RESOLUTION NO. 2012-197

RESOLUTION OF COUNCIL OF THE CITY OF FRESNO TO ESTABLISH THE INFILL DEVELOPMENT ACT TO INSTITUTE INFILL DEVELOPMENT POLICIES

WHEREAS, the goals of the 2035 General Plan update include a total of 34,500 residential units or 45% of the total of 76,000 residential units are designated for infill and downtown; and

WHEREAS, the historic record for successful infill development in our City has been very low and less than 5% of residential units developed in our City in the previous decade were infill; and

WHEREAS, the implementation of Preferred Plan A modified for the 2035 General Plan update will present enormous challenges to the City; and

WHEREAS, the termination of the Redevelopment Agency will remove many financial incentives for infill development; and

WHEREAS, successful implementation of the 2035 General Plan infill goals will require development of new infill policies and a workable business model to provide financial incentives; and

WHEREAS, an Infill Development Finance Task Force comprised of infill development professionals will be necessary to review and evaluate financing and financial incentives for successful infill projects and make findings and recommendations to the Council for adoption of new infill policies; and

WHEREAS, an Ad Hoc Council Subcommittee will be necessary to review and evaluate development related fees; the plan check and permitting process; the legal review process for development related issues; and CFD financing.

NOW, THEREFORE, BE IT RESOLVED, BY THE COUNCIL OF THE CITY OF FRESNO, as follows:

SECTION 1. The attached Exhibit 'A' Infill Development Act is hereby adopted, forming the Task Force and the Council Ad Hoc Subcommittee to review the financing/financial incentives (Task Force) and all policy recommendations in the document (Subcommittee) through a series of public hearings/meetings, and return next year (in March or April) with policy recommendations for Council's consideration and approval, in conjunction with the Draft 2035 General Plan.

Date Adopted: 11/8/2012
Date Approved: 11/8/2012
Effective Date: 11/8/2012

SECTION 2. This resolution shall become effective and in full force upon its final passage.

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STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the 8th day of November, 2012.

AYES : Baines, Borgeas, Brand, Quintero, Westerlund, Xiong, Olivier
NOES : None
ABSENT : None
ABSTAIN : None

Yvonne Spence
City Clerk

BY: Yvonne Spence
Deputy

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

BY: _____
James Sanchez, City Attorney

DATE: 11/14/12

Date Adopted: 11/8/2012
Date Approved: 11/8/2012
Effective Date: 11/8/2012

Resolution to Establish the Infill Development Act.

Resolution No. 2012-197

CITY OF FRESNO

INFILL DEVELOPMENT ACT

OCTOBER 26, 2012

The following policies are enacted to address the crucial issue of Infill Development in our City and provide policy guidelines to successfully implement Infill Development.

TABLE OF CONTENTS

FOREWORD: FINDING SOLUTIONS FOR INFILL DEVELOPMENT

On April 19, 2012, the Fresno City Council voted on the preferred growth model for the 2035 General Plan. The Council adopted a modified Plan A, also referred to as the Boulevard Plan. This plan stresses revitalization and densification of established transit corridors within our existing sphere of influence. The highest levels of densities are achieved in our urban core with decreasing densities the further the development moves to the perimeters of our existing sphere of influence.

This is an historic and ambitious plan that does not provide for growth outside of the existing sphere of influence. A total of 34,500 residential units or 45% of the total 76,000 residential units are designated for infill and downtown. To put some perspective on how ambitious this plan is, over the past 10 years less than 5% of residential units were developed downtown or in infill areas.

The successful implementation of the preferred Plan A will present enormous challenges to the City. For example, the densification and development of the Highway 41 corridor goes back to the 1984 General Plan. Now, over 28 years later there has been almost no high-density residential development along the Highway 41 corridor. There are major barriers to successful infill development in our City that are discussed, in detail, in this Act. With the demise of the Redevelopment Agency, there is currently no workable business model that will provide the financial incentives necessary to attract developers to infill areas.

Successful infill developments in other cities such as Portland, Seattle, or San Diego are not analogous to our unique challenges for a variety of reasons including historic development patterns, greater central government involvement and support, a different cultural perspective on density and different housing options. We can borrow some of their best practices but, in the end, we must find those solutions that recognize our unique urban problem that work in our market not another market with similar characteristics.

Topography represents one of the most significant obstacles to infill development. We do not have any physical barriers such as oceans or mountains that constrain our growth. The Central Valley has endless flat land that stretches over the horizon. Thousands of acres of grape vines, fig orchards, pasture land and other rural land uses have been plowed under to accommodate an expanding urban population of the Central Valley. These issues have been thoroughly studied and evaluated by Shawn Kantor, PhD from UC Merced, The Financial and Institutional Challenges to Smart Growth Implementation: A Focus on California's Central Valley" and other scholars.

Dr. Kantor has laid out the challenges of achieving smart growth, and by extension, infill development, in the Central Valley. According to Dr. Kantor, "One of the greatest challenges to achieving smart growth is simply overcoming the inertia borne by over 60 years of automobile-centric living. The majority of Californians and the super majority of Central Valley residents live

in single-family detached homes. The Central Valley has clearly developed, and continues to develop, in a manner that has taken advantage of its relatively abundant and inexpensive land."

We must develop a specific, workable infill development model for our City that incorporates best practices from other jurisdictions (city, county and state) across the United States and adopts and/or modifies those policies and practices to fit our unique urban challenges. The path has been mapped going back to the Urban Land Institute (ULI) report, "Downtown Fresno, California" completed in 1999. Some of the specific recommendations in the ULI report include: 1) developing a clear, compelling and overarching vision linking Fresno's four main downtown modes; 2) redesigning the Fulton Mall by restoring the street grid; 3) introducing more housing choices; and 4) updating codes and regulations. These objectives and others are part of the ongoing planning being completed on the "Downtown Neighborhood Community Plan" and the "Fulton Corridor Specific Plan" that will be included in the 2035 General Plan update next year. We must also expand these planning efforts citywide on other neglected, older neighborhoods.

The Act will build upon the existing foundation of strategic infill development planning efforts and present a thorough examination of infill development issues, policies and practices with specific recommendations to become policies that will guide our City over the coming years. Policies developed from this Act will be integrated with the development code, 2035 General Plan update and Master Environmental Impact Report (MEIR) for downtown planning and citywide infill planning policies.

It will discuss and evaluate subjective, qualitative attributes of infill development. The real measure of a successful infill model will be an objective, quantitative analysis defined most accurately by market success. Infill development will not work without a business model that provides the financial incentives for developers to build infill projects but, more importantly, the incentives to attract consumers (renters, home buyers, and businesses) to infill projects. The overall goal of this thorough examination will be development of a workable business model.

An Infill Development Finance Task Force composed of statewide industry professionals is included in this Act. The team of infill development professionals shall be assembled to further examine and refine proposed financing options and financial incentives outlined in this Act as well as a thorough examination of any other potential financial options available for infill developments. Based on the schedule of key City staff and the timing of the 2035 General Plan update, it is anticipated that this task force will be formed in January, 2013. It is anticipated that the Task Force will present their findings and recommendation on financing and incentives to the Council, to coincide with the Council's review and approval of the draft 2035 General Plan update. Any policy recommendations that are approved and adopted by the Council will be integrated into the Development Code, the 2035 General Plan Master Environmental Impact report, and the 2035 General Plan.

A Council Ad Hoc Subcommittee composed of three Council members shall be established upon Council's adoption of this Act to focus on the following elements in this Act: 1) development related fees; 2) plan check and permitting process; 3) legal review process for planning and development related projects; and 4) review, examine and make recommendations on CFD financing for future development projects. Any policy recommendations that are approved and adopted by the Council will be integrated into the Development Code, the 2035 General Plan Master Environmental Impact report, and the 2035 General Plan.

Current housing and development policies have allowed a variety of housing to be developed in the City of poor design and quality. This deficiency fails to create a community that is competitive with other communities of our size that will attract young professionals that have abandoned Fresno as an alternative to other large metropolitan areas. Further, housing that is poorly designed and constructed ultimately creates neighborhoods that demand more in community services, deteriorate surrounding areas of the City and have a disproportionate high demand on public safety and social welfare services.

ARTICLE I
DEFINITIONS

Adaptive Reuse
Adaptive Reuse is defined as the process of adapting old structures for new purposes. It will encourage more investment and reinvestment of underutilized buildings and lots in downtown areas and also encourage more efficient use of existing infrastructure resources.

Brownfield Development
Refers to previously developed land or derelict, encompassing a range of sites in terms of size and location.

Community Facility District (CFD)
Community Facility Districts established by local government agencies as a means of obtaining funding for services in newly developed areas. Within these clearly defined areas a special property tax on real estate is imposed on real estate located within the district for the purpose of financing public improvements. Improvements typically include streets, water, sewage, drainage, electricity, schools, parks, fire and police protection. The taxes associated with properties located in these districts are in addition to other established local government taxes and assessments.

City
"City" means the City of Fresno, a municipal corporation.

Conduit Loan
A conduit loan is any form of loan that has been securitized and resold as an asset.

Exclusionary Zoning
Exclusionary zoning will exclude low cost, affordable housing requirements on new residential developments from a municipality through zoning code.

Gentrification
The process of renewal and rebuilding in older neighborhoods accompanying the influx of middle-class or more affluent people into deteriorating areas that will often displace poorer residents.

Greenfield Development
In construction and development, Greenfield Development refers to land that has never been used, where there is no need to demolish or rebuild any existing structures.

Greyfield Development
Greyfield development is defined as the development of older, functionally obsolescent retail areas including strip malls and old institutions that are converted to complete communities.

Impact Fees
Fees adopted by any regulatory agency that requires new developments to pay its proportional share of costs associated with providing necessary public infrastructure.

