

Tentative Tract Map 6366 and CFD 18



CFD 18 Formation

- Formation of CFD 18 and annexation of Fanucchi properties
- Map provided was non-specific on future annexation area

CITY OF FRESNO

Report For:

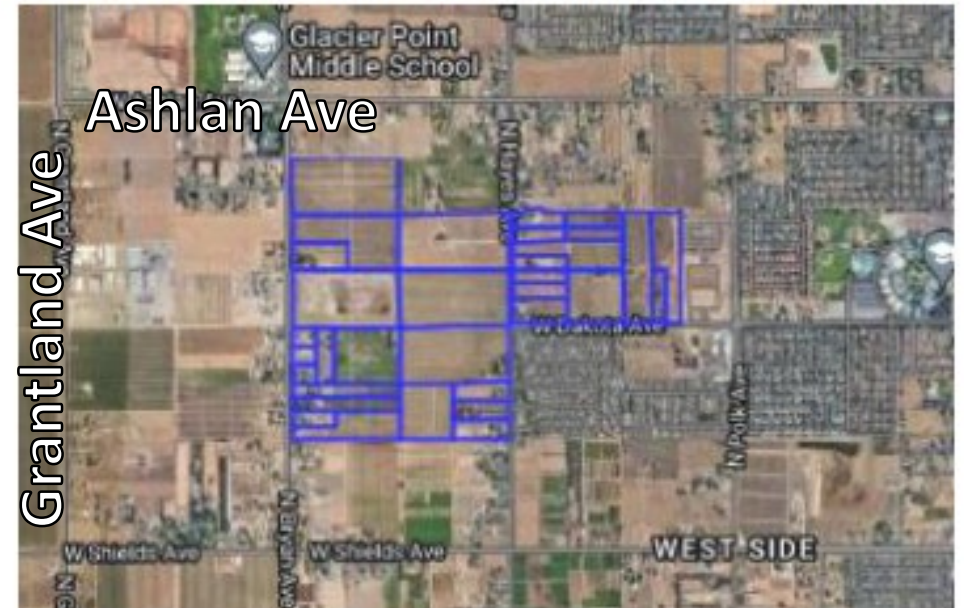
**Revised Fiscal Impact Analysis of West Area
Neighborhoods Project Area Residential
Development**

March 2023

Revised Fiscal Impact Analysis of West Area Neighborhoods Project Area Residential Development

Project Area Description

The Project Area development will consist of approximately 238 acres of land generally located north of West Shields Ave, east of N. Bryan Ave, south of W Ashlan Ave, and west of North Polk Ave. The parcels comprising the project area development are highlighted in the following graphic.



