



The Enduring Challenge of Concentrated Poverty in America

Case Study of Fresno, California

ACKNOWLEDGEMENTS

The author would like to thank the community stakeholders interviewed for this report for the insights they shared; their candor shed light on the issues facing West Fresno in ways unmatched by quantitative data alone. In addition, the author thanks Carolina Reid and David Erickson for their guidance in the research and writing of this report.

PHOTO CREDITS

California's San Joaquin Valley, south of Sacramento. Photo taken in 1983 by Helen Roach (Photo View Plus).

Kearney Palms Shopping Center in West Fresno, CA. Photo courtesy of Fresno West Coalition for Economic Development.

Boys & Girls Club of West Fresno. Photo courtesy of the Boys & Girls Club of West Fresno

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April 2009

The views expressed herein are those of author. These views are not necessarily those of the Federal Reserve Bank of San Francisco or the Federal Reserve System.

ABOUT THIS STUDY:

In May of 2006, the Community Affairs Officers from the 12 Federal Reserve Banks and the Board of Governors heard a presentation on concentrated poverty from Alan Berube of the Brookings Institution and Paul Jargowsky of the University of Texas at Dallas. The context for the discussion was the question of how to rebuild New Orleans after Hurricane Katrina, particularly given the devastation of the housing stock in the city's low-income neighborhoods. Yet, as quickly became apparent during the meeting, underlying the conversation on rebuilding the city was a less tangible and potentially more difficult challenge. The storm revealed that, for individuals who reside in impoverished communities, replacing physical infrastructure alone may not be enough to generate and sustain community development and well-being.

This need for a deeper understanding of the relationship between poverty, people, and place—not only in New Orleans but in communities across the country—struck a chord in us. The Community Affairs offices of the Federal Reserve System have a shared mission to support economic growth objectives by promoting community development and fair and impartial access to credit. Each of the 12 Reserve Banks establishes distinct programs and responds to local needs in its district. But as part of a nationwide entity, the Community Affairs offices also have the ability to collaborate on projects, to share information and resources, and to work together to support community development at regional and national levels. Given this unique structure, we saw an opportunity to study the issue of concentrated poverty in communities across the country—to draw on our local knowledge and, at the same time, pull the local stories together in a way that allowed us to share more broadly the commonalities and differences among places.

This report is an expanded version of a case study that appeared as one of 16 community profiles published in “The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.,” a joint project of the Community Affairs Offices of the Federal Reserve System and the Metropolitan Policy Program at the Brookings Institution (the full report can be accessed online at <http://www.frbsf.org/cpreport/index.html>). The intent of this publication is not to explain poverty causation; poor people, and the communities they live in, have been the subject of serious study and debate for decades. Rather, our goal is to add texture to our understanding of where and how concentrated poverty exists by studying new areas and by interviewing local stakeholders—including residents, community leaders, and government representatives—to understand how concentrated poverty affects both individuals and communities. We hope this report will contribute to the public conversation among policymakers and practitioners about the relationship between people and place, and ultimately to a comprehensive policy discussion on poverty alleviation and community reinvestment.

Most important for us in Community Development, conducting this research has helped us identify new ways we can collaborate with our government, nonprofit, and for-profit partners to help address challenges in high-poverty communities. As this report demonstrates, poverty did not appear overnight; it will likely take comprehensive strategies and many years to successfully address it. In the meantime, we will continue to identify and act on opportunities to support and collaborate with communities across our districts in fulfilling our mission to promote economic development along with fair and impartial access to credit.



Scott Turner
Vice President, Community Development
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Fresno, CA

West Fresno

OVERVIEW

In 1977, the Fresno City Council approved a community plan for West Fresno, then a neighborhood of just over 15,000 people in the largest city in California’s San Joaquin Valley. The plan noted that the neighborhood “has always been a unique community with a rich heritage,” but warned somewhat presciently that “the social and economic viability

which once existed has been damaged by forces which threaten to transform racial segregation into economic segregation.” Out-migration of the middle class was a trend that, if “allowed to continue, will eventually transform an ethnic community into a low-income ghetto.”¹

Nearly 30 years later, an article in the *Fresno Bee* grimly described West Fresno as “the neighborhood where dreams go to die” and “a forgotten corner of a sprawling city.”² While these characterizations may be journalistic hyperbole, West Fresno has in fact followed a different trajectory than other areas in the city. Physically cut off from the rest of the city by Highway 99, West Fresno appears to be increasingly isolated socially and economically as

well. It was one of the neighborhoods that accounted for Fresno’s 2005 ranking as home to the highest concentration of poverty in the nation.³ This statistic was particularly startling because of Fresno’s location—not in the Rust Belt or Appalachia, but in the richest farming region of a state that at the time had the world’s eighth-largest economy.⁴

BACKGROUND

The San Joaquin Valley (“the Valley”) is by all accounts an “agricultural paradise,” a fact that has shaped the regional character in considerable ways.⁵ Large-scale farming emerged in the region over the course of the early 20th

TABLE 1

Comparison Statistics

		West Fresno	Fresno MSA	
Poverty Rate	Poverty rate 1970 ^a	43.5	18.9	
	Poverty rate 2000 ^b	51.1	22.9	
Income	Median household income ^c	\$18,257	\$34,725	
Demographics	Population 2000 ^d	16,875	799,407	
	% Population change, 1970 - 2000 ^e	6.8	93.5	
	Racial/ethnic composition, 2000 ^f			
	% White	2.2	39.7	
	% Hispanic/Latino	45.1	44.0	
	% Black/African-American	38.0	5.0	
	% Residents under age 18 ^g	39.7	32.1	
	% Single-parent households ^h	30.1	12.7	
	% Foreign born, 2000 ⁱ	29.3	21.1	
	% Population in same house as five years ago ^j	55.0	51.0	
Education	% Adults without a high school diploma, 2000 ^k	62.7	32.5	
	% Adults with a college degree, 2000 ^l	3.1	17.5	
	% Students proficient in reading, 2005 ^m	45.5	38.0	
	% Students proficient in math, 2005 ⁿ	48.1	42.8	
Labor Market	Unemployment rate, 2000 ^o	22.7	11.8	
	% Adults in the labor force ^p	45.3	59.9	
Housing	Homeownership rate, 2000 ^q	39.5	56.5	
	% Renters with a housing cost burden ^r	58.7	47.6	
	% Rental units that are HUD subsidized ^s	42.0	11.6	
	Median value for owner-occupied units ^t	\$57,540	\$104,900	
	Median year structure built ^u	1964	1974	
Access to Credit	% Credit files that are thin, 2004 ^v	50.6	31.0	
	% Credit files with high credit scores ^w	28.2	51.4	
	% Mortgage originations that are high cost, 2005 ^x	55.4	33.0	
	Mortgage denial rate, 2005 ^y	24.9	17.1	

century as transportation and irrigation systems developed with the aid of federal and state funding. The expansion of agriculture brought dramatic population growth; between 1970 and 2000, the Valley's population doubled to 3.3 million. The Valley's long and varied growing season affords year-round employment in agriculture and farming-related industries, drawing the migrant and immigrant farm labor that made up a large share of this growth. Of note is that between 1970 and 1990, the leading source of growth was