Inclusionary Zoning
Inclusionary zoning are zoning ordinances that require new residential development to set aside a certain percentage of housing units for low to moderate income households and offer developers financial incentives in return.

Infill Development
Infill Development involves building and developing in vacant areas in city centers or urban settings. This improves the urban core of a city and leaves rural and open spaces undeveloped.

Infrastructure
Infrastructure is defined as facilities that support the daily life and growth of the City, including roads, water and sewer lines, public buildings, parks and airport facilities.

Land Value Tax
A Land Value Tax taxes unimproved property using a "Land Value Tax" that taxes the land and not the improvements. The Land Value Tax incentivizes property improvements and will discourage land speculation.

Leap Frog Development
Leap Frog Development is the development of lands in a manner requiring the extension of public facilities and services from their existing terminal point through intervening undeveloped rural areas that are scheduled for development at a future date pursuant to the plans of the local governing body having jurisdiction for the area.

Mello-Roos
The Mello-Roos Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (CFD) that allows for financing of public improvements and services. These CFD special taxes must be approved by a two-thirds vote of registered voters within the district (unless there are fewer than 12 registered voters, in which case the vote is by landowners), and are secured by a special tax on the real property within the district. These types of obligations, although repaid through additional special taxes levied on a discrete group of taxpayers, constitute overlapping indebtedness of the City and have an impact on the overall level of debt affordability.

Property Tax
A general ad valorem tax levied on both real and personal property according to the property's assessed valuation and the tax rate.

Public Facilities
Public facilities can be any facility, including, but not limited to, property, recreation areas, fire stations, police stations, water and sewer treatment plants or city administrative buildings.

Refill Development
Refill development is defined as growth that includes all development that may occur within the boundaries of already developed urbanized areas of infill, redevelopment, Greyfield and Brownfield.

Tax Shift or Swap
A tax swap involves a trade or swap of one type of tax for another tax. Taxes considered for swapping primarily would include income personal income taxes, sales taxes, and property taxes.

Special Assessment/Special Tax
Funds generated through the formation of an assessment district or special tax and the levy of an additional charge reflecting the special benefit to individual properties, typically used to provide public improvements such as street construction and flood control.

Urban Sprawl
Urban Sprawl is defined as the increased development of land in surrounding suburban and rural areas outside of their respective urban centers. This is usually an expansion of low density residential development.

ARTICLE II
PURPOSE OF ACT

The purpose of this Act is to build upon our existing policy structure and develop the framework for citywide infill development policies. Policies included and developed from this Act will be integrated with the development code, 2035 General Plan update and MEIR for downtown planning and citywide infill planning policies. Creation and implementation of detailed citywide infill policies will serve the public interest by optimizing the efficiency of the utilization of public services, infrastructure, and facilities as a means to achieve balanced growth that is accepted by the market. Developing an effective infill policy will provide for efficient land use and cost-effective delivery of City services that does not burden the City in the medium and long term with poor quality housing. This Act recognizes the inherent design and cost challenges to developing infill properties and attempts to find creative solutions and incentives to implement a successful citywide program.

Objectives of Act:

1. To encourage efficient use of land and public services and making better use of our urban land inventory

2. To improve cost-efficient delivery of City services

3. To stimulate investment in established neighborhoods of our City

4. To define comprehensive City policies for infill development that the City commits to implementing if projects meet specified qualitative development criteria.

5. To provide the economic incentives to encourage quality infill development

6. To provide refill developers with the flexibility to achieve high quality design and develop infill projects that strengthen existing neighborhoods.

7. To protect and preserve agricultural and rural land surrounding our City by reducing the pressure to convert agricultural land to urban uses.

8. To improve our quality of life with lower consumption of energy and improving our air quality.

9. To strengthen real estate markets and property values through the renewal of older neighborhoods.

10. To improve housing design and quality throughout our entire City.

Accomplishing the above stated objectives will promote a more balanced growth in our City, improve older neighborhoods, and create a City services delivery model that is more cost-efficient.

ARTICLE III
SCOPE OF ACT

Infill or refill development is not confined to our urban core and covers the boundaries of already developed urbanized areas. There are vacant land parcels, underused buildings and isolated properties in all areas of the City. The most impacted urban areas (i.e. downtown) will receive more attention and infill areas will be categorized by the level of need (discussed in more detail later in this document). The policies articulated in this Act shall apply on a citywide basis.

ARTICLE IV
INFILL DEVELOPMENT EVALUATION CRITERIA

Effective infill development will require prioritization of infill parcels to better determine suitability for residential/commercial development and achieving General Plan objectives. Criteria that will assist in an objective analysis will include the following:

1. The current real estate market conditions for both residential and commercial developments;
2. Current financing alternatives and options for infill projects;
3. The capacity and condition of infrastructure;
4. Area public and private support services and amenities;
5. Character and make-up of the neighborhood including income levels, percentage of home owners and renters, and other relevant demographic data;
6. Configuration of parcel (s);
7. Size of parcel (s); and
8. Evaluation of existing residential and commercial structures including size, condition, quality, and value.
9. Historic building survey
10. Strategic location of the parcels relative to catalyzing private investment

ARTICLE V
INFILL BARRIERS

Infill development offers many challenges. Land configuration, regulatory conditions, lack of political will, and construction costs for higher density make infill development very difficult, risky, and expensive. Developing in Greenfield areas is more efficient and inherently less risky. Successful infill development must recognize significant barriers and find solutions to overcome those obstacles. Infill barriers include the following:

Economic Barriers

Land acquisition costs are usually higher for infill sites. In our current financial climate it is difficult to finance new developments. Infill developments are more problematic because of the inherent risk in these ventures. Developers will find the easiest site to develop with the fewest threats to shorten development time and minimize risks. The infill development process in older neighborhoods is many times less economically competitive than in developed areas. Consequently, capital lending markets consider infill projects more risky with higher equity demands and less competitive loan rates. It is also more difficult to attract investors for infill projects.

Infrastructure Barriers
Infill projects are in older neighborhoods where existing infrastructure is old and lacking in capacity. Prime locations for infill projects suffer from weak demand for housing and insufficient, aging public utilities. Changing land uses (i.e. commercial to residential) will require significant increase in infrastructure capacity. There can be an enormous cost to upgrading infrastructure to accommodate infill projects. The problem is exacerbated in smaller, incremental infill projects struggling to achieve economies of scale.

Regulatory and Policy Barriers
Regulatory constraints will work in opposition to good design and create obstacles against innovation, A slow review process, inflexible building codes, lack of political will to approve projects that meet all development criteria but opposed by neighbors and zoning restrictions stall infill projects. Historical City zoning codes encourage low density, single use automobile dependent use. The time and complexity of the site plan review and permitting process are always more difficult in infill areas. There is no clearly defined capital investment policy to upgrade public facilities and infrastructure in infill areas.

Land Assembly and Cost of Land Barriers
Physical site constraints usually limit the feasibility of developing infill sites. Assembling sufficient size land in parcels large enough to attract developers and create cost efficiencies is very difficult in infill developments. Assembling land in infill areas is expensive and often requires developers to deal with multiple property owners who may not want to sell their parcels. Very few cities maintain a vacant land inventory or make serious efforts to help assemble land to attract potential infill developers. Landfill assembly can also present problems in newer growth areas such as West of Highway 99.

Neighborhood and Social Resistance Barriers
Most people are resistant to change and a natural fear of the unknown. As a result, infill development plans may encounter vociferous opposition based on unfounded fears. Neighbors are concerned about the safety, health and well being of residents. Our consumer-orientated society is driven to "newer is better" philosophy. Building high-density residential development near existing low-density single-family homes can create a "NIMBY" attitude. This will generate a fear of increased traffic and crime problems that will contribute to lower property values. Developers can be deterred by perceived public safety risks by potential homebuyers or renters without assurances of substantial public reinvestment in infill areas.

Tax Incentive Barriers
The statewide termination of Redevelopment Agencies has taken away a major tool in revitalizing our core urban areas. Tax increment funded Redevelopment project areas for years. Most tax incentives are created at the state and federal levels to encourage and incentivize infill development.

Under Performing Schools Barriers
Under performing schools in infill areas will make it difficult to attract young families. The major catalyst for development in our growth areas has been successful school districts like Clovis Unified and Central Unified. Fresno Unified has made more academic gains than any other large urban district in California in recent years, but there is still much room for improvement. The City must continue to partner with Fresno Unified to help turn around troubled neighborhoods as that will have a direct and positive impact on the neighborhood schools.

Under Performing Properties in Southeast and Southwest Fresno Barriers
The older neighborhoods in Southeast and Southwest Fresno have historically lagged behind the newer areas of Fresno resulting in lower market values as reflected in lower property tax revenues. Older areas also have higher service demand levels on City resources. Over time, an expanded, successful infill development policy will help lift market values, make more livable neighborhoods and reduce City service demand levels.

Topographic Barriers
The physical layout of the land will impact the real estate market and influence growth to Greenfield areas. In coastal areas, the ocean forms a natural border in one direction and mountains or hills form another natural barrier. Limited land area will determine future growth and directly impact infill development. The flat expanses of agricultural land in the San Joaquin Valley have created cheap land prices that induce development on the urban fringe. Unrestrictive growth policies will discourage infill development.

Financing Barriers
Financing is one of the most serious obstacles in achieving our General Plan infill development goals. Since the economic meltdown in September 2008, both private and public sector financing has been dramatically changed. It is much more difficult to finance residential and commercial projects in any location. Lenders are requiring more investor equity (30% plus in most projects) and higher standards including pre-leasing at least 80% of the project. Commercial or residential projects proposed for inner City locations are even more difficult to finance. Lenders are more cautious of innovative developments such as mixed-use projects that have first story retail and upper story residential.