Fanucchi Property



**Fanucchi
Property**

Ashlan Ave

Grantland Ave



Madera County



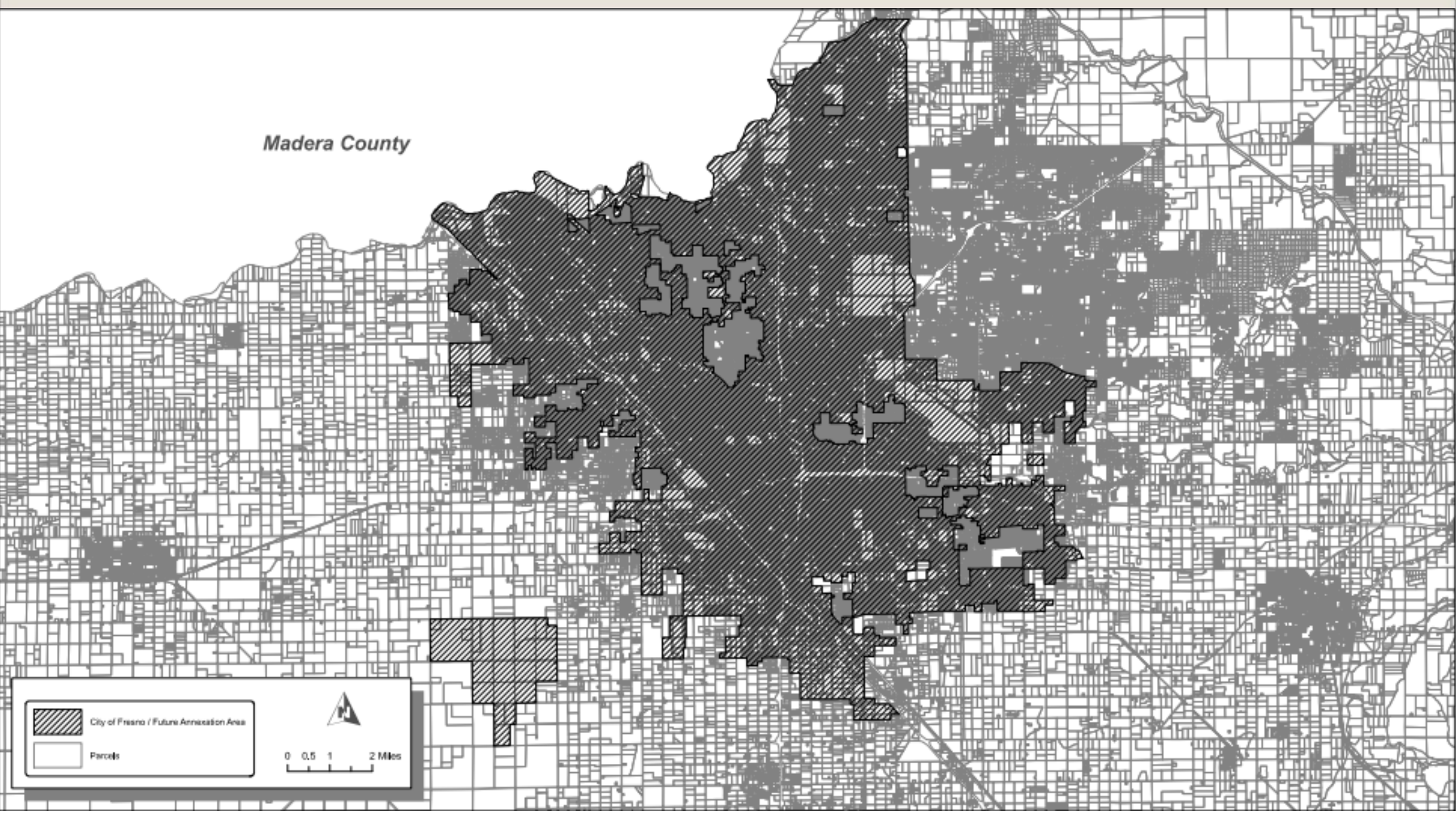
City of Fresno / Future Annexation Area



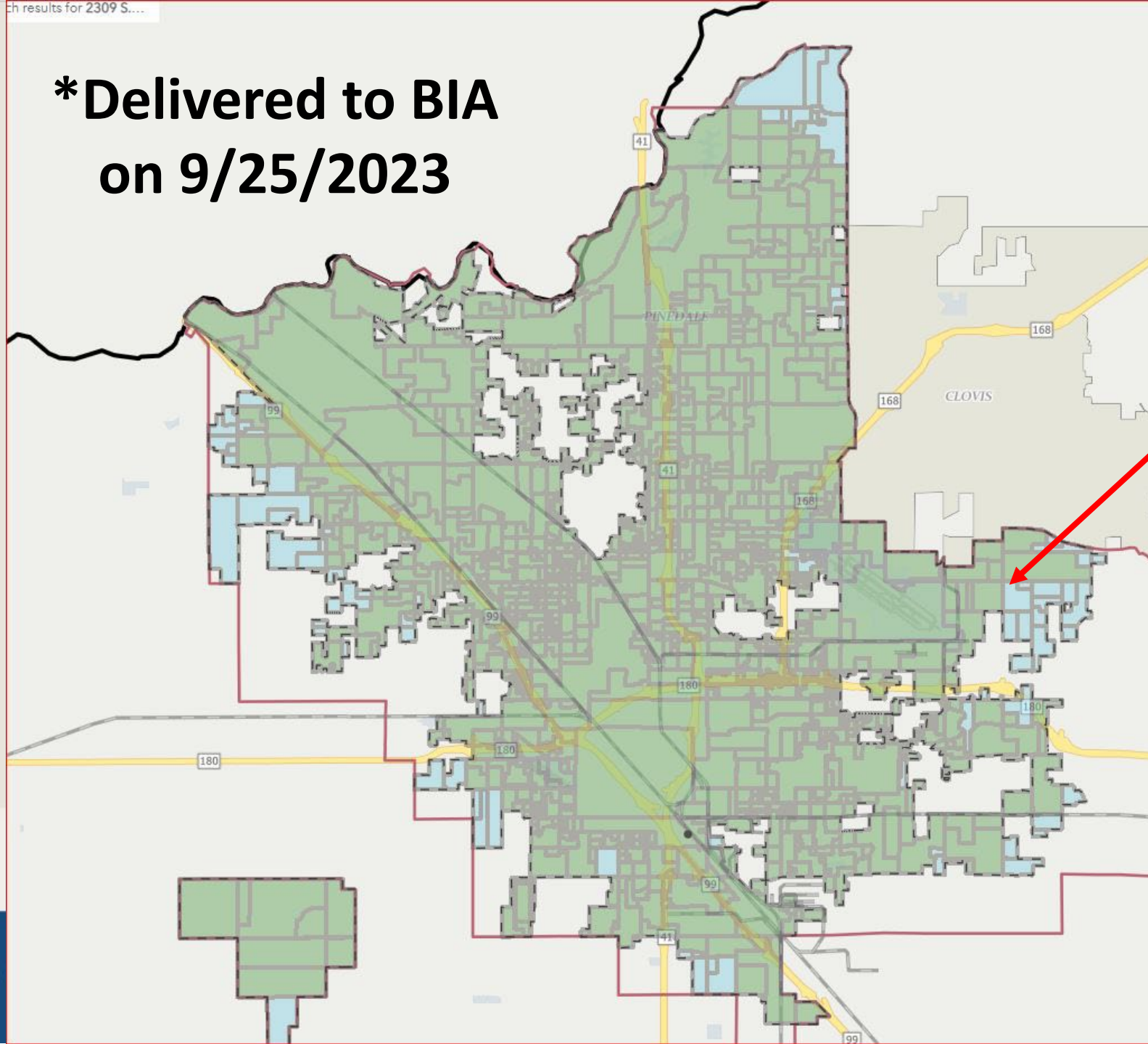
Parcels



0 0.5 1 2 Miles



***Delivered to BIA
on 9/25/2023**



6366- Project Location

Tract 6366

- 6366 has been annexed since 2007
- Environmental studies have shown no significant impact to public services
- Tract 6366 will generate enough property tax to provide public safety services with positive net revenue
- 6366 is proposed as a single-family, for rent neighborhood

Environmental Findings for 6366

a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or the need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:

- i. Fire protection? **Less than significant.** Once constructed, the Project would result in an incremental increase in fire protection service demand. However, the project area is within the City of Fresno City limits where Fire Services are already planned. The nearest fire station is Station 10, approximately 2 miles southwest of the project site.

As such, the proposed project could be served by existing fire protection resources. Given the fact that it would be required to meet standard requirements, including fire sprinklers for new single-family residential development, which would minimize the need for services, the project would not result in a need for new fire facilities. Thus, the impact of the Project would be less than significant and no mitigation measures are required.

- ii. Police protection? **Less than significant.** Protection services would be provided to the Project from the existing Southeast Police District, approximately eight miles to the southwest at 1617 South Cedar Avenue, Fresno, CA 93702. The Fresno Police Department provides a full range of police services including uniformed patrol response to calls for service, crime prevention, tactical crime and enforcement (including gang and violent crime suppression), and traffic enforcement/accident prevention. The Project site is located in an area currently served by the Police Department; the Department would not need to expand its existing service area or construct a new facility to serve the Project site. Because the Project will propose a new development application for future development, the application will be forwarded to the City of Fresno Police Department for review to ensure that building and site designs consider utilization of crime prevention features and techniques. As such, the Project would not significantly impact police protection services or require the construction of new or altered facilities. Therefore, the Project would have a less than significant impact and no mitigation measures are required.

