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# Equitable Redevelopment and Community Ownership of Real Estate in Chinatown Fresno

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#### Issue

The planned California High Speed Rail Station through Fresno is attracting capital to the adjacent Chinatown neighborhood — a 70-acre area that consists of multi-generational business owners, historic disinvestment and vast stretches of vacant land. Oftentimes, real estate investors enter into neighborhoods like this and buy out property owners parcelby-parcel. In effect, they can significantly capitalize on subsequent improvements, while former community members miss out on the opportunity to build wealth.

Emerging Markets Development Corporation is exploring the role that the Kresge Foundation can play in Chinatown's equity-centered redevelopment. The particular mechanism being explored is a Neighborhood Real Estate Investment Trust (REIT). The Neighborhood REIT would require local entities to form and assemble portfolios of real estate in neighborhoods that lie in the path of major development. Residents and business owners would then buy or be granted shares so that they can build wealth alongside institutional investors. This study explores a path to launch for a community ownership mechanism — whether it be a Neighborhood REIT or another model — that is specific to organizing and uplifting Fresno's Chinatown.

Although community ownership mechanisms must be contextually specific, this research provides a case study for market-based community ownership models that can be advanced in other California cities, such as San Bernardino and Los Angeles.

## **Study Approach**

The researcher analyzed Fresno's Specific Plan and its highspeed rail district plans and designs (Figure 1), as well as any programs that were recently implemented using state and federal funding, to assess whether they created a cohesive vision for Chinatown Fresno. The researcher next examined financing and planning tools that could assist in targeted Chinatown-specific development, particularly through tax increment financing. The study also involved various interviews with city planners and employees, private sector stakeholders, and community-based organizations (CBOs). The researcher prepared and delivered two presentations to the Kresge Foundation and worked closely with the client, Emerging Markets Development Corporation, throughout the project.

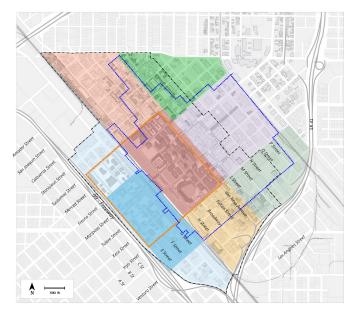
## **Key Findings**

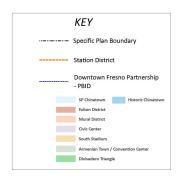
Although individual plans in Fresno highlight strategies that could be used in neighborhood development and tenant stabilization, there is no spatially-specific and investible strategy. For example, the Fulton Corridor Specific Plan lays out broad goals for the capitalization of Chinatown's unique historic assets and uplifting major commercial streets. Other ongoing projects — such as the EPA's Brownfields Program in Fresno — are building out various pro formas to redevelop Brownfield sites in Chinatown. However, a lack of planning on specific land uses for these parcels could render the findings inconsequential. By modeling for an assumed use rather than the city's intended use, it is not possible to identify the level of remediation that would be necessary to make site redevelopment feasible.

A cohesive and equitable scaling of Chinatown's redevelopment would require cross-sector and visionary leadership. There are various stakeholders that have interest and varying capacity to play leadership and collaborative roles in the path forward; namely the Office of the Mayor, the Kresge Foundation, the Central Valley Community Foundation,

Figure 1.

Boundaries of Chinatown Fresno's Plans and Districts





Chinatown Fresno Foundation and the Downtown Fresno Partnership.

## Many of Chinatown's property owners are deeply invested in the neighborhood's long-term growth and well-being.

This includes projects that bolster the business economy and celebrate the neighborhood's rich cultural history. Business owners are currently focusing on day-to-day operations and addressing homelessness in the neighborhood.

#### Recommendations

- Create a detailed set of pro formas indicating what would be developed and where. There has been extensive planning around zoning and land use, but there is not a cohesive plan that is specific enough to run financial pro formas for overall development and assess feasibility of market rate cross-subsidizing affordable development. This is where scale matters, because one-off projects would be swallowed up. For example, one interviewee mentioned that for a single block of residential would necessitate approximately 34,000 square feet of commercial to be viable. This could be neglected without a detailed level of planning. Furthermore, with more comprehensive planning, lease-ups could be packaged to attract commercial tenants at scale while also solving a vacancy crisis.
- Create a mechanism to align public resources through a Joint Powers Authority. In order for community ownership to be scaled throughout the neighborhood,

there needs to be a Chinatown-specific mechanism that aligns public resources and manages the bidding process. This could take the form of a Community Revitalization and Investment Authority (CRIA), which is a form of tax increment financing specific to historically disinvested neighborhoods that allows bond issuance for both infill development and programs.

- **Identify partners and an anchor organization.** The Central Valley Community Foundation's DRIVE Initiative has done substantial work in convening partners and is fertile ground for building a governance structure. Similarly, the Transformative Climate Communities programming included a community-led oversight committee that could serve as an exemplar.
- **Incorporate a Neighborhood REIT.** While the joint powers >> authority aligns public resources, creates predictable conditions for investment, and provides guidelines for inclusive development, it is the REIT that is the actual vehicle for blending institutional and local investments and distributing returns to residents. Therefore, the final recommendation is the legal incorporation of a Neighborhood REIT and approval from the SEC in order to create a vehicle for community wealth building.

#### For More Information

Shahidzadeh, A. (2024). Path to Launch: How to Establish a Community Ownership Structure in the Revitalization of Fresno's Chinatown (Master's capstone, UCLA). Retrieved from: https://escholarship.org/uc/item/8kr078g6