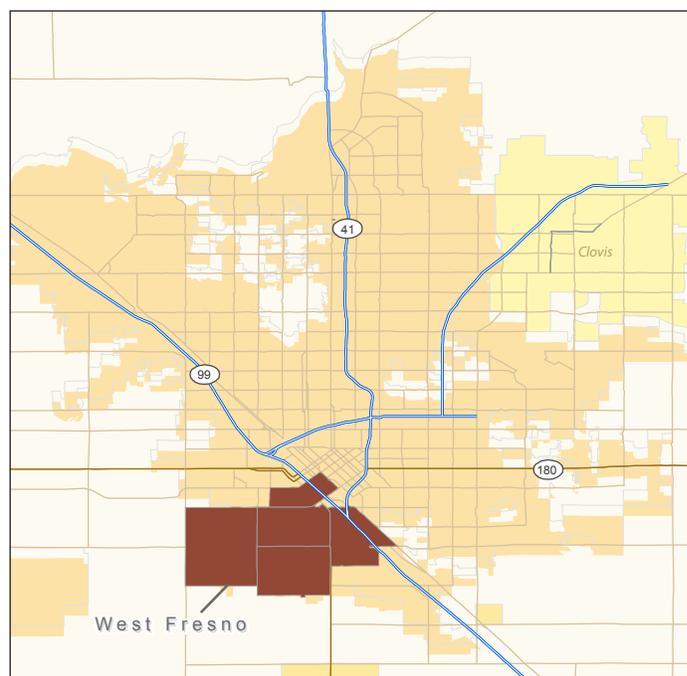
net migration. But from 1990-2000 the pattern shifted, and the proportion of population growth from natural increase rose 20 percentage points to 65 percent.⁶ These statistics are tied to the fact that the largest group immigrating to the Valley have been Latinos—mostly from Mexico and Central America—who tend to have larger families than other populations.⁷ These trends contribute to complicated dynamics as far as legal status is concerned; though it is unclear just how many of the immigrants to the region are undocumented, it

is certain that there are many, and it is not uncommon for undocumented parents to have children who are U.S. citizens. Another ripple in this story is that thousands of Hmong refugees have resettled in the Valley over the past 20 years.⁸

Not only has the Valley grown and diversified, the population has also become markedly more urbanized. In 1970, the census classified 70 percent of the Valley's population as urban; by 2000, this figure had risen to 87 percent. While this increase reflects some changes in the way the census determines urban and rural populations, the bulk of the Valley's population is now distributed among a number of urban centers located along Highway 99, a major transit and trucking corridor. The five largest of these cities combined grew 172 percent to 1.2 million people from 1970 to 2000. During this same period, the rest of the Valley grew 77 percent.⁹ Fresno is the largest of the Valley's cities; the population in the Fresno metropolitan statistical area (MSA) more than doubled between 1970 and 2005 to just over 877,000 residents.¹⁰

The Valley's population is projected to double again by 2040, raising questions about how the region can and should ready itself to accommodate additional growth. Already, the rapid demographic change has placed pressures on the region. Schools are straining to absorb the increasingly diverse student body. Traffic congestion has increased, and air quality has continued to diminish.¹¹ The regional economy has also not kept pace with population growth, and has struggled especially in creating well-paying jobs across a range of industries; while there has been some industrial diversification and job growth over the past few decades, agriculture and related services still represent a disproportionately large share of the region's economy relative to the state's.¹² Earnings are lower in the Valley than in California; this holds true even in the Fresno metropolitan area. Since 1990, average wages in the Fresno MSA have been only 65 to 75 percent of the state's.¹³ Unemployment has been a perennial issue in the Valley, and while unemployment figures were improving before the current recession, unemployment rates in both the Valley and Fresno have stood at nearly twice the state figures for the past 10 years.¹⁴ In addition, much of the workforce is lower skilled. Educational attainment is also low, a factor that feeds limitations in job prospects and earnings potential among Valley residents. In 2000, nearly 33 percent of those 18 and older in the Valley had less than a high school education, compared with 24 percent in the state.¹⁵ These figures reflect in part the fact that a high proportion of the migrants to the region, both from across the state and across borders, has had limited formal education.¹⁶

Fresno, CA



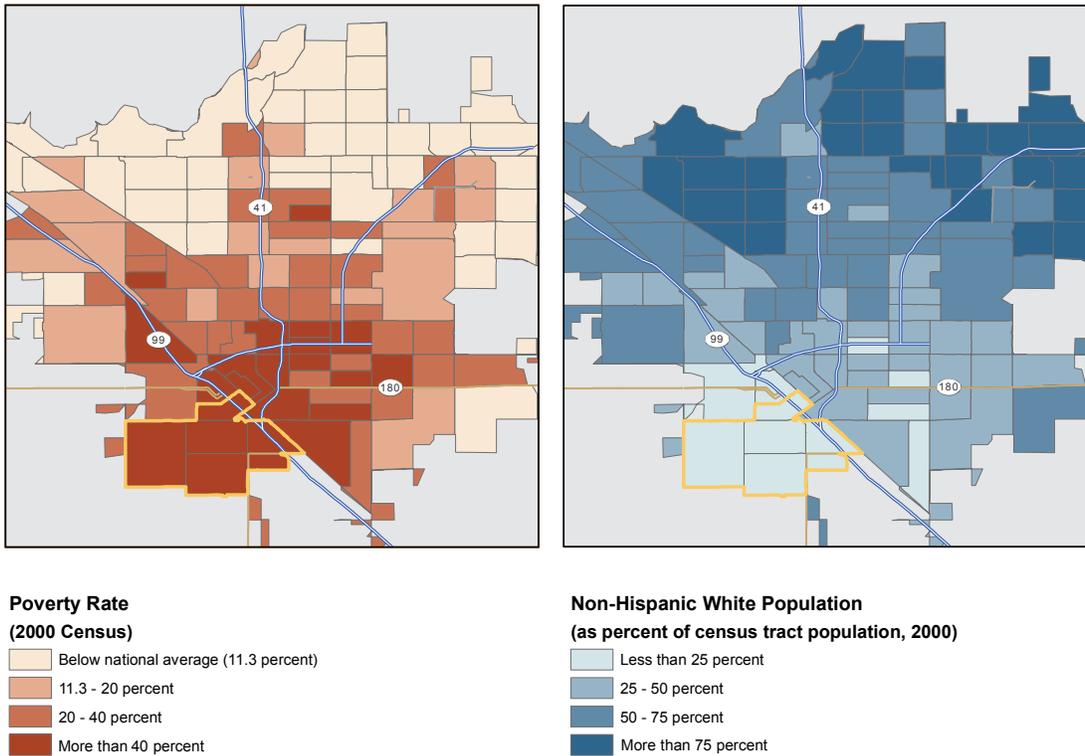
The West Fresno case study area is composed of five census tracts.

