

REPORT TO THE CITY COUNCIL

9/23/2010

Redevelopment Agency of the City of
Fresno

Amendment No. 2 to the Redevelopment Plan
for the Airport Area Revitalization
Redevelopment Project Area

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The City of Fresno Redevelopment Agency ("Agency") is proposing to amend Section 309 of the Redevelopment Plan for the Airport Area Revitalization Redevelopment Project ("Redevelopment Plan"). The Redevelopment Plan was originally adopted on July 19, 1999 and amended once on February 26, 2008 to extend the Redevelopment Plan effectiveness and time limit to collect tax increment by one year pursuant to Senate Bill 1045.

If approved by the Fresno City Council following a public hearing tentatively scheduled for November 4, 2010, the proposed Amendment No. 2 to the Redevelopment Plan ("Amendment") would extend by twelve years the Agency's time limit to exercise its powers of eminent domain to acquire property in the Airport Area Revitalization Redevelopment Project Area ("Project Area"), except for property where persons lawfully reside. The Project Area is comprised of four non-contiguous sub areas, called Area A, Area B, Area C, and Area D ("Areas").

SCOPE OF AMENDMENT NO. 2

The following is the proposed Amendment.

Text of Amendment No. 2

REDEVELOPMENT PLAN FOR THE AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA

D. [§308] Property Acquisition

1. [§309] Real Property

Except as specifically exempted herein, the Agency may, but is not obligated to, acquire any real property in the Project Area by any means authorized by law.

The Agency's ability to use eminent domain to acquire property interests in the Project Area that it cannot acquire by gift, devise, exchange, purchase, or any other lawful means is in the public interest and is necessary to eliminate the conditions requiring redevelopment, and necessary to execute this Plan. When the Agency cannot negotiate a purchase, the Agency, at its sole discretion, may acquire property by exercising its power of eminent domain. The Agency must begin any exercise of its eminent domain power within twelve years after the date that the ordinance adopting Amendment No. 2 becomes effective.

The Agency may acquire structures without acquiring the land on which those structures are located. The Agency may acquire either the entire fee or any other interest in real property less than a fee.

The Agency may not acquire real property owned by any public body unless the public body consents to the acquisition. The Agency, however, may acquire public property transferred to private ownership before redevelopment of the Project Area is completed.

Nonetheless, the Agency shall not acquire, by eminent domain, any property: (a) in Area "A", except vacant land; or (b) in any part of the Project Area on which any persons lawfully reside. For purposes of this Plan, "property on which any persons reside" shall mean that a person lawfully lives on the property, and that the property is zoned for residential use, or that the residential use on the property is a legally non-conforming use, as defined by the City of Fresno Municipal Code.

As shown in the modified language proposed by the Amendment, the extent of the Amendment is to change the termination date of eminent domain authority, which currently expires 12 years after the effective date of the ordinance that adopted the Redevelopment Plan, or on August 20, 2011. The new time limit to commence any eminent domain action would be 12 years after the effective date of the ordinance adopting the Amendment in Areas B, C, and D. Eminent domain authority over Area A is extended with respect to vacant land with Health & Safety Code Section 33320.2.

The Amendment proposes no other changes to the Redevelopment Plan, which would continue to prohibit the use of eminent domain to acquire Project Area properties on which a person lawfully resides and where the property is zoned for residential use, or properties where the residential use on the property is a legally non-conforming use, as defined by the City of Fresno Municipal Code.

Eminent domain is the authority for a public agency to acquire property for a public purpose. An acquisition by eminent domain is preceded by a public process. California law requires the public agency to hold a public hearing on the action, to pay the owner fair market value, and to provide all relocation benefits and allowances to the occupant required by law. The California Constitution prohibits state and local governments from using eminent domain to acquire an owner-occupied single family residence for the purpose of conveying it to another person. Additionally, in every redevelopment project area, an agency must follow its own owner participation and business preference requirements under the terms of the redevelopment plan, and any rules promulgated under the plan. This may include, without limitation, an opportunity for an owner or occupant to propose a redevelopment, rehabilitation, or expansion that includes the property. Further, under CRL Section 33394, an agency cannot, without owner consent, acquire property on which the existing building will continue on its present site, in its present form, and its present use, unless: (a) the building requires structural alteration, improvement, modernization, or rehabilitation, or (b) the lot on which the building is located requires modification in size, shape, or use, or (c) it is necessary to impose standards, restrictions, and controls of the plan and the owner fails or refuses to enter an owner participation agreement under applicable provisions of the CRL. Certain tax benefits are available to property owners who relocate through the eminent domain process.

While the Agency has no plans to purchase property at this time, if the Agency proposed to purchase property, acquisition would be pursued by cooperative negotiation. Where acquisition cannot be achieved by gift, devise, exchange, negotiated purchase or other traditional means, the Amendment provides the option of exercising eminent domain. It is a tool of last resort that has been rarely used. Since formation and adoption of the Airport Area Redevelopment Plan in 1999, eminent domain has never been used by the Agency. It remains an essential but seldom employed tool to address blighting conditions documented herein that persist within the Project Area.

THE PLAN AMENDMENT PROCESS

This Amendment is being prepared in conformance with California Community Redevelopment Law, Health and Safety Code Section 33000 et. seq. ("CRL"). Pursuant to CRL Section 33333.2(a)(4), a redevelopment plan containing provisions for the allocation of tax increment revenues to a redevelopment agency shall contain certain limitations including a time limit, not to exceed twelve (12) years from the adoption of the redevelopment plan, for commencement of eminent domain proceedings to acquire property within the project area. Additionally, in accordance with said section, this time limit may be extended by amendment to the redevelopment plan.

Pursuant to the CRL, at any time after the adoption of a redevelopment plan for a project area, the legislative body, upon recommendation of the redevelopment agency, may amend a redevelopment plan through a prescribed process. CRL Sections 33450 through 33458 permit the redevelopment agency to recommend amendments to existing redevelopment plans, subject to: 1) the preparation of a report to the legislative body by the redevelopment agency to substantiate the need for the amendment(s); 2) the convening of a joint public hearing of the legislative body and the redevelopment agency on the proposed amendment(s); and 3) consideration and adoption of an ordinance by the legislative body approving such amendment(s). These primary components are described below.

REPORT OF THE AGENCY TO THE CITY COUNCIL

This document is the Agency's Report to the City Council ("Report") for the proposed Amendment and generally describes the reasons for and implications of the proposed Amendment. The required contents of this Report are described in Sections 33352 and 33457.1 of the CRL and provide information, documentation, and evidence to assist the City of Fresno City Council ("City Council") with its consideration of the proposed Amendment and in making the various determinations in connection with its adoption.

The scope of the proposed Amendment is limited to extending the Agency's use of eminent domain in the Project Area; no other changes are proposed. Consequently, several elements required by Section 33352 of the CRL for this Report do not apply to the proposed Amendment and are not included in this Report¹. Section 33457.1 of the CRL requires that this Report contain only such information warranted by the proposed Amendment. The contents of this Report are presented in nine sections, which generally correspond to the subdivisions presented in Section 33352 of the CRL.

The Sections are as follows:

- Section A. Reasons for the Amendment
- Section B. Description of the Physical and Economic Conditions Existing in the Project Area
- Section C. Five Year Implementation Plan
- Section D. Explanation of Why the Elimination of Blight in the Project Area Cannot be Accomplished by Private Enterprise Acting Alone
- Section E. Method of Relocation
- Section F. Report of Community Participation
- Section G. Environmental Review – Mitigated Negative Declaration
- Section H. Neighborhood Impact Report
- Section I. Summary of the Agency's Consultations with Affected Taxing Entities and a Response to Said Entities' Concerns Regarding the Plan

This Report is intended to provide the decision makers with a comprehensive analysis of the Project Area, and information necessary to make a decision regarding the Amendment. More specifically, it provides substantial evidence that 1) significant blight remains within the Project Area, and that 2) remaining blight cannot be eliminated without the use of eminent domain.

JOINT PUBLIC HEARING

This Report, the associated Mitigated Negative Declaration, and the final Redevelopment Plan incorporating the changes proposed by the Amendment, will be presented to the Agency and the City Council at a joint public hearing ("Joint Public Hearing") tentatively scheduled for November 4, 2010. Project Area property owners, residents, business owners, and affected taxing agencies will be sent notice of this public hearing by first-class mail. In addition, public notices will be published in a local newspaper, all consistent with the requirements of the CRL.

¹ Sections not necessitated by this Amendment include: Proposed Method of Financing, Analysis of the Preliminary Plan, Report and Recommendations of the Planning Commission, General Plan Conformance, and the Report of the County Fiscal Officer.

AMENDING ORDINANCE

Upon closing the Joint Public Hearing, and after findings are made in response to comments (if any), the City Council may consider adoption of an ordinance approving the Amendment. Pursuant to CRL Section 33457.1, the ordinance adopting the Amendment must contain the findings required by Section 33367 of the CRL.

OVERVIEW

The Redevelopment Plan guides the Agency's efforts in the Project Area. It establishes goals and policies, and generally governs how redevelopment may occur within the Project Area. Consistent with the CRL, the Redevelopment Plan includes certain time and financial limits, as summarized below in Exhibit A-1.

Redevelopment Plan Time Limits		Exhibit A-1
Airport Area Revitalization Redevelopment Project Area		
Limit		
Adoption Date ¹		July 19, 1999
Incur Indebtedness ¹		July 19, 2019
Plan Effectiveness ²		July 19, 2030
Collect Tax Increment ²		July 19, 2045
Eminent Domain ³		August 20, 2011

¹ The City Council adopted the Project Area by Ordinance No. 99-44.

² The City Council adopted Ordinance No. 2008-9 extending the Redevelopment Plan effectiveness and time limit to collect tax increment by one year pursuant to SB 1045.

³ Agency must begin any exercise of its eminent domain power within 12 years after the date that the ordinance adopting the Redevelopment Plan becomes effective.

Source: Redevelopment Agency of the City of Fresno

The initial time limit for eminent domain is statutorily limited to 12 years under the CRL. This time limitation often places the Agency in a challenging situation, for it is typically by this time that a project area is beginning to generate enough tax increment to secure the financing required to obtain properties, either through negotiated market purchase, or through eminent domain proceedings when necessary. Agency staff reports a successful track record of negotiated purchases throughout all the City's Project Areas, but possession of the powers of eminent domain remains important as redevelopment goals for the Project Area have not yet been achieved. For this reason, extensions of eminent domain time limits are allowed by the CRL; under this authority the Amendment has been proposed.

This Section of the Report provides background information on the Project Area, a summary of current conditions, and the reasons why this Amendment is needed to fulfill the Redevelopment Plan goals.

PROJECT AREA LOCATION

The Project Area is generally located in eastern Fresno, north of Highway 180 and bisecting Highway 168 to the east and west. It is comprised of four non-contiguous sub areas referred to by the Redevelopment Plan as Areas A, B, C, and D, encompassing a total of 1,119 acres. Aptly named the Airport Area Revitalization Redevelopment Project, the sub areas are adjacent to, or nearby, the Fresno-Yosemite International Airport ("Airport").

Area A surrounds the northern portion of the Airport and includes some parcels controlled by the Airport. Today, Area A is comprised primarily of industrial uses, with a small amount of commercial retail in the northern section, recreational uses, some multi-family residential, and vacant parcels scattered throughout.

Area B is located south of the Airport, with its eastern border stretching along Clovis Avenue from approximately McKinley Avenue to south of Olive Avenue. It currently contains a few vacant parcels, an old industrial development most recently used as a winery, a self storage center, a single family residence, and a former drive-in movie theater. The theater was later used as an outdoor marketplace, but has since been left unused and vacant for several years.

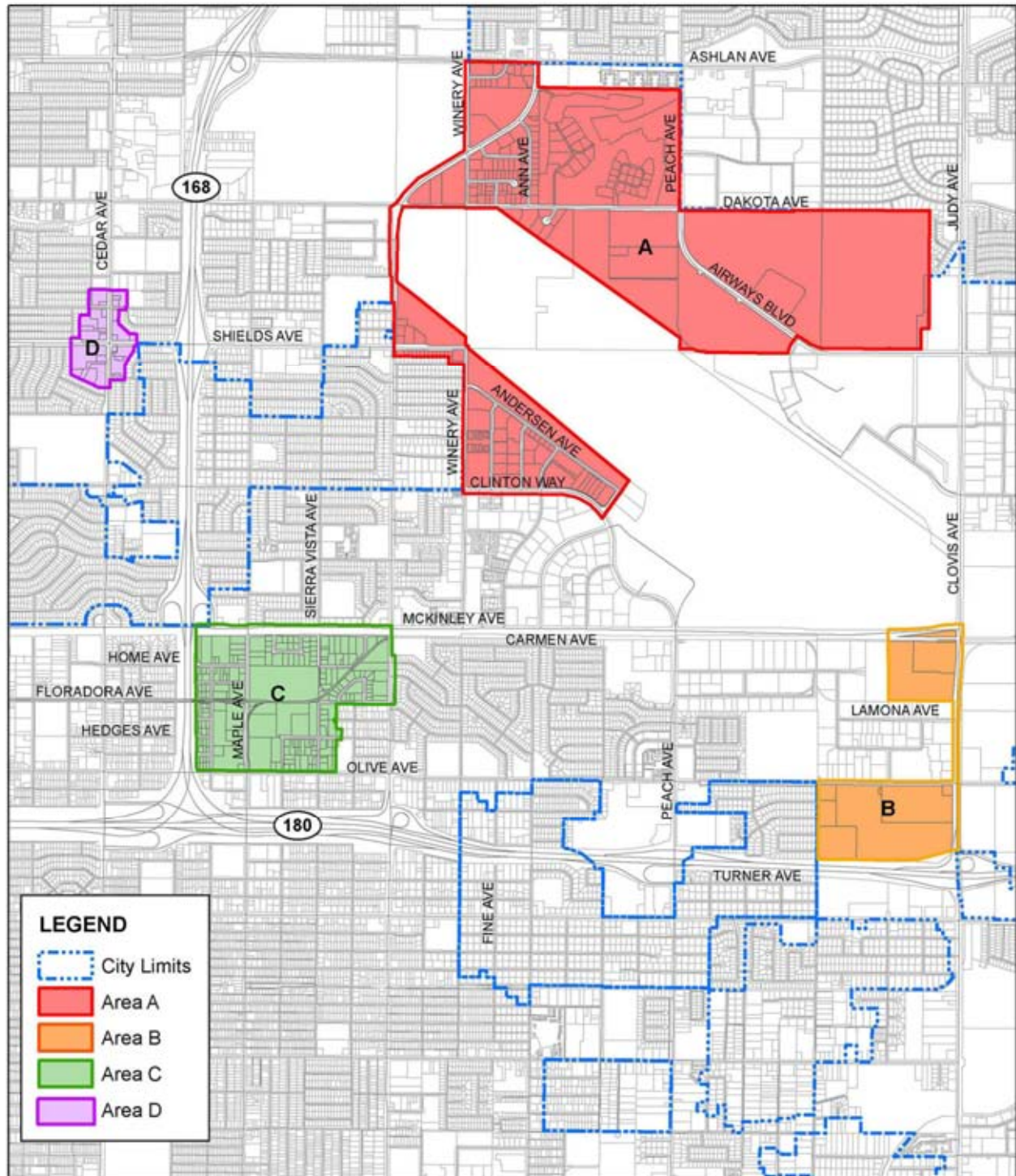
Area C is an older, industrial area generally located between McKinley Avenue, Chestnut Avenue, Olive Avenue, and the Sierra Freeway (Highway 168). According to County Assessor data, many of the buildings in Area C were developed in the 1950's. Today, a wide range of businesses are located in Area C from auto-related uses to industrial manufacturing. There are 30 single family homes mixed in with the industrial uses.

Area D is the smallest sub area, and encompasses the four corners of the Shields Avenue and Cedar Avenue intersection. All four corners are generally retail in nature, with a mix of stores, services, restaurants, and a bowling alley.

Exhibit A-2 identifies the boundary of the Project Area, and illustrates the location of each of its component sub areas.

AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA
REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

EXHIBIT A-2



Source: City of Fresno ISD-GIS

0 0.25 0.5 1 Miles



LAND USES

The Project Area is predominately commercial in nature, about 45 percent in total. Most land uses lean towards light industrial and warehousing. A significant amount of public land is held by the Airport, accounting for a large portion of the 326 acres of public and institutional land. Limited amounts of commercial retail exist, almost all of which are located in Area D. A minimal amount (approximately 6 percent of the total acreage) of residential uses are in the Project Area. Exhibit A-3 summarizes the composition of the Project Area.

Land Use				Exhibit A-3
Airport Area Revitalization Redevelopment Project Area				
Land Use ¹	Parcels	%	Acreage	%
Commercial	37	7.8%	49.9	4.5%
Industrial	263	55.3%	449.7	40.2%
Residential ²	37	7.8%	63.4	5.7%
Public/Inst/Rec/Misc	63	13.2%	325.8	29.1%
Vacant	76	16.0%	78.1	7.0%
Right-of-Way ³	-	-	152.1	13.6%
Total	476	100.0%	1,119.0	100.0%

¹ Land use may not comply with the zoning of the parcel.

² The number of residential parcels is based on land use data provided by the City of Fresno; however, 33 parcels with residential uses were observed during the field survey.

³ Estimated

Source: City of Fresno ISD-GIS, Redevelopment Plan for the Airport Area Revitalization Redevelopment Project

CURRENT DEMOGRAPHICS

Given its predominantly nonresidential nature, the Project Area contains only a limited number of residents. US Census block data was used for this analysis, which is the smallest level of analysis available, but includes residents inside and outside the Project Area boundaries.

According to ESRI, the 2010 population of the Project Area vicinity is 3,860 persons, less than one percent of the City's population of 486,823. The average 2010 single family detached home value in the Project Area is \$112,109, which is 27 percent less than the average home value citywide of \$153,381. Households within and near the Project Area are under financial constraints, as the 2010 median household income is \$29,716 for the Project Area vicinity and \$42,050 citywide.

PROJECT AREA BACKGROUND

Much of the land within and surrounding the Airport was developed during World War II by the U.S. Army as the Hammer Air Base. In addition to the air field, associated hangars, barracks, and training areas, an Army hospital and laboratory was developed on the area north of Shields Avenue and east of Peach Avenue, which is in the Project Area. Following the closure of the base, the conversion from an airfield to a commercial airport began, and the land became the property of the Cities of Fresno and Clovis. The former hospital site was turned over to Fresno State College² for use as an agricultural campus. Though some 85 buildings once stood as a part of the medical complex on the Shields/Peach site, most were eventually demolished by the

² Fresno State College was renamed in 1972 as California State University at Fresno

College so the land could be farmed. The College then relocated its agricultural activities in the late-1960's, at which point that site was also deeded to the City.

THE REDEVELOPMENT PLAN

With its military and industrial roots, and a multi-decade history of development, the Project Area began to show signs of physical and economic decline many years ago. Thus, after several years of growing concerns over deteriorating buildings, infrastructure, and stagnant commercial and industrial activity, the City Council adopted the Redevelopment Plan in 1999 to combat these and other blighting conditions described in Section B of this Report.

The Project Area is almost entirely commercial and industrial, and was selected as a part of the City's greater effort to retain and attract businesses that provide high-quality jobs. Job attraction has been a priority for decades, as demonstrated by the City's participation in a variety of federal programs such as the Enterprise Zone, the Foreign Trade Zone, and the Historically Underutilized Businesses programs. Portions of the Project Area overlap with each of these geographic zones. However, these federal programs were not enough to invigorate the Project Area. Redevelopment was seen as the best tool to further encourage revitalization of these commercial and industrial areas.

The major objectives of the Redevelopment Plan are to eliminate and prevent the spread of conditions of blight, reverse the trend of economic stagnation, and ensure the Project Area's potential for development and growth. While the Agency has made progress with redeveloping the Project Area, important activities remain to be accomplished.

PRIOR AMENDMENT

This is the second amendment to the Redevelopment Plan. The first amendment extended the time limits of the Redevelopment Plan effectiveness, payment of indebtedness, and receipt of property taxes for one year pursuant to CRL Section 33333.2. That particular amendment requires only an ordinance be adopted by the City Council, and does not require the full amendment process including documentation of blight.

REASONS FOR AMENDING THE REDEVELOPMENT PLAN

Since adoption of the Project Area, some portions have experienced development, most notably with the construction of a Gap Incorporated warehouse and distribution facility in Area A. New industrial development has taken place in the portion of Area A north of Dakota Avenue along Ann Avenue, as well as in the northern portion of Area C, along Weathermaker Avenue. The Agency recently completed street improvements along Carmen Avenue, which will facilitate access to the new Weathermaker Avenue industrial buildings. Additionally, the southeast corner of Area D has been almost entirely redeveloped with a new Rite Aid, Fresh and Easy Market (scheduled to open in late 2010), and a third small pad with three tenant spaces. The following are examples of successful projects that the Agency has been involved in:

- **Floradora/Whitney/Dearing/Recreation Street Reconstruction Project** - Curb, gutter and paving improvements have been completed along Floradora, Whitney, Dearing and Sierra Vista Avenues between Maple and Chestnut Avenues. The improvements helped to retain and induce a 16,400 square foot business expansion and will help existing businesses through needed road improvements.
- **Carmen Avenue Street Reconstruction Project** - Street improvements for a segment of Carmen Avenue between Backer and Sierra Vista Avenues were completed. The offsite improvements helped to induce infill of 12 acres with 158,000 square feet of office warehouse, improved this older industrial neighborhood, and advances future industrial development of another 20 acres. Plans have been completed to reconstruct additional segments of Carmen Avenue, generally between Maple and Chestnut Avenues and to address flooding issues on Home and Dearing Avenues.

- **Clovis Avenue Railroad Crossing** - The Railroad Crossing Improvement Project on Clovis Avenue south of McKinley served to tie into and enhance the \$3 million Clovis Avenue project between McKinley Avenue and Kings Canyon Road that did not include funding for railroad crossings.
- **Airport Beautification Project** - A press conference held on May 7, 2008 showcased the completed project that included a new monument sign, new wrought iron fencing, landscaping, curvilinear sidewalks, and median-island landscaping along Clovis and McKinley Avenues, adjacent to the Fresno Yosemite International (FYI) Airport. The project also added extensive greenbelt improvements to the south side of McKinley Avenue, heading west from Clovis Avenue. The monument sign and improvements greet traffic at the Clovis/McKinley intersection where the average daily vehicle count is 35,000 on Clovis Avenue and 20,000 on McKinley Avenue.