ARTICLE VI
INFILL INCENTIVES

A review of the best practices of other cities reveals potential solutions to infill barriers through the careful and selective use of infill incentives. Infill incentives can cover a broad array of options that will directly or indirectly impact the cost of infill development and provide a competitive business model for developers. An infill business model must be created that is

directly aligned to market conditions (supply and demand) and provides a profit incentive for the developer, within reasonable risk standards, and competitive pricing for consumers (buyers or renters).

Financial Incentives

Finding workable financial incentives will be essential to developing a business model for infill development. The City should be the hub for coordinating and finding financing for infill projects. The City Interdepartmental Infill Development team discussed in Article VIII is responsible for assisting infill developers in obtaining attractive, below market level financing. Based on a review of best practices of many cities and counties across the country, there are a myriad of potential financial incentives that can encourage infill development. Because each municipal entity and each state have different laws and regulations, we must find those financial incentives that comply with local and state laws. In some cases, we may be best served by asking our state legislators to enact laws that can provide the right financial incentives to make infill development work in our City. Financial incentive policies adopted by other cities include:

1. Property Tax Exemption/Abatement

   Property taxes are a significant expense in income properties operating costs. Offering exemptions over a given period of time can generate significant savings to a developer. Some cities offer a 10-year property tax exemption on mixed used developments. Extending 10-year property tax exemptions that include buyers of single-family homes, PUDs or Condos could provide a viable incentive to encourage living in infill areas. On commercial and multi-family projects the exemption would not start until the project is completed and does not serve to subsidize the construction costs. Development of this type of incentive policy would require a legislative act from the state since the County, Schools, State and Special Districts would be affected

2. Development Impact Fees

   The City should offer abatement, discounting and deferral of development impact fees as an incentive for infill projects exceeding current policies. The City recently approved a new Master Fee Schedule for the Planning and Resource Management Department related fees, with an approximate fee discount of 50% for projects located in the inner City. A more precise, calibrated approach should be developed to incentivize infill project development and more closely align municipal costs to fees. A complete study and re-evaluation of all development related fees are necessary. This policy is discussed in greater detail in Article XI and XIII below.

3. Tax Increment Financing District

   The termination of Redevelopment Agencies statewide has left a huge gap in funding blighted areas of our City. Some jurisdictions have created Tax Increment Financing Districts (TIF) where property tax revenue can be directed to fund infrastructure and other improvements. TIF works by temporarily freezing the tax base at the pre-

development level within a defined district. A Joint Powers agreement between taxing entities may provide the taxing authority to establish a TIF with a 10-20 year life.

There are two bills, AB 2259 and SB 1156 that would, in part, replace Redevelopment law in California. Of the two, SB 1156 is the most ambitious. It would allow cities and counties to separately create "Sustainable Communities Investment Authorities" with the powers of the old Redevelopment Agencies. The new agency could issue bonds, divert property taxes and acquire property (including eminent domain) if the projects promoted higher density, transit orientated, and greenhouse gas reducing development. The Governor has vetoed these bills and the City will have to followup to see if they return in a modified form.

4. Government Property Lease Tax (GPLET)

The state of Arizona established a Government Property Lease Excise Tax incentive program for developers and businesses that lease land parcels in designated infill incentive areas of the City. In this program, the City owns the land and offers a long-term (i.e. 25-50 years) ground lease. All property taxes are waived since the City owns the parcel and the developer/tenant (s) pay an excise tax. The excise tax is based on the type of land use and on a square foot basis. The City would negotiate a lease rate and excise tax that would be considerably less than paying the property taxes.

Each deal has unique terms based on such factors as the exact location of the parcel, the number of jobs created, the amount of improvements (must be at least 100% of land value) and the length of the lease. The excise tax is typically waived the first few years of the lease and incrementally increased over the term of the lease. There are legal issues with this incentive program including possessory user tax provisions. The establishment of GPLET would require state legislation to enact.

5. Land Value Tax

Some jurisdictions discourage holding of unimproved property using a "Land Value Tax" that taxes the land and not the improvements. The Land Value Tax incentivizes property improvements and will discourage land speculation. For various reasons, our City as pockets of areas where property owners are not motivated to sell their vacant land parcels. This will impede infill developers who acquire entitlements increasing the property value and who will be penalized by higher property taxes for "sitting" on the land for an extended period waiting for the right economy to sell their land at a profit. Philadelphia swapped (explained below in item 5) property tax rates on structures to land use taxes to discourage land speculation and encourage economic development. Pittsburgh restructured its property tax system in 1979-80 to one in which the land is taxed at more than 500% the tax rate applied to improvements to the land. Land Value Taxes could be implemented on a tiered basis that is discussed in detail in Article XIII.

6. Tax Shifts or Swaps

Several jurisdictions including Florida, Pennsylvania, Mississippi, Tennessee, Wyoming and Illinois, have debated legislation for tax swaps. A tax swap involves a trade or swap of one type of tax for another tax. Taxes considered for swapping primarily would include personal income taxes, sales taxes, and property taxes.

Each tax is structured differently relating to the beneficiaries. For example, state personal income tax is exclusively for the state. Property taxes, by comparison, are split between cities, counties, schools, and special districts. Only one percent of state sales tax goes to the City or County excepting special taxes such as Measure C.

Examples of tax shifts or swaps include the following: 1) In Illinois, a one percent increase in personal income tax was swapped for a corresponding reduction in property taxes; 2) Wyoming swapped sales tax, use tax and business personal property tax in exchange for a flat income tax; and 3) some jurisdictions using cap and trade to affect tax swaps.

Applying a tax swap concept would exchange reductions or abatement of property taxes for targeted infill areas in exchange for increase in other taxes to be determined. Because of the complex nature of each specific tax, tax swaps are inherently risky and may have unintended consequences. Each entity affected including the state, counties, cities, schools and special districts could experience net economic gains or losses depending upon the unique nature of the swap. These types of policies can be generated from the local or state levels and would require cooperation from taxing entities and enabling legislation. Serious review and evaluation of tax swaps should be undertaken.

7. HUD Section 108 loan program

The Section 108 Loan Guarantee Program is a source of financing allotted for the economic development, housing rehabilitation, public facilities rehab, construction or installation for the benefit of low- to moderate-income persons, or to aid in the prevention of slums.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Current trends in Federal government cutbacks may limit future funding for such programs to get its budget in order.

8. HUD Section 223 (f) loan program

This federally insured loan program is designated for purchases of multifamily projects and for refinancing existing projects. FHA provides insurance on the loan allowing the lender to sell the security to fund the loan. Even though HUD/FHA underwrites and approves the loan they do not fund it. This is a non-recourse, conduit loan. Lenders on these loans offer more liberal loan to value (LTV) ratios (80% on cash out refinances and 85% on acquisitions), with a minimum debt service coverage (DCR) ratio of 1.175. These loans also have no yield maintenance or defeasance prepay penalties.

A project must have been completed or substantially rehabilitated for at least three years prior to the application for mortgage insurance and have demonstrated an occupancy rate of at least 90% for at least 90 consecutive days.

HUD Section 223 (f) loans offer low interest rates and longer amortization periods. Current loan rates are low and amortization periods are up to 35 years. Debt service is usually the single biggest cost of any multifamily or mixed-use project. Reducing the interest rates coupled with a longer amortization period, and more liberal LTV ratios offers more leverage and a substantial reduction in debt service costs to a developer.

Newly constructed multifamily projects are not eligible for Section 223 (f) loans because they are not seasoned (less than 3 years old). Developers must seek conventional take out loans, with much tougher LTV ratios and higher interest rates, when the construction is completed.

One of the goals of the Infill Task Force described in Article XVIII will be to work with HUD officials to persuade them to waive the 3-year project age requirement in core urban areas to incentivize infill development.

Policy Recommendation

Finding viable financial incentives for infill projects will be one of the most important factors in successful citywide infill development. There are financial incentive programs in this section that can be achieved at the local level without enabling legislation. Other financial incentives will require enabling state legislation. One of the primary duties of the Infill Development Task Force describe in Article XVII below will be to thoroughly evaluate all financial incentives contained in this Act and any other financial incentives that may fit our unique market to determine which plan(s) can substantively incentivize and impact infill development in our City.

Infrastructure Incentives

The City should prioritize infrastructure investment in infill areas that can support sustainable development, including water, sewer, dry utilities, storm drains, and road improvements. Infrastructure incentives are a key component in reducing infill costs. Focused public

investment will fill the gaps where essential infrastructure is missing or needs substantial upgrading. It will improve aged infrastructure and add public amenities such as parks and streetscapes. These upgrades will make a target area more attractive to potential developers and potential buyers/renters.

Targeted infill areas shall have reduced impact fees and waivers for infrastructure hookup fees. The specific impact fee schedule and detailed incentives are discussed in Article IX of this Act. Article XIII below discusses, in more detail, develop impact fee methodology and application.

Regulatory Incentives

We are in the process of upgrading our codes and preparing the 2035 General Plan. Creative models that encourage infill development are actively being discussed and formulated in our Downtown Neighborhood Community Plan (DNCP) and the Fulton Corridor Specific Plan (FCSP). These new principals should also be extended across our City to encourage infill development in impacted urban neighborhoods in Southwest and Southeast Fresno. Removing regulatory barriers will encourage development by reducing development costs and allow for innovative and creative plans that will be more appealing to consumers. Below are specific regulatory items that should be modified for infill developments to allow for more flexibility and potential cost reductions.

1. Parking
   Standard parking ratios (i.e. 1.5 parking spaced per residential unit) should be relaxed on infill developments. Parking should be encouraged in the rear of buildings. Parking standards should be minimized to prevent too much land being used for parking.

