



SOUTHEAST PROPERTY OWNERS

SEDA Population Growth Financial Risk Assessment

Introduction

The SouthEast Development Area (SEDA) plan population projections are dramatically inconsistent with the State of California Department of Finance’s official demographic forecasts. **SEDA assumes growth in the SEDA area that exceeds all projected countywide population gains, even though the City of Fresno makes up only half of the population of Fresno County. Any risk analysis must consider SEDA’s underlying growth assumptions as highly questionable.** If the Department of Finance estimates are correct, SEDA represents a substantial financial risk to the City of Fresno, exposing taxpayers to billions in infrastructure commitments that may never be supported by actual population growth.

Key Results

DOF Projected County Growth (2024–Peak)	63,406 residents
SEDA Assumed Population at Buildout	117,561 residents
Excess Population Assumed by SEDA (100% DOF Growth)	54,155 residents
Excess SEDA Population at 75% of DOF Growth	70,006 residents
Excess SEDA Population at 50% of DOF Growth	85,858 residents
SEDA as % of Total DOF Growth	185%

Why SEDA and DOF Population Projections Differ

Key Point The State projects how many people are likely to live in Fresno based on demographic trends. SEDA estimates how many people could live in the area if development capacity is fully built. When infrastructure planning assumes the maximum development scenario rather than the demographic forecast, cities risk building infrastructure for residents who may never arrive.

California Department of Finance Methodology

The California Department of Finance produces the State's official population projections using a cohort component demographic model. This method estimates population change using births, deaths, and net migration. Each age cohort moves forward year by year while fertility rates, mortality rates, and migration patterns adjust the population. Because this approach reflects underlying demographic forces such as aging populations, declining birth rates, and migration patterns, Department of Finance projections are generally considered the most rigorous estimate of expected population growth.

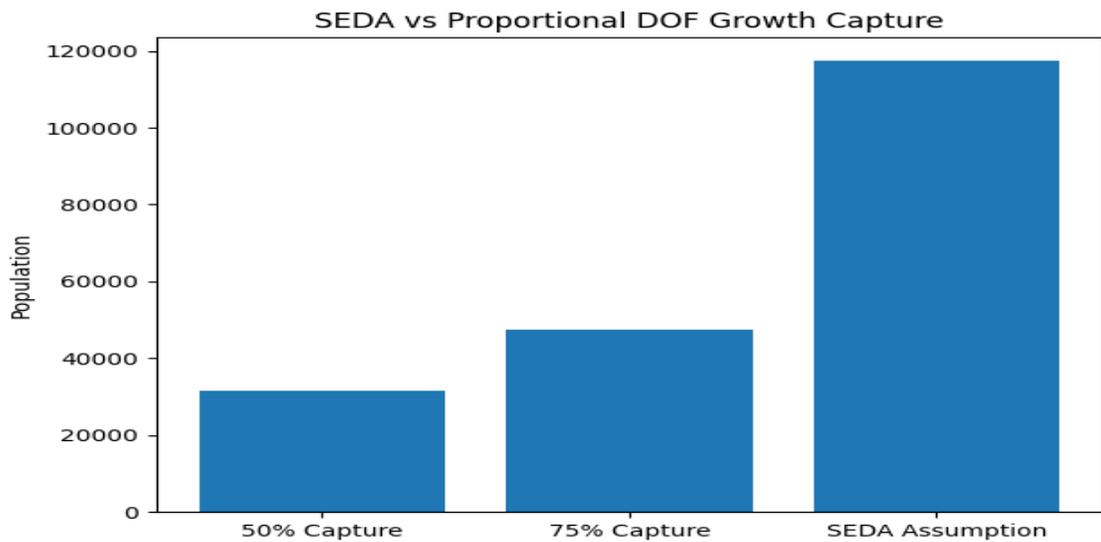
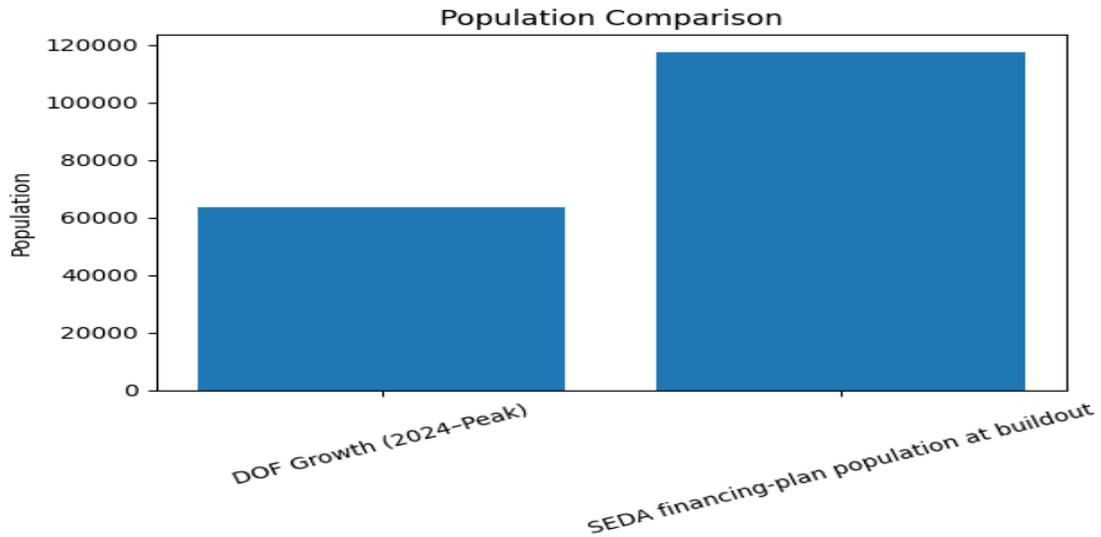
SEDA and Local Planning Methodology

