
Fresno Chinatown

Potential Property and Business Improvement District

Feasibility Study

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**PREPARED BY
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Table of Contents

INTRODUCTION	1
POTENTIAL CHINATOWN PBID BOUNDARIES	2
BACKGROUND	4
DEVELOPMENT OF SERVICE AND FUNDING APPROACH.....	4
PROPERTY OWNER SURVEY.....	5
PROPERTY OWNER OUTREACH AND WORKSHOP	10
CONCLUSIONS AND RECOMMENDATIONS	11

Introduction

In November 2019, with funding support from the Transformative Climate Communities (TCC) grant money, the City of Fresno engaged Willdan Financial Services (Willdan) to prepare a property-based Property and Business Improvement District (PBID) Feasibility Study for the Chinatown neighborhood in Fresno. A PBID is a collaborative partnership between the public and private sectors, organized for the improvement of a specific commercial area. With over 100 PBIDs throughout California and upwards to 1,500 similar districts throughout the United States, PBIDs have become a popular means of generating stable funding for additional improvements, services and/or activities not otherwise provided by the municipality or at an enhanced level of service.

The purpose of the study was to analyze and identify potential services, improvements and activities that could be implemented to revitalize the Chinatown neighborhood and that property owners within that area would be willing to support and fund through assessments.

A PBID in Chinatown could potentially provide the funding and organizational resources needed to:

- Enhance safety/hospitality efforts in the area focused on reducing criminal activity, improving public perceptions, and addressing the homeless population in and around Chinatown;
- Enhance and maintain the physical environment of the streets and properties;
- Promote economic development, business recruitment, and overall property development;
- Implement collective marketing and communication opportunities; and
- Establish a clear neighborhood/district identity.

Collectively these efforts could clearly result in a revitalization of the area, expand business opportunities, and potentially increase property values.

Essentially, the formation of a PBID could provide much needed funding for essential services necessary to help move Chinatown forward and to sustain the public perception of the area now being started with some Transform Fresno projects including the Monarch at Chinatown (56 unit apartment development) and the Chinatown Urban Greening (installation of trees, lighting, permeable paving and sidewalk repairs on F Street between Mariposa Street and Kern Street).

Prior to engaging Willdan, community leaders in the Chinatown area comprised of property owners and business owners (stakeholders) established the Chinatown Fresno Foundation with the goal of generating additional sources of funding to support the improvement of the social, physical, and cultural environment of the neighborhood. The Chinatown Fresno Foundation became the initial property owner focus group (Steering Committee) for this feasibility study, with additional stakeholders joining in meetings over the course of the project.

Willdan, in conjunction with the Chinatown Fresno Foundation worked to determine what concerns property and business owners within the Chinatown area have regarding the long-term prosperity of the Chinatown community and the services that may be pursued to improve the area. Over several months Willdan worked with the Steering Committee to develop and discuss numerous services and activity options that could be implemented and funded by a PBID, the budgets for those services and activities, potential benefit zones associated with the options and ultimately potential assessments. While Covid-19 restrictions essentially eliminated our ability to meet directly with property owners and significantly extend the timeline for this feasibility study,

property owner outreach was accomplished in the form of open Steering Committee meetings (primarily online meetings), a survey that was mailed to all the property owners within the proposed PBID boundaries, an online property owner presentation and workshop, as well as personal outreach and communication to the stakeholders from members of the Steering Committee.

The objective of this study was to identify potential service and activity options that could be implemented in the Chinatown area through a PBID, the funding needs of those service and activity options to be funded by property assessments, and ultimately determine the Chinatown property owner's level of support for such services and activities and interest in establishing a PBID. Specifically, Willdan's feasibility study consisted of the following:

- Identify and Prioritize Improvements, Services and Activities:
- Develop Parcel Database and District Boundaries:
- Develop Various Service Plan and Budget Options:
- Prepare Assessment Spread Formulas:
- Coordinate a Property Owner Survey:
- Property Owner Outreach and Workshop:
- Prepare Technical Memorandum

Potential Chinatown PBID Boundaries

Generally, the Chinatown area is located between Fresno Street and Ventura Street, northeast of Freeway 99 up to the Union Pacific Railroad tracks which is situated just northeast of G Street and southwest of H street (H Street being outside the project area boundaries). A diagram of a potential Chinatown PBID boundaries is provided on the following page.