2. Setbacks
   Setback requirements for infill projects should be modified to accommodate a higher density development. All setback requirements should be modified in infill areas including: 1) Front setbacks to conform to existing building lines and limitations established to prevent from being set back too and 2) Side setbacks should be reduced to as far as zero lot lines.

3. Lot Sizes
   We have already begun the process to reduce residential lot sizes. This process will continue and become more intense with the implementation of the 2035 General Plan. Overall lot widths should be minimized.

4. Height Requirements
   Most residential development outside of the downtown area has been limited to two stories. To find the financial incentives to enable developers to build more residential units on a smaller lot, the zoning will need to be upgraded and higher densities allowed. Cost factors for exceeding two stories must be accounted for in raising height requirements and finding the incentives to attract consumers at attractive price points.

Requiring minimum height levels that are not cost-efficient will deter potential developers.

5. Signage
   Regulations governing sign size and placement must be modified in infill development projects to allow for maximum flexibility. Sign ordinances should be amended to encourage creative and appropriately sized signs.

6. Street Width
   Higher density infill projects will need to adopt narrower street width designs and innovative pedestrian walkways circulation to be successful. Changing a street width from 40 feet to 30 feet will have a huge impact on the infill project design appearance (i.e. European narrow street design). It will be essential to find innovative ways to move pedestrian traffic within infill projects without having to have two sidewalks on every street. The biggest challenge for narrower streets will be the accommodation of larger vehicles such as City fleet trucks including refuge trucks, street sweepers and fire trucks. See Article XIV for a more detailed policy for City vehicles.

7. Walkways
   Standard sidewalks on both sides of the street will not be conducive to high density infill projects. The City should develop creative and innovative walkways systems that connect to established pedestrian routes.

8. CEQA
   The City should develop policies to streamline the CEQA process for infill projects. The City should take advantage of CEQAs tiering provision by preparing programmatic documents, which can substantially accelerate the review of subsequent infill projects and avoid a slow, inefficient process that proceeds on a project-by-project development. The key element is to have a complete master plan EIR that has considered all these logical infill options to reduce the chance of a developer having to do advanced CEQA work.

9. Variances
   Variances or permits for nonconforming development may be necessary for infill parcel development. The City should, however, try to avoid variances by effectively using zoning codes and or master plan that should address most infill problems and deal with them without cumbersome variance processing.

10. Zoning/Density Bonus
    Many jurisdictions use density bonuses as an incentive to encourage infill development in targeted urban core areas. Density bonus policies must set a level that provides infill projects a competitive edge over traditional projects. Density bonuses should not result in projects out of scale and character with existing neighborhoods.

Fast Tracking Plan Check and Permitting
For years, the City has been slow to adopt flexible policies to move projects forward. Time is money for developers. Article X below provides a detailed policy to improve plan check and permitting.

Land Assembly and Cost of Land Incentives
Infill sites across the City are small, scattered and hard to find. Incremental purchasing of infill lots can be very expensive. Geographic Information Systems (GIS) can identify small parcels, streamline the information exchange process for transferring City and RDA owned parcels and accelerate the entitlement and permitting process.

Utilizing grant funds, the City should consider a policy program to purchase, on a voluntary basis, and hold land in infill areas for future development to minimize developer risk associated with land assembly. Assembling small parcels into larger blocks of land under common ownership will greatly improve their development potential. The City will be acquiring land that has no immediate need but will be "banked" for a future day when market conditions are right for development.

Transfer of Development Rights (TDR)
Transfer of Development Rights programs or TDR offer local government the opportunity to use the real estate market to implement and pay for development location and density decisions. Property rights are more complex than simply owning an area of land on which to build a residential or commercial building. There are an inherent bundle of rights associated with land ownership including the right to build, exploit natural resources (i.e. gas and oil), restrict access and farm. Landowners also have the right to sell the land, subdivide the land, lease the land or grant easements across the land.

In a TDR program, the land rights become the currency of development. The development value is equal to the TDR credit. In practice, credits can be bought and sold at any time. In an open market, developers, individual landowners, and land trusts can all participate in the buying and selling of TDR credits. Local or regional government can serve as a broker and TDR bank, buying TDR credits and selling them at a later date.

A TDR program will allow landowners to sever the development rights from certain properties they own and sell them. Typically, rural or agricultural properties could sell their development rights to other landowners who want to increase the density of their developments. One of the primary goals of TDR programs is to preserve open space/agricultural land. Local government entities use TDR programs to mitigate the economic impact of land use regulations. This will enable them to compensate landowners for perceived partial takings. This process will also enable landowners a means to recapture some lost economic value when their property is downzoned from residential use to agricultural use for preservation purposes.

Another benefit of TDR is to provide funding for preservation of open and agricultural land. TDR programs will leverage private sector markets funds to achieve land preservation goals. TDR programs can also provide more consistency in zoning regulations.

There are challenges to TDR programs. They have had limited success across the country. TDR's can be very complex and expensive to administer. They will not work without comprehensive planning efforts and consistent zoning ordinances. It is difficult for one local government entity to successfully implement a TDR program. Usually TDRs require regional planning efforts to successfully carry the programs and equitably distribute development and tax revenues.

Inclusionary Zoning

Inclusionary zoning requires developers to make an allowance for a certain percentage of housing units in new residential developments available to low and moderate income homebuyers. Municipal government will compensate developers for inclusionary zoning through density bonuses, zoning variances, fee abatement or deferral and other financial incentives. Inclusionary zoning can be either mandatory or voluntary. Most programs across the state and country are mandatory.

Inclusionary zoning will not materially improve or affect infill development in our City. In fact, in may actually hinder infill policies by encouraging inner city low to moderate income households to move into new Greenfield developments.

ARTICLE VII
INVENTORY INFILL LAND IN OUR CITY

Policy Recommendation

The City shall create an inventory of the vacant land and underutilized property in our older neighborhoods. The list will be updated each year. This survey shall include the following:

1. Vacant lots and land areas;
2. Underutilized properties, identified by comparing the current use with surrounding properties and what could be supported by infrastructure and location;
3. Poorly maintained properties that might be redeveloped or improved;
4. Condition of public facilities, including street, sidewalk, and drainage problems that may need to be addressed in order to promote refill development in the area; and
5. Existing neighborhood patterns of landscaping, tree canopy, and architectural features that may be factored into guidelines for compatibility of a new refill development.

Infill parcels should also be examined to determine development limitations. Limitations may include current zoning; soils; residual capacity of public facilities; school district; water; sewer; parks; pedestrian walkways; streets; storm water drainage; and public transportation.

ARTICLE VIII
MAPPING INFILL LAND PARCELS IN OUR CITY

Policy Recommendation

The City shall prepare a map of the entire city that displays all of the vacant land parcels and underutilized or by-passed parcels. This map shall be updated each year. Based upon an assortment of factors including demographic data (median family income, crime statistics), condition of public facilities/infrastructure, and market conditions (i.e. resale values, vacancy rates for the area), the individual vacant and underutilized parcels shall be assigned a priority development rating on a scale of 1-10 with 1 being the highest priority to develop and 10 having the lowest need for improvement. This priority ranking shall serve as a guide and direction for future infill development and serve as a basis for establishment of Infill Development Overlay Districts as discussed in Article VIV below.

ARTICLE IX
INFILL DEVELOPMENT ZONING AND OVERLAY DISTRICTS

Zoning and Overlay Districts are designed to implement The Downtown Neighborhood Community Plan (DNCP) and the Fulton Corridor Specific Plan (FCSP) by establishing land use designations and a regulatory plan. Infill Development Overlay District (Overlay District) is established to encourage and incentivize infill development in core urban areas of the City. The Overlay District is primarily focused on residential development, targeting by-passed and under-utilized parcels. It can also include mixed used and commercial development, if appropriate for the neighborhood. The Downtown Development Code codifies the specific Municipal Code regulations and standards for Infill Development Zoning and Overlay Districts that includes district maps.

The specific goals of the Infill Development Overlay District will be to accomplish the following:

1. Encourage and facilitate new development on vacant and under-utilized land in urban areas that already have infrastructure, utilities, and public facilities;
2. Establishment of specific land uses, development standards, alternative fees, and streamlined review process to stimulate and incentivize reinvestment and development in by-passed, under-utilized and abandoned properties.
3. Encourage efficient use of land and public services in established communities;
4. Establish flexible development standards to facilitate infill development and redevelopment;
5. Direct residential construction in close proximity to employment centers and public services;
6. Preserve, restore and improve older neighborhoods through redevelopment of blighted, distressed and under-utilized properties;

7. Encourage the development of affordable housing; and
8. Encourage the development of parks and open spaces;
9. Direct an area analysis of market values. For example, what do homes sell for in that area? Thus the sales price of the new development is determined by the value it can be sold for that includes land costs, infrastructure costs (if any), hard building costs, on and off sites fees, financing costs and a reasonable profit margin.

Criteria for Establishing Overlay Districts

It is essential to define the appropriate land areas within the City that are suitable for Overlay District designation. The creation of an Infill Overlay District shall be directed toward parcel (s) that have been by-passed and based on the following criteria:

1. The parcel (s) are located in areas served by public water and sewer;
2. There are a significant number of vacant older or rundown structures;
3. There is a high incidence of Code Enforcement violations;
4. There is a high incidence of crime reported in the area;
5. There is a lack of new development or renovation activity compared to other areas of the City;
6. There are a significant number of buildings that were designed for obsolete land uses;
7. There are outdated zoning ordinances appropriate for the area;
8. The area population has either been stagnant or declining over the past 10 years;
9. There are a high number of vacant or underused parcels;
10. Parcel (s) that are less than 5 acres in size, unless approved by the City Manager; and
11. Parcels that are uneconomical to develop

A given parcel (s) does not have to meet all of the above criteria to receive the Overlay District designation but should have met at least half of the above criteria.