Historically, some of these factors have been used as a selling point for the region—lower wages translate into lower costs for operating businesses, for instance.¹⁷ But some of those interviewed for this report noted that, in some respects, this has led to a “race to the bottom,” and that the industrial and wage structures of the Valley, paired with limited skill and educational levels of its residents, have had significant negative implications for the overall economic health of the region. For instance, existing businesses have trouble filling jobs due to the low quality of the workforce in the Valley—an issue that also has implications for prospective businesses.¹⁸ In addition, the lack of local employment opportunities in well-paying sectors has contributed to a “brain drain” from the region.¹⁹ “The youth who leave for college see no reason to come back,” said one community advocate interviewed for this report. “They see no opportunity in Fresno.”²⁰

The interplay of low-wage jobs and limited educational attainment among residents is reflected in the Valley's poverty rate—which in 2000 exceeded that of every other region in California. In the Fresno MSA, the poverty rate was just over 23 percent, over one and a half times that of the state.²¹ Fresno is not, however, simply a uniformly poor city in a depressed region. Data from the 2000 census show stark socioeconomic contrasts between West Fresno, located on the city's southwestern-most edge, and

FIGURE 2

Geographic patterns of isolation in Fresno



the rest of the metropolitan area. (See Table 1) Indeed, the neighborhood of West Fresno is by a number of measures one of its most distressed areas, reflecting a distinct pattern of geographic separation and isolation. (See Figure 2)

The neighborhood of West Fresno, or the “Westside,” dates back to the 1880s. Since its beginnings, it has hosted successive waves of immigrant and minority settlers for a variety of reasons, including its relatively low housing costs, discrimination in Fresno’s housing market, and proximity to outlying agricultural employment opportunities.²² Historical records indicate that neighborhood residents operated and supported a vibrant and diverse set of business ventures located in nearby Chinatown. The area’s dance halls, restaurants, barbershops, pool halls, and bars were hubs for casual socializing, serving as a melting pot for immigrant settlers. As recorded by the Downtown Association of Fresno, “Walking down the streets of Chinatown, one could find a German feed shop, a Chinese herbalist, an African-American blacksmith shop, an Armenian hotel and a Basque restaurant and ball court. One could enjoy the tradition of Japanese Sumo Wrestling or see a live theater show and movie at a Mexican theater.”²³ However, the 1950s and 1960s saw the construction of Highway 99

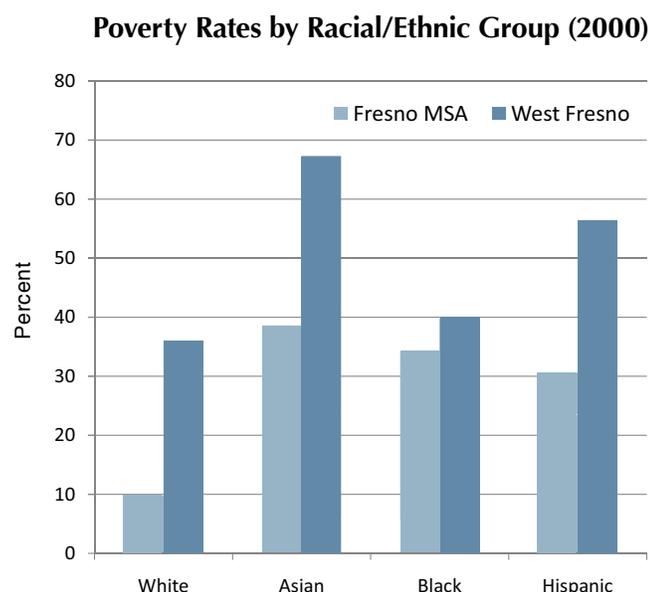
on the edge of the neighborhood and a downtown urban renewal program. Aimed at modernizing transportation infrastructure and maintaining the downtown core as the retail center for the city, both efforts ultimately resulted in the demolition of homes and businesses in and around Chinatown, leaving vacant lots and abandoned properties. The highway—described by one former Fresno County Board of Supervisors member as “Fresno’s Berlin Wall”²⁴—physically cut off the neighborhood from the northeasterly growth in Fresno that was to occur over the next several decades.

Historical records of the neighborhood are mixed, but point to a longstanding economic disconnect from the city. One researcher noted that in the years following World War II, disparities in education and skill levels, along with labor market discrimination, largely limited the predominantly black and Hispanic residents of the Westside to low-wage positions such as farm workers, janitors, and housekeepers.²⁵ Other historical records and personal accounts, though, offer a more nuanced account of neighborhood conditions. The city’s 1977 Edison Plan, for instance, noted that “although the [neighborhood’s] housing market may have been discriminatory, the local economic market was not.”²⁶ Long-time Fresno residents indicate that Westside residents historically

engaged in a variety of professions and achieved varying levels of economic success.²⁷ Prosperity in the neighborhood is most evident in the stretch of large homes built along Kearney Boulevard in the mid-1960s by black professionals committed to living in and improving the community.²⁸

Today, West Fresno is still composed primarily of minority racial and ethnic groups. Of significance is that the immigrant population is higher in the neighborhood than in the city as a whole. In 2000, nearly 30 percent of neighborhood residents were foreign-born; of those, almost half arrived in the United States after 1990.²⁹ But regardless of race, ethnicity, or nationality, neighborhood residents struggle with low wages, high unemployment, and limited educational attainment.³⁰ And there is an extremely high concentration of poverty in the neighborhood; the poverty rate in West Fresno has hovered around 40 percent for much of the past several decades, rising to 51 percent in 2000. The statistics are grim each way they are sliced: the child poverty rate in 2000 stood at 63 percent, and the elderly poverty rate at 29 percent—rates that were two to three times as high as they were throughout the Fresno MSA. Sixty-five percent of single mothers in West Fresno were below the poverty line, compared with 43 percent in the Fresno MSA.³¹ When looking across racial and ethnic groups, the poverty rate, at 67 percent, was highest among the relatively small Asian population living on the Westside. For the larger Latino and African American populations, the poverty rates were 56 and 40 percent, respectively.³² (See Figure 3)