In addition, the Agency constructed a right turn lane at the northwest corner of McKinley and Clovis Avenues. The turn lane was to be part of a future Clovis Avenue reconstruction project. The Agency bore the cost and advanced turn lane construction to avoid removal and replacement of landscaping and other improvements during the future Clovis reconstruction project.

- **Railroad Grade-Crossing Improvements** - The Agency arranged and funded the construction of these needed improvements at Cedar, Maple, Chestnut and Shields Avenues generally along the Floradora Avenue alignment. The improvements addressed traffic and safety issues and enhanced the visual quality of the project area.
- **Real Property Acquisition and Disposition/Blight Removal** - The Agency acquired 2.5 acres at the northeast corner of Chestnut and Shields Avenues adjacent to the Fresno Yosemite International Airport. The property was conveyed to the City to increase the capacity and economic potential of the Airport to facilitate aviation related development. Acquisition of the property for assembly with existing Airport property presented the opportunity to capture an aircraft manufacturer's service and maintenance center.
- **GAP Project: Relocation of Drainage Basin "T"** - In the late 1990's, the City and local leaders were successful in bringing the GAP's Pacific Coast Distribution Center to Fresno. A key project on the GAP's site was the expansion of Drainage Basin "T" to allow for the expansion of the Gap pursuant its agreement with the City of Fresno. To accommodate the project, a drainage basin had to be relocated to an alternate site. The cost of the project was approximately \$1.5 million. About \$500,000 of the cost came from a state grant while the Agency funded the balance.
- **Cedar and Shields Streetscape** - In September 2004, the Agency completed construction of the streetscape project on Cedar and Shields Avenues consisting of landscaped median islands, street trees, and a designed color concrete intersection.

Despite these advances, significant blight still remains elsewhere in the Project Area, discouraging the substantial private investment still needed for a viable business community, free from economic and physical hindrances. Specifically, the Project Area exhibits:

- Conditions that prevent the viable use of lots;
- Existence of subdivided lots in multiple ownership impaired by irregular shapes and inadequate sizes;
- Adjacent incompatible uses that prevent development;
- Depreciated or stagnant property values;
- A high crime rate; and
- Excess of adult-oriented businesses that result in public safety problems.

This Amendment seeks to give the Agency all available tools to combat these issues in the Project Area and eliminate the spread of these blighting conditions.

The Agency has been very successful in acquiring properties needed for redevelopment in the past without having to rely on use of eminent domain powers. However, such authority may be necessary in the future to effectively redevelop the Project Area. Particularly, eminent domain may be needed to assemble adjacent lots

in order to create commercial and industrial properties large enough to meet today's development standards. As described in greater detail in Section B of this Report, the Project Area suffers from commercial and industrial parcels that are irregularly shaped and/or of inadequate size to redevelop given the City's current Zoning Ordinance and current market demands.

The private assembly of real property in blighted areas, such as in the Project Area, can often be so difficult and costly that it is not economically feasible for owners to undertake such a project when other readily-available parcels can be obtained outside the Project Area. For this reason, the CRL finds and declares that remedying such conditions may require public acquisition through the use of eminent domain when the redevelopment of blighted areas cannot be accomplished by private enterprise alone.

For example, in Area D, parcels with multiple ownership have led to significant variations in property upkeep within the same retail plazas. Field observations revealed that these differences extended even to maintenance of the parking lots. This type of disparate maintenance discourages tenants from locating in such a center, and property owners from investing in maintenance when other owners allow their buildings to fall further into disrepair. Area D is of particular concern, as Section B of this Report will show the area exhibits a high incidence of crime as well as a large number of liquor licenses, two blighting conditions that were not well documented at the time the Project Area was adopted. The combination of disincentives for investment, businesses that cater to adults, and crime, may be ameliorated with lot consolidation which would encourage a more uniform level of property investment and management of tenants. Though a last resort, eminent domain may be the only tool to facilitate this change.

Therefore, because of the potential need to assemble parcels for the purpose of creating lots of adequate size, not in multiple ownership, and because the Agency's eminent domain authority in the Project Area will expire on August 20, 2011, the Agency is proposing this Amendment to the Redevelopment Plan to extend eminent domain authority. The proposed Amendment would extend eminent domain authority in Areas B, C, and D, as well as on vacant property in Area A, for a period of twelve (12) years from when the Ordinance adopting the Amendment becomes effective.³ The Amendment proposes no other changes to the Redevelopment Plan, which would continue to prohibit the use of eminent domain to acquire Project Area properties on which a person lawfully resides and where the property is zoned for residential use, or properties where the residential use on the property is a legally non-conforming use, as defined by the City of Fresno Municipal Code.

HOW THE AMENDMENT WILL ASSIST THE AGENCY IN ACHIEVING THE GOALS AND OBJECTIVES OF THE REDEVELOPMENT PLAN

The Agency seeks to improve conditions in the Project Area by amending the Redevelopment Plan. By extending the Agency's eminent domain authority, the proposed Amendment would help facilitate private sector development and redevelopment, which can create jobs and eliminate blighting conditions within the Project Area.

Redevelopment of the Project Area has not been completed, and several Redevelopment Plan goals established in 1999 remain unfulfilled. As identified in more detail in Section B of this Report, physical and economic blighting conditions remain in the Project Area. Overall, the Project Area continues to suffer from a lack of private investment which is hindering its ability to function as a viable commercial and industrial area, and contribute to the local economy.

The proposed Amendment would help accomplish the following Redevelopment Plan goals in the Project Area as stated in Section 100 of the Redevelopment Plan:

³ The actual expiration date for the power of eminent domain will depend on the effective date of the Ordinance. For example, if the Ordinance adopting the Amendment is approved by Council on November 4, 2010 and adopted 10 days later (at the expiration of the mayor's veto period) on November 14, 2010, it would be effective 30 days later, on December 14, 2010. The eminent domain period would then run 12 years from December 14, 2010 and would expire on December 13, 2022.

- Eliminate blighting influences and correct environmental deficiencies including, among others, small and irregular-shaped lots, obsolete buildings and aged buildings, vacant buildings and vacant lots, depreciated property values and impaired investments, low lease rates, high crime rates, incompatible and uneconomic land uses, and inadequate or deteriorated public improvements;
- Assemble land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation; and
- Replan, redesign, and develop undeveloped and underdeveloped areas that are stagnant or improperly utilized.

In accordance with these Redevelopment Plan goals, the proposed Amendment would allow redevelopment of the Project Area to proceed with the tool of eminent domain for limited use in property acquisition after other attempts at acquisition have failed. This action will be used solely to facilitate redevelopment of the Project Area and only as a last resort to ensure the Project Area's ability to be a viable, safe place to live and work. For example, the Project Area contains a substantial number of lots that are subdivided and in multiple ownership where the physical (re)development has been impaired because of the lots' inadequate sizes, or because multiple ownership has led to disparate levels of investment. Consolidating lots to make properties large enough for proper usefulness and thereby economically viable, is an inevitable remedy to this blighting condition. Although the Agency's practice is and has been to make any and all reasonable attempts at purchasing property before exercising its power of eminent domain, there may arise a situation when such good-faith negotiations fail and eminent domain is needed for the good of the community.

Therefore, the proposed Amendment would help accomplish the Redevelopment Plan goals which are designed to address blighting conditions that the public and private sectors, without redevelopment, have been unable to solve.

OVERVIEW

This Section provides detailed information on the blighting conditions still present in the Project Area, and correlates these conditions to the need for eminent domain authority to be extended. When the Project Area was adopted, the blighting conditions documented in the 1999 Report to Council included:

- Physical Blight
 - Unsafe buildings due to dilapidation and deterioration;
 - Factors that hinder viable use including a lack of parking, poor circulation, inadequate infrastructure, open storage, graffiti, litter, etc.; and
 - Parcels of inadequate size under multiple ownership.
- Economic Blight
 - Stagnant property values or impaired investment;
 - Abnormally high vacancy, low lease rates, high turnover rates, abandoned buildings, and excessive vacant lots;
 - Residential overcrowding; and
 - High crime rate.

Since the time of adoption, the legal definitions of blight have changed to some degree. However, as this Section demonstrates, the Project Area still suffers from blighting conditions. While the Agency and the strong economy of the mid-2000's have successfully spurred some private investment, the Project Area has not yet been able to overcome the many issues that plague its ability to keep up with other commercial portions of the City. Specifically, the Project Area is experiencing the following conditions:

- Forty-eight (48) parcels, or 9.9 percent of parcels, were documented as exhibiting signs of dilapidation and deterioration through a field survey, with Area C the most severely impacted;
- Of the 469 commercial industrial zoned parcels in the Project Area, 14.3 percent do not meet the minimum lot size standards based on the City's Zoning Ordinance, and additionally many properties are not large enough to make redevelopment financially feasible without assembly and consolidation of multiple parcels;
- Thirty (30) residentially-used parcels located in Area C immediately adjacent to industrial uses, several of which utilize hazardous materials creating conflict between the residences and industrial uses, and conversely limiting the potential expansion of industrial businesses;
- There are 6.2 percent of commercial and industrial zoned parcels that are in multiple ownership, inhibiting the ability of the lots to redevelop in a cohesive or economically viable manner;
- Property values that are not increasing at a rate similar to the City;
- Office lease rates in the Airport submarket are 31 percent below the City average of \$1.72 per square foot a month⁴;
- Retail lease rates in the Project Area that are 65 percent below the City average of \$1.33 per square foot a month⁵;

⁴ Grubb and Ellis Market Report, First Quarter 2010

⁵ CBRE Market Report, Second Quarter, 2010

- Approximately one quarter of the Project Area parcels are undeveloped or abandoned and do not contribute to the economy of the area;
- The Project Area has a documented crime rate of 57.3 percent higher than citywide on a per acre basis in 2009 which presents a serious threat to public safety; and
- The Project Area has a high concentration of liquor licenses with 3.11 licenses per 1,000 persons in comparison to 2.05 licenses citywide that has led to heightened crime rates in the immediate vicinity, also resulting in a threat to public safety and welfare.

Based on the analysis summarized above, it is clear all the blighting conditions that existed in 1999 are still present today with the exception of residential overcrowding, which has a revised legal definition this Project Area no longer meets the standard of. Additionally, an excess of adult-oriented businesses is correlated with a high crime rate, a condition not previously documented.

LEGAL REQUIREMENTS

Sections 33333.2 and 33450 of the CRL permit agencies to amend redevelopment plans to extend eminent domain authority. As part of this procedure, and pursuant to Section 33352(b) of the CRL, an agency's report to the legislative body for an amendment to extend eminent domain authority must, with specific, quantifiable evidence, document the remaining physical and economic conditions that cause the project area to be blighted and show how these conditions affect the project area. The definitions of blight pursuant to Section 33031 of the CRL were changed in January 2007, and are now different from those in effect at the time of adoption of the Project Area in 1999. This Report addresses blight based on current (2010) statutes of the CRL.

Sections 33030 and 33031 of the CRL describe the conditions that constitute blight in a redevelopment project area. A blighted area is one that necessitates a redevelopment project area because the combination of conditions in the area constitutes a burden on the community that cannot be alleviated by private enterprise and/or governmental action. According to Section 33030 of the CRL, blight must be "so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment".

The following list provides a description of the physical and economic conditions that cause blight pursuant to CRL Section 33031(a) and (b).

PHYSICAL BLIGHT

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design, or construction given the present general plan, zoning, or other development standards.
- Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
- The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

ECONOMIC BLIGHT

- Depreciated or stagnant property values.
- Impaired property values, due in significant part to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 of the CRL (commencing with Section 33459).
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, “overcrowding” means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations.
- An excess of bars, liquor stores, or adult-oriented business that has resulted in significant public health, safety, or welfare problems.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

Section 33030(c) of the CRL also states that a blighted area may be one that contains inadequate public improvements or inadequate water or sewer utilities when other blighting conditions described above are present.

STUDY APPROACH AND METHODOLOGY

The detailed analysis of physical and economic conditions that follows is based on current (2010) statutes of the CRL, and consists primarily of research and analysis of local and regional economic data, various reports and studies, discussions with City and Agency staff and real estate professionals, and field inspections of the Project Area.

A field survey was conducted by Rosenow Spevacek Group, Inc. (“RSG”) in May of 2010 (“field survey”). All RSG staff receives extensive training on identifying and evaluating blighting conditions that can be observed during field surveys. This training is provided as part of the “RSG Academy”. The RSG Academy sessions also provide training on a number of topics that are relevant for other means of blight research, including specific skills and tools to document blight in proposed or existing redevelopment project areas. Training sessions discuss the types of secondary sources available and appropriate, where to find them, and how to approach analyses using these sources.

Three members of the RSG staff conducted the May 2010 field survey over the course of two days. Areas A, B, and C were observed from a vehicle on public streets or public parking areas as appropriate. Area D was documented on foot with the exception of the southeast corner which was done by vehicle as it has been recently redeveloped. All conditions of blight documented by the survey team were discussed on a parcel by parcel basis by all three team members to ensure observations were accurate. The RSG staff members who conducted the field survey and other blight research have significant experience doing so, or were closely mentored by experienced staff members. The team consisted of the following individuals: Jim Simon, Principal; Alexa Smittle, Associate; Kim Wong, Senior Analyst; and Suzy Kim, Senior Analyst.

Mr. Simon has over 20 years of experience with redevelopment plan adoptions and amendments. He has prepared and overseen preparation of blight reports and other required documents for over 50 redevelopment project areas. As a Principal with RSG, Mr. Simon has designed and presented training sessions specifically on blight studies and redevelopment plan amendments for the California Redevelopment Association and some of RSG’s clients.

Ms. Smittle has been with RSG for five years. As the project manager, she led the team through blight research, analysis, and report writing. Ms. Smittle's practical field survey training consists of time spent in the field on numerous occasions and close mentoring by RSG principals. Ms. Smittle holds a Master's degree in Urban and Regional Planning and a Bachelor's degree in Regional Planning.

Ms. Wong has been with RSG for approximately a year, and has been conducting field surveys and other blight research and analysis throughout her tenure with the firm. Before joining RSG, Ms. Wong worked as a city planner for the City of Anaheim Planning Department, where she managed development projects, responded to customer inquiries at the Planning Department counter, and assisted Code Enforcement Officers regarding Zoning Code violations. Ms. Wong holds a Bachelor's degree in Geography and a Master's degree in Urban and Regional Planning.

Ms. Kim has been with RSG for approximately four years. She specializes in preparing redevelopment plan adoptions and amendments, feasibility studies, implementation plans, and financial analyses. Ms. Kim's field survey knowledge has been gained primarily in the field through spending time with city code inspectors and staff from various cities, learning how to identify unsafe and unhealthy building conditions. Ms. Kim assisted in designing and teaching the "blight" course within the RSG Academy. Ms. Kim holds a Master's degree in Urban and Regional Planning.

RSG conducts field surveys with the use of ArcPad GIS software, which is uploaded on a laptop computer. The ArcPad software is designed to display and record data and information easily and efficiently. It allows the survey team to access, edit, and save parcel information within the project area during the field survey using previously downloaded maps and county assessor information. The survey team is able to describe blighting conditions observed and link photos taken to parcels during the survey. Other comments are recorded using the software for the purposes of documenting blight or noting issues needing further research.

RSG prepares an electronic survey sheet for each parcel within the project area using the GIS-based ArcPad software. The survey form lists physical factors that are associated with dilapidated and deteriorated buildings (as evidenced by needed rehabilitation and repair), as well as buildings of defective design and physical construction and other similar factors. In total, 29 different conditions are considered during the field survey and viewed from the public right of way, from where the team members record visible exterior conditions, take photos, and note details on vacancies and conditions that hinder the viable use or capacity of a building or parcel given the present market conditions, such as lack of parking.

After the field survey, the information collected in the project area is uploaded to the RSG database, audited for accuracy, and used for comprehensive blight analysis. To be effective, the survey software requires RSG to have access to the assessor's database information for each parcel as well as GIS shape files for the project area. Once the field survey data is entered, RSG edits for accuracy, analyzes the conditions recorded, and can generate electronic maps that identify where conditions are located.

Information from the field survey, together with extensive investigative efforts, is used to document conditions as they exist at the time of the research. In addition to the field survey, RSG researched a variety of reputable and pertinent data sources and publications in order to properly evaluate the current conditions in the Project Area. Specifically, these sources were consulted to determine the nature and prevalence of blighting conditions in the Project Area, as listed below.

Persons Consulted:

- Cindy Slaton, Fresno Police Department (reports of Part 1 and 2 crimes)
- Matt Lopez, City of Fresno Code Enforcement (citations report)
- Brian Leong, Building and Safety Services Manager, City of Fresno Building Department (building permits report)
- Lieutenant Burke Farrah, City of Fresno Police Department

- Robin Cook, County of Fresno
- Kevin Meikle, Airports Planning Manager, City of Fresno Airport Administration
- Brendan Carmody, Assistant Director of Aviation, City of Fresno Airport Administration
- Bill Daly, Sales and Leasing Agency, Fortune and Associates
- William Thomas, Sales Associate, Grubb and Ellis
- Buk Wagner, Vice President, Colliers International
- Mike Pickett, Owner, Don Pickett and Associates
- County of Fresno Assessor's Office
- Staff for the Redevelopment Agency of the City of Fresno

Documents and Databases Consulted:

- Report to the City Council on Adoption of the Airport Revitalization Redevelopment Project (1999)
- Preliminary Report for the Airport Area Revitalization Redevelopment Project (1999)
- U.S. Environmental Protection Agency CERCLIS Database and EnviroMapper Database
- California Department of Toxic Substances Control EnviroStor Database
- California State Water Resources Control Board Geotracker Database
- Implementation Plan for the Airport Area, Central City, South Fresno Industrial, and Southeast Fresno Redevelopment Projects (2004)
- City of Fresno Municipal Code Chapters 11 and 12
- City of Fresno General Plan 2025 (2002)
- Draft Program Environmental Impact Report 98-1 (1999)
- CB Richard Ellis Fresno Industrial, Office, and Retail Market Reports (Fourth Quarter 2009)
- Demographic Profiles, Environmental Systems Research Institute (ESRI) Business Analyst Online (2010)
- County Assessor Parcel Data, obtained through Metroscan
- Marshall and Swift Property Valuation
- Loopnet Commercial Real Estate Online
- CityFEET Commercial Real Estate Listing Service
- Grubb and Ellis Commercial Market Reports
- Colliers International Commercial Market Reports

The discussion that follows is a summary of these data sources and the evidence with which the City Council can make its findings that significant blight remains within the Project Area.

PHYSICAL BLIGHTING CONDITIONS

CRL Section 33031(a) presents the physical conditions that cause blight, which must be assessed not solely on their presence, but in terms of their impact on the health and safety of residents and employees, and the economic viability of development in the area. The data presented in this section was obtained from City records and the field survey, and analyzed to determine what conditions may be adversely affecting the health and safety of persons in the Project Area. Wherever possible, these conditions were also mapped geographically.

UNSAFE AND UNHEALTHY BUILDINGS

According to CRL Section 33031(a)(1), the physical condition of buildings in which it is unsafe or unhealthy for persons to live or work may be caused by serious building code violations, dilapidation and deterioration brought about by long-term neglect, construction that is vulnerable to damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

DILAPIDATION AND DETERIORATION

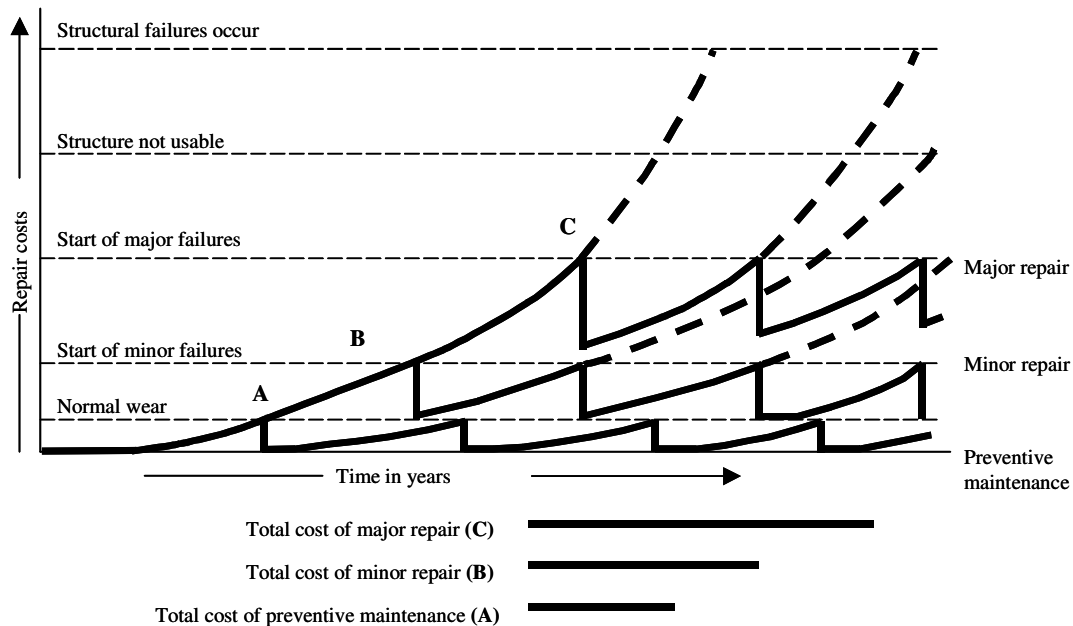
Serious dilapidation and deterioration exists when the physical condition of a structure causes it to be unsafe or unhealthy for persons to live or work in. Dilapidation and deterioration is caused by neglect, deferred maintenance, and aging. For example, if exterior surfaces are not properly maintained to remove wood dry rot, rust, or damaged exterior building materials, this exposes the interior framing and foundation of a structure to water, weakening the structural integrity of the building. Deterioration of roofing materials, doors, and windows causes framing, rafters, and interior wiring to be susceptible to water damage and increases the deterioration of the entire structure. This also leaves the structure susceptible to fire. Water leakage resulting from deterioration also poses serious health risks to occupants, exposing individuals to dangerous molds and fungi. Water damage can further degrade the integrity of the structure itself. Damage to the exterior buildings, more specifically porches, decks, and stairs, creates opportunities for injury resulting from a fall. As stated in Stewart Brand's book, *How Buildings Learn, What Happens After They're Built*, a lack of maintenance results in buildings becoming unusable, within the threat of structural failure. In his book, Brand asserts:

"...due to deterioration and obsolescence, a building's capital value (and the rent it can charge) about halves by twenty years after construction. Most buildings you can expect to completely refurbish from eleven to twenty-five years after construction. The rule of thumb about abandonment is simple...if repairs will cost half of the value of the building, don't bother."

