

TO: NORTH RICHMOND COMMUNITY

FROM: OFFICE OF SUPERVISOR JOHN GIOIA

DATE: JULY 13, 2017

SUBJECT: CONSIDERATION OF NORTH RICHMOND ANNEXATION

Introduction

Richmond and Contra Costa County have jointly funded a study into the financial issues surrounding the potential annexation of unincorporated North Richmond into the City of Richmond. This study was authorized by the North Richmond Municipal Advisory Council (MAC).

Our office strongly believes that the informed opinions of North Richmond residents and property owners should be the driving consideration into whether North Richmond should be annexed by the City of Richmond.

In the interests of providing some history and context, our office has prepared this memo to lay out some of the issues and considerations.

Unincorporated North Richmond is an isolated pocket of roughly 1.5 square miles and 3,700 residents and is totally surrounded by the City of Richmond. The geographic area of North Richmond also includes a small pocket of about 1,500 residents within the City of Richmond. The City of San Pablo lies directly to the east of a narrow railroad strip of City of Richmond land that separates North Richmond from San Pablo.

Contra Costa County currently provides municipal government services to unincorporated North Richmond, including public works, planning, law enforcement, and fire services. These services would be provided by the City of Richmond if annexation occurred. Health and social services would not be affected by annexation. The County would continue to provide them.

Civic leaders and community members have grappled with the question of North Richmond's unincorporated status since World War II, when the community was rapidly populated by the influx of wartime workers into the local shipyards. Since then, North Richmond has been characterized as a community with poverty and crime rates among the highest in California, and deteriorating infrastructure.

The goal of those who have supported annexation is to achieve a better, safer and more prosperous future by becoming integrated with the City that totally surrounds it. One Richmond, with sensible boundaries, better opportunities for political engagement, and more seamless services, could benefit both the residents of Richmond and North Richmond.

Three key issues related to the issue of annexation are the following:

1. **Public Safety Contiguity:** Because the area is unincorporated, policing has been the responsibility of the County Sheriff. While the Sheriff and the Richmond Police Department strive to coordinate their efforts, that coordination is sometimes challenging and less than ideal. Many law enforcement experts will say that one police agency patrolling a particular defined isolated community can be more effective than two agencies with jurisdictional boundary limits.

Under annexation, Richmond Police Department's full range of services -- intervention, prevention, Office of Neighborhood Safety, Police Activities, detectives bureau, etc. -- would be focused on both the existing city area of North Richmond and the unincorporated area.

A 2014 story in the San Jose Mercury news revealed that few homicides are solved in North Richmond, which is policed by the county Sheriff's Office. The clearance rate in the City of Richmond is much better.

"Crime, particularly gang violence, travels across the city/county line. This jurisdictional division divides not just public resources, but also data; since some murders are outside the city area, they are only listed as part of greater Richmond, even though they occurred in North Richmond. While North Richmond has an extremely high homicide rate already, it's possible that if the data was tracked for the area specifically, it would be easier to advocate for more resources."¹

If additional law enforcement resources are needed at any given time in North Richmond, Richmond's additional police resources are closer than those that are available from Sheriff's Office, given geographical distance.

2. **Enhanced Political Representation/Engagement:** Closer and more direct political representation and municipal service hubs are available through the City of Richmond. Today, North Richmond represents approximately one-third of one percent of the population of Contra Costa County, and about 3% of the population of the City of Richmond.

Under an annexation, the community's primary government service hub and city council meetings would be a few miles away at Richmond City Hall, rather than nearly 20 miles away in Martinez. Richmond City Hall is conveniently available by public transit from North Richmond. Martinez is difficult to get to by public transit. The opportunities for

¹ Dr. Malo Hutson, 2011

political engagement and resource lobbying are much more convenient for the community if it were part of Richmond.

- 3. Improved Coordination with City services and Planning:** For many North Richmond residents it is unclear who is responsible for particular services. Additionally, how services are coordinated across city and county bureaucracies remains an ongoing issue. What is clear is that without power and accountability, it is hard for a community to change the structures that shape their lives.²

“From a general principle, you know you get more effective delivery of municipal services when you don’t have the isolated pockets of unincorporated areas.”³

“Research indicates that unincorporated urban areas face one or both of two main challenges: a lack of basic infrastructure and services like wastewater treatment and streetlights and/or an overconcentration of undesirable land uses like freeways and municipal utility plants. To date, identified neighborhoods have been predominantly Latino and African-American, often with a history of settlement under de jure and de facto segregation. Lying just beyond city boundaries, such neighborhoods remain unincorporated and dependent on county government. One cause for unincorporated urban areas may be municipal under bounding: annexation policies and practices in which cities grow around or away from low-income minority communities, thus excluding them from voting rights in city elections and, in many cases, municipal services.”⁴

Tax Impacts Upon Property Owners and Residents

While there are potential benefits for North Richmond’s annexation into Richmond, there are concerns as well, foremost among them the potential tax impacts on residents and property owners in North Richmond – property tax, utility tax, sales tax, real estate transfer tax.