FIGURE 3



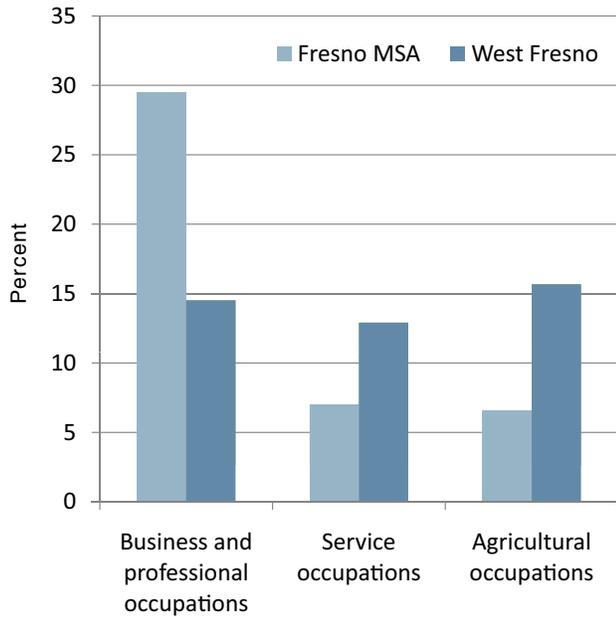
Interviews and data point to a number of issues that are linked to the neighborhood’s high levels of poverty. Housing-related factors have played a significant role in fostering economic segregation, as publicly subsidized low-income housing units were historically concentrated in West Fresno and continue to be built there.³³ Participation in the formal labor force is low, and residents who are employed are more likely to be engaged in low-wage work. Census data show that in 2000, neighborhood residents were significantly more likely to be employed in farming and production—jobs which, more often than not, are seasonal, part-time, and without benefits—than in professional or managerial-level work. (See Figure 4) Regional job market issues play a role here, but community leaders interviewed for this report also noted that skills- and geographic-mismatches between workers and available jobs also serve as barriers to quality employment.³⁴ A number of other factors are associated with the high levels of poverty in the neighborhood: large numbers of both documented and undocumented immigrants³⁵; high rates of teen pregnancy and the prevalence of single-parent households in the neighborhood³⁶; poor physical and mental health³⁷; inadequate supportive services for the homeless³⁸; and increased gang activity and violent crime.³⁹ In addition, while those who grew up on the Westside recall its vitality and general feeling of community cohesion, the residents and community advocates interviewed for this report indicated that these elements have to some extent disappeared. “There used to be businesses—there used to be a sense of community,” said one advocate. “Neighbors knew one another and would look out for one another’s kids. Now, we can’t say that. I don’t know how to get that back.”⁴⁰

ISSUES TO CONSIDER

Each of the factors noted in the preceding section are interrelated and contribute to high levels of poverty in West Fresno. But community leaders and residents interviewed for this case study consistently highlighted four issues that are particularly challenging for the community. First, the patterns of affordable housing development limit geographic settlement choices for low-income families. Second, for a number of reasons, the investment environment—for commercial development as well as for market-rate and mixed-income housing development—in the neighborhood is weak. Third, neighborhood youth are not being provided quality education and skill development opportunities, leading to difficulties in overcoming generational

FIGURE 4

Workforce in Selected Occupations (2000)



poverty. Finally, overarching all these issues is the limited capacity of community organizations to address the range of challenges associated with concentrated poverty.

HOUSING

Housing related factors both created and continue to perpetuate the concentration of low-income households in West Fresno. Federally subsidized public housing units rose in the neighborhood in the 1940s and '50s; the Fresno Housing Authority built seven of 11 properties in West Fresno during those years. Today, this translates to a situation where over 60 percent of the units managed by the Housing Authority are located in West Fresno. While all of the properties underwent some form of upgrade in the late 1980s or early 1990s, anecdotal evidence suggests that Housing Authority units are moldy, crowded, and poorly maintained.⁴¹ Low Income Housing Tax Credits (LIHTC) properties and other HUD-subsidized properties have also been built in the neighborhood; notably, between 2000 and 2004, nearly 40 percent of all LIHTC units built in the city of Fresno as set-asides for low-income households were sited in West Fresno, even though only 3 percent of the total housing units in the city are located in the neighborhood.⁴²

The housing mix in the neighborhood thus contributes to a high degree of residential segregation along

economic lines. “The multifamily housing in the neighborhood is almost all income-restricted, which keeps young professionals from moving into the neighborhood,” said one community advocate. “Until there is substantial mixed-income housing development, you won’t see a change in dynamics in the neighborhood.”⁴³

The first formal attempt to create mixed-income housing in the community is a HOPE VI project that is currently under development on the edge of the neighborhood. The HOPE VI program—a federal housing program launched in 1992—aims to improve the living conditions within and surrounding troubled public housing developments. The program provides funds to demolish or rehabilitate distressed projects and rebuild them using new building configurations, design standards, and lowered densities. HOPE VI supports the development of mixed-income communities in areas characterized by extreme concentrations of poverty, as well as enhancements in supportive services and neighborhood amenities. The HOPE VI plans for West Fresno include rental apartments and for-sale houses, roughly half of which will be priced for those earning below 80 percent AMI. The plan also calls for the construction of commercial and community facilities, which are intended to house social service agencies and serve as small business opportunities for residents.

However, some community residents have protested the development plans, reflecting on a very local scale some of problems with the federal HOPE VI program. “The community was not involved in the application process for the HOPE VI development—they did not understand that it was not the “Urban Renewal” program that had come through 30 years prior,” said one community advocate.⁴⁴ Inadequacies in resident involvement, which result in a lack of trust, have been echoed at many other HOPE VI sites.⁴⁵ Additional concerns have also been voiced about the HOPE VI program in other cities, including critiques that relocation programs for original tenants have not fully supported residential transitions, that HOPE VI has resulted in a net loss of units for low-income households, and that the most vulnerable and hard-to-serve tenants have difficulty accessing units in new HOPE VI developments.⁴⁶ On the flip side, many HOPE VI sites have seen marked improvements across a range of quality-of life indicators, including health, education and safety, and have acted as catalysts for a range of neighborhood investments.⁴⁷ The HOPE VI project in West Fresno has potential to spur these latter improvements, but in order to realize—and maximize—the community benefits that could be afforded by the

project, close attention must be paid to the range of supportive services and linkages to economic opportunity available through the new development. Experiences at other HOPE VI sites suggest that service provision is extremely complicated, demanding long-range planning, careful coordination of services, and a feedback mechanism that could be used to monitor the effectiveness and efficiency of services offered.⁴⁸

West Fresno also faces issues within its private sector housing stock. The majority of properties in the community are rental units: overall, sixty percent of the housing in West Fresno is rental housing, as compared to 44 percent in the Fresno MSA. But this split is not due to a higher number of multifamily apartment complexes in the neighborhood; rather, many single family homes are rented to tenants by siblings or children of former owners who moved out of the neighborhood, or even the city, years ago.⁴⁹ Anecdotal evidence also suggests that many properties are poorly maintained, and that it is common for multiple families to share one house in order to make ends meet. This “doubling-up” of families in housing has led to what the Census shows as overcrowding in units; in 2000, 17 percent of West Fresno’s housing units—twice the rate in the MSA—were severely crowded. One community advocate noted that these conditions contribute to issues of transience and residential instability in the neighborhood, as families move frequently to find better or more affordable living conditions. This is an issue of particular concern for families with school-age children, as frequent moves can disrupt children’s educational track and social development.⁵⁰