6366 Fiscal Analysis

6366 (Annexed In 2007)	
Assumptions	
Future Value	\$36,423,000
Per unit	\$513,000
Current Value	\$1,547,017

Annual Revenue	
Property tax generated (16.96% of 1%)	\$59,150
In Lieu VLF tax	\$44,746
Documentary Transfer Tax	\$959
Sales Tax generation	\$14,181
Other revenues	\$12,959
Total	\$131,995
Applicable to Public Safety (64%)	\$84,476.89

Annual Cost	
Persons generated by project	215.84
Public safety cost/person	\$335.30
Cost of project	\$72,371.15

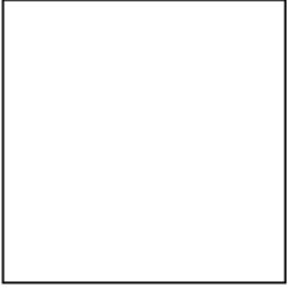
Annual Net Operating Revenue (Public Safety)	
Total Revenue	\$84,476.89
Total Cost	\$72,371.15
Net	\$12,105.74



*Calculations made using formulas and assumptions included in City of Fresno "Revised Fiscal Impact Analysis of the West Area Neighborhoods Project Area Residential Development" dated March 2023.

*Assumptions for valuation made using County of Fresno tax records for average new home sale price since January 2023.

Old Republic Title Company



Good afternoon Jeffrey,

Pursuant to your request, please find below the information for New Construction sales for 2023 through July 31, 2023. The following is based on sales price only.

Average Sales Price \$513,170.43

**Avg. Sale Price
\$513,170.43 of
New Home Sales**

CFD 18 and Rental Units

- \$11,644: 2023 CFD 18 Cost to 6366
- Exponential impact for rental properties when seeking financing

- $$\frac{\text{Net Operating Income (NOI)}}{\text{Capitalization Rate}} = \text{Value}$$

$$\frac{\$11,644}{.05 \text{ (Typical 5\% Cap)}} = \$232,880$$

Fresno City Wants More Money from County; Will Tax Some New-Home Buyers, Tenants Until They Get It



Published 1 week ago on September 19, 2023

By Edward Smith



Quote from Richard Ginder, Fresno Apartment Builder for 40 years:

“They charge us fees and they’re not staffed adequately to do inspections when you need them,” Ginder said. “And that doesn’t happen in other jurisdictions. So I build in Merced, I build in Tulare County and I’ll just keep doing stuff there and you know, not in Fresno.”



Negotiations to share taxes between the city and county of Fresno have ground to a halt. That means more property taxes and higher rents for some home buyers and tenants. (GV Wire Composite/David Rodriguez)

CFD 18 Implementation Recommendations

1. Apply CFD 18 to new annexations only
2. Exempt rental projects from CFD 18
3. Implement the program for projects that do not pay for themselves

6366 Request

- Approval without CFD 18 condition
 - 6366 meets all three criteria
 - Finding can be made that public services will be provided



10/20/2022

“My hesitation on this is people are already paying taxes that are supposed to fund public safety. This would be an additional tax of new development homeowners which would essentially be double taxing because we have an unfavorable tax sharing agreement in some of these areas.”