Richmond’s sales tax rate is 1% higher than the County’s rate. Sales tax impacts will be minimal since there is little retail in North Richmond and most residents shop for their taxable goods outside the neighborhood.

The major concern is increased property taxes. Richmond has a 14% property tax override which means that for every \$100,000 of assessed valuation, property owners will pay \$140 more in property taxes annually. According to a recent study, only about 27% of the households in North Richmond are owner-occupied, and two-thirds of the housing stock was constructed before 1969⁵. Of these, the vast majority have assessed valuations of \$250,000 or

² Dr. Malo Hutson, 2011

³ Supervisor John Gioia, quoted in East Bay Times, March 30, 2016

⁴ Mapped Out of Local Democracy, Stanford Law Review, 2009

⁵ ESRI Study, 2008

less.

Given that a majority of North Richmond residents are renters, not property owners, they would receive a benefit under Richmond's Rent Control Ordinance if annexed by the City. No rent control ordinance exists in unincorporated North Richmond today.

Residents in the City of Richmond pay a monthly utility users tax. Residents of County unincorporated areas do not pay a utility users tax. Annexation would result in North Richmond residents being subject to this new tax.

The real estate transfer tax rate in the City of Richmond is higher than the rate for county unincorporated areas. Therefore, upon the sale of real property, there would be a higher transfer tax payable at escrow if North Richmond were annexed into Richmond. Typically, a buyer and seller negotiate who pays this tax or how this tax burden is shared.

North Richmond residents and property owners will be the judge in determining whether these increased taxes are a reasonable investment to support more convenient and potentially better city services.

History of Annexation Efforts

In the past when discussions about annexation have occurred, the industrial and business property owners have fought annexation efforts. These property owners were mostly not residents of North Richmond. Their opposition was generally based on the higher taxes that would be paid after annexation.

Former Richmond Mayor George Livingston and others fought several times in the 1970s and 1980s to annex North Richmond. Their efforts were not successful.

"We were up against a lot of money and a lot of lobbying, and ultimately we couldn't get the support to annex," Livingston said. "It's a shame because the people out there have never got the services they deserve."⁶

Former Richmond City Councilman Nat Bates, who like Livingston had ascended to power in the 1960s and 1970s, was a part of the process and remembers it similarly. "The big property owners didn't live out there, and they didn't want to pay the city property taxes, so they got together and did what they could to make sure the residents didn't vote for annexation," Bates said.⁷

Former Richmond City Councilman Jim McMillan has his own recollection. Sitting on the council in the 1970s and 1980s, McMillan took a keen interest in annexing North Richmond. "I tried to push annexation twice in the early 1980s," McMillan said. "It was all about taxes. The business

⁶ A Life: Former Richmond Mayor George Livingston, RichmondConfidential.org, 2012

⁷ Part 8: North Richmond, Where the City's Boundaries End, RichmondConfidential.org, 2011

interests didn't want to pay the tax, and they propagandized the poor residents out there to fear the taxes."⁸

CONCLUSION

Annexation has the potential to make North Richmond and all of Richmond safer due to the elimination of a longstanding political line that divides police jurisdictions. Other potential benefits include more focused city municipal services.

The closer and more direct political representation and municipal services can be a benefit for North Richmond residents and property owners. "Islands" of county land surrounded by city lines create noncontiguous service areas for counties. This contradicts the basic principles of efficiency in urban planning and municipal service delivery.

From a general principle, more effective delivery of municipal services occurs when you don't have isolated pockets of unincorporated areas.

Our office has taken the position that It is important to study the annexation issue, look at it from a financial and service point of view, and have the residents and property owners express their preferences.

Ultimately, this issue will be one made by the residents and property owners of North Richmond.

A Stanford Law Review article about this issue made the following observation:

"Yet annexation of low-income islands and fringes presents some advantages (or at the very least, silver linings) for cities that are not captured by cost-revenue calculations: guarding the health, safety, and welfare of neighborhoods already within municipal lines and removing irregular jurisdictional gaps in city territory. Cities stand to improve conditions and property values in incorporated neighborhoods that border unincorporated urban areas by creating uninterrupted city policing territories, improving the conditions of shared roads, providing sidewalks to protect area children and improving safety around schools located in unincorporated urban areas. By alleviating inadequate law enforcement, street lighting, and waste disposal conditions, cities can impede the use of unincorporated urban areas as a harbor for criminal activity and illegal dumping within the larger metropolitan fabric. While such benefits on their own have proven an insufficient inducement to annex low-income areas, they should be identified and, where possible, quantified in order to marshal city tolerance of reforms."⁹

⁸ Part 8: North Richmond, Where the City's Boundaries End, RichmondConfidential.org, 2011

⁹ Mapped Out of Local Democracy, Stanford Law Review, 2009