Not surprisingly, the value of the housing stock in West Fresno is considerably lower than housing in the rest of the MSA. In 2000, 95 percent of the owner occupied housing in West Fresno had a value below \$99,000; in the MSA, over half the housing was valued higher than this figure. However, in the first half of this decade, Fresno rode the housing boom, and values of housing all over the city, including West Fresno, rose dramatically. On average, the city saw home price appreciation of 143 percent between 2001 and 2005; for comparison, the U.S. saw 56 percent appreciation in this same period.⁵¹ Housing affordability—both in terms of rental and ownership—thus eroded. One indicator here is the first-time homebuyer affordability index from the California Association of Realtors⁵²; while in 2003, 64 percent of Fresno County households could afford to purchase a home, by mid-2006, this share had dropped to 39 percent. However, the housing bust has hit Fresno with particular force. As of the fall of 2008, Fresno ranked 12th in the na-

tion in terms of year over year house price depreciation, with prices falling by nearly 18 percent.⁵³ The implications of the recent declines in house values, coupled with the concomitant rise in foreclosure, are still unfolding, but it is likely that West Fresno will have to grapple with the negative spillover effects of the high rate of foreclosures in the region.

A number of housing initiatives targeting low-income households were launched over the past five years. The Fresno Housing Alliance—composed of citizens and leaders committed to strategic development and improvement of affordable housing—was established in 2004. This group helped to develop former Mayor Alan Autry’s 2006 “10 x 10” initiative—a plan to foster the creation of 10,000 new affordable housing units by 2010. “The 10 x 10 plan was the first attempt at a housing goal—before that there were no systematic or strategic goals in place,” noted one government leader.⁵⁴ However, the implementation of this program has been slow, and minimal progress was made over the course of the last two years in improving and expanding the affordable housing stock in Fresno. And with the exception of one senior housing complex, all of the city-sponsored affordable housing that has been recently planned or built is sited south of Highway 180, with 40 percent of those units planned in West Fresno. As the body of research on the importance of housing as a means of expanding access to opportunities (including jobs and good schools) grows, it becomes particularly important to ensure that quality affordable housing is made available not only in West Fresno, but in other areas of the city as well. The tools for developing a more equitable distribution of affordable housing—including housing vouchers, mixed-income developments, and inclusionary zoning—are increasing, and should be emphasized as Fresno seeks ways to tackle concentrated poverty.

INVESTMENT ENVIRONMENT

Starting in the 1970s, most private and public investments were made in the areas northwest of downtown Fresno. According to one community leader, this signaled “the beginning of the demise of the downtown area, which also directly impacted West Fresno.”⁵⁵ Businesses that existed in West Fresno before the implementation of the urban renewal plans were not rebuilt, and for many years, traditional market analysis deemed the neighborhood an area that could not support new commercial and retail offerings.^{56,57} Housing development and commercial investment moved toward new developments in the Northern



Kearney Palms, which opened in 1999, was the first major commercial project in West Fresno in decades.

areas of the city, in part because developers shied away from West Fresno due to the poor quality of both the schools and the physical infrastructure in the neighborhood.⁵⁸

The city has attempted to reverse this trend and stimulate business development and job creation through longstanding Enterprise and Empowerment Zones that encompass West Fresno.⁵⁹ In addition, a new Municipal Restoration Zone program was established in late 2006 to offer further incentives for businesses locating in the city's disinvested neighborhoods. Though there are some small success stories to tell, on the whole, these programs have not fostered large scale business attraction and job creation in targeted areas. But this outcome is not unique to Fresno. Indeed, many researchers have examined the effectiveness of incentive zones programs, and overall, there is limited evidence demonstrating that they achieve their intended goals of spurring renewed investment and creating jobs for residents of low-income areas.⁶⁰ A host of issues are at play here, but in Fresno, one interviewee noted that the various development zone programs have been seen by businesses as cumbersome and more trouble than they are worth.⁶¹ This raises important questions about the efficacy of incentive zone programs for South and West Fresno, and points to a need to assess their

ease of use. In addition, it may be important for the city to explore complementary public policy avenues for both incentivizing business development and mitigating the mismatches—both in terms of skills and geography—between workers and jobs. These include focusing on infrastructure and education as a means to address both worker employability and mobility, as well as other place-based community development tactics to diminish the disincentives associated with locations suffering from long-term disinvestment.

A significant investment disincentive that community leaders point to in West Fresno is criminal activity—particularly gang and drug-related crime. West Fresno is widely considered to be a high-crime area, although police department data indicate that its overall levels of crime are not significantly higher than in other areas of the city, indicating that there are both perceptions and realities at play here. However, crimes in this neighborhood are more frequently violent and tend to generate wide community concern, according to the district police captain.⁶² Residents say that criminal and gang-related activity is a serious issue in the neighborhood and that many forbid their children to play outside because of safety concerns.⁶³ This indication that families live in fear is clearly troubling. And from a community reinvestment angle, community leaders point out that notions of risk—overblown or not—have contributed to the neighborhood's struggles in attracting new businesses and housing development.⁶⁴ There have been some efforts in the neighborhood to address safety concerns through community-based policing and neighborhood watch programs, but in 2006, a Department of Justice Weed and Seed grant expired, which resulted in the termination of most community-based safety programming. Current tactics include increased police patrol and vehicle stops as a means to diminish the perception that the neighborhood is a “safe haven” for criminal activity.

Despite these challenges in fostering a widely attractive investment environment, there is a success story to tell. In 1999, following extensive community organizing efforts and lobbying by community advocates, a new shopping center opened on the edge of the Westside.⁶⁵ Kearney Palms, the first major commercial construction project in the neighborhood in decades, includes West Fresno's first supermarket. Kearney Palms is thriving, and its anchor supermarket outperforms the chain's other regional stores.⁶⁶

At the outset, though, obtaining financing for the development was a challenge because the project was perceived as an overly risky venture. Banks in particular were wary of financing the project for multiple reasons, includ-

ing that at the time, there were no comparable ventures in the neighborhood that could be used to assess feasibility of the project, and there was not a well-established community development corporation in the neighborhood to lead the effort. Additionally, the Community Reinvestment Act (CRA)—an important tool for community development—has not historically played a significant role in engaging banks in community development in Fresno.

As such, local leaders noted that the difficulties in obtaining financing for development projects like Kearney Palms reflect the rule rather than an exception.⁶⁹ In part, this is because Fresno—along with the rest of the Central Valley—has been seen by large banks as a relatively small market as compared to other nearby markets such as Los Angeles and San Francisco. This translates into less scrutiny under CRA examinations and potentially lowered resource allocation to the region. Of note, however, is that under Wells Fargo's current CRA examination, the bank's community development activities in Fresno are subject to the more intensive "full scope" examination procedures, breaking a trend for the more typical "limited-scope" exam employed in the region by bank regulators. This heightened scrutiny may have implications for the level and type of CRA activity in the region should the Office of the Comptroller of the Currency, the reviewing regulator, similarly upgrade the exam type under which other banks operating in the region are reviewed.