If proper regular maintenance of structures is not performed, first minor and then major failures will result over time, as demonstrated in Exhibit B-1, which provides an illustration of the economic realities if routine building maintenance is not undertaken in a timely manner. As the cost of renovating the building rises exponentially over the years, structural failures occur and the building cannot be recovered. Conversely, if preventive maintenance to address normal wear is routinely accomplished, the building's structural integrity is maintained. Frequent investment into routine maintenance is the most effective method for assuring the long-term integrity of a structure. If buildings are not adequately maintained, the process of dilapidation and deterioration is self perpetuating.

Relationship Between Time and Repair Costs

Exhibit B-1



PREVENTIVE MAINTENANCE (bottom line) not only costs markedly less in aggregate than repairing building failures, it reduces human wear and tear. A building whose systems are always breaking or threatening to break is depressing to the occupants, and that brings on another dimension of expense. This diagram is adapted from *Preventive Maintenance of Buildings* (New York: Van Nostrand Reinhold, 1991), p.3.

Exhibit B-2 categorizes the structures within the Project Area by age and by Area for comparison. According to data from Metroscan, 65 percent of the building stock in the Project Area was built 30 years ago or more. This means regular and continual preventative maintenance is important in the Project Area to keep buildings in good condition.

Age of Building Stock

Exhibit B-2

Airport Area Revitalization Redevelopment Project Area

Year Built	Project Area Total		Area A		Area B		Area C		Area D	
	# Parcels	%	# Parcels	%	# Parcels	%	# Parcels	%	# Parcels	%
1999 to 2009	60	21.0%	27	40.9%	0	0.0%	29	15.3%	4	14.8%
1995 to 1998	6	2.1%	4	6.1%	1	25.0%	1	0.5%	0	0.0%
1990 to 1994	10	3.5%	0	0.0%	0	0.0%	10	5.3%	0	0.0%
1980 to 1989	24	8.4%	9	13.6%	0	0.0%	13	6.9%	2	7.4%
1979 or Earlier	186	65.0%	26	39.4%	3	75.0%	136	72.0%	21	77.8%
Total	286	100.0%	66	100.0%	4	100.0%	189	100.0%	27	100.0%

Source: Metroscan

The presence of properties that exhibit signs of deterioration deter owners of neighboring properties from improving and maintaining their properties because it appears any benefit that might accrue to their properties will be diminished or negated due to the condition of surrounding properties. When deteriorating conditions are prevalent throughout an area, it is difficult for a properly maintained property to attract a buyer or business tenant because the area's degenerating conditions send a message of apathy to potential investors, which presents a risk in terms of possible decreases in property values if these conditions continue to persist.

According to a local developer who recently developed several adjacent and isolated properties in the northern portion of Area C, one of the best selling points of his development was the security of knowing the neighboring properties were in equally good condition, similar to buying a tract home in a planned community. The property owners in the older area to the south of this development have little incentive to improve their value as it will be diminished by the dilapidation in neighboring properties. Without regular investment, properties suffer further deterioration and pose serious health and safety risks to any residents, workers, and patrons within the Project Area.

In May 2010, the survey team conducted a parcel-by-parcel survey of the Project Area to evaluate the physical condition of each structure. To conduct this survey, a number of factors identified in Health and Safety Code Section 17920.3, Substandard Buildings, were used to determine if a building exhibited signs of serious dilapidation and deterioration caused by long-term neglect. Serious dilapidation and deterioration observed during the field survey included:

- **Broken Windows:** Glass from a broken window or door is a safety hazard for occupants of a building due to broken glass or wood damage, as well as a safety risk to occupants due to exposure to the elements.
- **Exposed Wiring:** The health and safety risks from exposed wiring include fire and electrocution.
- **Damaged or Deteriorated Roofing Materials:** The roof of a building is meant to provide protection from the elements. When the roof is deteriorating or damaged, this protection is compromised. Moisture penetration leads to health and safety issues, including mold growth or roof collapse.
- **Deteriorated Eaves or Overhangs:** Eaves or overhangs that are in poor condition pose a safety hazard because when these structures fall they can cause bodily harm to occupants of the building or those near the building.
- **Deteriorated or Damaged Exterior Building Materials:** Building materials, including stucco, brick, or wood siding, are used to protect a building from the elements. When these building materials are deteriorated, the building is exposed to moisture damage and the accompanying health and safety issues, such as mold growth.
- **Damaged Foundation:** A damaged foundation is a major structural problem with a building. The health and safety of a building's occupants is in serious danger when the foundation is damaged, as the structure is unstable. Doors and windows that are out of alignment, leaning and buckled walls, and sagging and buckled roofs and roof supports suggest an unstable building.

Based on the results of the field survey as summarized in Exhibit B-3, 48 parcels exhibited a total of 84 instances of serious dilapidation and deterioration caused by long-term neglect and are unsafe and unhealthy for persons to live or work in the Project Area. Of those 48 parcels, 88 percent of the structures are 30 or more years old. Area C is the most severely impacted by serious dilapidated and deteriorated structures, where 35 percent of all parcels are impacted by deterioration and dilapidation. Only three of the 11 parcels in Area B have structures on them, but one of these parcels contains several structures that exhibit signs of serious deterioration and dilapidation, shown most notably where a brick wall has been braced by wooden beams to prevent the wall from falling down as depicted in Photo 2.

Dilapidation and Deterioration

Exhibit B-3

Airport Area Revitalization Redevelopment Project Area

	# of Dilapidated Properties	% of PA Parcels	Area A	Area B	Area C	Area D
Deterioration and Dilapidation	48	9.9%	0	1	45	2
Broken Window(s)	7	1.4%	0	1	4	2
Exposed Wiring	4	0.8%	0	0	4	0
Roof - Broken/Deteriorated	14	2.9%	0	1	13	0
Eaves/Overhangs - Broken/Deteriorated	31	6.4%	0	0	31	0
Damaged Exterior Building Materials	25	5.2%	0	1	24	0
Foundation - Damaged/Deteriorated/Missing	3	0.6%	0	0	3	0
Total Instances ¹	84		0	3	79	2
Number of Parcels	484		218	11	224	31

¹ Does not equal the sum of the conditions as multiple parcels exhibit more than one blighting condition.

Source: RSG Field Survey, May 24-25, 2010

Representative examples of serious dilapidation and deterioration in the Project Area are depicted in the photographs on the following pages. Other photographs have been included to document important field observations, such as incompatible land uses, which will be discussed later in this Section.



Photo 1:

455-231-38, Clovis Avenue, Area B

This former winery property has signs of long-term neglect including seriously damaged building and roofing materials, lack of proper weather protection, broken windows, and damaged building materials exposing the interior of the building to the elements. The fact that this building is not properly protected from the elements means that moisture entering the interior could result in mold and other interior building damage. This structure presents serious risks to the health and safety of occupants.



Photo 2:

455-231-38, Clovis Avenue, Area B

This is another building on the same former winery property where a brick wall has been braced by the wooden beams pictured, and fenced in to prevent potential injury. The building is clearly in jeopardy of collapsing and presents a serious health and safety risk.



Photo 3:

455-231-38, Clovis Avenue, Area B

A different building on the former winery property that is suffering from deterioration and dilapidation. The door and windows are severely damaged.



Photo 4:

455-231-38, Clovis Avenue, Area B

Yet another building on the property that exhibits signs of exterior building material damage and deterioration, specifically cracking of the exterior wall.



Photo 5:

455-231-38, Clovis Avenue, Area B

This building, also on the former winery property, shows signs of long term neglect and damaged building materials. The door is severely damaged, and the base of the building has been patched in many places, which may lead to an unstable structure over time.



Photo 6:

453-152-17, East Home Avenue, Area C

This industrial building suffers from deteriorated eaves and overhangs. Deteriorated eaves and overhangs leave the structure exposed to the natural elements. Significant outdoor storage was observed during the field survey. Outdoor storage signals that a building is being used in a way that it was not originally intended, the building design is obsolete, or that the property simply does not have adequate building space on-site to accommodate the current tenant.

**Photo 7:****453-070-28, East Home Avenue, Area C**

This residential unit suffers from deteriorated and damaged roofing materials and eaves, damaged exterior buildings materials, and generally lacks adequate weather protection. A lack of weather protection exposes the building to weather elements, causing further deterioration. These conditions are also a sign of deferred maintenance. When general building maintenance is deferred for long periods of time it can have exponential effects on the soundness of the structure. Furthermore, the existence of poorly maintained properties can further perpetuate physical blight on nearby properties as the economic gains expected from maintaining one's own property diminish.

**Photo 8:****453-152-23, East Home Avenue, Area C**

This structure suffers from serious dilapidation and deterioration as evidenced by the damaged exterior building materials. The prevalence of the conditions described above, if left unaddressed, will lead to further deterioration of the building and increase the threat to safety and welfare of employees.

**Photo 9:****453-151-11, East Pine, Area C**

Conditions noted on this building include signs of deteriorated eaves and overhangs, and damaged building materials. Although not depicted in the photo, a broken window was also observed during the field survey. The deterioration on the exterior of this building leaves the structure susceptible to interior moisture damage.

**Photo 10:****453-091-22, East Home Avenue, Area C**

This building contains damaged building materials. These building materials are used to protect a building from the elements. When these building materials are damaged, the building is exposed to moisture damage and the health and safety issues that come along with it.

**Photo 11:****531-171-04, East Home Avenue, Area C**

This industrial structure exhibits signs of damaged and deteriorated building materials. The metal siding on this building is meant to protect the interior from the elements. When these materials are damaged, the interior of the building is left exposed to moisture damage.



Photo 12:

453-320-16, North Sierra Vista Avenue, Area C

This residential property exhibits signs of long-term neglect including damaged building and roofing materials. The lack of investment on this property has led to deterioration of the exterior building materials, and this will allow moisture to penetrate the building causing further deterioration. The deteriorating roofing materials will also necessitate renovations in order to improve safety and prevent additional structural deterioration. The photo also illustrates the surrounding industrial neighborhood, an incompatible use.



Photo 13:

453-320-40, East Hammond Avenue, Area C

This property exhibits signs of deteriorated eaves/overhang and damaged exterior building materials. These conditions leave the structure vulnerable to the elements and moisture damage. In addition, excessive outdoor storage is an indication that the property does not have adequate building space on-site to accommodate the current use.



Photo 14:

453-320-21, East Olive Avenue, Area C

This building is lacking adequate weather protection, as illustrated by damaged and deteriorated eaves/overhangs. This lack of weather protection can perpetuate deterioration and dilapidation as building materials can become severely compromised from long-term exposure to the outside elements.



Photo 15:

453-320-06, East Hedges Avenue, Area C

This building exhibits signs of long-term neglect and subsequent deterioration, including faulty weather protection exhibited by the large cracks in the side of the building and damaged building and roofing materials. The severely damaged exterior building and materials leave the structure exposed to the elements and moisture damage, and pose significant health and safety hazards to occupants of the building.

**Photo 16:****453-15-224, Home Ave, Area C**

This industrial building is showing signs of long term neglect with an unscreened and damaged ventilation window at the top of the eave, as well as deteriorating building materials. The uncovered vent exposes the interior of the building to weather elements which can lead to deterioration, as well as birds, rodents, or other pests that could impair the value of the building.

**Photo 17:****453-15-210, Home Ave, Area C**

The roof of this garage or shed is damaged and exposes the interior of the structure to potential harm from water damage. Note the immediate adjacency of the industrial warehouse to the rear of the property and the razor wire immediately to the side of what appears to be a residential home, though its actual use is unknown.

**Photo 18:****453-15-223, Home Ave, Area C**

This property exhibits a boarded window and the use of corrugated metal siding on the wall.



Photo 19:

453-15-404, Floradora Ave, Area C

This building has exposed wiring, deteriorated roofing materials and damaged exterior building materials. Damaged materials are pictured here by the semi-collapsed building materials the air vent extends from. The damaged materials and exposed wiring present a health and safety risk to occupants, exposing them to potential injury from collapse or improperly protected electrical current.

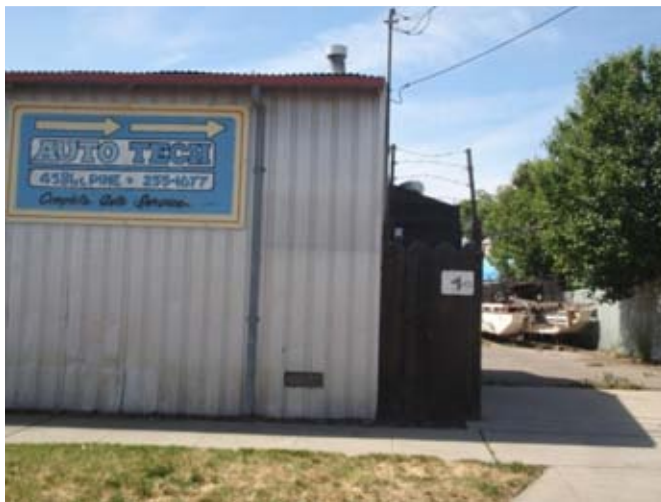


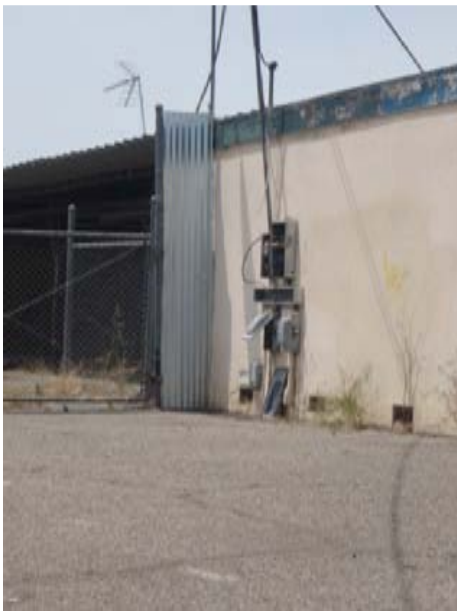
Photo 20:

453-15-404, Floradora Ave, Area C

This photo shows damage to the base of the building that may allow for intrusion of weather elements. Additionally, exposed wires and damaged roofing materials are present on this building, which could result in human injury.

**Photo 21:****453-15-405, Floradora Ave, Area C**

This photo captures a damaged door on this building, as well as some outdoor storage. The door damage is severe enough to potentially allow water intrusion in a storm event. Overall the property exhibits a lack of regular maintenance, which, if continued, will lead to further dilapidation.

**Photo 22:****453-091-18, East Carmen Avenue, Area C**

This building suffers from deteriorated eaves and overhangs. Deteriorated eaves and overhangs present a safety risk. This building also has exposed wiring, which presents a considerable health and safety issue due to an increased risk of fire and electrical shock.

**Photo 23:****438-182-41, Shields Avenue, Area D**

This commercial property contains seriously dilapidated and deteriorated building materials and excessive trash and debris as a result of long-term neglect. This condition not only presents health and safety concerns for employees, but it may also detract from neighboring property values.



Photo 24:

438-18-241, Shields Ave, Area D

This broken window is symptomatic of the neglect and deterioration this property suffers from. The lack of investment could pose a serious risk to occupants where the weather elements are allowed to degrade structural integrity.



Photo 25:

438-18-241, Shields Ave, Area D

A former window has transitioned from being covered by bars, to boarded up, and now appears to be partially covered by stucco or other external building material. Though not in itself a threat to safety, the use of inappropriate or substandard building materials to cover the window is concerning as it could indicate such practices are used elsewhere in the building.

Summary of Unsafe and Unhealthy Buildings by Area

- **Area A.** Though evidence of some deferred maintenance was present, this Area does not suffer from serious dilapidation or deterioration.
- **Area B.** Area B has a minimal number of structures to observe for unsafe or unhealthy conditions. The largest property, the former drive in theater and later marketplace, has generally been cleared of permanent structures. Another large property is used as a retention basin. Several others are vacant. Two properties contain most of the development in Area B – the self storage facility and the former winery. The former winery occupies about 12 acres in Area B, and based on aerial photos, contains about 16 buildings which suffer from many conditions of dilapidation and deterioration including damaged building materials, construction that is vulnerable to seismic or geologic hazards (refer to Photo 2), deteriorating roofs, eaves, overhangs, and broken windows and doors. Thus, as one of the two commercially developed parcels, the physical state of the many buildings on the site constitutes a serious threat to human safety.
- **Area C.** Deteriorated and dilapidated building conditions are scattered throughout Area C, and can generally be easily observed from the public right-of-way due to the small parcel sizes of the Area. The regularity of these conditions among the buildings effectively sends a message that this Area suffers from long term neglect and is not receiving continuous and regular infusion of maintenance and repair activities necessary to maintain healthy and safe buildings. Approximately 35 percent of

the parcels in Area C suffer from dilapidation and deterioration. The most common conditions were broken or deteriorated eaves and overhangs, and damaged exterior building materials.

- **Area D.** Two broken windows were noted in Area D, but overall, this Area does not suffer from deterioration and dilapidation.

CONDITIONS HINDERING VIABLE USE OR CAPACITY OF BUILDINGS OR LOTS

Pursuant to CRL Section 33031(a)(2), the viable use or capacity of a building or lot may be prevented or substantially hindered by substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards. For the purpose of this analysis, viability is defined as “capable of working, functioning, or developing adequately; financially sustainable”.

SUBSTANDARD LOT DESIGN

During the field survey and initial review of geographic information, many parcels of relatively small sizes were observed, prompting further investigation. Small parcel sizes can often prevent or substantially hinder viable use. Older or outmoded uses that once required smaller sized parcels in which to operate eventually vacate those properties as they either grow or become obsolete. More modern development requires a larger area, rendering reuse of these parcels infeasible and reducing their value. Determination of what constitutes substandard lot design is considered in two ways by this Report: (a) standards presented by the City’s Zoning Ordinance, and (b) an evaluation of financially feasible development of median lot sizes in the Project Area.

Municipal Code Chapters 11 and 12 establishes the zoning, building, subdivision, and land-use planning regulations for the City. The purpose of zoning regulations and other land use controls is to ensure that development is properly located throughout the city, and that adequate space is provided. Zoning requirements regulate uses, densities, building sizes, and address the relationship between uses of different types to minimize adverse impacts. Chapter 12 of the Municipal Code addresses the City’s Zoning Ordinance, and provides information on minimum lot depths and widths for commercial uses. Of the 469 commercial parcels in the Project Area, 359 of the parcels are zoned M-1 (Light Manufacturing District) or C-M (Commercial and Light Manufacturing District). With the exception of 30 parcels in the M-1-P zone (Industrial Park Manufacturing) in Area A, properties located in other zones in the Project Area do not have minimum development standards such as minimum lot area, width, or depth; therefore, those lots were not included in this analysis.

The Zoning Ordinance requires parcels in the M-1 or C-M zones to be developed with a minimum width of 75 feet and a minimum depth of 120 feet. These development standards also address lot coverage and setback requirements that ensure public health and safety. Parcel maps for properties zoned M-1 or C-M were reviewed to determine whether properties complied with the minimum lot width and depth requirements of the Zoning Ordinance. Parcels of an irregular shape, such as triangular, were also identified as those parcels are most difficult to develop due to unusable area that is not large enough for a building or parking. As summarized in Exhibit B-4 and identified in Exhibit B-5, 67 parcels do not comply with the Zoning Ordinance development standards, of which 60 parcels are located in Area C.

Inadequately Sized Parcels**Exhibit B-4****Airport Area Revitalization Redevelopment Project Area**

	Total Commercial Parcels ¹	Inadequately Sized Parcels ²		Inadequately Sized Parcels in Multiple Ownership ²	
		Count	%	Count	%
Area A	218	7	3.2%	5	2.3%
Area B	11	0	0.0%	0	0.0%
Area C	207	60	29.0%	24	11.6%
Area D	33	0	0.0%	0	0.0%
Project Area	469	67	14.3%	29	6.2%

¹ Total parcels excludes railroad right-of-way and residentially-zoned parcels.

² Only parcels zoned C-M (Commercial and Light Manufacturing District) and M-1 (Light Manufacturing District) were analyzed. Properties located in other zones in the Project Area do not have minimum development standards and therefore, were not included in this analysis.

Source: Parcels maps from Metrosan, City of Fresno ISD-GIS, City of Fresno Zoning Ordinance

Section 33031(a)(4) defines the existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by irregular shapes and inadequate sizes, given the present general plan and zoning standards and present market conditions, as a physical blighting condition. Exhibit B-4 also summarizes the number of subdivided lots in multiple ownership which do not meet size requirements within the Project Area. Multiple ownership was determined by isolating lots which do not meet size requirements and do not have an adjacent lot with the same owner. Of the 67 parcels which do not meet size requirements, 29 are in multiple ownership. Nearly all of these (83 percent) are in Area C. Lots of irregular size and shape that are in multiple ownership are difficult for private investors to assemble and create a site large enough to support an economically feasible development. Eminent domain is a mechanism to assemble such properties so that they can be revitalized.

The following Photo 26 is a remarkable example of a parcel that does not have room for necessary facilities. Most parcels do not utilize the public right of way, though an immense amount of outdoor storage, sometimes unscreened, was noted in Area C, as shown in subsequent photographs.



Photo 26:

Looking west on Floradora Ave, Area C

These large truck trailers are parked in the public right of way, indicating a lack of space and/or inadequate facilities on site. This demonstrates the functional obsolescence of the property utilizing these trailers.