Potential Chinatown PBID Boundaries



Background

The Chinatown neighborhood was established in 1872 and from the 1880s to the mid-1950's, Chinatown was a vibrant place to live and work, but with Fresno experiencing urban renewal in the 1960's, Chinatown began to lose both businesses and residents. Over the next couple of decades many historic buildings were demolished or became vacant and by the early 1990's many of the long-established business had closed including the Komoto's Department Store and Hotel, the Azteca Theater and the building that was once the Industrial Bank of Fresno which was instrumental in the growth of this community. It is estimated that less than twenty percent (20%) of Chinatown's original buildings remain and as a result, only approximately forty-four percent (44%) of the parcels in the Chinatown area have structures and several of those structures are in a poor state of repair and are unoccupied or largely unoccupied. Although some of the buildings in the area such as the original Industrial Bank of Fresno building have been repurposed over the years, many of the parcels in the Chinatown area (56% of the parcels) are considered undeveloped/under-developed parcels, being identified as either vacant lots or parking lots, several of which are government or utility properties. Of the undeveloped/under-developed parcels, approximately eight percent (8%) are identified as Utility-owned properties (PG&E or U Parcel), another eight percent (8%) are identified as City properties (i.e., City of Fresno, Fresno Redevelopment Agency, or Fresno Housing Authority), and twenty-three percent (23%) are State-owned. The remaining undeveloped/under-developed lots, approximately sixty-one percent (61%), are privately owned representing thirty-four percent (34%) of all parcels and sixteen percent (16%) of the total parcel acreage in the Chinatown area. However, of the fifty-five parcels identified as privately owned undeveloped/under-developed lots, ten of those lots, representing 16.5% of the acreage associated with the privately owned undeveloped/under-developed lots, are owned by California Dairies Inc and generally part of that complex.

Chinatown stakeholders have been in discussions about forming a PBID or other funding sources for several years to finance additional services that could revitalize the Chinatown area. Funds were allocated through the Transform Fresno program to hire Willdan to examine and evaluate the feasibility of forming a Chinatown PBID. The first step in the process was to examine the overall need for services in the proposed area, identify potential boundaries for such a district, develop potential service costs and assessments, and ultimately determine the likely level of property owner support and feasibility of establishing a Chinatown PBID. This report is a summary of that evaluation based on numerous stakeholder meetings and property owner input.

Development of Service and Funding Approach

Between January 2020 and March 2021 monthly on-line meetings with Steering Committee were conducted to develop and discuss potential improvement, service, and activity options, as well as potential benefit zones, budgets, and assessment spreads. During this period Willdan conducted the following tasks with input from the Steering Committee in order to gather information regarding possible PBID services and activities and evaluate the overall merits of a Chinatown PBID:

- **Identify and Prioritize Improvements, Services and Activities:** Working with the Steering Committee, formulate a prioritized list of improvements, services and/or activities that might be funded and support the vision for the community and potential Chinatown PBID. In support

of those priorities Willdan researched and contacted potential vendors and/or service providers in the Fresno area to develop more detailed service costs and parameters.

- **Develop Parcel Database and District Boundaries:** Using updated parcel information from the County, Willdan developed a parcel database for the Chinatown area in order to model various assessment options and district and benefit zone boundary alternatives using geographic information system (GIS) mapping. Quarterly, the ownership information was updated and provided the Steering Committee for outreach purposes.
- **Develop Various Service Plan and Budget Options:** Working with the Steering Committee and researching various service providers in the Fresno area, Willdan developed multiple comprehensive annual budget options for various services and activities that could be provided through a potential PBID, including both the program costs and administrative expenses. The objective of this task was to establish multiple realistic budget scenarios that reflect the full true costs to fund various improvements, services, activities, and management functions (annual, expenses) and thereby develop the proportional special benefit assessments necessary to fund such services.
- **Prepare Assessment Spread Formulas:** Prepare assessment scenarios to help the Steering Committee formulate a vision for the Fresno Chinatown area and talking points with other property owners.

Recognizing that numerous improvement, service, and activity options could be considered by the Steering Committee as well as possible district and zone boundary options, Willdan identified, analyzed, and prepared multiple assessment spread scenarios for review and consideration. Ultimately, more than a dozen variations of the prioritized services, service levels and benefit zone configurations were modeled, with annual budgets ranging from \$300,000 to \$450,000 based on service provider cost estimates.