Policy Recommendation

The Downtown Development Code establishes code regulations and design standards for Zoning and Overlay Districts. The following recommendations will be added to improve Zoning and Overlay District policies:

1. The City should evaluate other impacted neighborhoods outside of the current zoning areas with similar demographic, geographic and socio-economic profiles to consider establishing Zoning and Overlay Districts;
2. Reduce the size of Zoning and Overlay Districts to concentrate resources on a smaller footprint for a greater impact on the neighborhood;
3. Evaluate the potential gains of creating sub-overlay districts within a defined district; and
4. Provide more flexible development and design standards within Overlay Districts that reconcile reasonable and appropriate design standards and finding cost efficiencies.

Overlay District standards must be less prescriptive with more attention to cost factors to incentivize infill development.

ARTICLE X
INTERDEPARTMENTAL INFILL DEVELOPMENT TEAM

Policy Recommendation

The City shall form an Interdepartmental Infill Development Team comprised of professional staff from development related departments and the City Manager's office. The City Manager shall select team members and select the team leader. The team will be responsible for the following:

1. Pre-project review including informal meetings with prospective developers;
2. Review all applications that have been submitted for infill development projects;
3. Identify critical issues early in the application process;
4. Review all conditions of approval suggested by reviewing departments and agencies to insure the integrity of the project is maintained as envisioned and is economically feasible to complete
5. Address all technical issues and develop solutions in a timely manner, with a maximum turn around time of 30 days; and
6. Tracking all infill development projects from the inception to completion.

ARTICLE XI
EVALUATION OF DEPT. OF PLANNING & RESOURCE MANAGEMENT FEES AND COSTS

Matrix Consulting Group completed a comprehensive study analysis on May 23, 2012 of City planning fees and cost recovery. The purpose of the study analysis was to determine a nexus between the Department of Planning and Resource Management fees and costs associated with those fees. The study found that the Planning Division and Land Section are currently recovering approximately 53% of estimated costs of providing most fee services. The last time the City completed a comprehensive study analysis was in 1992-93.

The Matrix Consulting Group study provided a comparative planning fee analysis with other California cities including cities in the Central Valley. Fees compared included Conditional Use Permits (CUP), Tentative and Final Tract Maps, Plan Amendments, Rezones, and Environmental Impact Report (EIR). In nearly every category the City of Fresno was higher than both Central Valley cities and other peer cities (i.e. Sacramento) in the state. There are serious underlying issues that need to be explored to determine why our costs for services related to planning and building activities is so high. Reducing the costs of development related fees will not only benefit infill projects but also all development projects citywide. Reducing the time frame for

the plan check, permitting, and project inspection phases will also provide significant cost savings for all building projects. One of the tasks of the Infill Development Task Force detailed in Article XXX will be to study and evaluate why City costs are so high and recommend changes or justify current schedule.

Policy Recommendation

Based on the recommendations from the Matrix Consulting study, the City shall adopt the following policies: 1) adopt and implement a formal cost recovery policy for the Planning and Division and Land Section; 2) implement a mechanism for the annual update of Building fees for service; and 3) perform a complete periodic update of User Fee Study every 3 years.

There are additional policies necessary to incentivize infill development. The City needs to expand and refine infill area fee reductions and non-fee recoverable work through the General Fund and work with other agencies that add on fees that are counterproductive to successful infill ventures e.g. Flood Control/Air District/Irrigation districts/School Districts/ etc.

ARTICLE XII
FAST TRACKING PLAN CHECK AND PERMITTING

An essential element in successfully implementing infill development or any development in our City is streamlining the plan check and permitting process. Recent efforts including the P.I.P.E.S. program have systematically reviewed the overall plan check and permitting process. Although this program has improved the overall process, there are still bottlenecks and unnecessary delays. This Act will use the foundation laid out in the P.I.P.E.S. program and provide enhanced features to address outstanding issues. Policies and practices approved in this Act will also extend to all development projects on a citywide basis. It is absolutely essential that the City become more business friendly and give top priority to improving its business practices that relate to planning and development related issues. Consequently, this element of the Act will be given the highest priority for implementation.

The old axiom in business is that time is money. This certainly applies to all development projects. It is critical that the plan check, permitting and site inspection timeline be compressed to minimal levels to ensure all development projects move expeditiously throughout the process. The severe budget cuts that the City has experienced the past four years has dramatically reduced staff levels in the Planning Department and other departments involved in the planning process. Consequently, timelines will be more difficult to achieve and successful implementation of the proposed policies and practices in this Act will not be fully realized until staff levels recover to pre-recession levels.

An essential element of improving the overall plan check and permitting process will be the creation of an "Interdepartmental Infill Development Team" per Article X above.

The goals of streamlining the plan check and permitting process shall include the following:

1. Reducing the costs for plan check and permitting;
2. Reducing the timeline on all development projects citywide;
3. Standardizing the plan check and permitting process;
4. Improving communications with applicants; and
5. Maximizing the performance and better coordination of all City departments and other agencies involved in the plan check and permitting process.

Obstacles to Streamlining Plan Check and Permitting

1. No clear line of authority with someone in charge of the overall process
2. Lack of incentives
3. Lengthy and unpredictable appeals process
4. No single point of contact or entity to navigate through the bureaucracy (we can have a single point of contact, but if they will have to have authority to make decisions). Enforcement of strict timelines for advancing from one stage to another
5. Bottlenecks and redundancies in plan check and permitting.
6. Inadequate staffing in DARM due to budget cuts
7. Inconsistent technical rulings between staff members and departments
8. Overly conservative and lengthy legal analysis

Policy Recommendation: All of the items below shall be reviewed and examined by the Council Subcommittee described in Article XVII.

Improving the Plan Check and Permitting Process

1. Pre-application conferences: A pre-application conference will review the development concept, potential issues for the City and the developer, costs of development, timelines and other concerns. This allows for an informal review of a proposed development in the design stage. This conference should include pre-application minutes being taken and distribute to review team and applicant outlining project expectations for any follow-up actions. It will be essential that the City Attorney's office legal briefs on relevant planning issues be reviewed at an early stage to avoid costly delays later in the development process.

2. Single Point of Contact: The City should identify a single point of contract to with all applicants. The City should consider giving the planner the authority to negotiate any DARM commitments. The role of the planner would be to shepherd the proposed development through the entire planning process and coordinate all departmental comments on the project. A single point of contact will serve as a conduit for the flow of information, improve the communication process between the City, and the applicant and help expedite the overall process.

3. Interdepartmental Infill Development Team: This establishment of this team and their duties is outlined in Article VIII above. Having representatives from the different departments related to the process will resolve technical issues on a timely basis and improve overall communication.

4. Legal Analysis: There are consistent complaints from developers about over reaching legal analysis and unnecessary delays in development projects. The City needs to formulate a definitive legal threshold for determining the acceptable level of risk on development related issues. For example, the minimum threshold for accepting a development agreement would be a 90% chance of defending the City's actions. Timelines should be developed on legal review to insure a development project is not unnecessarily delayed. This policy can be fully refined working with the City Attorney, the City Manager and the Infill Development Task Force.

5. Proactive Planning: The City should encourage and develop incentives to implement proactive planning. After sites have been zoned or re-zoned, the City can elect to "pre-permit" the site in conformity with municipal zoning and site design guidelines. Early site selection and pre-permitting will expedite regulatory oversights before specific, time consuming and constrained projects are proposed. Pre-permitting may require code amendments.

6. Outside Consultants: Contracting with third party consultants (i.e. engineers, attorneys, planners, etc.) will expand City staff capacity. Budget cuts have depleted many positions in D.A.R.M. and using third party consultants expedite the process and provide impartial evaluation of projects. Some issues are complex and very technical calling for outside review such as traffic mitigation or water related issues.

7. Site Inspections: The City should limit field inspections to the verification of construction compliance to approved plans to avoid problems with inspectors re-inspecting codes and over-ruling Planning staff reviewers. Every attempt should be made to use the same inspector (s) from the inception to the completion of a project to avoid inconsistent rulings and unnecessary delays.

8. Access to Information: The City shall provide easy public access to all municipal ordinances, procedures and policy guidelines at the City website. Compiling a Permit Guidebook will help navigate the process for all applicants.

9. Permitting Online: The City should setup on its website easy access to permitting. Any builder or private citizen should have the ability to pay for and pull permits online.

10. Establish uniform timelines: The City should establish clearly delineated timelines to enable projects to be executed in a rational, consistent and transparent manner. The State of California Permit Streamlining Act requires public agencies to follow

standardized time limits and procedures for specified land use decisions. Subject to CEQA review, the City should develop a list detailing the following timelines:

a) All professionally drawn site plans should be reviewed and returned to the applicant in no more than (to be determined) days;
b) All professionally drawn plans will be reviewed and have permits issued no longer than (to be determined) calendar days;
c) All Environmental Impact Reports (EIR) shall be completed no longer than (to be determined) days from the application for the project, depending on the specific CEQA report;
d) All Conditional Use Permits shall be reviewed and presented to the City Planning Director and/or Planning Commission no later than (to be determined) days.

There is no specific recommendation for the consequences of the City not meeting the defined timelines. The Infill Development Task Force, discussed in Article XVII, shall review and make recommendations on all timelines and any subsequent actions.

Timeline standards should also be applied to the planning and entitlement process. All timelines are based on the assumption that all applications and information required from the applicants has been completed. Below are recommended timelines:

a) General Plan Amendment shall not exceed (to be determined) days.
b) Rezone Application shall not exceed (to be determined) days.
c) All Tentative Maps shall be reviewed and presented to the Planning Commission no later than (to be determined) days.
d) All Final Tract Maps shall be reviewed and presented to the Planning Commission no later than (to be determined) days.
e) All Site Plan Reviews shall not exceed (to be determined) days.