Photo 27:

453-15-217, Area C

Unscreened lot with car storage.



Photo 28:

453-15-318, Floradora Ave, Area C

Unscreened outdoor storage.



Photo 29:

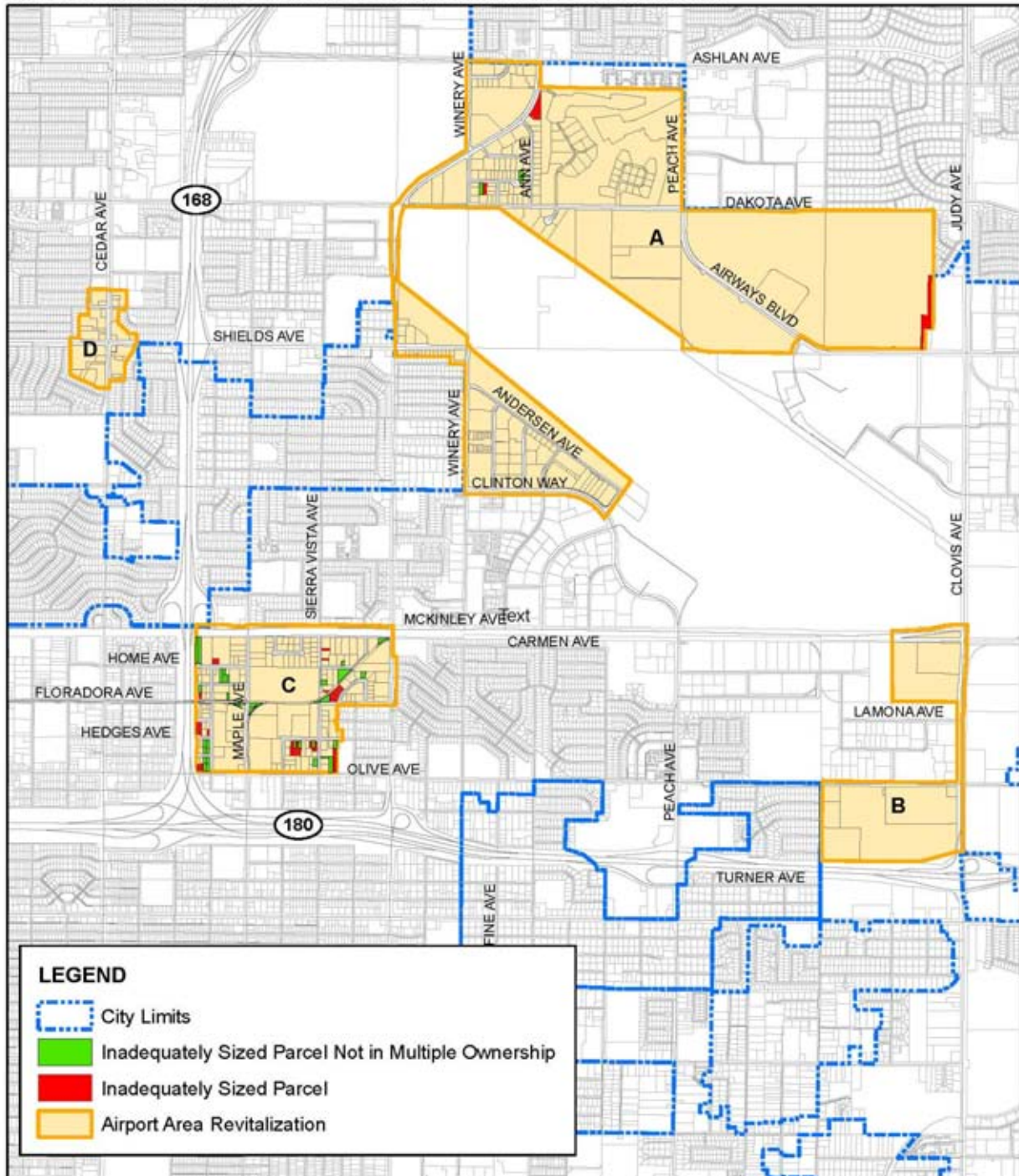
453-31-206, Maple Ave, Area C

Storage at a recycling plant.

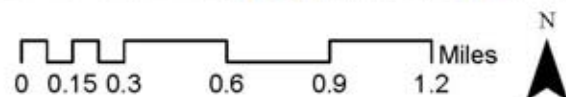
INADEQUATELY SIZED AND IRREGULARLY SHAPED PARCELS

EXHIBIT B-5

AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA



Source: City of Fresno ISD-GIS, City of Fresno Zoning Code, First American MetroScan Information Service



FINANCIAL VIABILITY OF LOT REDEVELOPMENT

To illustrate how lot size impacts the viability of the land, three pro formas are included that clearly identify how the cost of constructing and operating a building in the current market require development of a certain size in order to be financially sound. The first two pro formas present an economic analysis of a potential development of a M-1 zone parcel that meets the minimum lot size required by the Zoning Ordinance of 9,000 square feet and a parcel of the median lot size in the Project Area of 17,000 square feet. A lot coverage of 80 percent was used, which allowed for very minimal setbacks and parking. A Zoning Ordinance parking requirement of one parking space for every two employees was utilized. The number of employees was determined by using Southern California Association of Governments ("SCAG") standards for light industrial uses. The third pro forma was designed to illustrate the redevelopment of a median sized parcel from Area D (25,020 square feet) with a new retail building. The existing C-3 (Regional Shopping Center) zoning standards were adhered to, with a maximum lot coverage of 33 percent and parking at 4.5 parking spaces for every 1,000 square feet of building area.

The pro formas employ the income approach to valuation. Project feasibility is determined by subtracting the total development costs from the project value. The development feasibility gap of the project as well as the developer's equity contribution has been analyzed to assess the feasibility of the project. The Marshall and Swift Valuation Manual was used to estimate building shell costs for a Class C light manufacturing building for the industrial pro formas and a Class C retail building for the retail pro forma, similar to many buildings currently present in the Project Area. On-site, off-site, financing and other indirect costs were generated from current market rates or RSG's database for similar expenses. Land acquisition costs were based on recent average acquisition costs for the applicable zoned land according to CoStar and Loopnet. Operating income, expense assumptions, and capitalization rates were based on review of local area trends, information from real estate professionals, and RSG's experience with projects of the proposed scope and scale.

As illustrated in Exhibit B-6, the M-1 zone minimum lot size requirement of 9,000 square feet is not adequate to make an industrial development feasible. The analysis concludes that this project would not be feasible because the development costs exceed the value of the project by over \$550,000. Exhibit B-7 is a pro forma created using the median lot size in the Project Area of 17,000 square feet. This pro forma also illustrates that the typical lot does not allow for true redevelopment based upon its size. The analysis concludes that this project would not be feasible because the development costs exceed the value of the project by \$1.3 million. The retail pro forma done for comparison to Area D only, Exhibit B-8, shows a gap of approximately \$800,000.

Assembling parcels for redevelopment can be very challenging. In past development practices where smaller buildings were financially feasible to construct and owners could profit from operations, lots were parcelized in smaller sizes than would be found in current development. Today, it is often necessary to assemble two or more of these smaller parcels in order to have sufficient space for modern development. In addition to the typically larger floor plates, modern development often requires more space for parking, magnifying the need for larger parcels. Thus, in order to carry out redevelopment, it is common that multiple parcels must be assembled and combined to accommodate modern development patterns. Without the power to use eminent domain, the time required to assemble multiple parcels, and the possibility that a single hold-out will frustrate assembly or cause costs to rise to infeasible levels, makes development opportunities in older, built-out areas unattractive to investors with other less complicated options for development.

Adequate Commercial M-1 Lot - Pro Forma			Exhibit B-6
Airport Area Revitalization			
Site Characteristics (Minimum Lot Size Per Zoning Code)			
Lot Square Feet	9,000		
Lot Coverage Maximum	0.80		
Maximum Number of Stories	1.0		
Open Lot Area	1,785		
Parking Area	1,200		
Spaces (@ 300 SF per space)	4		
Commercial Building (S.F.)	7,215		
Project Costs	<u>SF/UNITS/SP</u>	<u>PER SF/SP</u>	<u>TOTAL</u>
ACQUISITION COSTS	9,000	\$7.81	\$70,331
DEMOLITION OF EXISTING STRUCTURE	6,000	\$4.48	\$26,850
Total Acquisition Costs			\$97,181
CONSTRUCTION:			
Commercial Building Cost (Shell)	7,215	\$52.59	\$379,415
Sprinklers (all buildings over 5,000 sq ft)	7,215	\$5.42	\$39,105
Site Costs (including landscaping)	9,000	\$3.00	\$27,000
Parking (surface; per space)	4	\$615	\$2,401
FFE and Tenant Improvements	7,215	\$5.00	\$36,075
Contractor Fee & General Conditions	14.0%	\$8.69	\$62,709
Contingency	10.0%	\$7.58	\$54,671
Total Construction		\$83.35	\$601,376
Total Land & Construction			\$698,557
SOFT COSTS:			
	<u>% of construction</u>	<u>\$ per Bldg. Sq. Ft.</u>	<u>Total</u>
A&E / Consultant Fees	6.0%	\$0.57	\$4,110
Public Permits & Fees	5.0%	\$4.84	\$34,928
Taxes, Insurance, Legal & Accounting	3.0%	\$2.50	\$18,041
Marketing	5.0%	\$4.17	\$30,069
Developer Fee (G&A / Profit)	12.0%	\$10.00	\$72,165
Contingency	10.0%	\$2.21	\$15,931
Total Soft Costs		\$24.29	\$175,245
FINANCING:			
Construction Interest	6.5%	\$5.03	\$36,272
Financing Fees	3.0%	\$2.08	\$15,024
Total Financing		\$7.11	\$51,296
Total Project Costs		\$128.22	\$925,098
Commercial Rental Income			
Gross Annual Rental Income	7,215 s.f.	\$5.40	\$38,961
(Less): Vacancy & Collection	5.0% of Gross Income		(\$1,948)
Gross Effective Income			\$37,013
Operating Expenses	7.5% of Gross Effective Income		(\$2,776)
Property Management	5.0% of Gross Effective Income		(\$1,851)
Reserves	3.0% of Gross Effective Income		(\$1,110)
Total Expenses			(\$5,737)
Net Operating Income			\$31,276
Cap Rate			8.40%
Total Project Revenue			\$372,333
(Less) Development Costs			(\$925,098)
Profit/(Feasibility Gap)			(\$552,765)

Adequate Commercial M-1 Lot - Pro Forma			Exhibit B-7
Airport Area Revitalization Redevelopment Project Area			
Site Characteristics (Median Lot Size in Airport Area)			
Lot Square Feet	17,000		
Lot Coverage Maximum	0.80		
Maximum Number of Stories	1.0		
Open Lot Area	3,400		
Parking Area	2,200		
Spaces (@ 300 SF per space)	7		
Commercial Building (S.F.)	13,600		
Project Costs	SF/UNITS/SP	PER SF/SP	TOTAL
ACQUISITION COSTS	17,000	\$7.81	\$132,847
Total Acquisition Costs			\$132,847
CONSTRUCTION:			
Commercial Building Cost (Shell)	13,600	\$72.98	\$992,580
Sprinklers (all buildings over 5,000 sq ft)	13,600	\$3.94	\$53,601
Site Costs (including landscaping)	17,000	\$4.00	\$68,000
Parking (surface; per space)	7	\$615	\$4,526
FFE and Tenant Improvements	13,600	\$5.00	\$68,000
Contractor Fee & General Conditions	14.0%	\$11.52	\$156,619
Contingency	10.0%	\$9.88	\$134,333
Total Construction		\$108.65	\$1,477,659
Total Land & Construction			\$1,610,506
SOFT COSTS:			
	% of construction	\$ per Bldg. Sq. Ft.	Total
A&E / Consultant Fees	6.0%	\$0.56	\$7,568
Public Permits & Fees	5.0%	\$5.92	\$80,525
Taxes, Insurance, Legal & Accounting	3.0%	\$3.26	\$44,330
Marketing	5.0%	\$5.43	\$73,883
Developer Fee (G&A / Profit)	12.0%	\$13.04	\$177,319
Contingency	10.0%	\$2.82	\$38,362
Total Soft Costs		\$31.03	\$421,987
FINANCING:			
Construction Interest	6.5%	\$6.39	\$86,967
Financing Fees	3.0%	\$2.54	\$34,521
Total Financing		\$8.93	\$121,488
Total Project Costs		\$158.38	\$2,153,982
Commercial Rental Income			
Gross Annual Rental Income	13,600 s.f.	\$6.00	\$81,600
(Less): Vacancy & Collection	5.0% of Gross Income		(\$4,080)
Gross Effective Income			\$77,520
Operating Expenses	7.5% of Gross Effective Income		(\$5,814)
Property Management	5.0% of Gross Effective Income		(\$3,876)
Reserves	3.0% of Gross Effective Income		(\$2,326)
Total Expenses			(\$12,016)
Net Operating Income			\$65,504
Cap Rate			7.75%
Total Project Revenue			\$845,218
(Less) Development Costs			(\$2,153,982)
Profit/(Feasibility Gap)			(\$1,308,764)

Adequate Commercial C-3 Lot - Pro Forma			Exhibit B-8
Airport Area Revitalization			
Site Characteristics (Minimum Lot Size Per Zoning Code)			
Lot Square Feet	25,250		
Lot Coverage Maximum	0.33		
Maximum Number of Stories	1.0		
Open Lot Area	16,918		
Parking Area	11,800		
Spaces (@ 315 SF per space)	37		
Commercial Building (S.F.)	8,333		
Project Costs	SF/UNITS/SP	PER SF/SP	TOTAL
ACQUISITION COSTS	25,250	\$19.68	\$496,799
DEMOLITION OF EXISTING STRUCTURE	8,000	\$4.48	\$35,800
Total Acquisition Costs			\$532,599
CONSTRUCTION:			
Commercial Building Cost (Shell)	8,333	\$97.82	\$815,059
Sprinklers (all buildings over 5,000 sq ft)	8,333	\$4.44	\$36,965
Site Costs (including landscaping)	25,250	\$3.00	\$75,750
Parking (surface; per space)	37	\$1,087	\$40,758
FFE and Tenant Improvements	8,333	\$7.50	\$62,494
Contractor Fee & General Conditions	14.0%	\$16.27	\$135,595
Contingency	10.0%	\$14.00	\$116,662
Total Construction		\$154.01	\$1,283,283
Total Land & Construction			\$1,815,882
SOFT COSTS:			
	% of construction	\$ per Bldg. Sq. Ft.	Total
A&E / Consultant Fees	6.0%	\$1.11	\$9,208
Public Permits & Fees	5.0%	\$10.90	\$90,794
Taxes, Insurance, Legal & Accounting	3.0%	\$4.62	\$38,498
Marketing	5.0%	\$7.70	\$64,164
Developer Fee (G&A / Profit)	12.0%	\$18.48	\$153,994
Contingency	10.0%	\$4.28	\$35,666
Total Soft Costs		\$47.08	\$392,325
FINANCING:			
Construction Interest	6.5%	\$11.54	\$96,124
Financing Fees	3.0%	\$5.11	\$42,575
Total Financing		\$16.65	\$138,700
Total Project Costs		\$281.66	\$2,346,907
Commercial Rental Income			
Gross Annual Rental Income	8,333 s.f.	\$15.00	\$124,988
(Less): Vacancy & Collection	5.0% of Gross Income		(\$6,249)
Gross Effective Income			\$118,738
Operating Expenses	7.5% of Gross Effective Income		(\$8,905)
Property Management	5.0% of Gross Effective Income		(\$5,937)
Reserves	3.0% of Gross Effective Income		(\$3,562)
Total Expenses			(\$18,404)
Net Operating Income			\$100,334
Cap Rate			6.50%
Total Project Revenue			\$1,543,596
(Less) Development Costs			(\$2,346,907)
Profit/(Feasibility Gap)			(\$803,311)

LOTS OF IRREGULAR SHAPE AND INADEQUATE SIZE IN MULTIPLE OWNERSHIP

Section 33031(a)(4) of the CRL defines the existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given the present general plan and zoning standards and present market conditions, as a physical blighting condition. An earlier section of this Report, entitled Conditions Hindering the Viable Use of Buildings or Lots, analyzed lots in the M-1 and C-M zones that do not meet size requirements based on the City's Zoning Ordinance or that were of an irregular shape. This section expands on that condition, analyzing the irregular shape of parcels that are in multiple ownership in Area D of the Project Area.

Area D is generally retail in nature, with a mix of stores, services, restaurants and a bowling alley. Parcels in Area D are in the C-3 (Regional Shopping Center District) or C-2 (Community Shopping Center District) zones. Neither zone has a minimum lot area, width, or depth requirements; therefore, inadequacy of property size was not analyzed. However, parcels a part of the same shopping center are under multiple ownership and irregularly shaped.

Of the 33 parcels that comprise Area D, 18 (54.5%) are in multiple ownership, a condition that has led to significant variations in property upkeep within the same commercial centers. The cohesive development of parcels in the same commercial center is impaired because cooperation and shared financial investment between property owners is challenging. In addition, property owners have no incentive to improve their value as it will be diminished by the deterioration of neighboring buildings and properties in the same center.

The physical development or redevelopment of parcels which do not meet size requirements, or are irregularly shaped and with multiple owners is impaired. It is highly unlikely that a property owner or developer would pursue a project on one of these lots because it would not provide a return on investment. Further, lots of irregular size and shape that are in multiple ownership are difficult for private investors to assemble and create a site large enough to support an economically feasible development. Development of such sites is hindered due to the increased amount of time and coordination required to purchase multiple lots instead of developing a large single lot. Eminent domain is a mechanism to assemble such properties so that they can be revitalized.

The following photograph is an example of the different types of property maintenance because of the multiple property owners of the shopping center.



Photo 30:

445-09-327, Cedar Ave, Area D

This photo captures the different levels of parking lot maintenance (foreground recently repaved) and two different types of parking lights. These varying levels of upkeep and modernity inhibit tenant attraction.

Summary of Conditions that Prevent or Substantially Hinder Viable Use by Area

- **Area A.** Only 3.2 percent of all lots in Area A do not meet the minimum standards set forth in the City's Zoning Code, and only 2.3 percent are in multiple ownership. The median parcel size in Area A is under 17,000 square feet, which a pro forma has shown to be an infeasible lot size for development

similar to the light industrial uses along Dakota Avenue. Due to the adjacency of the Airport it is possible that certain specialty development types might be feasible, though it should be noted that the pro forma analysis included in this Report utilized conservative construction values⁶ and the proximity of the Airport might require new construction to have sound attenuation features that would be more costly. Further, additional regulatory restrictions on the height of buildings would also apply in certain portions of Area A. This Report does not consider these regulatory restrictions to be a condition of blight, though they may exacerbate issues at hand.

- **Area B.** All parcels in Area B meet the minimum lot size standards. Three of eleven parcels are smaller than the 17,000 square foot Project Area median lot size threshold. In general, conditions that prevent or substantially hinder viable use as defined by the CRL are not applicable to Area B.
- **Area C.** Area C is less than 18 percent of the Project Area in size, but contains 44 percent of the parcels. Parcels in Area C are, on average, smaller than all other Areas, and have a median size of 13,512 square feet according to County Assessor records. In fact, 132 of the 207 parcels in Area C are under the 17,000 square foot area analyzed by the pro forma, rendering *at least* 63 percent of the parcels too small for compatible industrial development. Further, 60 of the parcels do not meet the minimum lot size standard. Of these, 24 are in multiple ownership. Area C clearly suffers from conditions that prevent the viable use of lots. Lot consolidation is necessary to effectuate the redevelopment and long term viability of the industry present in Area A.
- **Area D.** Parcels in Area D do not have minimum lot standards based on the City's Municipal Code. However, more than half are irregularly shaped and in multiple ownership. This has led to visible differences in maintenance levels and acts as a deterrent not only to new investment, but to tenants as well. Several vacancies were noted, particularly in the plazas west of Cedar Avenue. As shown by the retail pro forma, lot consolidation is also necessary in Area D to effectively redevelop the retail plazas.

INCOMPATIBLE USES

As observed on the field survey, and supported by parcel data from the County Assessor, dominant land uses in the Project Area are commercial in nature, most are light industrial, warehousing, and vehicle-related. Outside of the two apartment complexes within the former Palm Lakes Golf Course in Area A, only a handful of residential uses are present within the Project Area – 33 residentially-used parcels, all but 3 located on the western and southern sides of Area C. As shown in the following Exhibit B-8, these homes are immediately adjacent to industrial uses.

Residential uses are one of the most environmentally sensitive urban uses, as shown through California Environmental Quality Act ("CEQA") analyses. Industrial uses in Area C often require the use of potential contaminants, as mapped by the Environmental Protection Agency ("EPA"). According to EnviroMapper for Envirofacts from the United States Environmental Protection Agency, there are 15 businesses in Area C that use hazardous materials that must report to, and be monitored by, the EPA. If not used properly and monitored, the use of hazardous materials could contaminate either water or land. The presence of possible contaminants does not in itself mean an imminent threat to public safety. However, industrial uses and the presence of hazardous materials impact the desirability of the area for residential uses. The assessed land values of residential parcels in the Project Area were compared to those residential parcels citywide not located in a redevelopment project area and found to be substantially lower as demonstrated later in Exhibit B-14.