Though Kearney Palms has been successful, similar development projects have yet to be replicated in the neighborhood. In response, Fresno West Coalition for Economic Development (FWCED), a community development corporation (CDC) that grew from the activism surrounding the development of Kearney Palms and which remains the neighborhood's only CDC, has advocated a re-examination of residents' purchasing power.⁷⁰ "We are not looking at anything radical here," said the coalition's director. "We're looking to demonstrate the business-case argument that this neighborhood can support more projects like Kearney Palms."

Efforts are taking shape to improve the ways that market conditions and investment opportunities in West Fresno are measured and perceived. Social Compact is slated to provide a market analysis of Fresno to help uncover hidden markets and promote investment opportunities.⁷¹ In addition, a number of entities, including the Office of Community and Economic Development at California State University, Fresno, and the newly formed Fresno Works for Better Health Advocacy Center, are joining forces to develop an asset map of the neighborhood and its surroundings that will be

Financial Services

The banking activity in the neighborhood is limited in other ways as well. There are also no bank branches in the neighborhood; until 2006, the neighborhood was without even an automated teller machine.⁶⁷ The lack of financial services has many consequences; residents have limited access to tools to save and build wealth, or to financial education services that might help them repair damaged credit histories and gain a better understanding of the long-term costs of using payday lenders and rent-to-own shops.⁶⁸

used to design a strategic plan for West Fresno. Asset mapping is a general term that encompasses efforts to identify the resources—individual, cultural, economic, organizational, and/or physical—in a given place, with a view toward aligning and mobilizing assets for community betterment. It does not necessarily have a spatial component—though it can. The aim is to uncover assets and capacities, and then use the information gathered to determine how to better connect people and organizations to the assets already present. Knowing the neighborhood's assets will go a long way in helping local groups define strategies to build on them, e.g., drawing on residents' entrepreneurial spirit, uncovering hidden purchasing power that can be used to attract new businesses, or tapping into social networks to better reach underserved neighborhood residents.

YOUTH AND EDUCATION

West Fresno faces significant issues concerning its young people. Neighborhood advocates note that generational cycles of poverty are perpetuated by the limited range of constructive educational and leadership building activities for children and youth.⁷² "Our youth have so much talent," said one community advocate, "but they are not being nurtured in a positive way. They all have skills, but someone needs to help bring those out."⁷³

This issue has a number of facets. For starters, the West Fresno Elementary school district is in a period of transition after mismanagement triggered a state government takeover in 2003.⁷⁴ While improvement plans are underway,⁷⁵ some interviewees pointed out that the district schools still struggle to provide basic materials, such as textbooks, and to attract



The Boys and Girls Club in West Fresno provides a safe, positive environment for area youth, offering a range of activities from sports and games to after-school tutoring.

and retain qualified teachers.⁷⁶ Academic achievement in local schools diverges notably from city and state averages. At West Fresno Elementary School, only 14 percent of students in 2000 were reading at grade level, compared with 29 percent in the Fresno Unified School District and 45 percent in California. District data indicate that both math and reading proficiency levels have increased somewhat over the past few years, but West Fresno Elementary still lags considerably behind the city and the state.⁷⁷ The exception is Edison High School, the Fresno Unified school district magnet school in the neighborhood, which posts above-average test scores. However, neighborhood students attending the school have not performed as well as students who are bused in from other areas of the city.⁷⁸ “The education piece is very complicated,” said one community leader. “But not enough resources are being put into [West Fresno] schools from Fresno Unified, and they don’t have good leadership...or enough recruitment of good teachers—perhaps through an incentive program—to get them to teach there and stay there.”⁷⁹

The high immigrant population in the neighborhood is associated with significant challenges in the schools. Many neighborhood students are new to the U.S. and are just learning English, a factor that ties into school readiness and proficiency scores. Limitations in English language skills affect one-fifth of West Fresno residents versus one-tenth of residents citywide⁸⁰; 40 percent of elementary schoolchildren are learning English in school.⁸¹ But larger issues associated with school demographics are also at hand. “The school dis-

trict has not ever done a good job of dealing with racism and ethnic tension,” said one community advocate, “not to mention the gangs and the physical violence. And kids have given up—just look at the drop-out rates. And they continue to experience failure and alienation outside of school, as the jobs they can get don’t provide them a place to feel valued.”⁸²

Student drop-out rates are indeed a problem in West Fresno, as they are throughout the Fresno Unified School District.⁸³ Recent data from the state Department of Education indicated that over a four-year period ending in the 2006-07 school year, 35 percent of Fresno Unified’s students dropped out; this rate was second highest in the state, just behind Oakland Unified.⁸⁴ There is some debate about the accuracy of these dropout figures; while it is acknowledged that it is very difficult to assess true drop-out rates, there is no doubt that rates are very high, especially for minority students. Interviewees suggested that in West Fresno, high drop-out rates are tied to the lure of gang activity as well as the prevalence of teen pregnancy—in 2001, West Fresno had the second highest rate of teen pregnancy of all communities in the San Joaquin Valley.⁸⁵ While both issues can have a lifelong impact on teens, the gang issue has extreme consequences: advocates noted that not only do many of West Fresno’s youth become gang members, but also that they often get caught—literally—in crossfire in the neighborhood.⁸⁶ Gang-related issues have other impacts on youth behavior and outlook. “Kids are always on the defensive, no matter what,” said one youth worker in the neighborhood. He explained that kids generally distrust both adults and peers and are cautious about whom they interact with, as there are risk factors in associating, even distantly, with those in rival gangs.⁸⁷

Youth engagement is thus an uphill and complicated battle. One of the institutions that has been successful in navigating this difficult terrain is the West Fresno unit of Boys and Girls Club. The Boys and Girls Club provides one of the few positive and safe environments for neighborhood youth, and offers leadership and skill-building activities like after-school tutoring, sports, games, and life-skills classes for kids aged six to 18. Since reopening in late 2006 after a major renovation, the club operates at capacity and, on average, reaches 100 to 150 kids each day—a small number, considering that in 2000, there were 6,700 residents under age 18 in the neighborhood.⁸⁸ There are few other social and recreational facilities—for example, libraries, malls, movie theaters, and swimming pools—in the neighborhood, and local jobs where youth could gain preparedness skills for participating as adults in the workforce are limited or nonexistent.