11. Provide easy access to City ordinances, directives and policies: The City shall provide easy access to all local ordinances, procedures and policy guidelines in a central location at City Hall and be available in both printed versions and electronic versions on the City website.

12. Create a permit tracking system: The City shall develop an electronic permit tracking system. Permit tracking software will enable the City to produce status reports and determine problems that can hold up the permitting process. An electronic permit tracking system will provide more efficient use of staff time on administrative functions and improve transparency and accuracy in the permitting process.

13. Require periodic signoffs: The City shall require that any agreements made in the permitting process remain valid regardless of whether new staff reviewers get involved and call for changes.

14. Pre-approved single-family home plans: Under this program concept, house plans can be pre-approved for common size lots located in infill areas that meet the guidelines of the City's design standards. The plans would be pre-approved through the design review and plan check processes and purchased at a discounted rate for developers or property owners who wish to use them.

15. Performance Standards: The City should establish performance standards for the DARM section that processes and approves plan check and permitting. At the end of each year the Planning Director should review and evaluate performance levels.

ARTICLE XIII
FEE EVALUATION AND ESTABLISHING TIERED SERVICE AREAS

With some exceptions, the City charges uniform building, impact, planning, and Urban Growth Management Fees. Major streets impact fees do charge additional fees for developments located in new growth areas. The Planning Division Master Fee Schedule adopted in June 21, 2012, did offer an exception for inner City planning fee reductions of approximately 50%. There are four Inner City areas defined in the Master Fee Schedule.

Level of service standards are consistent citywide with some exceptions. Best practices in other cities reveals a "tiered" development/impact fees program, where development fees, impact fees, building fees and service level standards (i.e. transportation) are lower in urban core areas and higher in Greenfield developments. Reducing impact fees for infill areas more accurately reflects the true costs of providing municipal services. Current downtown fee incentive programs are backfilled by some form of legally acceptable revenue. A nexus study may be required for any proposed modifications to fee reductions.

The UGM Fee structure provides a geographic or service area impact fee while the City has also adopted a citywide impact fee structure, wherein fees are calculated based upon capital improvement plans citywide. Historically, this program has been difficult to administer and has presented some litigation issues on its application. In 2005, the City adopted citywide impact fees to, over time, replace the UGM fee structure. This Act will re-define the citywide UGM impact fee program to become more precise and equitable in measuring appropriate geographic and citywide fees. In essence, this Act is bringing back an improved citywide fee program similar to the UGM methodology to enhance infill development.

Proposition 218 established that all municipal fees that are an incident of property ownership must have a nexus to costs and benefits. The primary focus of Proposition 218 is on user fees i.e. water fees).

The Mitigation Fee Act (Gov. Code 66000-66025) governs development and impact fees and most provisions are included in AB1600. A Charter City like Fresno has the additional power to regulate by virtue of its plenary authority with respect to municipal affairs. Since a development fee is not a tax or special assessment, it is by definition required to be reasonably related to the cost of the service provided or the improvements constructed by the City. Impact fees must bear a reasonable relationship to the impact intended to mitigate. The City must also to able to clearly account for all fees collected.

A tiered development and impact fee structure will provide economic incentives to infill development. In theory, any discounts offered to inner City areas cannot be offset by higher, offsetting fees in other geographic areas of our City. The other alternative to reduced fees is to backfill the reductions with General Fund or other appropriate revenues. This Act will develop the rationale and economic measurement model to legally and financially justify a tiered fee structure.

A calibrated methodology will make infill parcels more attractive and build greater equity into urban growth patterns. For example, a parks impact fee is assessed at $2,764 per multifamily unit. This assessment is too vague. A 100 unit multifamily project that averages 1,000 square feet per unit or a total of 100,000 square feet would be assessed $276,400. Another 100 units multifamily complex that averaged 800 square feet or a total of 80,000 square feet (20% smaller) would have to pay the same $276,400 park impact fee without justification for the higher cost. A more accurate assessment would be based on a per square foot basis instead of a per unit basis.

Citywide Fire Impact Fees are set at $539 per single-family unit and $439 per multifamily unit. Not withstanding existing fee reductions, inner City infill developments should have a dramatically lower fee than Greenfield projects because the capital outlay for fire stations is not necessary because there are existing fire stations that have been operational for years.

To establish a more precise measure of development related fees, we should first examine our current fee structure.

Building Fees: The City Master Fee Schedule provides uniform building fees citywide regardless of location with the exception of Enterprise Zone Areas and Municipal Restoration Zones. Building Fees include: permit fee; grading plan check fee; grading permit fee; electrical permit fee; plumbing permit fee; mechanical permit fee; plan check fee; fire department plan check fee; public works departments plan check fee; inspection fee; fire; and appeals fee.

Latest Fee Study Update

I am unaware of any building fee evaluation and nexus study in the past 10 years. Fee levels are adjusted periodically by Council action.

Methodology for Establishing Fee Structure
Building fees are based on estimated City costs including department personnel costs, inter-departmental personnel costs, estimated time allocated per project and City support services charges.

Land Use Planning and Zoning Fees: The City employs a uniform planning fee schedule and uniform level of service standards for all developments regardless of location with the exception of defined "Inner City" areas. The Planning Division Master Fee Schedule adopted in June 21, 2012, offers Inner City planning fee reductions of approximately 50%. There are four Inner City areas (downtown area, Highway City, Pinedale, and Herndon Townsite) defined in the Master Fee Schedule. The current list of infill areas receiving fee reductions should be expanded. Planning fees include: application; tentative map; final map; plan amendments; rezone; conditional use permit (CUP); site plan review; variance; modification to zoning condition; and environmental assessments including EIR.

Latest Fee Study Update
The Matrix Consulting Group last completed a comprehensive evaluation of planning fees and City costs on May 23, 2012.

Methodology for Establishing Fee Structure
The Matrix Consulting used a cost allocation methodology where several cost components are calculated for each fee or service. All of the components are built upon each other to develop the total cost for providing service. Cost components include direct costs; department overhead; citywide overhead; cross-departmental support; and plan, policy, and systems update and maintenance.

Impact Fees: The City has a uniform impact fee schedule regardless of the location of the project. Impact fees include; local drainage; sewer connection; lateral sewer connection; over size sewer connection; trunk sewer charge; wastewater facilities charge; water connection charge; frontage charge; transmission grid main charge; transmission grid main bond debt service charge; well head treatment charge; recharge fee; and 1994 bond debt service fee.

Latest Fee Study Update
I am unaware of any building fee evaluation and nexus study in the past 10 years. Fee levels are adjusted periodically by Council action.

Methodology for Establishing Fee Structure
Fees are bases on the estimated costs to cover the costs of infrastructure improvements for proposed development projects.

Urban Growth Management Fees (UGM): UGM Fees were established in 1977 to finance City infrastructure and facility improvements that would need to be built when development reached a given level in a defined area. The original fee policy called for annual nexus studies and fee adjustments to reflect changing costs. There were no studies for fee adjustments for the first 10 years of this program. Over its history, nexus studies and fee adjustments have been sparse.

UGM Fees are assessed for both a specific geographical area and citywide. In both the specific geographic area and citywide, the UGM Fees are assessed to finance growth-induced public facilities (i.e. fire station). In the Master Fee Schedule, the geographic areas are assigned Zone Districts where the fees vary by district. UGM Fees include: fire station; neighborhood park; major street (see more detail below); major bridge; grade separation; trunk sewer; and traffic signal.

Latest Fee Study Update
I am unaware of any building fee evaluation and nexus study in the past 10 years. Fee levels are adjusted periodically by Council action.

Methodology for Establishing Fee Structure
Fees are based on the estimated costs of growth induced municipal facilities in defined geographical areas and the estimated costs to pay for growth induced citywide costs of municipal facilities.

Citywide Regional Street Impact Fee: The Citywide Regional Street Impact Fee is a condition on all development entitlements granted and the fee is calculated based on the net acreage of the entire property subject to the development entitlement and based on the planned land use.

Latest Fee Study Update
These fees were established by resolution August 29, 2007.

Methodology for Establishing Fee Structure
Fees are bases on the estimated costs to cover the costs of major street improvements for proposed development projects on a citywide basis.

New Growth Area Major Street Impact Fee: The New Growth Area Major Street Impact Fee is a condition on all development entitlements granted in the New Growth Area and is calculated on a net acreage of the entire property subject to the development entitlements based upon the planned land use.

Latest Fee Study Update
These fees were established by resolution August 29, 2007.

Methodology for Establishing Fee Structure

Fees are bases on the estimated costs to cover the costs of major street improvements for proposed development projects in new growth areas.

Other Agency Development Fees
Other Agencies that assess development related fees on new development include the San Joaquin Valley Air District Board; The Fresno Metropolitan Flood District; and Caltrans. The City should work closely with these agencies to refine their fee methodology to more precisely measure project impacts and costs.

Policy Recommendation
Section 1: City Investment Strategy for Infill Development
The City shall use a focused investment strategy to direct growth to target infill areas within existing urban areas. These areas would have substantial existing development and major public facilities in place. A focused public investment strategy can fill the gaps where basic infrastructure needs upgrading. Utilizing tiered City services will enhance a focused public investment strategy. Tiering City services will help accomplish a goal of assuring a logical, economical sequence of growth moving outward from the urban core.

Establishing uniform development and impact fees that are based on the average cost of providing service to new development located within the City sphere of influence does not recognize that there are significant differences in actual costs based on the geographic location of the development. For example, certain Greenfield developments (i.e. SEGA) may require longer water and sewer lines, street extensions and other infrastructure improvements that will be very costly.