Property Owner Survey

In March 2021, a property owner survey was distributed both online and via mail, seeking to obtain feedback from property owners within the proposed PBID about their needs and concerns for the Chinatown community. Thirty-four (34) of the seventy-nine (79) private property owners (43%) participated in the survey. In Willdan's experience with owner surveys, this response rate is higher than typical. The survey asked owners to identify their level of interest and support for key services commonly provided by PBIDs to ascertain and identify programs and services that could help improve the Chinatown area. The survey addressed the following questions:

For Question 1, property owners were asked to rate each of the following eight potential service as: Definitely Consider; Probably Consider; Probably Not Consider; or Definitely Not Consider.

Survey Question 1 – The following list is representative of services undertaken by PBIDs throughout the nation. These services are intended to be in addition to or different from those provided by the City of Fresno. Which of the following services would you consider important for Chinatown Fresno?

- 1 Enhanced Safety/Hospitality to reduce crime and improve public perceptions
- 2 Enhanced Maintenance to clean sidewalks and combat graffiti
- 3 Economic Development to attract businesses, jobs, and investment
- 4 Marketing and Communications to attract customers and increase sales
- 5 Enhanced Environment to add trees, lights, and other beautification amenities
- 6 District Identity to install banners, signs, and gateways
- 7 Special Events to enliven the district and attract customers
- 8 Advocacy to represent Chinatown Fresno interests

The Responses to Question 1 were as follows:

	Services	Definitely Consider	Probably Consider	Probably Not Consider	Definitely Not Consider	Total Responses
1	Enhanced Safety/Hospitality to reduce crime and improve public perceptions	79.41%	14.71%	2.94%	2.94%	34
2	Enhanced Maintenance to clean sidewalks and combat graffiti	76.47%	17.65%	2.94%	2.94%	34
3	Economic Development to attract businesses, jobs and investment	88.24%	8.82%	0.00%	2.94%	34
4	Marketing and Communications to attract customers and increase sales	70.59%	8.82%	14.71%	2.94%	33*
5	Enhanced Environment to add trees, lights and other beautification amenities	85.29%	8.82%	2.94%	2.94%	34
6	District Identity to install banners, signs and gateways	47.06%	38.24%	8.82%	5.88%	34
7	Special Events to enliven the district and attract customers	67.65%	20.59%	0.00%	8.82%	33*
8	Advocacy to represent Chinatown Fresno interests	73.53%	20.59%	2.94%	2.94%	34

* Service 4 and 7 above only had thirty-three responses so the total percentage of responses is less than 100%

The responses to question 1 in order of those responding either “Definitely Consider” or “Probably Consider” choices is as follows:

	Services	Definitely or Probably Consider	
		Percentage	Responses
3	Economic Development to attract businesses, jobs and investment	97.06%	33
1	Enhanced Safety/Hospitality to reduce crime and improve public perceptions	94.12%	32
2	Enhanced Maintenance to clean sidewalks and combat graffiti	94.12%	32
5	Enhanced Environment to add trees, lights and other beautification amenities	94.12%	32
8	Advocacy to represent Chinatown Fresno interests	94.12%	32
7	Special Events to enliven the district and attract customers	90.91%	30
6	District Identity to install banners, signs and gateways	85.29%	29
4	Marketing Communications	81.82%	27

Again, for Question 2, property owners were asked to rate each of the same eight potential service as: Definitely Consider; Probably Consider; Probably Not Consider; or Definitely Not Consider, but instead of asking if the services were important to them, the question asked the following.

Survey Question 2 – Which of the following is the ONE most important service you would be willing to pay for?

Of those responding to Question 2 the responses were as follows in order of priority:

	Services	Percentage	Number of Responses
1	Enhanced Safety/Hospitality to reduce crime and improve public perceptions	23.53%	8
5	Enhanced Environment to add trees, lights and other beautification amenities	8.82%	3
3	Economic Development to attract businesses, jobs and investment	5.88%	2
6	District Identity to install banners, signs and gateways	5.88%	2
2	Enhanced Maintenance to clean sidewalks and combat graffiti	2.94%	1
8	Advocacy to represent Chinatown Fresno interests	2.94%	1
4	Marketing and Communications to attract customers and increase sales	0.00%	0
7	Special Events to enliven the district and attract customers	0.00%	0
	Total	50.00%	17

Based on the responses to question 1, it is obvious that the property owners perceive a clear need for service in the Chinatown area with almost all of the respondents (all but one) indicating Economic Development as a high priority followed closely by Enhanced Safety/Hospitality, Enhanced Maintenance, Enhanced Environment, and Advocacy. However, the responses to question 2 clearly suggest a less enthusiastic response to paying for those services. While Enhanced Safety/Hospitality and Economic Development are still near the top of the list of services, the fact that only half of those participating in the survey (17 of the 34) indicated a willingness to pay for those service enhancements is concerning. Although Enhanced Safety/Hospitality to reduce crime and improve public perceptions is at the top of the list of services the property owners are willing to support financially, as one would expect given the homeless/transient issues in Chinatown and the surrounding area, the fact that less than 25% of those surveyed indicated a willingness to pay for such service enhancements is a clear indication of the economic concerns the property owners have as a whole.