Local planning analyses such as the SEDA planning framework typically rely on land capacity or buildout modeling. Rather than projecting population based on demographic behavior, this approach estimates how many residents could live in an area if available land is fully developed according to zoning densities. The process generally involves identifying developable acreage, applying planned housing densities, estimating housing units, and converting those units to population using average household size.

In addition, local planning projections often assume that future growth will continue at roughly the same pace observed in past decades. This trend based assumption reinforces the expectation that the planned development capacity will eventually be filled.

Why the Results Diverge

The two approaches answer different questions. Department of Finance projections estimate how many people are likely to live in the region based on demographic trends. SEDA planning assumptions estimate how many people could live in the area if development capacity is fully built and historical growth patterns continue. Financial risk can arise when infrastructure planning assumes maximum development capacity even when demographic forecasts indicate slower population growth.



Why This Is a Major Financial Risk to Fresno

- SEDA assumes 117,561 new residents—approximately 54,155 more people than the State projects for total county growth.
- Early-phase infrastructure exposure approaches \$2.21 billion (2025\$), before full buildout commitments.
- Total backbone infrastructure at buildout exceeds \$2.43 billion, dependent on sustained absorption and rising property values.
- Even without the population discrepancy, prior City financial analyses showed that none of the SEDA phases were financially feasible under standard benchmarks.
- If the State’s projections prove correct and growth underperforms, SEDA could become the most consequential financial miscalculation in Fresno’s history.
- If growth underperforms, fee revenues shrink, bond capacity declines, infrastructure becomes stranded, and long-term taxpayer exposure increases.

Strategic Alternative: Reject SEDA Growth Plan and Focus on Infill

This alternative treats DOF projections as the planning baseline and declines to pursue large-scale greenfield expansion under SEDA. Instead, the City would prioritize housing and job growth through urban infill, corridor redevelopment, adaptive reuse, and modernization of existing infrastructure and services in already-served areas.

Fiscal Comparison

Upfront Capital Exposure

SEDA Expansion Path	Strategic Infill Alternative
≈ \$2.21B early-phase commitment before demand is proven.	Avoids speculative expansion spending; capital deployed incrementally in existing service areas.

Total Backbone Commitment

SEDA Expansion Path	Strategic Infill Alternative
≈ \$2.43B at buildout dependent on aggressive growth assumptions.	No commitment to multi-billion-dollar expansion backbone without verified population growth.

Revenue Risk

SEDA Expansion Path	Strategic Infill Alternative
≈ \$559M in Phase 1 fees and ≈ \$314M in CFD proceeds rely on strong absorption.	Revenue tied to infill growth reduces reliance on optimistic long-term projections.

Debt Sensitivity

SEDA Expansion Path	Strategic Infill Alternative
CFD/land-secured debt vulnerable to slower home value growth and lower buildout pace.	Less dependence on land-secured debt tied to undeveloped territory.

General Fund Exposure

SEDA Expansion Path	Strategic Infill Alternative
Higher risk of City carrying advances or backstopping infrastructure gaps.	Reduced likelihood of General Fund exposure to speculative expansion.

Ongoing Operations & Maintenance

SEDA Expansion Path	Strategic Infill Alternative
Expands long-term O&M; footprint (roads, parks, facilities) permanently.	Limits permanent O&M; growth; prioritizes maintaining existing infrastructure.

Fresno's Choice

Fresno now faces a defining fiscal decision. Moving forward with SEDA means committing billions based on population growth assumptions that exceed the State's official forecast. If that growth does not materialize, the bill does not vanish — it becomes long-term debt, stranded infrastructure, and decades of maintenance obligations. City leaders should pause expansion commitments, align planning with the Department of Finance baseline, and redirect investment to infill housing, revitalization corridors, and fixing existing infrastructure. The safest path for Fresno's future is the one that does not gamble public finances on growth that may never arrive.

References

Economic & Planning Systems, Inc. (2025, May). Southeast Development Area specific plan: Public facilities financing options (Public review draft report prepared for the City of Fresno).

California Department of Finance, Demographic Research Unit. (2025, September 30). Report P-2A: Total population projections (2024 baseline), county projections for Fresno County (FIPS 6019).