The software modeling employed by Economic & Planning Systems (EPS) in the 2035 General Plan update developed detailed metric analysis that measured the General Fund costs of infrastructure improvements, public service levels and standards (i.e. public safety, public works) for new developments. The metric analysis clearly demonstrated a causal relationship between project location, zoning standards (i.e. densification), and service standards to the overall project capital costs and ongoing operations and maintenance costs.

Policy Recommendation
Section 2: Study and Evaluation of Fee Structure
The City shall complete a comprehensive study of all of its planning and building related fees to address issues identified in this Act. The over arching goals of the study are to provide the legal justification to impose the fees and provide the nexus between the impact created by new development and the amount of the fee. There are key components that will factor into an objective measure of development and impact fees. They would include the following:

1. Applying the EPS methodological approach in applying metrics that measure public service levels and standards, in conjunction with;

2. Applying the Matrix Consulting Group Planning Division fee study methodology to set City development and impact fees based on a true measure of actual costs;
3. Establishing a more precise model to measure impact fees and costs that identifies the purpose of the fee, how the fee is to be used, the reasonable relationship that exists between the fee's use and the type of development, and the reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed;
4. Establishing a City policy that all building, development, impact and UGM fees should be studied and evaluated every five years;
5. Preparation of Capital Improvement Plan (CIP) in conjunction with the new fee structure that will assist the scheduling and implementation of services and improvements funded through impact fees; and
6. Development of a model that will measure the cost recovery time frame, including a detailed cost-benefit analysis, for property tax, sales tax and related revenues would, over time, offset initial development and impact fee reductions and greater City investment in infill areas.

The Council Subcommittee described in Article XVIII shall review, examine and make recommendations on all development related fees.

Policy Recommendation
Section 3: Fee Audits
The City shall adopt a policy that provides for an independent audit of all City development and impact fees to determine whether the specific fees exceed the amount reasonably necessary to cover the cost of the product or service provided. Audits should be performed every five years.

Policy Recommendation
Section 4: Tiered Fee Structure
Starting with Census Tracts in our urban core downtown and in older areas of our City, the tiered pricing would, in general, be lowest in the urban core and become progressively higher at the urban perimeter and into Greenfield developments in sphere of influence expansion areas. Some cities have implemented a three-tier structure where the designated tiers form concentric circles emanating from the City core. The Council Subcommittee described in Article XVIII shall review, examine and make recommendations on establishing a tiered fee structure.

ARTICLE XIV
CITY FLEET MODIFICATIONS

Innovative infill developments in other cities include high density, mixed-use developments with narrower streets. Proposed similar projects in our City have been unable to move forward because our fleet trucks cannot properly maneuver on narrower streets. This is particularly true

with fire trucks. To be able to implement infill or any future development project in our City that utilizes narrower streets will require a policy change on our fleet purchase/lease program.

Policy Recommendation
The City should study and evaluate modification of its purchase/lease acquisition plans to include evaluation of selecting smaller vehicles that will function properly on narrower streets. The City should also consider the use of "bullhead" turn a rounds instead of cul-de-sacs to enable City vehicles to maneuver.

ARTICLE XV
FINANCING INFILL DEVELOPMENT

The termination of Redevelopment in California will create greater challenges to finance infill development. There are alternative financing models that are well established, and in some cases, seldom used, in California.

Section 1. Mello-Roos
The Mello-Roos Community Facilities Act of 1982 was created to provide an alternative method of financing infrastructure improvements and services. A Mello-Roos District can impose a special tax on real property owners within the Community Facilities District. This Act allows any city, county, school district, special district, or joint powers of authority to establish a Mello-Roos Community Facilities District that will allow for financing of public improvements and services. There are a wide array of potential public improvements including water and sewer, flood and storm protection, streets improvements, basic infrastructure, public safety protection, ambulance and paramedic services, schools, parks and open spaces, libraries, museums, and related cultural facilities. Facilities financed under this Act must have a useful life of at least five years.

If there are substantial public improvement costs, a Mello-Roos District can use public financing through the sale of bonds for the purpose of financing public improvements described above. Real property owners are assessed the special tax and those taxes are paid through the annual property tax bills from the County Assessor. Per Proposition 13, the Special Tax cannot directly be based on the value of the property. Special Taxes are based on a more elaborate mathematical model that factors in property characteristics including lot size, improvement square footage, etc. The methodology for determining each properties Special Tax assessment is defined at the time of formation of the CFD.

The special taxes will stay in effect until the principal and interest on the bonds are paid off. In no case, however, shall the time exceed 40 years.

A Mello-Roos District cannot be formed without a two-thirds vote of residents living within the proposed boundaries. If there are fewer than 12 residents, it will require a two-thirds vote of the property owners.

Policy Recommendation

Formation by a vote of residents instead of property owners is significant. In impacted urban areas like Lowell-Jefferson in downtown, about 95% of the residents are renters. A well-organized campaign by a community organization can successfully form a Mello-Roos District and compel property owners to join and be required to pay a Special Tax to improve the neighborhood. Landlords who do not want to invest in their neighborhoods will probably end up selling and new investors will purchase their properties. . The Infill Development Finance Task Force described in Article XVII shall review, examine and make policy recommendations regarding this issue.

One of the unintended consequences of establishing a Mello-Roos District in neighborhoods like Lowell-Jefferson will be the gentrification of many current residents. A major renovation in both public facilities and private property improvements will elevate the value of rents and homes in the area. Those residents who do not financially qualify or cannot afford higher rents will be forced to leave and find affordable housing in other older neighborhoods in our City.

Section 2. Infrastructure Financing District

The Infrastructure Financing District Act was created by California statute in 1990. The primary purpose was to offer a finance large-scale improvement projects in undeveloped and infill areas. This Act gives cities and counties the authority to create Infrastructure Financing Districts (IFD). An IFD can issue bonds similar to redevelopment tax allocation bonds.

IFD's can divert property tax increment created in IFD's for up to 30 years to finance eligible projects. An IFD may receive tax increment from properties within the district. IFD tax increment includes property taxes collected net of the base year and those taxes allocated to school districts, community college districts, county boards of education and counties. Approved uses of tax increment include a pay as you go basis; repayment of IFD revenue bonds; additional security for assessment or special tax bonds; to reimburse a city or county for the costs of completing a qualified public facility; and to make advances to an Integrated Finance District.

There are procedural requirements similar to forming other financing districts (i.e. CFD). There are three steps: 1) adoption of a resolution of intention to establish and IFD; 2) sending notices to each landowner and affected taxing entities in the IFD; and 3) preparation of a financing plan that contains a description of the district, the proposed public improvements, the financing mechanisms expected to be used, and any intention to incur debt.

The legal requirements for formation of an IFD are as follows:

1. District formation requires a two-thirds vote approval by IFD landowners
2. Issuance of IFD bonds require a two-thirds vote approval by IFD landowners
3. IFD appropriation limits are established by a simple majority vote of landowners.

Formation of an IFD also requires consultation with affected taxing entities. Every taxing entity that will be affected must approve the creation of the IFD or the new district cannot receive its share of the property tax increases. These entities include cities, counties, and special districts.

Other general provisions of an IFD include:

1. Financing projects must provide benefits to an area larger than the IFD
2. Financing projects must have a useful life of at least 15 years or longer
3. Property in an IFD does not have to be blighted as required on Redevelopment projects
4. IFD's cannot overlap existing Redevelopment Project areas. This provision will have to be re-examined in view of the passage of AB26xx and wind down of Redevelopment projects.

IFD's have a broad base of activities to fund including purchase, construction, expansion rehabilitation, Seismic Retrofit or improvement of streets and highways; ramps and bridges; transit facilities; parking facilities; water and sewer projects, solid waste facilities; flood control; child care facilities; parks; recreational facilities; libraries and residential dwelling units. There are conditions on constructing new residential units that require the IFD to replace any affordable housing removed within four years and any new residential units built must include at least 20% affordable housing.

There are conditions that allow an IFD to purchase facilities. Those conditions include that any facility must have a useful life of at least 15 years; they provide a significant impact on the community; and they are not physically located within the IFD boundaries.

There are also restrictions for using IFD financing. All projects must be capital improvements. On going maintenance, service and repairs and any operating costs cannot be financed by an IFD. The major challenge for the formation of an IFD is the two thirds property owner vote and the agreement with other taxing entities. To date, there has only been one IFD formed in Carlsbad, California, in 1999.

SB 214: UPDATE ON IFD

California Senate Bill 214 provides a much needed update for IFD. This re-write of the original law removes barriers in the creation of an IFD including the following: 1) removes the two thirds vote requirement associated with forming an IFD; 2) removes the two thirds vote requirement for issuing IFD related bonds; 3) extends the life from 30 years to 40 years, thereby increasing the bonding capacity; and 4) removes the prohibition against an IFD including any

portion of a redevelopment project area. The Governor has vetoed this bill and the City will have to follow to see if a modified future version emerges.

Policy Recommendation

An IFD would be one potential solution to finance an aging downtown infrastructure. Cost estimates range between $70 to $100 million to complete infrastructure upgrades to our downtown core. The challenge for downtown is to get two thirds of the property owners to support formation of an IFD. It is also possible to combine Federal grant funding to a more limited IFD. This would reduce the amount of funds needing for bond financing. The provisions of SB214 would provide an easier path to formation. The City should study and evaluate the use of IFD financing to address its aging infrastructure problem downtown and other older neighborhoods needing infrastructure upgrades. The Infill Development Finance Task Force described in Article XVII shall review, examine and make policy recommendations regarding this issue.

