Inland Empire."

Husing said the region is worse off than other parts of the state because its economy has depended heavily on home construction and much of its home development occurred from 2004 to 2006, when home prices peaked and then plummeted.

Reach Leslie Berkman at 951-368-9423 or lberkman@PE.com