Ultimately, these conditions contribute to the barriers faced by neighborhood youth and adults seeking employment. “It’s not necessarily a shortage of jobs feeding high unemployment in the neighborhood,” said one community leader. “It’s a lack of skills—basic reading and math, as well as softer skills like showing up on time.”⁸⁹ In interviews, stakeholders emphasized that tackling issues related to both hard and soft skills development earlier rather than later was key to the longer term economic well-being of the neighborhood itself and breaking the cycle of intergenerational poverty. “The first rule of thumb is early intervention,” one community leader said. “Kids drop out in high school, but we need to get to them in the fifth and sixth grade because it’s during those years that they start to lose interest in school. We need to think outside the box—find ways keep kids interested and help them find a path they can stick to and enjoy, and that ultimately leads to a job that pays well.”⁹⁰

ORGANIZATIONAL CAPACITY

“[I]f Bill Gates wanted to give \$1 billion to the neighborhood, could we use it?” asked one community advocate. “Do we have a vision as far as how we’d use it for comprehensive development? Do we have an action plan?”⁹¹ This quote is indicative of an overarching challenge in West Fresno. Tackling the complex set of issues that have contributed to neighborhood poverty will require the engaged and coordinated efforts of public, private and nonprofit sector actors at the local, city, regional, and state levels. However, nearly all community leaders interviewed for this report indicated that there is a real lack of capacity to address any of West Fresno’s issues, let alone to craft a strategic plan that would coordinate efforts across agencies.

This is a particular problem given larger trends in the community development industry. Over the past 25 years, the planning and implementation of community development and housing programs have shifted from a centralized management system to one where most activities are carried out by local players. In other words, local governments and nonprofits have increasingly been tasked with addressing challenges associated with concentrated poverty. This devolution of authority offers some benefits, as it allows localities to be flexible and responsive to their own needs. However, the success of this type of arrangement depends in large part on local organizational strength, and as such, can disadvantage areas like West Fresno that do not have a well-resourced, long-lived, or exten-

sive community development infrastructure in place.

While West Fresno does have a CDC that serves the neighborhood, it was formed less than 10 years ago. A few other community centers, advocacy groups and faith-based organizations serve the neighborhood, but by and large, these organizations operate at a very small scale. In addition, city agencies—the planning department, the economic development department—have not devoted particular attention or resources to West Fresno. It is only in the past few years, for instance, that efforts have begun to draft a new specific plan for the neighborhood that would update the 1977 community plan quoted at the opening of this report. Similarly, business and corporate sector representatives in the city have only recently started to see poverty-related issues as having a relationship to the overall economic health of the city and the region. On the whole, interviewees noted that there has been a long-standing disconnect between local practitioners and policymakers working on community and economic development.

Fragmented leadership and limited political will to work on changing the status quo certainly play a role here. Interviewees also noted that existing resources are not always effectively spent, are not easily aligned and that follow-through—even on good ideas—is often lacking.⁹² The funding issue is significant—both for city agencies and local-serving nonprofits. Community Development Block Grant (CDBG) dollars are a particularly contested source of funding. In many communities, CDBG funds are distributed to a variety of local nonprofits for program activities—e.g., employment training and literacy programs, youth and senior services, or commercial corridor enhancements. In Fresno, though, only a small fraction of CDBG dollars have been granted over the past decade to nonprofit agencies. Rather, a significant amount of funding has been allocated to the police department and other city agencies for crime suppression, code enforcement and infrastructure improvements.⁹³ While representatives of nonprofit organizations agreed that these services are important to high-poverty areas, they expressed frustration that CDBG funds were being primarily directed in these ways.⁹⁴

In many ways, the insufficient funding received by local nonprofits is reinforced by gaps in organizational capacity. “Nonprofits here can’t compete with [San Francisco] Bay Area organizations on funding proposals,” one community advocate said. “The writing is not as sophisticated and the applications aren’t as strong.”⁹⁵ Another community leader said, “Fresno lacks visibility. We’re subsumed under

L.A. and the Bay Area and, along with the rest of the Valley, are left out of consideration for philanthropic funds as well as state and federal dollars. It's hard to change concentrated poverty with limited resources."⁹⁶ Indeed, a study of philanthropic activity in the Valley, for instance, showed that while there has been some improvement since the mid-1990s, the region received just over \$17 per capita in grant dollars in 2002, compared with \$47 statewide.⁹⁷ Not only is funding low, though; another challenge arises from the fact that the streams of funding that are received are often not consistent. "Grant-funded programs happen in fits and starts by their nature, which is part of the problem," said another community advocate. "It means that we've ended up with siloed, uncoordinated programs that end when the funding ends."⁹⁸

Taken together, these comments are indicative of a negative feedback loop, wherein limited capacity keeps local nonprofits from securing long-term streams of funding that would allow them to build staff skill levels and implement sustainable and transformative programs. "There is wonderful leadership at many places," said one community advocate.

"But organizations here often don't have the dollars to bring in a deputy or an administrative person to help do all the things that need to get done, so they never get an opportunity to plan long-term."⁹⁹ In other words, within many nonprofits, important areas that might contribute to organizational growth and sustainability are neglected: board recruitment and development, continuity and stability of staffing patterns, collaboration among groups, as well as data collection and analysis—not just for reporting to funders, but for evaluating and strengthening programs and targeting resources internally. These issues are tied to the shortcomings among nonprofits and community builders noted by interviewees, including gaps in technical skills and the need for resources devoted to strategic planning as well as for sophisticated financial management and budgeting.¹⁰⁰ "There are all sorts of examples of well-intentioned groups that are good at delivering services on a day-to-day basis," she continued. "But to take it to the next level we need to help build their organizational capacity—build an ongoing training and mentoring program for local nonprofits. The problem is that nobody wants to fund that."¹⁰¹

Community Capacity

There are many different capacities that need to be built in the neighborhood; not only do in-office skills need to be enhanced, but also skills that would improve outreach by community-serving agencies to neighborhood residents. "The neighborhood population is transient, and there are language and cultural barriers between neighborhood residents, which makes it hard to reach everyone," said a neighborhood service provider.¹⁰² A number of interviewees noted that the diversity—both in terms of population and needs—within the community creates several challenges. The diversity of needs means that low resources must be spread across a wide range of programs and issue areas. But the lack of community cohesion, as well as fears that are associated with immigrant status, fuel other kinds of problems. "Neighborhood residents just don't trust anyone, and they certainly don't want to be affiliated with anything connected to government," said another service provider.¹⁰³ These issues have widespread consequences, creating difficulties in community organizing efforts, diminishing the use of community centers and limiting participation in parent-teacher associations and police-sponsored neighborhood watch groups. In other words, the uptake of whatever services are available is limited to some extent by the delivery channels. There is thus a need to achieve a new level of "cultural competency" in the work conducted in the neighborhood. In addition, community organizing efforts must be strengthened as a means to empower and build trust among residents. "When I was growing up in West Fresno, our parents were community volunteers. That mindset has changed for whatever reason," said one advocate. "We need to think more creatively about how we engage parents, gather up the community and strengthen the power base."¹⁰⁴