The existence of residential uses in Area C also inhibits the expansion of the neighboring industrial uses. According to the City's General Plan, "industrial firms must be located on suitable sites which enhance their competitive position and allow further expansion. Industrial firms should not create adverse effects on neighboring uses." Further, according to the Zoning Ordinance, setbacks of industrial uses are greater than

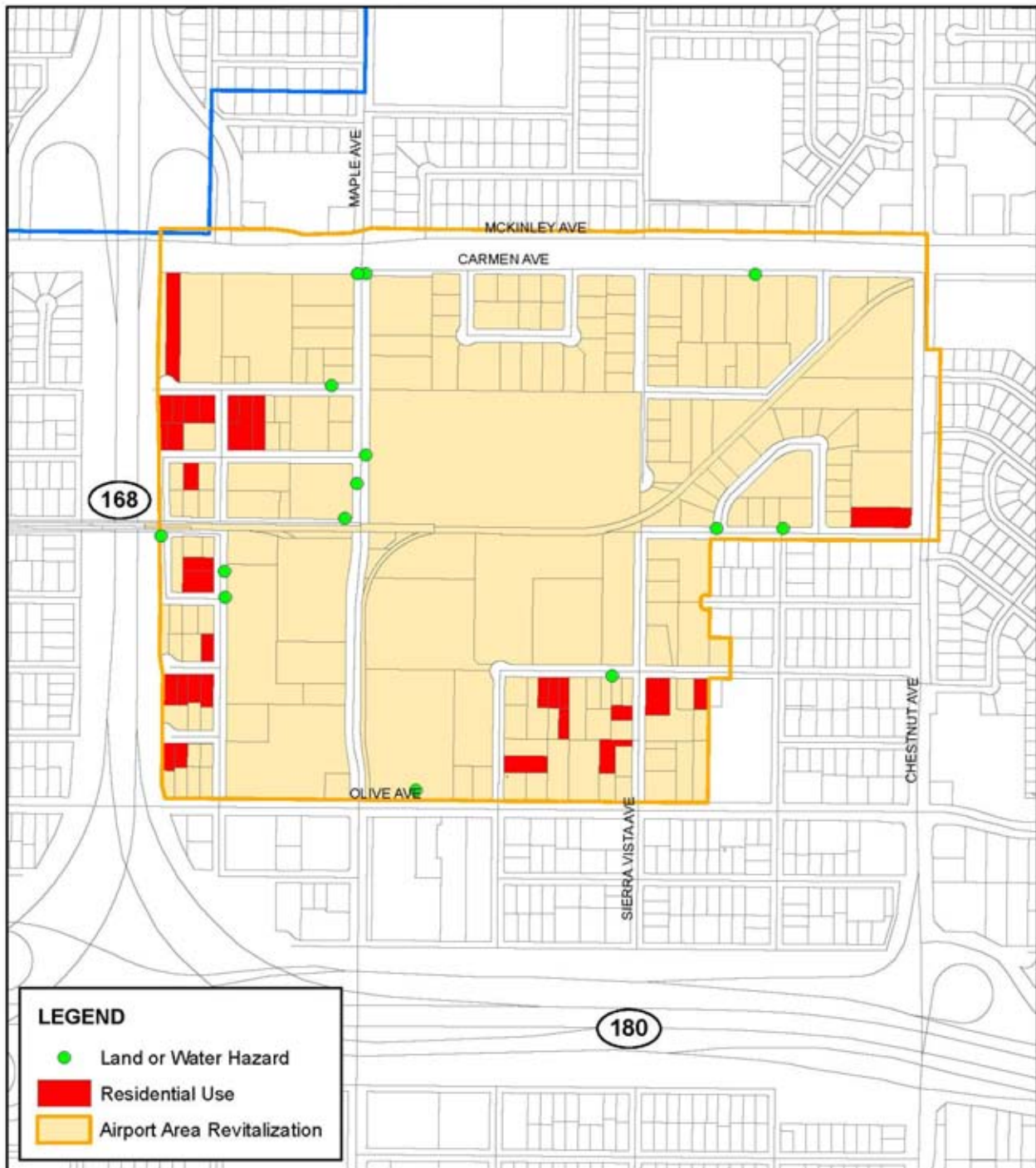
⁶ Higher construction values would further decrease the feasibility of development.

those otherwise required, limiting potential expansion. This geographic interface is thus damaging to both the residential uses as well as the industrial ones.

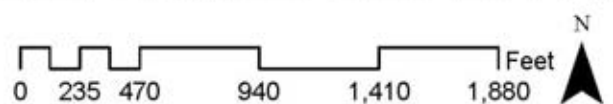
OBSERVED RESIDENTIAL USES AND LAND AND WATER HAZARDS IN AREA C

EXHIBIT B-9

AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA



Source: City of Fresno ISD-GIS, United States Environmental Protection Agency: Enviromapper for Envirofacts, RSG Field Survey May 24-25, 2010



The following photographs demonstrate residences adjacent to industrial uses in the Project Area.



Photo 31:

453-15-108, Home Ave, Area C

This picture illustrates incompatible uses, with a single family residence immediately adjacent to a large industrial warehouse with outdoor storage.



Photo 32:

453-23-117, Jackson Ave, Area C

This photo also captures a single family home next to an incompatible industrial use.



Photo 33:

453-15-211, Home Ave, Area C

A residential home adjacent to an incompatible use, fenced in by razor wire.

**Photo 34:****453-15-224, Home Ave, Area C**

Another example of an industrial warehouse adjacent to a residential use in Area C. These incompatible uses lower the property values of the residences, and inhibit expansion of the industrial buildings, thus negatively impacting both uses.

ECONOMIC BLIGHTING CONDITIONS

The previous discussion outlined the physical conditions of blight remaining within the Project Area. In order to establish that the Project Area remains blighted, economic conditions of blight defined in CRL Section 33031(b) were also analyzed. These economic conditions are generally assessed in terms of depreciated property values, low lease rates, a lack of commercial facilities, residential overcrowding, an excess of bars and other adult-oriented business, and high crime rates. The evaluation of economic blight included research and review of data from sources such as Metroscan, Geotracker, EnviroStor, City of Fresno Police Department, property owners/developers, and local real estate brokers.

IMPAIRED LAND VALUES

When it was first established, the Project Area had lower assessed values on a per square foot basis in comparison to properties citywide. The small size of the Project Area has resulted in a limited number of property sales for trending purposes since adoption.

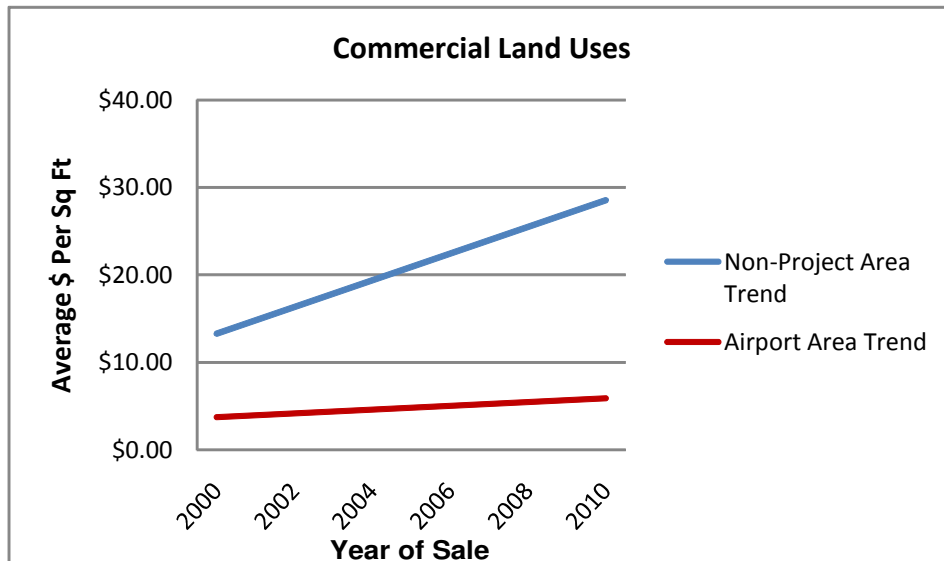
As historical assessed value on a parcel by parcel basis was not available, an examination of 2009-10 assessed values (not structure values) was performed for four land use categories in the Project Area⁷, as well as for those parcels in Fresno that are not in a redevelopment project area. For properties sold between January 2000 and June 30, 2010, values were compared on a per square foot basis by year of sale. Assessed value is typically established by the sales value of a property. According to the Fresno County Assessors Office, sales of both improved and unimproved property result in the Assessor dividing the sales price between the land value, based on market value at the time of sale, and any improvements. Therefore, land assessed values in Fresno County are generally reflective of market values at the time of sale. All assessed values are subject to Proposition 13 inflationary growth, up to 2 percent a year, so 2009-10 land assessed values from previous year sales are slightly inflated over their actual sales value.

Exhibits B-10 through B-13 illustrate trended land assessed values on a per square foot basis. For this analysis, the per square foot dollar amount shown each year is less informative (due to the Proposition 13 inflation that slightly increases the value) than the trend presented. In all cases, trended assessed land values not in a project area have increased at a more rapid rate than those in the Project Area, illustrating relatively stagnate property values in the Project Area.

⁷ As defined by land use designations on the Assessor's Roll.

2009-10 Land Assessed Value of Recent Sales

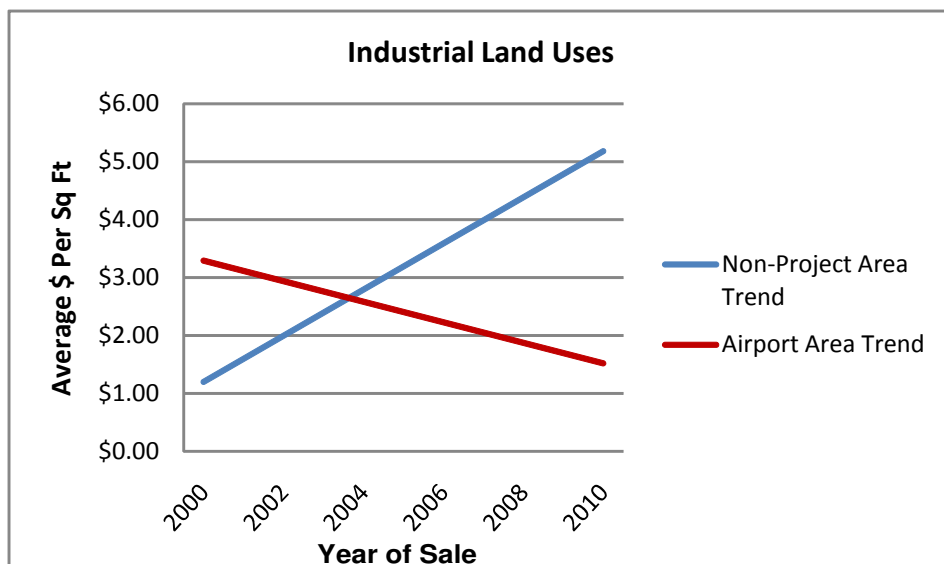
Exhibit B-10



Source: Metroscan

2009-10 Land Assessed Value of Recent Sales

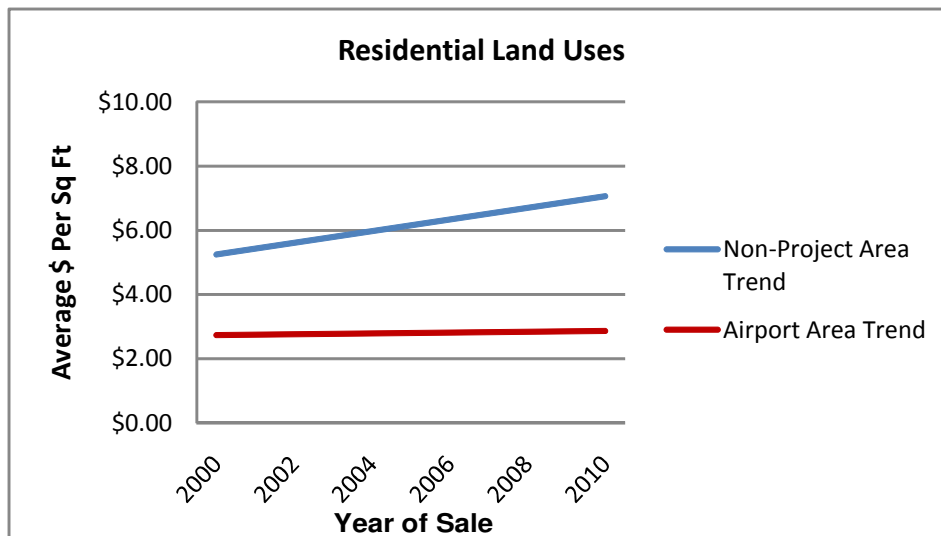
Exhibit B-11



Source: Metroscan

2009-10 Land Assessed Value of Recent Sales

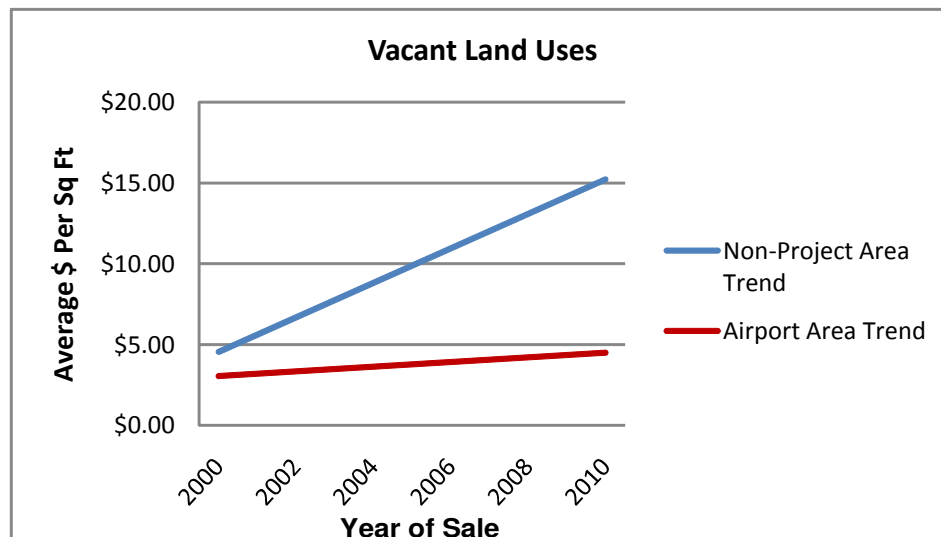
Exhibit B-12



Source: Metroscan

2009-10 Land Assessed Value of Recent Sales

Exhibit B-13



Source: Metroscan

In addition to trended data that analyzed assessed land values based on year of sale to show a pattern of comparative stagnation, a secondary analysis of average land value for 2009-10 was performed. This analysis did not account for year of sale values, but strictly the average 2009-10 assessed land value by land use. Exhibit B-14 provides this single year average assessed value for each Area, as well as for all non-redevelopment project area parcels. A more detailed break down is also shown for more common commercial parcel types, which account for about half of all parcels in the Project Area based on Assessor data. In general, commercial property values in each Area are substantially lower than those not in a redevelopment project area.

Property Values by Area **Exhibit B-14**
Airport Area Revitalization Redevelopment Project Area

	Non RDA	A	B	C	D
Comercial	\$ 21.31	\$ 5.46	\$ 1.54	\$ 3.56	\$ 8.22
Industrial	\$ 2.09	\$ 3.03		\$ 2.29	
Residential	\$ 5.93	\$ 3.79	\$ 0.66	\$ 2.64	
Vacant	\$ 9.61	\$ 4.09	\$ 4.28	\$ 2.87	\$ 9.06
Commercial Detail					
Stores	\$ 30.31	\$ 7.86		\$ 3.49	\$ 7.75
Garages	\$ 7.79	\$ 4.93		\$ 3.11	
Office	\$ 20.22	\$ 5.26		\$ 3.30	
Mini Storage	\$ 3.33	\$ 3.21	\$ 1.02	\$ 2.26	
Warehouse	\$ 4.67	\$ 4.97		\$ 4.28	

Note: Highlighted values are lower than average non-project area values

Source: Metrosan

Thus, not only are values shown to be comparatively stagnant over time, the overall assessed land values are generally lower than those not in a project area.

Description of Depreciated or Stagnant Property Values by Area

Trending was performed on an aggregate basis due to the small number of parcels in the Project Area. In all cases, values were not increasing as rapidly as in non-redevelopment project areas.

- **Area A.** Based on the 2009-10 Assessor's Roll, commercial values in Area A are 74 percent lower than those not in a project area. This is true specifically of commercial stores and office.
- **Area B.** The residential parcel land value is 89 percent below non-redevelopment comparable land values, and the vacant land is 55 percent below non-redevelopment comparable land values.
- **Area C.** On average, values were below those of non-redevelopment project area land values. Specifically, garage values were 60 percent less than non-redevelopment project parcels, and office values were 84 percent lower.
- **Area D.** Assessed land values were also lower in Area D. Commercial stores, which make up most of Area D, were 74 percent less than those not in a redevelopment project area.

CRIME

Though crime was anecdotally documented when the Project Area was adopted, current methods of maintaining records allow for better analysis now. The results are troubling and paint a serious picture of the threat to public safety in the Project Area. According to the CRL, a high crime rate that constitutes a serious threat to public safety and welfare is an economic blighting condition. When an area suffers from high levels of crime, businesses and other investors are often unwilling to locate their businesses and/or invest their private dollars into these neighborhoods because of the increased level of risk. This can further perpetuate other blighting conditions, such as dilapidation and deterioration resulting from long-term neglect.

In order to document crime and its impact on the Project Area, information regarding the incidence of violent and other serious crimes was collected from the Fresno Police Department and the Federal Bureau of Investigations ("FBI"). FBI publishes detailed crime statistics annually for all cities with a population over 10,000. These statistics show the number of Part I crimes reported for the previous year. Part I crimes are considered serious and are divided between violent and property crimes. Violent crimes include murder/manslaughter, forcible rape, robbery, and aggravated assault. Property crimes include burglary,

larceny-theft, motor-vehicle theft, and arson. Part II crimes include, among other things, loitering, disorderly conduct, drug offenses, fraud, gambling, liquor offenses, prostitution, public drunkenness, stolen property, vandalism, vagrancy, and weapons offenses. The Fresno Police Department also maintains records on Part I and Part II crimes.

The Fresno Police Department provided historical data on Part I and Part II crimes. As the Project Area has a very low number of residents, crime incidents were measured on a per acre basis. As Exhibit B-15 demonstrates, the Project Area's rate of 0.22 Part I crimes per acre in 2009 was 27 percent higher than the City average of 0.16 crimes per acre. Similarly, the Project Area's 0.69 Part II crimes was 25 percent higher than the City average of 0.52. Further, Exhibit B-15 shows that while the total number of Part I crimes in the City has decreased between 2005 and 2009, the number of Part I crimes in the Project Area has actually increased.

Part I Crimes Per Acre

Table B-15

Airport Area Revitalization Redevelopment Project Area vs. City

	Acres	2005		2006		2007		2008		2009	
		Count	Per Acre	Count	Per Acre	Count	Per Acre	Count	Per Acre	Count	Per Acre
City	191,117	35,894	0.19	33,631	0.18	31,350	0.16	31,928	0.17	31,202	0.16
Project Area	1,119	233	0.21	242	0.22	234	0.21	229	0.20	249	0.22
Area A	751	76	0.10	85	0.11	100	0.13	71	0.09	100	0.13
Area B	133	7	0.05	17	0.13	7	0.05	9	0.07	17	0.13
Area C	199	62	0.31	67	0.34	67	0.34	69	0.35	55	0.28
Area D	36	88	2.44	73	2.02	60	1.66	80	2.22	77	2.13

Source: City of Fresno Police Department, City of Fresno ISD-GIS

Part II Crimes Per Acre

Table B-16

Airport Area Revitalization Redevelopment Project Area vs. City

	Acres	2005 ¹		2006		2007		2008		2009	
		Count	Per Acre	Count	Per Acre	Count	Per Acre	Count	Per Acre	Count	Per Acre
City	191,117	92,218	0.48	112,789	0.59	104,096	0.54	103,124	0.54	98,570	0.52
Project Area	1,119	596	0.53	903	0.81	789	0.71	836	0.75	777	0.69
Area A	751	155	0.21	199	0.27	210	0.28	217	0.29	210	0.28
Area B	133	47	0.35	108	0.81	65	0.49	103	0.78	77	0.58
Area C	199	162	0.81	268	1.35	218	1.10	224	1.13	194	0.98
Area D	36	232	6.43	328	9.09	296	8.21	292	8.09	296	8.21

¹ Data from April 1, 2005 thru December 31, 2005

Source: City of Fresno Police Department, City of Fresno ISD-GIS

Property crimes can also have a negative impact on the general welfare of persons and businesses in the Project Area. The FBI defines property crimes as those crimes that do not involve force or the threat of force on victims but do involve the taking of property or money. The crime data reveals that in particular, the Project Area has a very high rate of aggravated assault, and larceny and theft compared to the City, as shown in Exhibit B-17.

Types of Part I Crimes Per Acre (2008)

Table B-17

Airport Area Revitalization Redevelopment Project Area vs. City

	Area A		Area B		Area C		Area D		Project Area		City	
	Crimes	Per Acre	Crimes	Per Acre	Crimes	Per Acre	Crimes	Per Acre	Crimes	Per Acre	Crimes	Per Acre
Homicide	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	40	0.00
Rape	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	80	0.00
Robbery	1	0.00	1	0.01	2	0.01	5	0.14	9	0.01	984	0.01
Aggravated Assault	5	0.01	4	0.03	9	0.05	20	0.55	38	0.03	1,678	0.01
Total Violent Crimes	6	0.01	5	0.04	11	0.06	25	0.69	47	0.04	2,782	0.01
Burglary	14	0.02	0	0.00	10	0.05	11	0.30	35	0.03	4,173	0.02
Larceny-Theft	43	0.06	4	0.03	33	0.17	39	1.08	119	0.11	14,106	0.07
Motor Vehicle Theft	8	0.01	0	0.00	14	0.07	3	0.08	25	0.02	3,777	0.02
Arson	0	0.00	0	0.00	1	0.01	2	0.06	3	0.00	224	0.00
Total Property Crimes	65	0.09	4	0.03	58	0.29	55	1.52	182	0.16	22,280	0.12

Note: Complete 2009 data from the FBI was not available, therefore, 2008 data was use for this analysis.

Source: FBI Uniform Crime Reporting Database, City of Fresno ISD-GIS, City of Fresno Police Department

The following photographs demonstrate crime observed in the Project Area.



Photo 35:

453-08-007, Maple Ave, Area C

This picture shows damage to the building façade. Though the damage is cosmetic and not a risk in itself, the nature of the breaks in the façade indicates vandalism as the source of the problem. Areas with known crime problems are more difficult to sell or lease property in, contributing to a cycle of vacancy or low property values that disincentivize private investment.