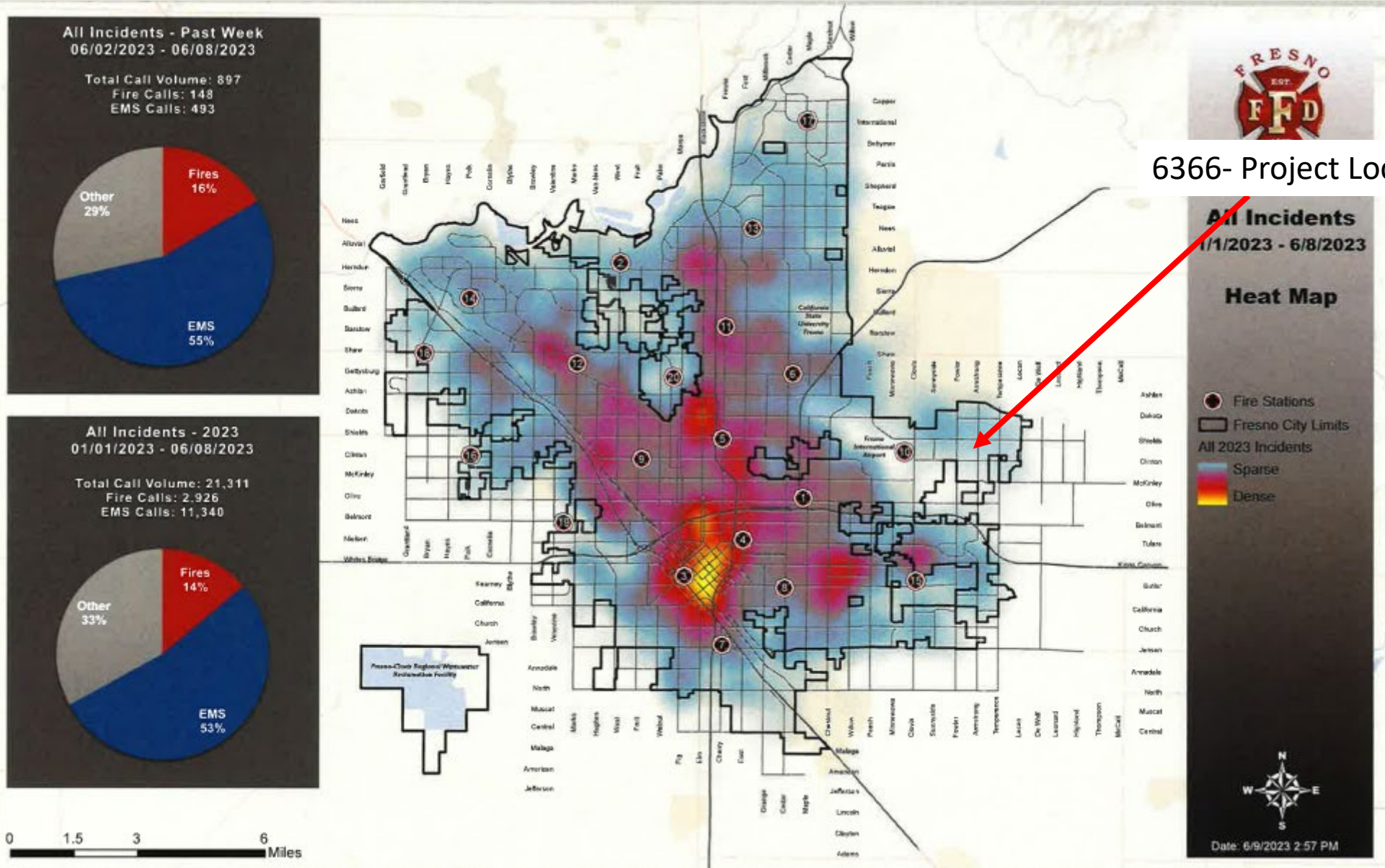


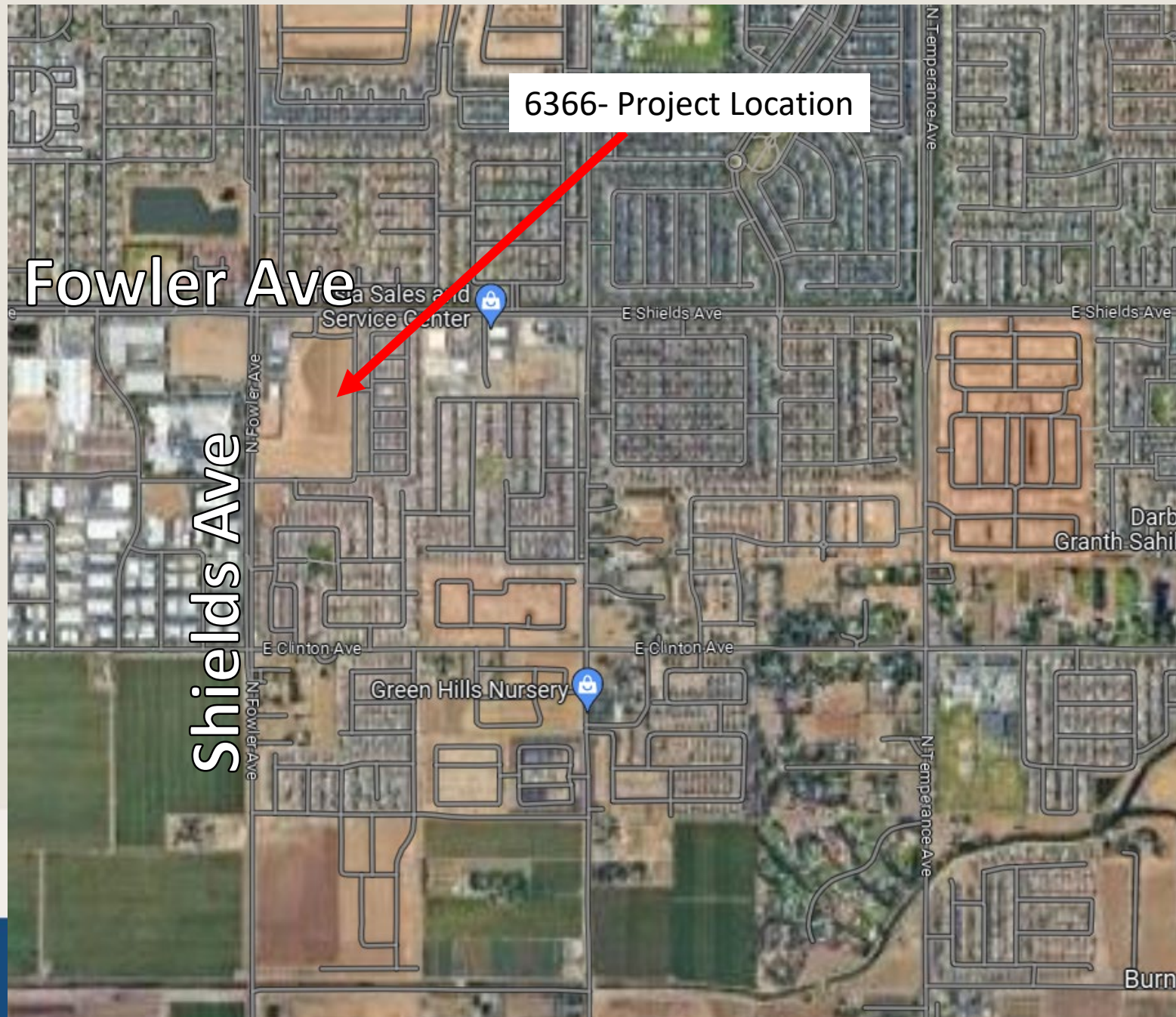
10/20/2022

Councilman Gary Bredefeld: “If this did not pass would those areas not be developed?”

