

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Councilmember Raul Peralez  
Councilmember Sergio Jimenez  
Councilmember Magdalena Carrasco  
Councilmember Maya Esparza  
Councilmember Sylvia Arenas

**SUBJECT: SEE BELOW**

**DATE: April 11, 2019**

Approved by:

Date:

**SUBJECT: 2019 - 2020 FY Budget Study Session**

## RECOMMENDATION

Direct the City Manager to incorporate the following into the Council Study Session on the 2019-2020 Budget:

- A. Creation of an *Equity Fund* which would support the equitable distribution of City resources and services and bridge the gap between the City's under-resourced, diverse communities and prosperous neighborhoods,
- B. Explore the possibility of funding the *Equity Fund* through the Marijuana Business Tax, the Construction Excise Tax or other unrestricted sources, and;
- C. Explore opportunities for bringing an equity lens when determining resources, programming and access to neighborhood services in diverse communities throughout the city.

## BACKGROUND

First, we would like to thank Mayor Liccardo for his March budget message. We agree with the Mayor's prudent commitment to our city's future which includes a focus on preparing for rainy days. As Councilmembers who represent the majority of underserved

communities in San José, we want to ensure that the limited dollars we have focus on areas that are impacted by the current struggles we face.

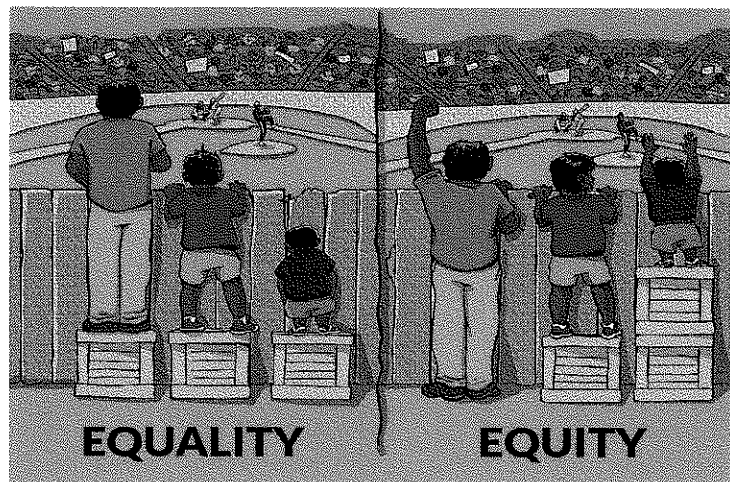
The city budget is not just a checkbook but rather a reflection of our shared values evidenced by our allocation of resources. As we distribute our City's limited funds, equity must be incorporated into the budget process. It is undeniable that neighborhoods in San José look and feel vastly different depending on where they are situated, this is not acceptable. The city's participation in the Government Alliance on Race and Equity (G.A.R.E) Program is one way to provide the attention and resources where they are most needed and not just to those who have the means and ability to ask. Examples of implementation of G.A.R.E.'s strategies include a recently launched Equity and Social Justice Strategic Plan in King County, Washington. It has included systematic blueprints to guide their pro-equity policy direction, decision-making, planning, operations and services, and workplace practices. There are many barriers to requesting what the City has to offer, but we need to take comprehensive steps to get there. Now is the time to begin to address the issues of equity with action and resources. Therefore, we need to proactively find the areas that are most underserved and provide the resources necessary to create safe equitable neighborhoods throughout San José.

We encourage the City Manager and the Council to review this year's budget with an equity lens. Instead of dividing funds equally among the ten council districts, an equitable budget commits more resources to areas and populations where needs are greater, and where there exists a disparate impact on our neighborhoods. It is not by coincidence that large pockets of poverty and high numbers of minorities are coupled within our districts. The public policies of the past, institutionalized the disparity that we see today. An example of this is Red-lining, a common practice only a few decades ago that gave birth to the racial divide and poverty that exists across San José. While these practices of institutionalized discrimination may seem out of place, today, in San José and Santa Clara County, they were as common here as in any other place in the United States. Richard Rothstein, in his book, *The Color of Law: The Forgotten History of How our Government Segregated America*, outlines the efforts by a Quaker organization known as the American Friends Service Committee (AFSC) to develop integrated housing here in Santa Clara County. The first in their long list of struggles was that they could find no financial institution in San José willing to lend money for racially integrated developments. When funding was eventually secured, the Santa Clara County Board of Supervisors rezoned the project site because the AFSC intended to sell to a racially diverse community.

Let us evaluate opportunities to address disparities in City priorities. The James Q. Wilson and George Kelling's broken windows theory states that a disorderly area will create further disorder and uncivil behavior. While seemingly daunting, we must aggressively address blight and disparate service impacts in low income communities. Historically, there has been an uneven distribution of resources throughout our

neighborhoods. For example, poor planning in development has led to a lack of basic amenities such as parks, community centers, and traffic safety. This means that over the course of the years, some of our neighborhoods have been paying for amenities that they never received. This problem is only aggravated by a track record of the city's struggle to equitably maintain the amenities that have been built. The 1939 Federal Housing Administration (FHA) Underwriting Manual included the following passage, "if a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes," (Massey). The previous coupled with, "...FHA regulations that favored new construction, single family homes, and large lot sizes" (Massey) allow us to understand why some of our areas of the City where the last to be incorporated and be provided basic city services. It is no surprise why the last dirt road in a residential area within the City of San José was found in one of our districts and was not paved until 2005. The Mercury News reported, at the time, that, "Residents had been asking for the improvements since the area was annexed in the 1960s." This is a clear example of how the City of San José can do more.

As a response to the equity concerns outlined here, we are proposing the establishment of an *Equity Fund*, which would serve as a consistent allocation of resources to address disparities among blight, vehicle abatement, education, community programs, parks maintenance, environmental mitigation, public safety, code enforcement, and economic development. The *Equity Fund* would also serve to address quality of life issues such as language access, service delivery, cultural competency and other factors that have left our most vulnerable communities behind.



Massey, Douglas. The Legacy of the 1968 Fair Housing Act. *Sociological Forum*, Vol. 30, No. S1, June 2015.

*The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.*