CONCLUSION

Many community leaders spoke optimistically about Fresno's future, saying that despite its challenges, leaders and community workers are activated toward positively addressing community and economic development issues.¹⁰⁵ "Essentially what's happening is that people are starting to go after the major systems—schools, human services, criminal justice—and really trying to transition them from being disabling to empowering, all for the sake of improving neighborhoods of concentrated poverty," said one civic leader.¹⁰⁶ A couple of efforts that are broad in scope but targeted to high-poverty geographies are gaining momentum. One, the Human Investment Initiative (HII), is being spearheaded by the Fresno Business Council and is targeting the education, justice, health and social service systems in order to improve both prevention and intervention services at the neighborhood level. Another set of transformations will be prompted by the California Endowment, which has recently selected Fresno as one of its "Building Healthy Communities" sites. This long-term, place-based initiative will support programs and policies that enhance health systems and the physical, social, and economic structures within a geographic area in Fresno that includes the Westside. There are also many capable and dedicated community leaders and advocates in Fresno who are working diligently within their own organizations for the betterment of the community.

But there is much work to be done. The data collected for this report point to a number of areas that merit increased attention and strategic action. The need to strengthen capacity to achieve systemic transformation is of utmost importance. Many sectors will need to be part of the process of forging and implementing solutions to any of the challenges facing West Fresno, and therefore skills must be developed and enhanced among community residents, neighborhood advocates, nonprofit agencies, business leaders, and government agency representatives. Evaluations of various comprehensive community initiatives that have been implemented across the nation indicate that long-term success is particularly contingent on building both resident leadership skills and capacity within community-based organizations. While more difficult to measure and evaluate than physical improvements or changes in service provision—e.g., new housing, businesses, health clinics, or public safety measures—and therefore more difficult to fund, improvements in capacity can yield significant benefits. Community

organizing, resident empowerment, and skill building within organizations can contribute to enhanced political power as well as improved community cohesion and restoration of community pride and hope for the future. Of critical significance is that capacity building can enhance the sustainability of programs, as it engages those most invested in outcomes and builds the internal resources that will stay in place if and when external resources diminish.¹⁰⁷

Collaboration must also be improved among stakeholders. Community transformation is an extraordinarily difficult and complex task requiring the active and coordinated engagement of many players. Private, public and nonprofit sector agents from local, city, regional, and state agencies will all need to be at the table with dedicated resources committed to both enlivening West Fresno and reconnecting it to the city and regional economy. Interviewees suggested that while various agencies in Fresno are starting to work collaboratively, there is some friction—owed to conflicting goals, territoriality, perceived competition, or simple misunderstanding—between local groups. Regularly scheduled cross-sector convenings could be a productive step in building trust among agencies and organizations working toward similar goals, and could serve as a platform for developing new partnerships and sharing workloads. Many stakeholders spoke of the need to "align resources"—in essence, making a call for improved coordination of service delivery across a number of agencies and across issue areas. Moving forward, this kind of coordination will necessitate flexibility within agencies. It will also require creating mutually agreed-upon decision making mechanisms. If it is determined that agency-specific policy issues or funding streams are serving to inhibit cross-sector collaboration, new measures should be pursued to both prioritize and incentivize partnerships.

Action must also be taken to ensure that residents of disadvantaged and underserved neighborhoods like West Fresno are included in any vision for economic recovery and expansion in the region. To this end, educational opportunities—both for youth and adults—must be enhanced in West Fresno and other high poverty areas. This means determining how to restructure and support educational and afterschool programs so that they better meet the needs of students and help them gain the skills and knowledge they'll need to succeed as adults. A number of different types of experiments in school reform are taking place in underperforming school districts across the nation, some of which are showing promising results. These programs include boosting availability of early childhood education,

decreasing classroom or even total school size, augmenting training for principals, and establishing a range of public charter schools. Certainly, the growing body of research indicating that investments in early childhood education can yield significantly positive returns—both for individuals and for society at large—should inform any school reform effort in West Fresno. Increased availability of high-quality early education programs that aim to better prepare students for schooling may be particularly important for the many children growing up in West Fresno households where the primary language spoken is not English or whose parents have limited educational attainment.

Efforts must also be made to improve economic opportunity for adults in the neighborhood who face barriers to employment—those with limited English proficiency, with limited educational attainment, and ex-offenders, to name a few. A comprehensive approach to workforce training for adults—one that addresses gaps in both soft and hard skills, that focuses on upskilling the large and growing Latino population, and that connects trainees to work opportunities in well-paying industries—will be needed. There is evidence that workforce programs that integrate some or all of these aspects are producing positive impacts. For instance, a number of programs around the nation are successfully integrating both targeted vocational training and language skills training for immigrant job-seekers. In Chicago, the Instituto del Progreso Latino provides both basic English as a Second Language (ESL) classes as well as vocation-specific ESL (VESL) classes to prepare workers to participate in bilingual courses in advanced manufacturing, and then places trained workers in area firms. The Instituto also offers classes that help transition limited English-proficient students into Licensed Practical Nursing positions. In Milwaukee, the Spanish Track Project offers skills training in Spanish for industrial maintenance and computer-based mechanics jobs, paired with VESL classes to help workers succeed on the job. The program, though small in scale, has a 91 percent placement and retention rate for those who complete the

16-19 week course. Many of these types of programs also offer ancillary supportive services, such as childcare and assistance with transportation, to ease participation.

There will also need to be effective ways to measure change in West Fresno and in other high poverty areas in the city. Significant transformations will likely take place over the next decade in the city—through the HII, the work of the California Endowment, and other efforts that might be generated by the Mayor’s office—and some concern was voiced by interviewees about being able to demonstrate the improvements that will stem from the investments that will be made. Engaging faculty and students of local universities in an ongoing data collection and synthesis project—one that tracks not only quantitative information but qualitative data as well—is one avenue to enable analysis of progress. An example of this type of project is NEO CANDO—the Northeast Ohio Community and Neighborhood Data for Organizing—out of the Center on Urban Poverty and Community Development, a research institute housed at Case Western Reserve University’s Mandel School of Applied Social Sciences. It is a free and publicly accessible social and economic data system that compiles data from a variety of sources, and allows users to access that data for the entire 17 county Northeast Ohio region, or for specific neighborhoods within that region. This kind of system is invaluable for practitioners, public agencies, business leaders, researchers and others seeking to track community and economic development indicators and target resources appropriately.

The types of approaches to community and economic development outlined above do not suggest a silver bullet; rather, they are geared toward improving the ability of residents, advocates, service providers, policymakers, and funders to both respond to opportunity and be resilient and resourceful in the face of crisis. Ultimately, resources directed toward these and other similarly oriented efforts can help all stakeholders to be creative, nimble, and entrepreneurial in the ways and means in which they seek to tackle the host of interrelated challenges in West Fresno and beyond. ■

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