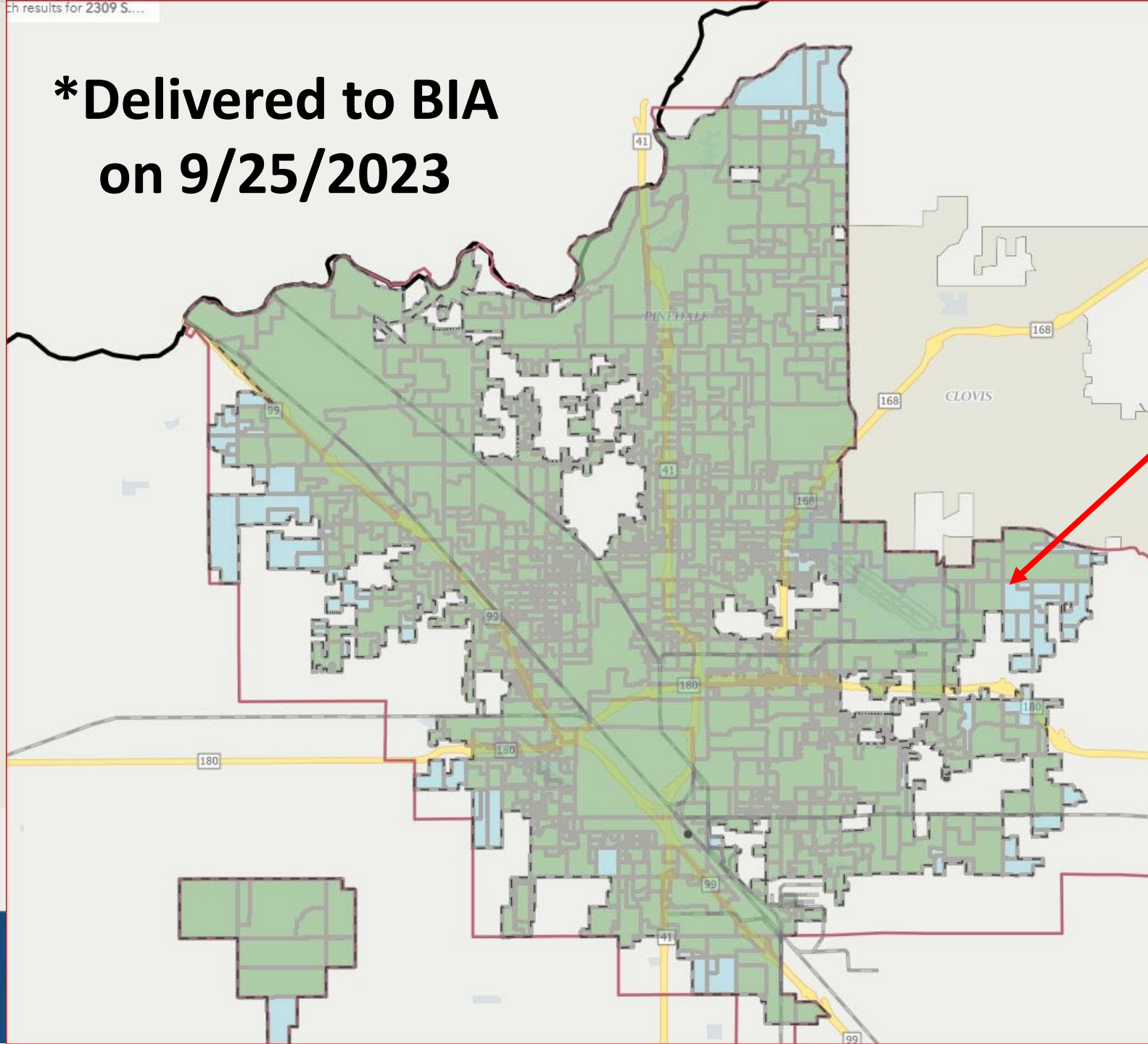
Andy Benelli: “That would be a decision by the council... it is the future annexations that could possibly not be approved.”

Fire Heat Map of Fresno





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6366- Project Location

CFD-18 Items to Consider

- This is a double taxation on new properties that could get litigated
- City did not provide the math to everyone last year, and math uses incorrect data
- If you change the policy, adopt an ordinance that clearly notifies all property owners affected
- Vacant land pays property taxes in city limits, where are those funds?

CFD-18 Affects Rental Units

- Regulatory costs account for 40% of MF development costs
- 53% of Fresno apartment hunters looked for homes outside the metro area in 2022
- CFD-18 will drive up rents at all rental properties affected

