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To: Gale Hammons
From: John Husing, Ph.D.
Chief Economist Inland Empire Economic Partnership
Subject: California Communities Environmental Health Screening Tool
Date: September 9, 2012

Reading your editorial on the CalEnviroScreen proposal from CalEPA caused me to look at the rating system of various factors used to declare areas at-risk. As California nearly always creates tools like this as a precursor to imposing new regulatory burdens, my interest was not academic.

In particular, I noted that CalEPA's methodology starts by weighing environmental risk factors. Had they stopped there, their tool would be useful. But they then multiply that rating by a score of 1 to 6 based upon whether an area contains lots of children and older people (1-3 score), plus people with issues of education, income, poverty and race/ethnicity (1-3 score). Any area with lots of people in these categories has its environmental score multiplied by 6 times.

This system, by definition, means that almost all of California's inland areas, including most of the Inland Empire, will be rated as very high risk simply because people have had to move inland to find dwellings they can afford to buy or rent. That is occurs simply because as California's population grows, the inland areas have had the supply of land needed to meet housing demand at modest prices.

Thus, in second quarter 2012, the median Inland Empire home cost \$188,000 versus Los Angeles (\$332,000), San Diego (\$371,000) and Orange (\$510,000). As housing prices have gone up and down these relationships have not changed. It is no shock that families with lower incomes have been forced to migrate inland and have brought their demographics with them. They always have and they always will.

Unless CalEPA has found a way to suspend the law of supply and demand as it applies to housing pricing, their tool simply tells us that vulnerable people are rational when they look for housing they can afford. As a regulatory tool, their measure is essentially useless unless they can find a way to make housing 50% cheaper in the coastal counties. Good luck. Their tool will simply stigmatize areas like the Inland Empire and the Central Valley for no good reason.