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Agenda Item: Gen Admin 2-C (File ID16-543)

Date: 5/12/16

FRESNO CITY COUNCIL



Supplemental Information Packet

Agenda Related Items –File ID16-543

Contents of Supplement: Correspondence from Dave Brenner dated May 8, 2016

Item(s)

RESOLUTION - Adopting the Analysis of Impediments to Fair Housing Choice; approving submission to the U.S. Department of Housing and Urban Development (HUD); and authorizing the City Manager to sign all implementing documents required by HUD approved as to form by the City Attorney.

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

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May 8, 2016

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The Analysis of Impediments, as intended, is a wonderful opportunity to deeply evaluate how successful the development community has been in changing the geography of poverty and race. While Fresno's heavy concentrations of poverty have been in the public consciousness for the past decade, many of the trends identified in the Analysis of Impediments are surprisingly negative.

We are regressing

Not only is Fresno strongly segregated by income and race compared with other cities nation-wide, the *trends are getting worse*:

1. Since 2000, not one of the *Racially/Ethnically concentrated Areas of Poverty (RECAPS)* has dropped below the 40% poverty threshold and the total number of tracts has increased (pages 47 and 48 of the Draft Analysis of Impediments Report).¹
2. The vast majority of new low-income units are developed through tax credit finance (LIHTCs). My analysis shows the distribution of these units is further concentrating poverty:

Low-Income units developed north of Shaw:

Before 2003: 1,188 (36% of total)

Since 2003: 0

Since 2003, 2,063 new low-income units have been constructed on 32 locations, all south of Shaw. Of these, approximately 90% were built in *Racially/Ethnically concentrated Areas of Poverty (RECAPS)*.

How is this happening?

The concentration is not solely the result of market forces or the desire of a few developers. Two major factors play a role in where affordable and low-income housing units get built:

1. **Gap finance.** Of the 32 projects built south of Shaw since 2003, the majority utilized gap finance provided by the city in the form of HOME or RDA funds. Both programs identify priority zones and evaluate projects in these zones more favorably. Few, if any, of these projects would have been built without gap finance.

¹ The Century Foundation's Architecture of Segregation Report provides more detailed analysis on this regressive trend.

2. **Zoning for Multi-Family.** Fresno's new General Plan is a great step forward; however, when a city is largely built up the remaining multi-family or mixed use parcels are likely to become commercial or profitable high-income residential (State of California Department of Housing and Community Development raised this concern in its Housing Element review). The construction of tax credit units north of Shaw prior to 2003, when land was cheaper and multi-family zoned parcels were more prevalent, is one possible indicator of this.

What concerns me about the Draft Analysis of Impediments?

- Readers may read the AI and view it as a call for more redevelopment efforts (Private Sector Impediment 3, page 12, of the Draft AI states just this). While targeted revitalization efforts can have substantial ripple effects, the analysis is showing that the inclusion of low-income housing in these efforts is in conflict with efforts to de-concentrate poverty in Fresno.
- Readers may interpret this as the result of market forces or the desire of developers when analysis is showing the City's actions have had a significant impact.
- The City is relying on the opening of additional high density zoned land in the northern parts of the city as the primary method of reversing the negative trends. While this is a very positive step, it is unlikely it will be enough to rebalance the historical distribution of low-income housing and provide a fair share of low-income residents with access to areas of opportunity.
- Public Sector Impediment #2, page 14, suggests some positive steps, but other cities in California have been far more aggressive in their de-concentration efforts. Ms. Patience Milrod, Ms. Luisa Medina, and the Leadership Council for Justice and Accountability, have provided good examples in their comments on the Housing Element. In summary: The lack of developable parcels is a major impediment and many large cities in California counter this with zoning compulsions, like inclusionary zoning ordinances. Municipalities which take a more enabling approach usually look to raise their own sources of development finance (e.g. housing trust funds).

Sincerely,

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