City's Updated Numbers as of 9/25/2023

	NBS Study with FY2022 Budget Figures	BIA Proposed Income & Home Values, with City FY2024 Public Safety Expenses
Average Single Family Home Value	\$399,000	\$503,476
Homeowner Exemption	\$7,000	\$7,000
Average Assessed Value	\$392,000	\$496,476
Estimated Household Income per SFR Unit	\$101,908	\$150,000
Total City Revenues for the Case Study Project (4,080 new residents)	\$1,205,724	\$1,523,378
Fire Dept Expenditures	\$75,290,500	\$101,616,000
Police Dept Expenditures	\$194,538,900	\$260,364,200
Demand Adjustment Percentage	95%	95%
Adjusted Fire Expenditures	\$71,525,975	\$96,535,200
Adjusted Police Expenditures	\$184,811,955	\$247,345,990
Residential Population Served	552,238	557,760 (added 1%)
Employee Population Served	424,515	428,760 (added 1%)
Current Persons Served (Residential + 50% Employees)	764,496	772,140
Amount per Person Served (Fire)	\$93.56	\$125.02
Amount per Person Served (Police)	\$241.74	\$320.34
Total City Expenditures for the Case Study Project	(\$1,368,037)	(\$1,817,069)
Net Fiscal Impact	(\$162,314)	(\$293,691)
CFD Special Tax Required per Single Family Home	\$164/year	\$296/year

City's CFD-18 Math

CFD-18 Numbers	NBS Study w/ FY2022 Budget Figures	BIA Proposed Income & Home Values, w/ City FY2024 Public Safety Expenses	
Average Single Family Home Value	\$399,000	\$503,476	
Homeowner Exemption	\$7,000	\$7,000	
Average Assessed Value	\$392,000	\$496,476	
Estimated Household Income per SFR Unit	\$101,908	\$150,000	
Total City Revenues for Case Study Project (4,080 New Residents)	\$1,205,724	\$1,523,278	
Fire Dept. Expenditures	\$75,290,500	\$101,616,000	+35%
Police Dept. Expenditures	\$194,538,900	\$260,364,200	+34%
Demand Adjustment Percentage	95%	95%	
Adjusted Fire Expenditures (95%)	\$71,525,975	\$96,535,200	+35%
Adjusted Police Expenditures (95%)	\$184,811,955	\$247,345,990	+34%
Residential Population Served	552,238	557,760	1% Added
Employee Population Served	424,515	428,760	1% Added
Current Persons Served (Residential + 50% Employees)	764,496	772,140	
Amount per Person Served (Fire)	\$93.56	\$125.02	
Amount per Person Served (Police)	\$241.74	\$320.34	
Total City Expenditures for the Case Study Project	(\$1,368,037)	(\$1,817,069)	
Net Fiscal Impact	(\$162,314)	(\$293,691)	
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How did the city arrive at these dollars?

Grant dollars should be excluded

FY 2022

FY 2024

	City's NBS Study on FY 2022 Budget Numbers	Actual FY 2022 General Fund Line Item Numbers	City Used These Numbers for Updated CFD-18	Actual General Fund \$ that should have been used for CFD-18
Police Budget	\$194,538,900	\$187,749,426	\$260,364,200	\$244,316,400 (-\$16,047,800)
Fire Budget	\$75,290,500	\$75,290,500	\$101,616,000	\$85,609,400 (-\$16,006,600)

City's Population Numbers are Incorrect

2022 Population Chart

2024 Population Chart (Based on 2022 Calcs)

TABLE 1. CURRENT PERSONS SERVED

Description	Total
Current Residential Population ⁽¹⁾	552,238
Current Employee Population ⁽²⁾	424,515
Adjusted Employee Population ⁽³⁾	212,258
Current Persons Served ⁽⁴⁾	764,496

- (1) 2021 residential population escalated by 1%.
- (2) 2021 employee population escalated by 5%.
- (3) Current Employee Population adjusted by 50%, rounded to the nearest whole number.
- (4) Equal to (Current Residential Population) + (Adjusted Employee Population).

2024 Population Projections	City's Numbers	Actual Numbers
Current residential population (1% escalator)	557,760	557,760
Current employee population (5% escalator)	428,760	445,741
Adjusted employee population (50% of employee population)	214,380	222,870
Current persons served (Resident Pop. + Adjusted Employee Pop.)	772,140	780,630

CFD-18 Numbers Comparison

- If city is adjusting numbers for police and fire for new construction to pay, then builders should have a seat at the negotiation table
- \$13 million of grant funding not included in city's calculations

CFD 18 Implementation Recommendations

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