Section 3. Business Improvement Districts

Business Improvement Districts (BID's) are special assessment districts that are formed by property owners/business owners within the defined district boundaries. Property/business owners are assessed annually to fund improvements and activities to promote economic revitalization and maintenance. The State of California law regulates business assessment districts and allows for flexible formulas to determine assessment levels. The assessment levels can be determined be either revenue based or impact based. The revenues generated from the assessments pays for improvements in the defined boundaries of the business district including graffiti removal, street and sidewalk cleaning, landscape maintenance, marketing and other services. There are several successful business assessment districts in California.

Policy Recommendation

A few years ago, downtown Fresno property/business owners successfully formed a Property Based Assessment District (PBID). Based on the success of the Downtown PBID, the City should study and evaluate the formation of similar PBID districts in other older commercial areas (i.e. Kings Canyon Merchants Association).

ARTICLE XVI
GREENFIELD DEVELOPMENT COSTS TO THE CITY

The actual costs to the City for Greenfield developments have been debated for some time. The building industry position is that new housing does pay its way for cities. Some city officials and planning consultants maintain that new housing projects in Greenfield areas are a fiscal drain on cities and do not pay for themselves. Finding a conclusive answer to this question will have a direct bearing on future infill development in our City.

The current 2035 General Plan updates as well as the 2025 General Plan passed in 2002 were and are predicated on a balance of new Greenfield development and infill development. The ambitious infill goals of the 2025 General Plan have not been fulfilled. This is primarily explained by the absence of a business model that provides the financial incentives for infill development.

Measuring Development and Economic Costs for Infill and Greenfield Projects

As discussed in Article XIII, EPS developed a fiscal impact model designed to test how City policies, service standards, growth patterns, and socio-economic changes affect the City's General Fund costs and revenues over time. Is this study, however, not weighing in other salient issues that will affect long term City costs and revenues? Although the study clearly identified factors (i.e. density, spatial, economy of scale) reducing City costs, anecdotal evidence would suggest a different outcome if other issues are considered.

For example, a 10-year-old, 3,000 square foot home built by builder XX on an 8,000 square foot lot in Northeast Fresno would have a value of approximately $300,000. The identical home by the same builder, same age, on the same size lot in the Lowell-Jefferson downtown area would have a value of approximately $150,000. The property tax assessment for the Northeast home would be approximately $3,000 and the property value for the home in the downtown area would be approximately $1,500. Does the home in Northeast Fresno utilize a higher proportion of City services to justify the higher property tax assessment? Police and fire are two of the most expensive City services. For the period January 1, 2012 through April 30, 2012, crime statistics were compared between the Dominon in Northeast Fresno and the Fulton-Lowell area in downtown Fresno. During that four-month period, there was one reported crime in the Dominion and 55 reported crimes in the Fulton-Lowell neighborhood.

This is only one isolated example but it clearly shows the disproportionate use of certain City services based on a comparison of different geographical areas of our City. A thorough evaluation of revenue generated by geographical areas of our City versus consumption of City services by geographical area will refine true cost numbers. Part of the answer is that properties in Southeast and Southwest Fresno under perform and do not currently pay their fair share of City services utilized. A successful, citywide, infill development program will help close the gap in property values over time.

Although the EPS fiscal evaluation model provides objective measures of City General Fund costs and revenues over time, it does not factor a comprehensive analysis of interrelated economic benefits derived both in the short term and the long term from new residential development in Greenfield areas. In a publication titled "The Economic Benefits of Housing in California" August 2010, prepared by the Center for Strategic Economic Research, the costs and benefits of new housing construction is examined. Information discussed in this Article is based on that publication.

This study used an IMPLAN input-output model for a comprehensive analysis of interrelated economic impacts for new housing construction. New housing construction produces economic impacts in communities that include direct, indirect, and induced benefits. Below is a brief description of economic impacts:

Direct Benefits: This is economic activity directly exclusively related to new housing construction. This would include employment of people in many construction trades and expenditures made by construction firms.

Indirect Benefits: This refers to ancillary economic activity resulting from connected businesses, suppliers of goods and services, and provision for operating inputs. Examples include wholesale trade where builders purchase materials like lumber, roofing, electric, and plumbing materials. Other examples are freight services that deliver materials to the wholesaler and construction site and other professions that contribute to the process including engineering, architectural and legal services.

Induced Benefits: This refers to measuring consumption expenditures of direct, indirect and induced impact of each additional direct job or dollar of output related to new housing construction in our community.

There is a multiplier effect that quantifies the incremental indirect and induced impact of each additional job or dollar of output related to new housing construction in our community.

The IMPLAN model of measuring the full range of interrelated economic benefits from new residential construction in Greenfield areas should be evaluated by the City together with EPS fiscal data from our 2035 General Plan update and other mitigating economic issues to arrive at the true costs and benefits to the City.

Modifying the Community Facilities District Financing Model

The City established the "City of Fresno Special Tax Financing Law" to allow for the formation of, or annexation into, a Community Facility District (CFD) to provide financing for the maintenance and servicing of public infrastructure within new developments. Fresno Municipal Code Section 8-1-303 (e) defines services for special tax districts that include public works related maintenance items (i.e. streets, walkways, medians, street lights, etc.). For all new residential and commercial developments (primarily in Greenfield areas) there is a nexus established between the public works related capital and maintenance costs and the fess assessed to the property owners through their property tax bills. This financing model is designed to give communities like Fresno a better way to make new development pay for its impact.

FMV Section 8-1-303 (e) (5) provides that a CFD can maintain health and safety services including, without limitation police, fire, traffic signal control and recreational services. (I do not know of any CFD's that extend services beyond landscape maintenance, lighting, streets,

sidewalks, etc.) Expanding coverage on CFD's to full City services would make the case that new development is paying for itself and is not being subsidized by the City or other areas of the City. All development related fees and impact fees including UGM Fees are paid at the start of the project to over the geographic area and citywide impact of capital infrastructure and facilities costs.

Policy Recommendation
The City should study and evaluate a modified CFD model utilizing an EPS type and other available industry software modeling can measure the costs of all City related services in a CFD to establish objective fee structures with periodic updates to reflect in inflationary adjustments to maintain a long-term nexus over the life of the project. The Ad Hoc Council Subcommittee described in Article XVIII shall review, examine and make policy recommendations regarding this issue.

Pursuant to AB1600, the City cannot require new developments to pay for existing municipal deficiencies. The City can, however, require new developments to provide an acceptable level of service. The key component in deciding where to draw the line for new developments obligation to pay for public facilities will be the how much the City raises the acceptable service levels. Consequently, the impact fees imposed must bear a reasonable relationship to the actual cost of providing the public services demanded by the new development on which the fee is imposed.

The counter argument to developing a CFD that assesses property owners the full cost of all City services is that citizens living in the newer, more affluent areas of our City would be entitled to a higher level of service that citizens living in older neighborhoods because they cannot afford to pay for the costs of all City services. An example of this comparison would be the Old Fig Garden County Island that the Fresno County Sheriff's Department contracts out for. Residents of Old Fig Garden pay for a higher level of public safety service and receive a higher level of service than most City residents.

ARTICLE XVII
INFILL DEVEOPLMENT FINANCE TASK FORCE

A team of infill development professionals shall be assembled to further examine and refine proposed financing options and financial incentives outlined in this Act as well as a thorough examination of any other financial options available for infill developments.

The team of statewide professionals shall be comprised of experts in infill development. This team of professionals should represent the disciplines directly involved in creating infill development including developers, professional planners, architects and/or engineers and finance professionals. The City Manager and City Attorney or their assigned representatives shall attend all scheduled meetings and serve in an advisory capacity. The City Manager shall

select other appropriate staff members to participate on this Task Force. The Mayor shall select members of the Task Force, in consultation with the Ad Hoc Council Subcommittee, and serve as the Chair.

The Infill Development Finance Task Force shall report back to the Council their findings and recommendations to coincide with the presentation of the draft 2035 General Plan update. Any policy recommendations that are approved and adopted by the Council will be integrated into the Development Code, the 2035 General Plan Master Environmental Impact report, and the 2035 General Plan.

ARTICLE XVIII
AD HOC COUNCIL SUBCOMMITTEE ON INFILL DEVELOPMENT

An Ad Hoc Council Subcommittee on Infill Development shall be formed to focus on the following elements of this Act: 1) review, examine and make recommendations on all development related fees; 2) review, examine, and make recommendations on the plan check/permitting process; 3) review, examine, and make recommendations on the legal review process related to planning and development issues; 4) review, examine and make recommendations on CFD financing for future development projects; and, 5) all other policy recommendations in this Act. The overarching goal of this Subcommittee is to make the City more business friendly and to change the culture at City Hall to be more in synch with the private sector.

The Subcommittee shall be composed of three Council members approved by a majority vote of the Council. Upon approval of this Act, an agenda item will be posted on the following week's Council agenda to select the three Council members. The three Council members shall elect a Chair by a majority vote. The City Manager and City Attorney or their assigned representatives shall attend all scheduled meetings and serve in an advisory capacity. The City Manager shall select other appropriate staff members to participate on this Task Force. This Ad Hoc Subcommittee shall work directly with the private sector industry organizations (i.e. Building Association Industry, Fresno Association of Realtors, Fresno Chamber of Commerce, etc.) related to the issues being examined and will interview industry experts (i.e. builders, planners, financiers, etc.) to better understand the issues and formulate policy/fee recommendations. The Subcommittee shall also examine related peer cities policies and fee schedules in an effort to develop best practices.

The Subcommittee will present its findings and recommendations to the Council at a regularly scheduled Council meeting. Based on those recommendations and subsequent Council debate, appropriate modifications, including policies and/or fee schedules will be adopted based on a majority vote of the Council. Any policy recommendations that are approved and adopted by the Council will be integrated into the Development Code and/or Master Fee Schedule, the 2035 General Plan Master Environmental Impact report, and the 2035 General Plan.

ARTICLE XIX
EFFECTIVE DATE

This Act shall take effect (date of Council approval).