Photo 36:

Intersection of Floradora Ave and Sierra Vista Ave, Area C

This Agency sign, showcasing investment made in the Project Area, and nearby traffic sign have been vandalized, illustrating property crimes in the area.

Summary of Crime by Area

- **Area A.** Area A does not experience a high crime rate compared to the city as a whole.
- **Area B.** Area B does occasionally experience higher levels of Part II crimes than the city on a per acre basis, though Part I crimes are lower. Crime is not considered to be a blighting condition in Area B.
- **Area C.** Area C crime incidents are consistently and significantly higher than the city for both Part I and Part II crimes.
- **Area D.** This Area is consistently experiences significantly higher incidents of crime than the city as a whole. The following discussion goes further into detail about crime levels in Area D.

EXCESS OF BARS, LIQUOR STORES, AND ADULT BUSINESSES

With the exception of a service station in Area A, licenses for the sale of alcohol is concentrated in Area D. As indicated in Exhibit B-19, all four corners of Area D have liquor sales licenses for consumption and/or retail sales. Exhibit B-18 indicates that on a per acre basis, Area D shows a high concentration of liquor sale outlets. The Project Area as a whole also shows a high per capita rate of liquor licenses.

On/Off Sale Liquor Outlets **Exhibit B-18**
Airport Area Revitalization Redevelopment Project Area vs. City

Area	Population ¹	No. of Active Licenses	Licenses Per 1,000 Persons	Licenses Per Acre
Citywide	486,823	998	2.05	0.01
Project Area	3,859	12	3.11	0.01
Area A	1,864	1	0.54	0.00
Area B	1,408	0	-	0.00
Area C	479	0	-	0.00
Area D	108	11	101.85	0.30

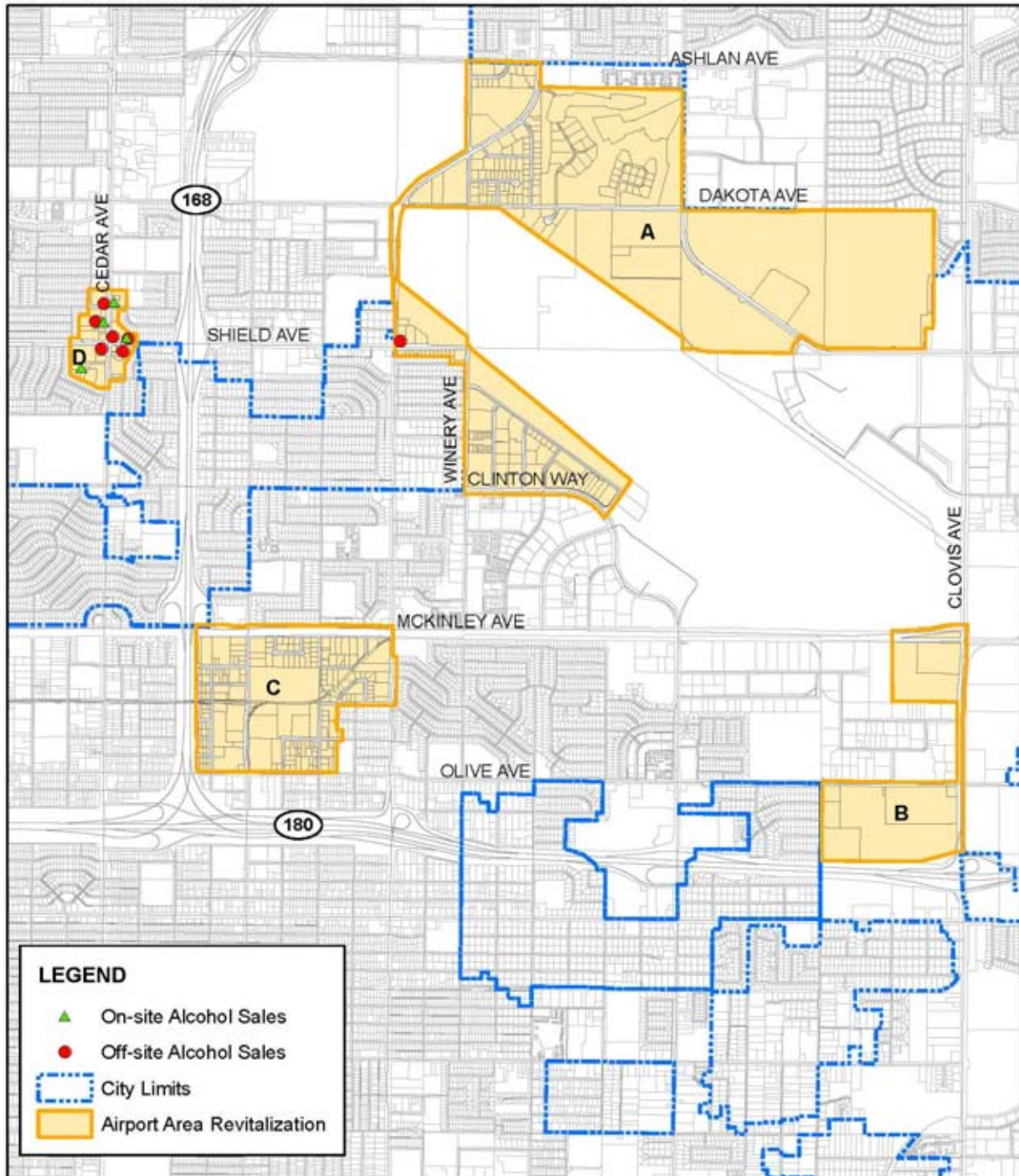
¹ Population based on 2010 ESRI Business Analyst Online projections based on 2000 U.S. Census. The figure reported under Project Area is the population of census block groups that overlap the Project Area, which includes areas outside the Project Area.

Source: California Department of Alcoholic Beverage Control as of June 9, 2010, City of Fresno ISD-GIS, ESRI GIS Census Data

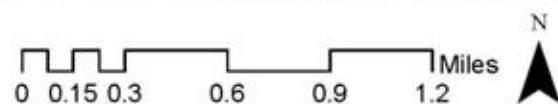
BUSINESSES WITH AN ACTIVE ABC LICENSE

EXHIBIT B-19

AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA



Source: California Department of Alcoholic Beverage Control as of June 9, 2010, City of Fresno ISD-GIS



The following photograph is one of the 10 businesses in Area D that sells alcohol.



Photo 37:

437-25-308, Cedar Ave, Area D

This photo captures one of the liquor license sites in Area D.

A high number of liquor licenses in itself is not a blighting condition, but must also result in significant public health, safety, or welfare problems. Exhibit B-20 presents a comparison of crimes committed in Area D to three other retail intersections in the City that are of similar size and have businesses with liquor licenses. Commercial Intersection No. 1 is the Bullard Avenue and First Street intersection, Commercial Intersection No. 2 is the intersection of Shields and West Avenues, and Commercial Intersection No. 3 is the intersection of Shaw and West Avenues. Utilizing data supplied by City staff, crimes within the commercial centers themselves, as well as those with those within a one-quarter mile radius of the intersections were analyzed. Exhibits B-20 and B-21 clearly shows that Area D has a very high rate of crime both within the commercial parcels and within the ¼ mile radius compared to the other intersections. Exhibits B-22 through B-25 indicate the location of Area D and the comparative commercial intersections, associated liquor licenses, and Part I and II crimes that occurred in 2009.

Crimes Per Acre Commercial Area Comparison

Exhibit B-20

Airport Area Revitalization Redevelopment Project Area vs. Other City Commercial Intersections

Year	Area D of Project Area		Commercial Intersection No. 1			Commercial Intersection No. 2			Commercial Intersection No. 3		
	# Crimes	Per Acre	# Crimes	Per Acre	% Δ with No. 1	# Crimes	Per Acre	% Δ with No. 2	# Crimes	Per Acre	% Δ with No. 3
Part I Crimes											
2005	88	2.44	42	1.66	47%	37	3.38	-28%	61	1.45	69%
2006	73	2.02	37	1.47	38%	44	4.02	-50%	64	1.52	33%
2007	60	1.66	41	1.63	2%	33	3.02	-45%	51	1.21	37%
2008	80	2.22	44	1.74	27%	41	3.75	-41%	47	1.12	99%
2009	77	2.13	37	1.47	46%	26	2.38	-10%	46	1.09	96%
Part II Crimes											
2005 ¹	232	6.43	63	2.50	158%	130	11.88	-46%	127	3.01	113%
2006	328	9.09	60	2.38	282%	179	16.36	-44%	151	3.58	154%
2007	296	8.21	62	2.46	234%	140	12.80	-36%	166	3.94	108%
2008	292	8.09	68	2.70	200%	133	12.16	-33%	166	3.94	105%
2009	296	8.21	78	3.09	165%	210	19.20	-57%	127	3.01	172%

Active ABC

Licenses	11	11	7	8
Acreage	36.07	25.23	10.94	42.14
# of Parcels	31	17	17	27

Note: Commercial Intersection No. 1 includes the northeast, southeast, and southwest corners of Bullard Avenue and First Street. Commercial Intersection No. 2 includes all four corners at Shields and West Avenues. Commercial Intersection No. 3 includes all four corners at Shaw and West Avenues.

¹ Data from April 1, 2005 thru December 31, 2005.

Source: City of Fresno Police Department, City of Fresno ISD-GIS

Crimes Occurring Within Quarter Mile**Exhibit B-21****Airport Area Revitalization Redevelopment Project Area vs.
Other City Commercial Intersections**

Year	Area D of Project Area # Crimes	Commercial Intersection No. 1 # Crimes	Commercial Intersection No. 2 # Crimes	Commercial Intersection No. 3 # Crimes
Part I Crimes				
2005	378	175	241	143
2006	272	141	233	133
2007	271	132	205	120
2008	307	144	192	111
2009	275	149	135	117
Part II Crimes				
2005	820	273	516	277
2006	940	385	771	334
2007	908	371	646	328
2008	894	398	576	352
2009	861	336	589	282
# Active ABC				
Licenses	11	11	7	8
Acreage	36.07	25.23	10.94	42.14
# of Parcels	31	17	17	27

Note: Commercial Intersection No. 1 includes the northeast, southeast, and southwest corners of Bullard Avenue and First Street. Commercial Intersection No. 2 includes all four corners at Shields and West Avenues. Commercial Intersection No. 3 includes all four corners at Shaw and West Avenues.

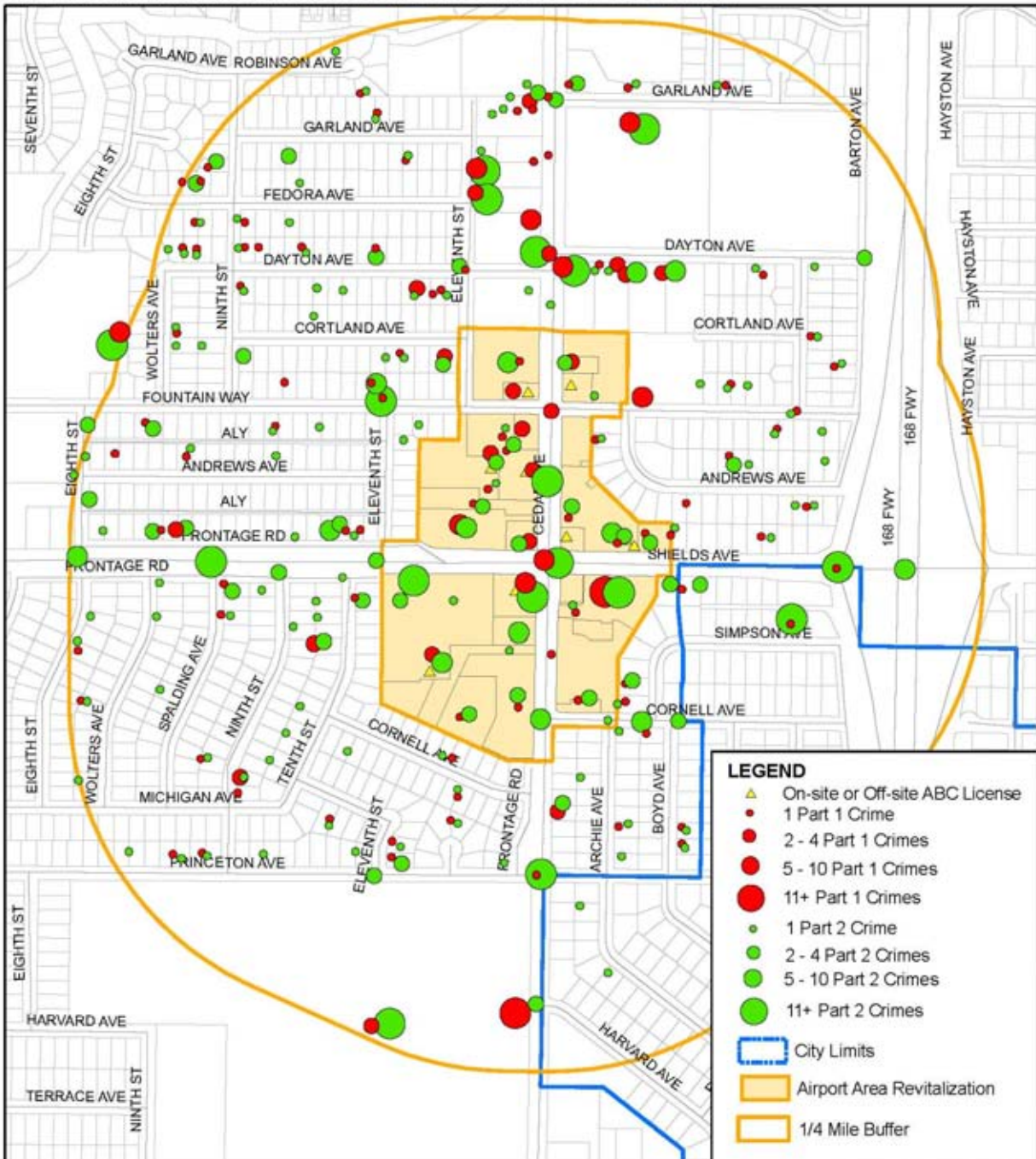
Source: City of Fresno Police Department, City of Fresno ISD-GIS

Note that in 2009, the quarter mile area surrounding the Area D intersection had 275 Part I crimes and 861 Part II crimes compared to the 149 and 336 (respectively) in Commercial Intersection 1, which has the same number of liquor licenses.

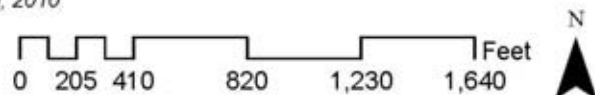
ABC LICENSES AND PART 1 AND 2 CRIMES - AREA D (2009)

EXHIBIT B-22

AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA

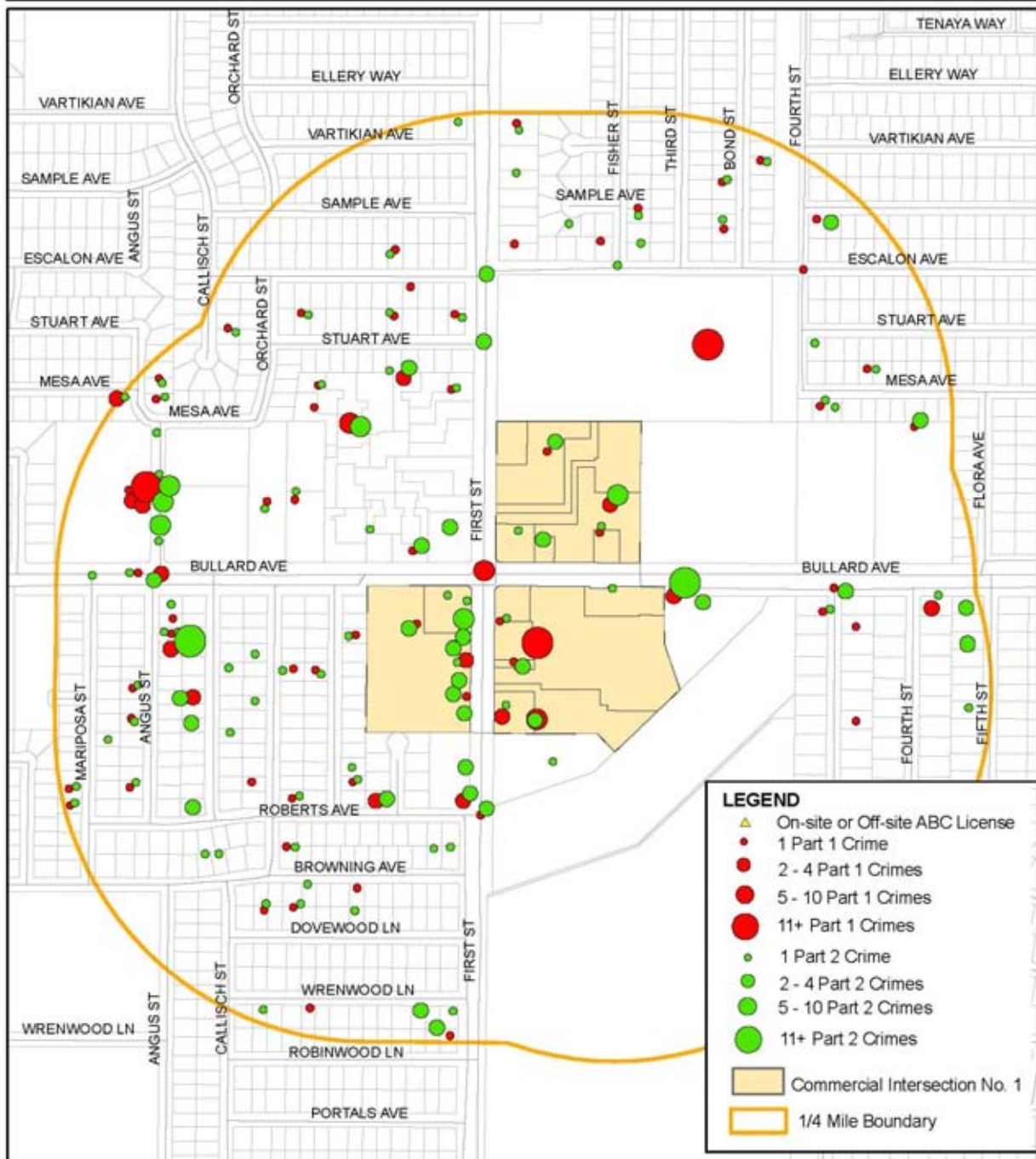


Source: City of Fresno Police Department, City of Fresno ISD-GIS, California Department of Alcoholic Beverage Control as of June 9, 2010

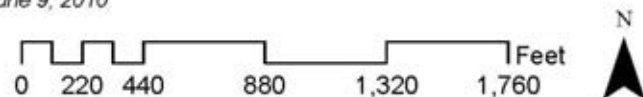


**ABC LICENSES AND PART 1 AND 2 CRIMES -
COMMERCIAL INTERSECTION NO. 1 (2009)**

EXHIBIT B-23

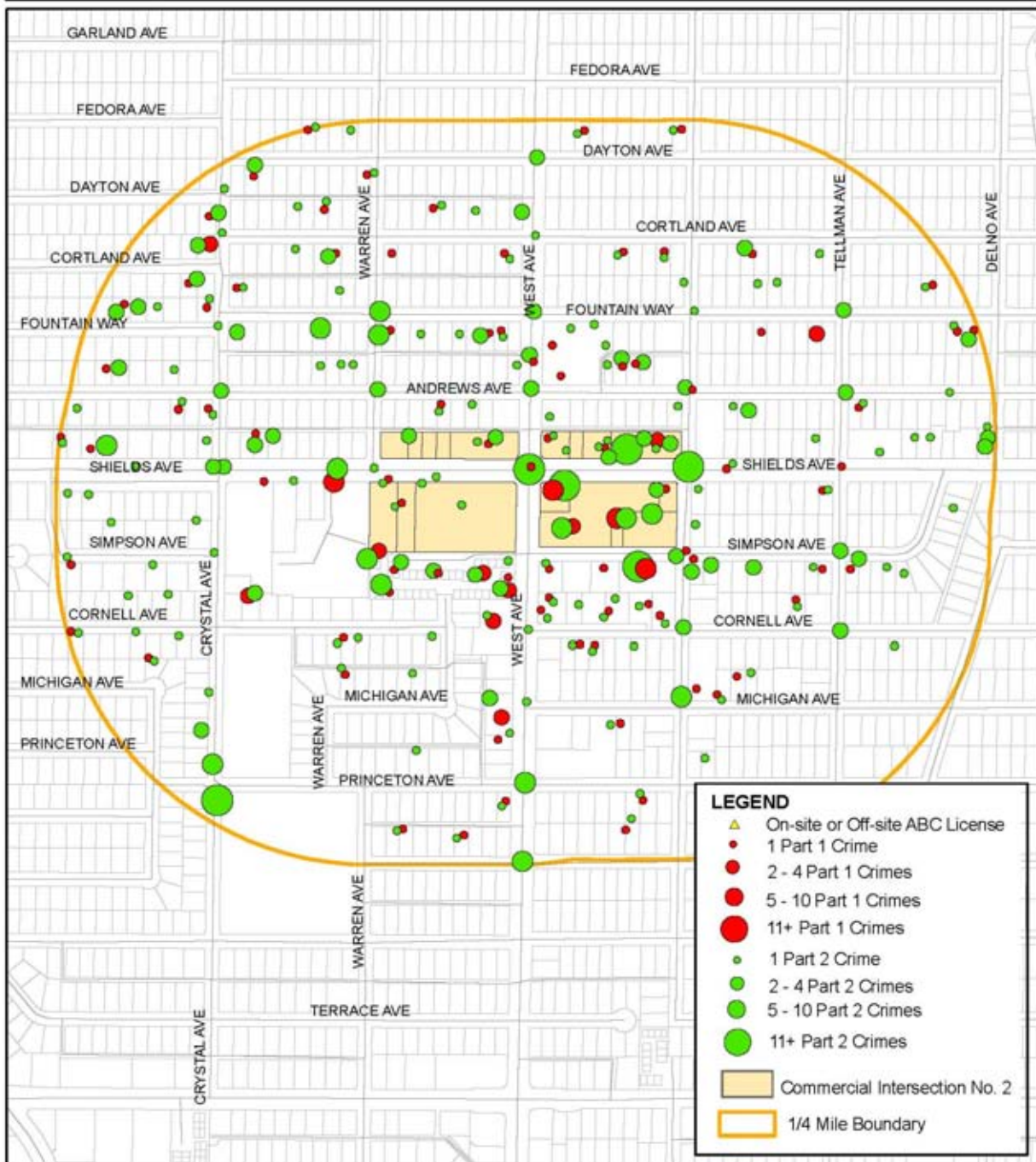


Source: City of Fresno Police Department, City of Fresno ISD-GIS,
California Department of Alcoholic Beverage Control as of June 9, 2010