Question 3 of the survey was a general follow up to the previous two questions that provides insight as to whether property owners perceive tangible value from the enhanced services a PBID could provide.

Survey Question 3 – Do you think the value of your property would increase if PBID services were provided?

Of those responding to Question 3 the responses were as follows:

Response	Percentage	Number of Responses
Yes	14.71%	5
No	8.82%	3
Depends	17.65%	6
Don't Know	5.88%	2
Total	47.06%	16

Similar to question 2, of the thirty-four property owners that returned surveys only 16 responded to this question, which suggests that at this time property owners do not see the value of a PBID for Chinatown or are at least do not perceive a return on investment and are unwilling to commit financial resources to such a program . However, the fact that less than nine percent (9%) actually responded “No” to the question also suggests that they might be open to the possibility in the future.

The final question of the survey was a general question to gather direct input from the property owners on what they viewed as the most important need/issue for Chinatown.

Survey Question 4 – If there could only be ONE action, program, or project to improve Chinatown Fresno, what would you recommend?

As one would imagine, there were a number of issues identified by the property owners (not necessarily just one), including but not limited to:

- Address the homeless and drug issues, help the homeless get off the streets.
- Safety by providing security for customers and business owners.
- Enhanced environment by adding more trees, complete sidewalks, add lights and parks/open space, and other beautification amenities.
- Façade improvement program.
- Establish volunteer days with productive events.
- Move the Poverello House and Recycling Center away from the area.
- Clean up the area
- Economic development and property infill, Chinatown has too many vacant lots.
- Promote more housing development "lifestyle living" planned community.
- Marketing and identity promotion, elevating the incredible food and culture in Chinatown and the importance of the history of the area to the City of Fresno.
- Special events to attract customers including family activities, public entertainment, Chinese, Japanese culture activities.

The action items, programs, or projects noted most often by the property owners was addressing the homeless/transient issue, safety concerns, overall beautification of the area, and development. Not surprisingly, the frequency of the action items, programs or projects noted by the property owners were fairly consistent with the top four services the property owners consider important for Chinatown Fresno in question 1, just in a slightly different order. When categorizing the property owner input into the service identified for questions 1 and 2 the results are summarized by the following.

	Services	Percentage
1	Enhanced Safety/Hospitality to reduce crime and improve public perceptions	32.35%
5	Enhanced Environment to add trees, lights and other beautification amenities	20.59%
2	Enhanced Maintenance to clean sidewalks and combat graffiti	16.18%
3	Economic Development to attract businesses, jobs and investment	13.24%
7	Special Events to enliven the district and attract customers	7.35%
6	District Identity to install banners, signs and gateways	5.88%
4	Marketing and Communications to attract customers and increase sales	2.94%
8	Advocacy to represent Chinatown Fresno interests	1.47%
	Total	100.00%

Property Owner Outreach and Workshop

At the conclusion of the survey, the results of the survey were evaluated and discussed with the Steering Committee during monthly on-line meetings. As part of that process, Willdan refined the potential service and activity options, as well as potential benefit zones, budgets, and assessment spreads to be presented to the Chinatown property owners in a property owner workshop. Recognizing, that the level of financial support from the property owners was an obvious concern, the scope of potential services and activities were modified to reduce the potential annual service budgets and assessments significantly. However, even with a modest program budget focused primarily on addressing security and the homeless/transient issue, the potential annual assessments for properties in Chinatown could be significant compared to their current ad valorem taxes.

Originally it was planned to have an in-person meeting/workshop with the potential stakeholders, but again due to Covid-19 restrictions a single on-line property owner workshop was scheduled for November 4, 2021.

