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Cost overruns at Redlands housing project a problem, San Bernardino County says

By Kristina Hernandez, Redlands Daily Facts

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REDLANDS >> San Bernardino County's response to [the grand jury's findings of the Valencia Grove housing project](#) is expected to be approved today by the Board of Supervisors.

In its response, the county agrees with the grand jury's findings that the first phase of the project ended in cost overruns. According to the county, however, the overruns are the result of Clayton Homes, the initial contractor, withdrawing from the project during construction.

According to the grand jury, about 25 percent of overall construction costs were allocated to Clayton Homes.

However, the county said in its response, "It should be pointed out that only 10 percent of the 25 percent in question was actually paid out to the defaulting modular building. The bulk of cost overruns was for lost time (escalating the costs of all other subcontractors) and procuring another modular building at a higher cost due to urgency."

The original loan for the project, approved in February 2013, was \$2 million. The Housing Authority of San Bernardino County asked for additional funds on Sept. 1, 2015, bringing the total cost to \$5.2 million.

The project received additional funding with a 4 percent tax credit, tax-exempt bonds, and loans from public and private sectors, including banks, according to the county's response to the grand jury.

In an effort to increase transparency, the county plans to follow through with its plans to require weekly progress reports from project contractors as the project moves into its second and final phases.

The response says the county implemented this idea in spring 2014.

After the grand jury released its report, Housing Authority officials began working immediately to provide the group with the necessary information, Deputy Executive Director Gus Joslyn said Monday.

"It took us a couple of days to prepare the responses to each finding," added Maria Razo, the authority's interim executive director. "Like Gus said, we are just restating the facts of what happened."

The Valencia Grove Housing Project replaced rental units at the northeast corner of Orange Street and Lugonia Avenue. The project, which broke ground in August 2012, replaced a 70-year-old community with 228 new units, a multiuse recreation center with a pool and three playgrounds.

Valencia Grove's first phase of construction was completed earlier this year. Families moved in during spring, and the site has been fully occupied since April.

The project saw various delays in construction since its groundbreaking in addition to Clayton Homes pulling out of the project. Delays included the widening of Lugonia and Orange.

The second phase of the project is expected to begin once funds are available, Joslyn said.

“That’s the main challenge,” he said, “but we’re beginning to work on that and hopefully will see some progress” soon.

Valencia Grove plans to celebrate its grand opening 10 a.m. Sept. 29.

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