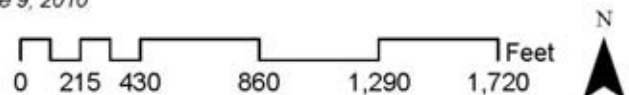


**ABC LICENSES AND PART 1 AND 2 CRIMES -
COMMERCIAL INTERSECTION NO. 2 (2009)**

EXHIBIT B-24

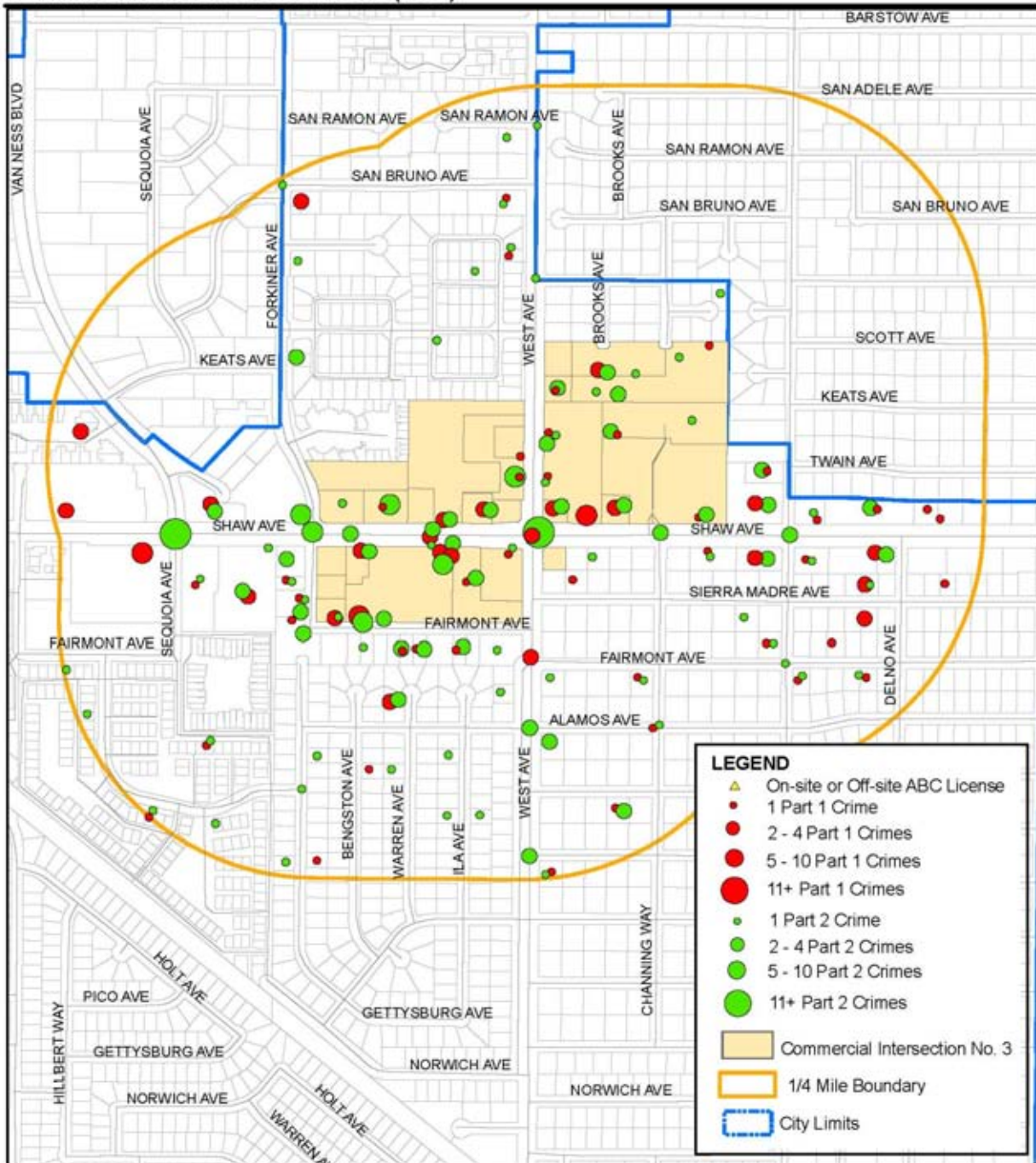


Source: City of Fresno Police Department, City of Fresno ISD-GIS,
California Department of Alcoholic Beverage Control as of June 9, 2010



ABC LICENSES AND PART 1 AND 2 CRIMES -
COMMERCIAL INTERSECTION NO. 3 (2009)

EXHIBIT B-25



Source: City of Fresno Police Department, City of Fresno ISD-GIS,
California Department of Alcoholic Beverage Control as of June 9, 2010



Summary of An Excess of Bars, Liquor Stores, or Adult Businesses (Area D Only)

- **Area D.** This high level of crime incidents compared to similar retail intersections, coupled with the large number of liquor licenses in Area D clearly shows a correlation between the presence of liquor licenses and the threat to public safety. The multiple ownership of the lots in Area D has resulted in properties that are maintained at various levels, and tenants that are unmanaged in a cohesive manner. Subsequently, the number of liquor licenses is high, as are the crime levels. Consolidation of these properties is likely to be necessary to facilitate private investment and realign the tenant mix.

HIGH BUSINESS VACANCIES, VACANT PARCELS, AND ABANDONED BUILDINGS

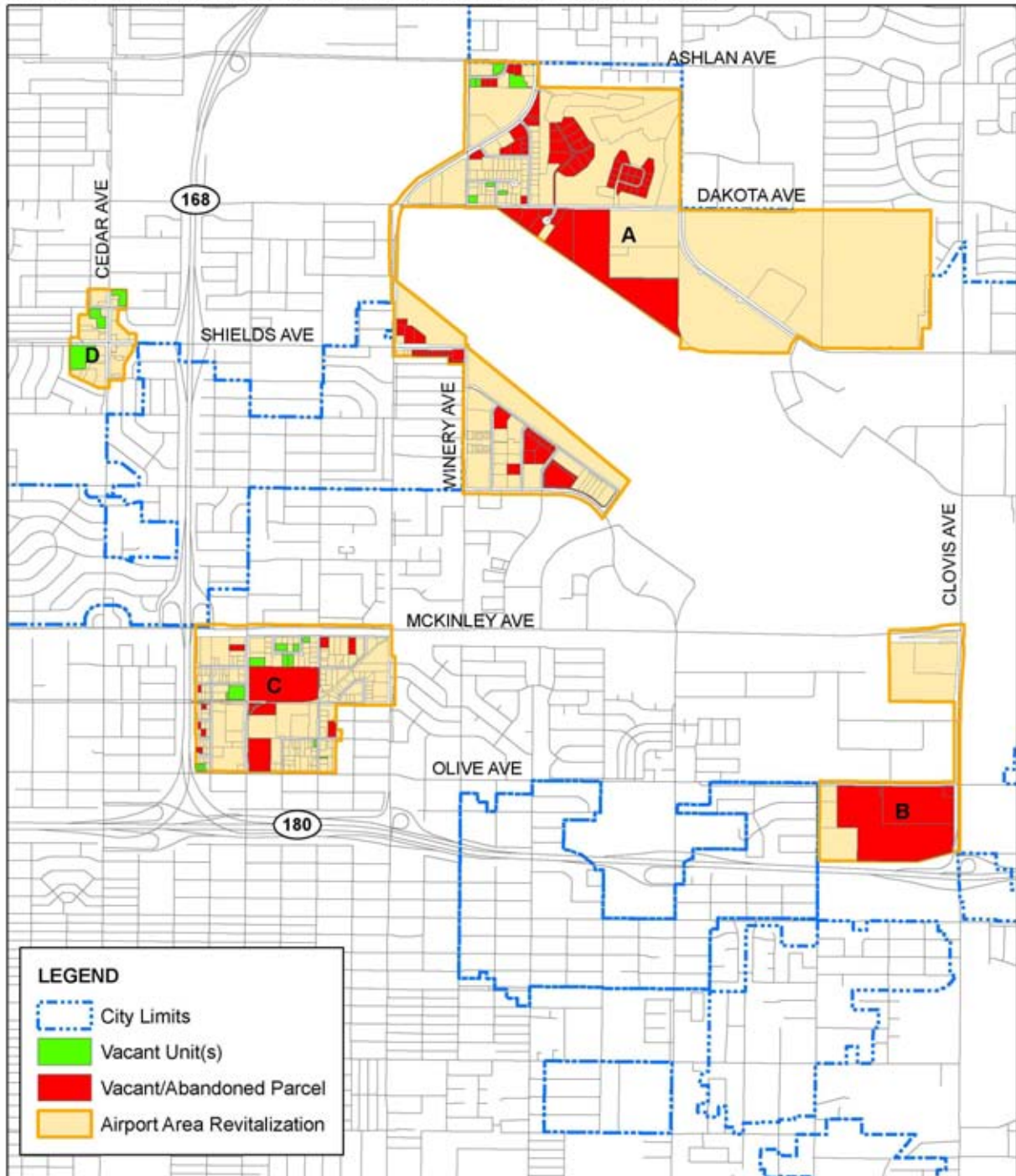
Though documented data on industrial lease rates is minimal, 23 parcels with vacant units (commercial and industrial) and 107 undeveloped or abandoned properties were observed during the field survey⁸. Exhibit B-26 shows these properties. The reason these many vacancies are not advertized is unknown, but may be a symptom of the issues that plague the Project Area, particularly Area C, where property owners may not have the financial resources to advertize their properties through conventional means, or may not possess the ability to improve the property to a condition that would attract a tenant.

⁸ An abandoned parcel is a property that has a structure on the property but that has been deserted. A vacant property has not been developed for a particular use.

VACANT UNIT(S) AND VACANT/ABANDONED PARCELS

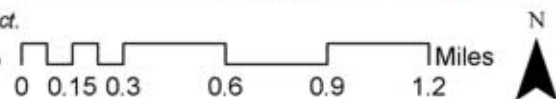
EXHIBIT B-26

AIRPORT AREA REVITALIZATION REDEVELOPMENT PROJECT AREA



Note: Excludes properties owned by Fresno Metropolitan Flood District.

Source: City of Fresno ISD-GIS, RSG Field Survey May 24-25, 2010



The following photographs demonstrate properties in the Project Area that have vacant units, or abandoned buildings.



Photo 38:

Intersection of Dakota Ave & Winery Ave, Area A

This property is now vacant, as illustrated by the empty sign post where a company name was once located. This property is neatly landscaped and located within close proximity to the airport, but remains vacant nevertheless. Vacant or abandoned properties are common in the Project Area.



Photo 39:

438-03-016, Cedar Ave, Area D

This property is currently vacant and appears to have a history of short turnover. Note the permanent sign has been covered by a temporary sign from the last tenant that was not successful enough to replace the temporary sign prior to vacating the building.



Photo 40:

453-32-039, Maple Ave, Area C

This property has been vacated by the tenant. Although cosmetic, the presence of graffiti indicates a lack of upkeep and crime activity, which may deter potential tenants or private investment in the area. Police staff mentioned this abandoned property has been a target for vandalism for some time.

**Photo 41:****453-23-109, Jackson Ave, Area C**

Currently vacant, this small residential building is surrounded by incompatible industrial uses. Note the unscreened outdoor storage directly to the rear of the property. These surroundings would likely deter a residential renter, but the building itself cannot support industrial uses, rendering this building obsolete.

**Photo 42:****453-09-118, Carmen Ave, Area C**

This photo captures an abandoned property that is no longer maintained. Deferred maintenance is visible. While not a threat to public safety at this level, it is unlikely to attract tenants or contribute to improved property values at this level of preservation.

**Photo 43:****438-03-016, Cedar Ave, Area D**

One of several vacancies in the northwest shopping plaza in Area D.



Photo 44:

445-09-324, Cedar Ave, Area D

This photo depicts a vacancy in the southwest shopping plaza in Area D. The dated appearance of the building does not constitute a threat to safety, but does illustrate a lack of private investment which may deter potential tenants.



Photo 45:

445-09-329, Cedar Ave, Area D

Another vacancy in the southwest plaza of Area D.



Photo 46:

437-31-318, Cedar Ave, Area D

Vacancies in the northwest Area D plaza.



Photo 47:

437-31-318, Cedar Ave, Area D

More vacancies in the northwest plaza of Area D. A high number of vacancies is often a deterrent to potential tenants who may feel attracting clients to the center will be a challenge. Fully leased retail centers attract more people, creating a synergistic effect that supports the businesses.

ABNORMALLY LOW LEASE RATES

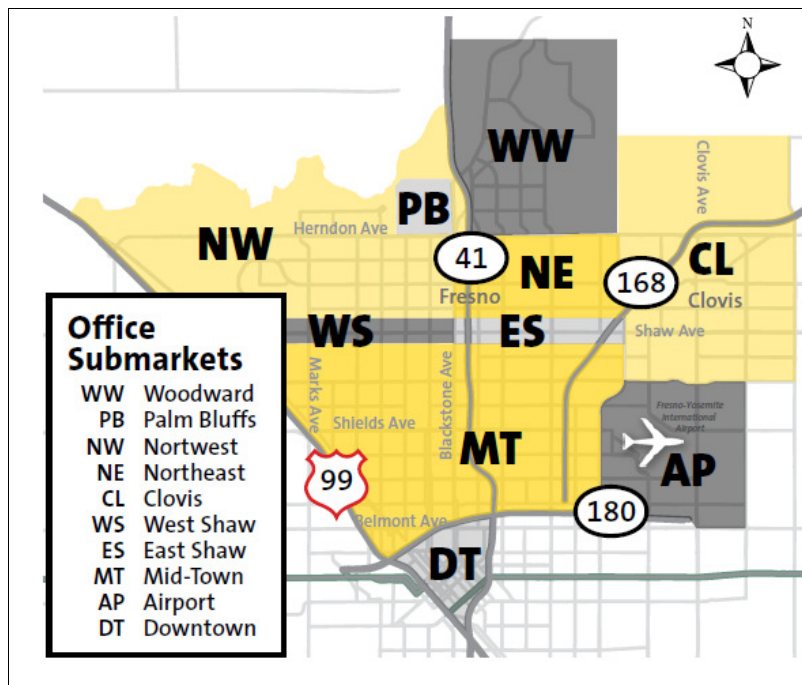
Abnormally low lease rates clearly illustrate a low level of desirability in an area, and are a direct indicator of a lack of private investment. The Project Area has abnormally low lease rates in the office and retail sectors, which is an economic blighting condition pursuant to CRL Section 33031(b)(3).

OFFICE

No listings advertising office space for lease within the Project Area were found at the time this Report was written; therefore it is not possible to conduct an analysis of office lease rates in the specific Project Area boundaries. However, the Airport Submarket report provided by Grubb & Ellis includes the Project Area, which is approximately 75 percent of the commercial area within Airport Submarket. The Airport Submarket extends from Ashlan Avenue to the north, Chestnut Avenue to the west, Fowler Avenue to the east, and the 180-Freeway to the south, as shown in Exhibit B-27.

Airport Office Submarket

Exhibit B-27



Source: Grubb & Ellis Office Trends Report, Fresno, First Quarter 2010

According to a Fresno Office Trends Report from the real estate firm Grubb & Ellis, the Airport Submarket had the lowest average lease rates for Class B office space out of all City submarkets in the first quarter of 2010. As indicated in Exhibit B-28, the Airport Submarket has an average lease rate of \$1.19 per square foot per month, the lowest in the City and is 31 percent lower than the total City's average lease rate of \$1.72 per square foot per month.

Office Lease Rates by City Submarket- First Quarter 2010

Exhibit B-28

City of Fresno

Submarket	Class B	
	Average \$/SF/Month	%Δ from City
Airport (Contains Project Area)	\$ 1.19	-31%
Midtown	1.27	-26%
Downtown	1.34	-22%
West Shaw	1.46	-15%
East Shaw	1.57	-9%
Northwest	1.82	6%
Clovis	1.83	6%
Northeast	1.84	7%
Woodward	1.97	15%
Palm Bluffs	2.04	19%
Total Fresno	\$ 1.72	

Source: Grubb & Ellis Office Trends Report, Fresno, First Quarter 2010

RETAIL

Retail lease rates in the Project Area are also abnormally low according to data published by CB Richard Ellis in a Retail Market View Report for the Second Quarter of 2010. The greater Southeast Area (identified in Exhibit B-29), which contains the Project Area, is 32 percent lower than the city average.

Airport Retail Submarket

Exhibit B-29



Source: CB Richard Ellis Retail Market View Report, 2nd Quarter, 2010

Further, as Exhibit B-30 shows, the average lease rate for Project Area retail properties is \$0.46 per square foot per month, based on listings of available space for lease advertised on real estate websites LoopNet and CityFeet between May and June 2010. This lease rate is 65 percent lower than the City's average retail lease rate of \$1.33 per square foot per month, though the limited number of listings does not present enough information to draw conclusions.

Retail Lease Rate Comparison **Exhibit B-30**
Airport Area Revitalization Redevelopment Project Area vs. City

	No. of Listings	Average \$/SF/Month	%Δ from City
Project Area Listings	2	\$ 0.46	-65%
Southeast (Contains Project Area)		\$ 0.90	-32%
Northwest		\$ 0.90	-32%
Northeast		\$ 2.70	103%
Clovis		\$ 1.05	-21%
Southwest		\$ 1.10	-17%
Total Fresno		\$ 1.33	

Sources: Project Area data from LoopNet and City FEET (as of 6/21/10).

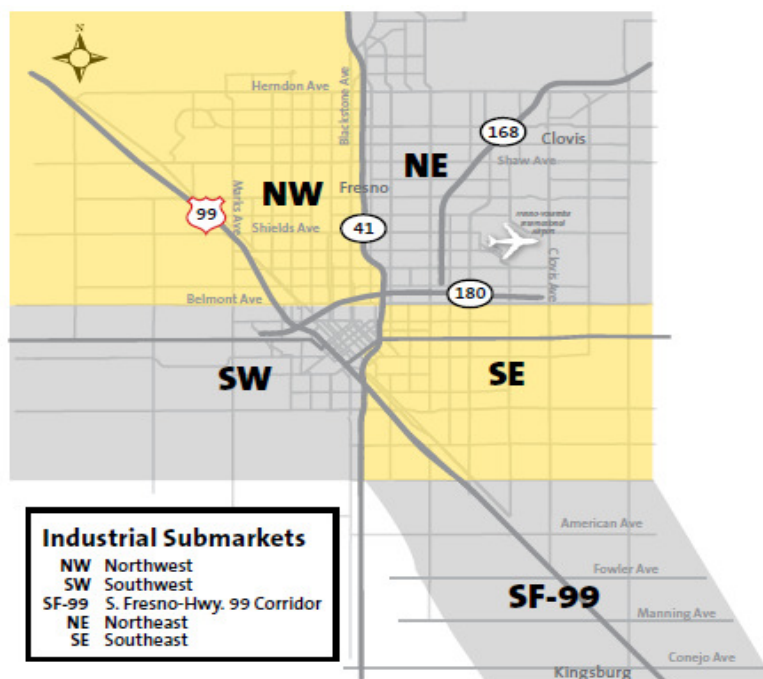
Fresno data from CBRE Retail Market View Report, Fresno, Second Quarter 2010.

INDUSTRIAL

Approximately 26 industrial units were observed for lease during the field survey but only two listings were found on property listing sources, which is not sufficient to make assumptions on market conditions. The Industrial Trends report published by Grubb & Ellis, which includes the Project Area (estimated to be approximately 25 percent of the of the total inventory in the Northeast Submarket illustrated in Exhibit B-31), shows the Northeast Submarket has the lowest industrial lease rates in the City as summarized in Exhibit B-32.

Industrial Submarket

Exhibit B-31



Source: Grubb & Ellis Industrial Trends Report, Fresno, First Quarter 2010

Further, two local brokers confirmed that lease rates in the Airport area are generally lower on average. According to a broker who is familiar with industrial properties in the Project Area, industrial lease rates are around \$0.55-0.60 per square foot, lower than other citywide industrial areas. A second broker, referring specifically to Area C, indicated leases are generally \$0.40-0.50 per square foot, but may go as low as \$0.35. It should be noted that the range of properties labeled as industrial by the real estate community presents a wide array, from flex space to manufacturing to warehousing – each of which typically has a different price point with warehousing being the lowest. Exhibit B-32 focuses on data for warehousing and distribution space, which is common in the Project Area.

Industrial Leases by City Submarket - First Quarter 2010**Exhibit B-32****City of Fresno**

	No. of Listings	Warehouse/Dist	
		Average \$/SF/Month	%Δ from City
Project Area Listings	2	\$ 0.52	51%
Northeast Fresno (Contains Project Area)		0.31	-9%
Southeast Fresno		0.33	-3%
Southwest Fresno		0.34	0%
Northwest Fresno		0.41	21%
S. Fresno-Hwy. 99 Corridor		-	
Total Fresno		\$ 0.34	

Sources: Project Area data from LoopNet and City FEET (as of 6/21/10).

Submarket data from Grubb & Ellis Industrial Trends Report, Fresno, First Quarter 2010

Summary of Abnormally Low Lease Rates

- The research for this blighting condition could only be performed on a regional basis. Market reports for retail and office listings showed lower lease rates are present in the greater area surrounding the Project Area. Further, discussions with two local brokers revealed that industrial lease rates are generally lower in the Project Area as well, specifically Area C.