Together, Courtney Espinoza from the City of Fresno and Jim McGuire from Willdan, prepared and conducted an on-line property owner informational workshop presentation that was well attended. Courtney supplied a welcome presentation that outlined the purpose of the meeting and covered the current Chinatown projects (The Monarch at Chinatown, the Chinatown Urban Greening, and the Feasibility Study). Willdan then presented an overview of PBIDs, including:

- The purpose of a PBID;
- The improvements, services, and activities that can be funded;
- The process for establishing a PBID:
- The organization and management for the District once it is formed:
- Key provisions of PBID law;
- The proposed Chinatown PBID boundary
- How are properties charged
- Potential/Sample Benefit Zones
- Chinatown's unique issues
- Potential Activities for Chinatown PBID
- The feedback desired (objectives for the meeting)

At the conclusion of the presentations, the floor was opened up to the stakeholders to ask questions, provide comments, and discuss concerns. Our goal of this discussion was to measure the overall level of interest and support for moving forward. The questions and discussions were valuable and there was clearly interest in improving Chinatown. The property owners recognized that something needs to be done, but it was also apparent that there was little interest in moving forward with a PBID at this time and a general consensus that the City needs to do more for Chinatown.

Conclusions and Recommendations

A key component to assessing the feasibility of any proposed PBID is identifying a demonstrable need for PBID services, but more importantly is ensuring that there is a willingness of the property owners to support those services both procedurally and financially. From discussions with property owners that participated in the Steering Committee as well as both the responses to the survey and input and concerns expressed by property owners at the property owner workshop it is evident that property owners recognize the need for services that could be addressed by a PBID. At the top of the list of services and activities identified by property owners are:

- Economic Development to attract businesses, jobs, and investment
- Enhanced Safety/Hospitality to reduce crime and improve public perceptions
- Enhanced Maintenance to clean sidewalks and combat graffiti
- Enhanced Environment to add trees, lights, and other beautification amenities

Services, such as cleaning, safety and economic development can have a significant impact on the vitality of an area and its ability to thrive. Clearly the City is taking steps towards improving Chinatown with some Transform Fresno projects including the Monarch at Chinatown development and the Chinatown Urban Greening and these projects directly address several of the property owners' list of priorities. While these are great steps in the right direction, the micro economy of Chinatown has been depressed for a number of years and property owners, many of which have owned the properties for years, are reluctant to jump in financially.

The biggest perceived challenges for Chinatown's future prosperity in no particular order is the lack of development (the number of vacant lots), homelessness/transients, security, general appearance of the area, and abandoned structures. Property owner input also indicates that services such as homeless mitigation/social services, maintenance and beautification programs, security patrols and/or hospitality services, sidewalk repair, and street lighting are especially important in order for Chinatown to thrive. However, in large part, Chinatown stakeholders are generally less than satisfied with the services currently provided by the City and the City needs to do more to address these services. Consequently, there is a lack of willingness on the part of most property owners to financially support at this time the potential services and programs that a PBID can address. Once the current Transform Fresno projects in Chinatown are completed, hopefully property owners within Chinatown will be inspired to collectively make a similar investment in their community by taking the steps to form a PBID.

Willdan's visits to the Chinatown area revealed an area that is blighted with no true or cohesive commercial identity, clearly impacted by the homeless/transient population, and visibly in need of additional street cleaning, sidewalk maintenance, and overall appearance upgrades. However, more than anything else the Chinatown area needs development and property investment. Over 51% of the land area within Chinatown is identified as undeveloped/under-developed property (excluding those vacant or under-developed lots owned by the dairy). In addition, at least five to fifteen percent (5% to 15%) of the parcels with structures will likely need to have those structures demolished in order for the property to be commercially utilized. Obviously, this significantly reduces the number of commercial properties actually generating revenues and most impacted by the lack of services and amenities in the area.

According to current Assessor's data, the combined net assessed value of the properties within the proposed PBID boundaries is currently \$42,982,564. Assuming these properties are subject to only the one percent (1%) general property taxes (ad valorem tax), the estimated annual ad valorem tax for these properties is approximately \$430,000. Even with a limited nighttime security patrol (2-3 drive byes per night), a modest daytime security/hospitality services program and/or homeless/transient mitigation program, and limited budget for other activities such as economic development, beautification efforts or maintenance program, as well as administration expenses, the annual budget for the PBID would likely be between \$250,000 and \$300,000. Although these PBID costs would be allocated to the parcels within the District based on proportional special benefit and not on assessed value like ad valorem taxes, on average to generate the \$250,000 to \$300,000 in revenue the additional tax percentage would be 0.58% to 0.70% on average, respectively.

Based on the above issues and conclusions, Willdan believes it is not in the best interest of the property owners and the City to pursue the formation of a Chinatown PBID at this time. A PBID will eventually be a great tool and asset for the property owners in Chinatown, but we believe the catalyst of more development and investment in the area will be needed to tip the scale of support.