SUMMARY OF BLIGHTING CONDITIONS

As described, the Agency is seeking to extend eminent domain in Areas B, C, and D where it currently exists (not on parcels where people lawfully reside), and over vacant parcels in Area A as allowed by the CRL. The blighting conditions documented in this Section, which are necessary to proceed with the Amendment, are summarized below.

<u>Area</u>	<u>Physical Blight</u>	<u>Economic Blight</u>
Area A	<ul style="list-style-type: none"> ▪ Conditions that prevent/hinder viable use 	<ul style="list-style-type: none"> ▪ Depreciated or stagnant property values
Area B	<ul style="list-style-type: none"> ▪ Unsafe and unhealthy buildings 	<ul style="list-style-type: none"> ▪ Depreciated or stagnant property values
Area C	<ul style="list-style-type: none"> ▪ Unsafe and unhealthy buildings ▪ Conditions that prevent/hinder viable use ▪ Subdivided lots in multiple ownership impaired by inadequate sizes or irregular shapes 	<ul style="list-style-type: none"> ▪ Depreciated or stagnant property values ▪ High crime rate
Area D	<ul style="list-style-type: none"> ▪ Conditions that prevent/hinder viable use ▪ Subdivided lots in multiple ownership impaired by inadequate sizes or irregular shapes 	<ul style="list-style-type: none"> ▪ Depreciated or stagnant property values ▪ Excess of adult businesses resulting in safety problems ▪ High crime rate

WHY REDEVELOPMENT?

Based on the observations and research detailed, it is evident that the Project Area continues to suffer from various physical and economic blighting conditions. Although progress has been made by the Agency to eliminate blighting conditions and spur economic development in the Project Area, further improvements are needed to successfully redevelop in the Project Area. The Amendment proposes to extend the Agency's power of eminent domain in the Areas B, C, and D of the Project Area and over Area A with respect to vacant land for an additional 12 years. The ability of the Agency to employ all redevelopment tools made available by the CRL, including eminent domain, is necessary to alleviate such blight and overcome the adverse physical and economic conditions which have been shown to be present in the Project Area. The Agency will

be able to use eminent domain authority, along with other redevelopment tools, to implement projects eliminating both physical and economic blighting conditions in the Project Area.

PHYSICAL AND ECONOMIC BURDEN ON THE COMMUNITY

Pursuant to Section 33030(b) of the CRL, to be blighted an area must meet the following criteria. The Project Area meets each criterion and is therefore a blighted area.

1. At least one physical blighting condition and at least one economic blighting condition must be present.

As described in this section of the Report, the Project Area continues to exhibit physical blight such as conditions that prevent the viable use of lots, the existence of subdivided lots in multiple ownership impaired by irregular shapes and inadequate sizes, and adjacent incompatible uses that prevent development. The economic blighting conditions documented are: depreciated or stagnant property values and a high crime rate with an excess of adult-oriented businesses that result in public safety problems.

2. Blighting conditions must cause a lack of proper utilization of the area.

The effects of blighting conditions are found throughout the Project Area. As shown throughout this section of the Report, the Project Area suffers from conditions that prevent the viable use of lots; the existence of unsafe and unhealthy buildings; the existence of subdivided lots in multiple ownership impaired by irregular shapes and inadequate sizes; depreciated or stagnant property values; and a high crime rate with an excess of adult-oriented businesses that result in public safety problems. These characteristics inhibit the viability of individual affected lots and structures, as well as the economic vitality of the entire Project Area.

3. The improper utilization must be a serious physical and economic burden on the community.

Individual properties have a powerful influence on the value of neighboring lots, such that parcels where well-maintained structures are adjacent to lots with dilapidated structures, both properties experience lowered market values. The lower property values, conditions of lots, and physical decline of structures cause the Project Area as a whole to remain blighted.

Though structural dilapidation and business vacancies are easily observed, certain conditions of properties are less visible but render sites obsolete and are a major factor in the economic stability of the area. Private investors would, in many cases, need to assemble several parcels in order to construct commercial and industrial buildings that meet current development standards, including the structure and size of the building, adequate parking, and safe ingress and egress. Thus, certain lot conditions discourage new development and make the Project Area uncompetitive with neighboring communities.

4. The serious physical and economic burden cannot be reversed by private enterprise alone, the public sector alone, or both together, without redevelopment.

The blighting conditions found in the Project Area are not new. The private sector has had the opportunity to improve the area through parcel assembly or structural rehabilitation, but minimal investment has been made. The physical and economic conditions continue to deter private investment.

The Agency does not have any immediate or specific plans to use eminent domain to acquire property at this time. However, the Agency believes it is very important to maintain this redevelopment tool because it may be a necessary component to future redevelopment activities. Eminent domain is especially important for those projects involving land acquisition. The ability to consolidate lots for new development and abate or provide mitigation between adverse uses is essential in addressing the remaining conditions of blight the Project Area.

The purpose of redevelopment is to eliminate blight from the Project Area so that it may be a safe place for residents and employees, and ultimately become a viable area that can compete for commercial and industrial uses. This requires a strategic approach to improvements that stretches from traditional capital improvement projects to those efforts that make the area a pleasant, safe place that businesses want to

locate in. The presence of physical and economic blighting conditions cause a reduction in utilization of the Project Area to such an extent that it constitutes a serious physical and economic burden on the community. This has not been, and cannot reasonably be expected to be reversed or alleviated by private enterprise, governmental action, or both, without redevelopment.



Pursuant to CRL Section 33352(c), this Report is to include an implementation plan that describes specific goals and objectives of the Agency, specific projects proposed by the Agency, and a description of how these projects will improve or alleviate blight. The Agency approved and adopted its 2010-14 Implementation Plan on August 26, 2010. The 2010-14 Implementation Plan is incorporated herein by reference.

The Agency's Implementation Plan is not affected by the Amendment because it does not propose to add new territory, nor does it propose new projects or programs; therefore, in accordance with CRL Section 33457.1, no changes to the current Implementation Plan are warranted.

Section 33352(d) of the CRL requires an explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. The Agency's Report to the Legislative Body that was prepared at the time the Project Area was adopted established the need for tax increment financing in order to address blighting conditions. It was documented that blight could not be accomplished by private enterprise alone and that the legislative body's use of other funding sources alone were not sufficient to fund the needed redevelopment projects identified at that time. Although the Agency has used other funding sources when available, these other funding sources continue to be inadequate. Because the Amendment would not add additional territory subject to the collection of tax increment revenues by the Agency to the Project Area, nor would it amend the time and financial limits to collect tax increment revenue in the Project Area, no additional analysis with regards to financing alternatives is warranted. CRL Section 33457.1 makes clear that this Report need only include the information required by Section 33352 of the CRL necessitated by the action contemplated in the Amendment.

The Amendment does, however, warrant an explanation as to why the elimination of blight cannot be expected to be accomplished by private enterprise alone, or without the use of eminent domain.

Private redevelopment of the Project Area has not occurred on its own. The conditions presented in Section B of this Report is itself a direct indicator that the private sector has been unable to marshal the tools (including land assemblage, debt financing, and equity resources) to overcome such problems. Some of the most compelling of these conditions include:

- Assessed land values for industrial uses that have not risen above 2002 levels in 8 years and are currently about 66 percent lower than they were in 2002.
- Buildings that suffer from lack of investment, causing a threat to health and safety. Approximately 65 percent of the building stock is more than 30 years old and thus requires consistent and continual maintenance efforts which field observations were able to document is not happening in some cases.
- Inadequate lot sizes, as illustrated by a pro forma analysis showing that at least half of the parcels in the Project Area are too small for financially viable redevelopment of industrial uses.
- Single family home land values located next to industrial uses that are consistently lower in value than those not in a redevelopment project area, and currently lower in value than the city as a whole.
- Part I crime rates that are 27 percent higher than the city as a whole in 2009.
- A high number of liquor licenses per acre in Area D that has led to elevated crime rates compared to similar commercial intersections.

Consequently, a catalyst, in the form of strategic redevelopment tools and investment by the Agency, is needed to overcome these adverse conditions. Both the City and Agency will continue to invest in the redevelopment of the Project Area and to leverage private investment to fund projects; however, making strategic use of the financial capital available to the Agency is not likely to provide all the resources required to improve/redevelop the Project Area.

As described in Section B of this Report, consolidation of lots is important to mitigating the challenges in the Project Area. Further, it is necessary to realign ownership and rehabilitation/redevelopment of the parcels in Area D where multiple ownership has led to incongruent property maintenance and management, resulting in a large number of liquor licenses and high rates of crime. Though a last resort, eminent domain could be a critical tool to accomplish blight eradication.

Therefore, extending the Agency's eminent domain authority is necessary to help acquire and consolidate parcels to make the Project Area more attractive and feasible for private redevelopment. With the proposed Amendment, the Agency's extended eminent domain authority would enable the Agency to facilitate land

acquisition and assembly, which would prove to be an effective means to accomplish the private development and redevelopment of the Project Area.



Method of Relocation

Section 33352(f) of the CRL requires the Agency to prepare a relocation plan for families and persons who may be temporarily or permanently displaced from housing facilities within the Project Area.

In the event the Amendment is adopted and implementation actions include relocation of residents, nonprofit local community institutions, or local businesses the Agency will adhere to State relocation law and guidelines, consisting of the California Relocation Assistance Law (Government Code Sections 7260 through 7277, "Relocation Assistance Act"), and the Relocation Assistance and Real Property Acquisition Guidelines adopted and promulgated by the California Department of Housing and Community Development (California Code of Regulations, Title 25, Sections 6000 through 6198, "Relocation Guidelines").

If relocation is necessary to implement the Redevelopment Plan in order to eliminate blighting conditions, the Relocation Assistance Act and Relocation Guidelines ensure the Agency will meet its relocation responsibilities to any families, persons, businesses, or nonprofit local community institutions to be temporarily or permanently displaced as a consequence of the Redevelopment Plan's implementation.

No persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at costs comparable to those at the time of their displacements.

While the Agency cannot use eminent domain to acquire property where a person lawfully resides within the Project Area, this does not eliminate the Agency's relocation responsibilities. For example, the Agency may have relocation responsibility for displacement of residents if their properties are purchased by voluntary sale.

Pursuant to CRL Section 33352(l) a project area committee is required if the Agency proposes to amend a redevelopment plan to: (1) grant the authority to the Agency to acquire by eminent domain property on which persons reside in a project area in which a substantial number of low- and moderate-income persons reside; or (2) add territory in which a substantial number of low- and moderate-income persons reside and grant the authority to the Agency to acquire, by eminent domain, property on which persons reside in the added territory.

The Amendment proposes to extend eminent domain authority in the Project Area; however, the Amendment specifically restricts the Agency's authority to acquire property by eminent domain on nonresidential properties. Furthermore, the Amendment would not add territory to the Project Area. Therefore, the formation of a project area committee is not required.

While there is no requirement for a project area committee, nor an existing project area committee, the Agency has taken steps to ensure that local residents, business owners and other interested parties are aware of, and involved in, the Amendment.

The Agency intends to hold a community meeting prior to the public hearing to discuss the impacts of the proposed Amendment.

Section 33352(k) of the CRL requires the inclusion of the report prepared pursuant to Section 21151 of the Public Resources Code.

Reporting for the proposed Amendment consists of an Initial Study and Mitigated Negative Declaration (“IS/MND”) prepared in accordance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.). The IS/MND found the proposed Amendment would have less than significant impacts on the Project Area with mitigation.

The IS/MND reviewed all potential environmental impacts associated with the proposed Amendment. Topics included: aesthetics; agriculture and forest resources; air quality; biological resources; cultural resources; geology and soils; greenhouse gas emissions; hazards and hazardous materials; hydrology and water quality; land use and planning; mineral resources; noise; population and housing; public services; recreation; traffic and transportation; and utilities and service systems. The IS/MND also addresses all other topics and sections as required by CEQA. The IS/MND is included in Appendix B of this Report.

In accordance with the requirements of the California Environmental Quality Act, Notice of Intent to adopt the Mitigated Negative Declaration is scheduled for filing with the Fresno County Clerk, transmittal to affected taxing entities, and circulation for public review and comment in August 2010. The public comment period on the draft MND is scheduled to close in September 2010.



OVERVIEW

CRL Section 33352 requires that this Report contain a Neighborhood Impact Report that discusses the impact the Amendment will have on low and moderate income persons or families in the Project Area in the following issues: relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood.

Additional issues that this neighborhood impact report must address include: the number of low or moderate-income dwelling units to be removed or destroyed; the number of low or moderate income persons or families expected to be displaced; the general location of housing to be rehabilitated, developed or constructed; the number of dwelling units planned for construction or rehabilitation to house persons and families of low or moderate income (other than replacement housing); the projected means of financing the aforementioned dwelling units; and the projected timetable for meeting the Redevelopment Plan's relocation, rehabilitation, and replacement housing objectives.

RELOCATION

At this time, no foreseeable projects have been proposed for the Project Area that would involve displacement of residents or businesses. However, should displacement occur in the future, eligible displaced residents or businesses will be offered relocation benefits as required by the CRL and State law. Any displacement which occurs as a result of Agency redevelopment activities will be mitigated by relocation assistance including financial payments, advisory assistance, and other assistance identified in the project-specific replacement housing plans as required by the CRL relating to Agency assisted developments. The Agency will also follow its adopted Method of Relocation, and will offer reentry opportunities where feasible to existing business owners and tenants.

ENVIRONMENTAL QUALITY

The primary goal of the Redevelopment Plan is to continue to improve the overall environmental quality of the Project Area by addressing existing deficiencies. The Redevelopment Plan seeks to eliminate existing blighting conditions and cause improvements, particularly to the deteriorating or insufficient infrastructure systems. As indicated in the MND, the Amendment will not directly result in a change of environmental impacts on land use, transportation, air quality, noise, public services and infrastructure, hazardous materials, hydrology and water quality, cultural resources, or visual and aesthetic quality. Because the Amendment does not propose uses or intensities beyond the General Plan and other related land use policy documents, adherence to adopted land use policies will ensure that implementation of the Redevelopment Plan will lessen or avoid potential impacts. Mitigation measures are also in place should potential impacts occur. During implementation of any specific redevelopment proposal in the Project Area, an environmental analysis may be warranted as required by CEQA.

TRAFFIC CIRCULATION

The Amendment does not alter any proposed projects related to circulation and traffic improvements allowed by the Redevelopment Plan, and therefore, no traffic impacts would occur as a direct result of this Amendment alone. However, it can be noted that the Agency has identified a number of public improvement projects that would improve access into and around the Project Area, and reduce existing safety hazards for motorists and pedestrians. These improvements will not only serve existing residents and businesses within the Project Area, but will help to attract new private investment by improving safety, convenient access, and aesthetics. As mentioned, all future projects would be subject to their own independent environmental review to assess the potential for significant transportation impacts at the time they are proposed.

COMMUNITY FACILITIES AND SERVICES

Although the Amendment only extends the Agency's eminent domain authority, ultimate implementation of the Plan will result in a moderate amount of commercial growth. Such growth, however, is contemplated by the General Plan and is not expected to have an adverse impact upon the community's facilities and services. The General Plan incorporates policies to mitigate any impacts; however, overall, implementation of the Redevelopment Plan is expected to improve the City's existing facilities and services through the use of tax increment revenues.

SCHOOL POPULATION AND QUALITY OF EDUCATION

The Fresno Unified School District ("FUSD") serves the Project Area, including the Project Area. Due to the nature of the Project Area with little residential zoning and no expansion expected in the future, it is unlikely any Agency activities would impact the FUSD's ability to serve the Project Area. Further, all new development and redevelopment projects within the Project Area, whether implemented by the Agency or the private sector, are required to be consistent with the General Plan which controls the land use designations and intensities. Accordingly, the General Plan contains relevant policies and implementation measures pertaining to schools in order to mitigate the effects of new development on schools and ensure the provision of adequate school facilities. During implementation of the Redevelopment Plan, specific redevelopment proposals may warrant project specific environmental analysis as required by CEQA, which requires an analysis of the project's impact on schools.

PROPERTY ASSESSMENTS AND TAXES

The Redevelopment Plan calls for various methods of financing implementation, none of which are affected by the proposed Amendment. Because redevelopment agencies do not have the constitutional authority to impose taxes, implementation of the Redevelopment Plan would not cause an increase in property tax rates. Rather, the principal method of financing redevelopment would be the utilization of tax increment revenues generated by the Project Area. Tax increment financing reallocates property tax revenues generated by increases in the assessed value of property in the Project Area. Although redevelopment of the Project Area would increase assessed valuations, Project Area property owners would not experience increases in property taxes beyond those normally allowed by other state law and state constitutional provisions.

LOW- AND MODERATE-INCOME HOUSING PROGRAM

The Agency has proactively created, preserved, and rehabilitated affordable housing within its existing redevelopment Project Areas, including the subject Project Area. The Agency has aggregated its housing obligations pursuant to the CRL, therefore any required new or replacement units may be located in any of the Agency's Project Areas.

AFFORDABLE HOUSING UNITS TO BE DESTROYED OR REMOVED

The Agency is not proposing any projects at this time that will cause the destruction of affordable units in the Project Area. Given the very limited number of residential units and the complexities of residential relocation, it is anticipated that not more than four units would be acquired during the life of the Redevelopment Plan. Should the Agency acquire residential property through voluntary acquisition resulting in the removal of affordable housing units in the future, the Agency will be required to construct, develop or rehabilitate, or cause the construction, development or rehabilitation of, affordable housing units equal in number to those destroyed or removed. These "replacement housing units" must be constructed within four years of their destruction or removal, and must remain available at affordable housing costs to persons and families of very low, low, and moderate income throughout the period of land use controls established in the Redevelopment Plan. Prior to commencement of any project that would result in destruction of affordable housing units, the Agency would prepare a replacement housing plan as required by the CRL, identifying how the Agency would meet the replacement housing requirements.

PROJECTED DISPLACEMENT OF LOW- AND MODERATE-INCOME PERSONS AND FAMILIES

Based on the assumptions above, a maximum of four households could be displaced in the future. In compliance with the CRL, prior to any displacement of low and moderate income persons and families, the Agency would prepare a relocation plan that would identify how all potentially displaced persons could be relocated.

Residents will not be displaced due to an Agency-assisted development unless and until there are suitable relocation facilities available for occupancy at rents or costs comparable to those paid at the time of displacement. Prior to commencing projects that may displace low or moderate income persons and households, the Agency will prepare a Replacement Housing Plan that complies with Section 33413(a) of the CRL. The Agency will assist residents in finding housing that is decent, safe and sanitary and within their financial means, in reasonably convenient locations and otherwise suitable to their needs.

NUMBER AND LOCATION OF REPLACEMENT HOUSING

Should housing units be destroyed or removed from the low and moderate income housing market by the Agency, suitable replacement housing locations will be available within the Project Area, other Project Areas, or other areas of the City as allowed by the CRL. The City Council and the Agency would take action as necessary to provide such replacement housing.

NUMBER AND LOCATION OF LOW- AND MODERATE-INCOME HOUSING PLANNED OTHER THAN REPLACEMENT HOUSING

As the Project Area is generally commercial in nature, new housing development is not foreseen at this time. However, the Agency has identified a number of potential opportunities to increase the affordable housing supply in other areas of Fresno in its current Housing Compliance Plan, adopted in 2010. These opportunities include unit production, as well as the first time homebuyer assistance program and an anticipated inclusionary housing ordinance.

FINANCING METHOD FOR PROPOSED LOW AND MODERATE INCOME DWELLING UNITS PLANNED FOR CONSTRUCTION OR REHABILITATION

Not less than 20 percent of all tax increment which are allocated to the Agency pursuant to Section 33670 of Article 6 of the CRL will be used for purposes of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost to persons and families of very low, low, or moderate income households. This source of funding will be utilized for assisting in the financing of construction or rehabilitation of affordable housing units. These funds are typically used to leverage other funding sources including private equity and debt, State and Federal affordable housing tax credits, HUD and State HCD loans and grants, and HOME funds.

TIMETABLE FOR PROVISION OF RELOCATION, REHABILITATION, REPLACEMENT AND INCLUSIONARY HOUSING

If replacement housing is required, the units will be provided within four years as required by Section 33413 (a) of the CRL. The timing for any housing rehabilitation will be linked to the availability of the funds and the level of participation by qualified owners. The relocation plan(s) prepared by the Agency for a particular development activity shall contain schedules to insure comparable replacement housing is available in accordance with the requirements of the CRL and the State Relocation Guidelines.

OTHER MATTERS AFFECTING THE PHYSICAL AND SOCIAL QUALITY OF THE ENVIRONMENT

The Redevelopment Plan is intended to preserve and revitalize the Project Area and provide for affordable housing where appropriate. These actions are more thoroughly discussed as a part of the Agency's Affordable Housing Compliance Plan, which identifies the Agency's primary goals of investing in, promoting, and producing affordable units; engaging the community; and providing housing accessible to all families.



Report on Consultations with Taxing Agencies

According to the County Auditor-Controller's office, the following taxing agencies levy taxes within the Project Area in 2009-10:

- County of Fresno
- City of Fresno
- Fresno County Library
- Clovis Cemetery District
- Fresno Mosquito and Vector Control District
- Fresno Unified School District
- State Center Community College District
- County School Service
- Fresno Metropolitan Flood District
- Fresno Mosquito Abatement
- Clovis Unified School District

Although the Amendment is not financial in nature, affected taxing entities are entitled to receive notice of the public hearing on the proposed the Amendment, pursuant to the CRL. In accordance with Section 33452 of the CRL, notice of the public hearing on the proposed the Amendment will be mailed to the governing body of each affected taxing entity in September, 2010, and will include an offer to consult with the taxing entities regarding the Amendment. In addition, the IS/MND will be transmitted to each affected taxing entity on August 26, 2010.

Agency staff will provide an update to the Agency Board and City Council regarding their consultations with the taxing entities, if any, during the public hearing. However, because the Amendment would only extend the Agency's eminent domain authority and does not change the boundaries, or time or financial limitations of the Redevelopment Plan, the Agency does not anticipate any specific comments or concerns from taxing agencies to arise as a result of the Amendment.