

Economic and Demographic Overview of Fresno Downtown Neighborhoods

Fresno Downtown Neighborhoods Community Plan

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prepared for:
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STRATEGICECONOMICS

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I. INTRODUCTION

This report serves as a background document for the Fresno Downtown Neighborhoods Community Plan, which encompasses the neighborhoods of Downtown; Lowell; Jefferson; Jane Addams; Southeast; and Southwest¹. In order to inform the Community Plan, Strategic Economics reviewed existing studies for the area; analyzed socioeconomic characteristics; assessed the market potential for neighborhood retail; and organized a two-day Economic Development Summit, an event bringing together national leaders in the community development field with city staff, residents, and other stakeholders. This report presents our key findings, and is organized into four sections. Following this introduction, Section I summarizes the existing body of research on the Downtown Neighborhoods and presents a summary of key findings; Section II summarizes the Plan Area's demographic characteristics, including workforce skills; Section III presents the findings on existing market support for neighborhood retail; and Section IV describes the major themes and recommendations emerging from the Economic Development Summit.

Other Planning and Research Efforts

Various planning and research efforts have been undertaken and are currently in process in Fresno. While the geographies of each of these efforts are different, some of the study areas overlap with the Community Plan Area, as shown in the map on the following page. Strategic Economics reviewed each of these studies to inform this analysis and incorporated their findings where appropriate. The purpose and findings of the studies are summarized below.

Brookings and Federal Reserve Community Affairs

In "Katrina's Window," a 2005 Brookings Institution report, Fresno was found to have the highest rate of concentrated poverty of any major American city. The term "concentrated poverty" refers to the condition in which very low-income people live in high-poverty neighborhoods.² According to Alan Berube of Brookings, poor families in high-poverty neighborhoods face additional disadvantages due to the lack of private-sector investment, lower quality educational institutions, higher cost of goods and services, and elevated crime in these areas.³

Following this publication, the Community Affairs staff of the Federal Reserve joined the Brookings Institution to profile 16 communities of concentrated poverty⁴ in more detail. One of the communities profiled is West Fresno, defined as the area west of Highway 99 and south of Highway 180. The study's West Fresno geography is significantly larger than the Southwest neighborhood as defined by the Community Plan, extending much further west and south, and picking up parts of the Fulton Specific Plan Area as well. The West Fresno census tracts identified in the study had a poverty rate of over 51 percent in 2000, compared to about 23 percent in the overall Fresno region⁵. While nationally, the rate of poverty has declined in recent decades, the poverty rate in West Fresno increased significantly from 43.5 percent in 1970.⁶ The report attributes West Fresno's economic disadvantages to a variety of factors including the

¹ A separate market study document has been prepared for the Fulton Corridor Specific Plan Area.

² According to the report, a high-poverty neighborhood is defined as a census tract in which at least 40 percent of residents live in families with incomes at or below the federal poverty line.

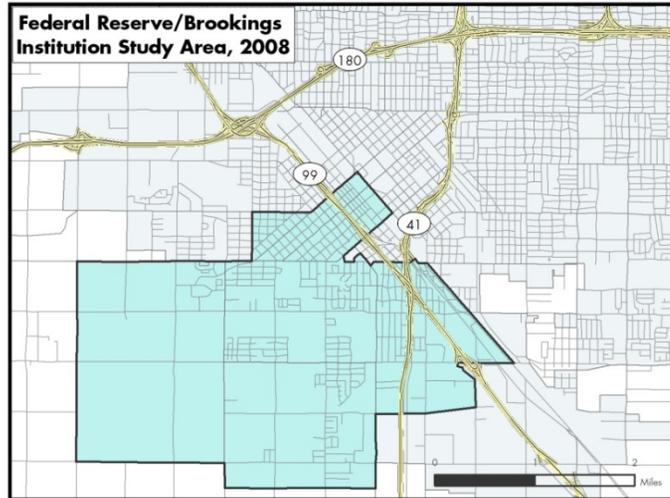
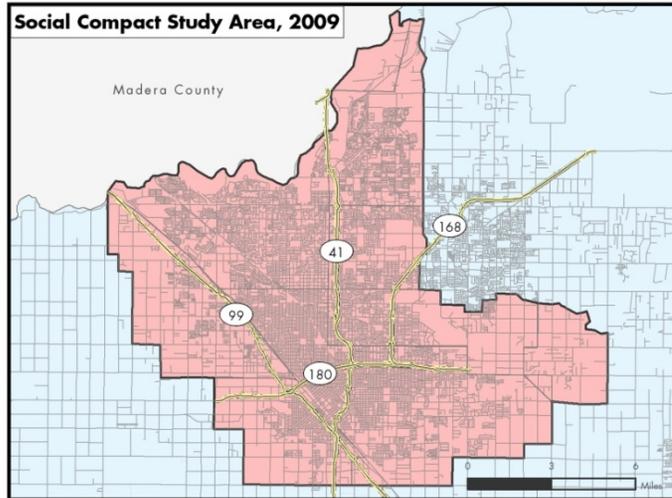
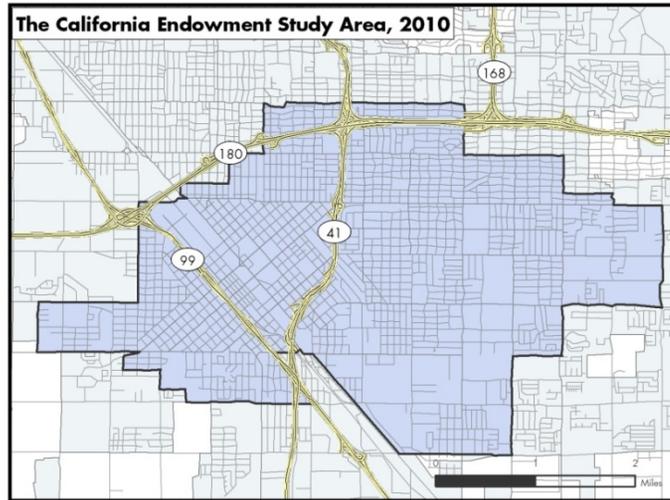
³ Alan Berube. *Confronting Concentrated Poverty in Fresno*, 2006.

⁴ Alan Berube et al. *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.*, Federal Reserve System and Metropolitan Policy Program at Brookings, 2008.

⁵ Alan Berube et al. *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.*, Federal Reserve System and Metropolitan Policy Program at Brookings, 2008.

⁶ *Ibid.*

Recent Fresno Studies



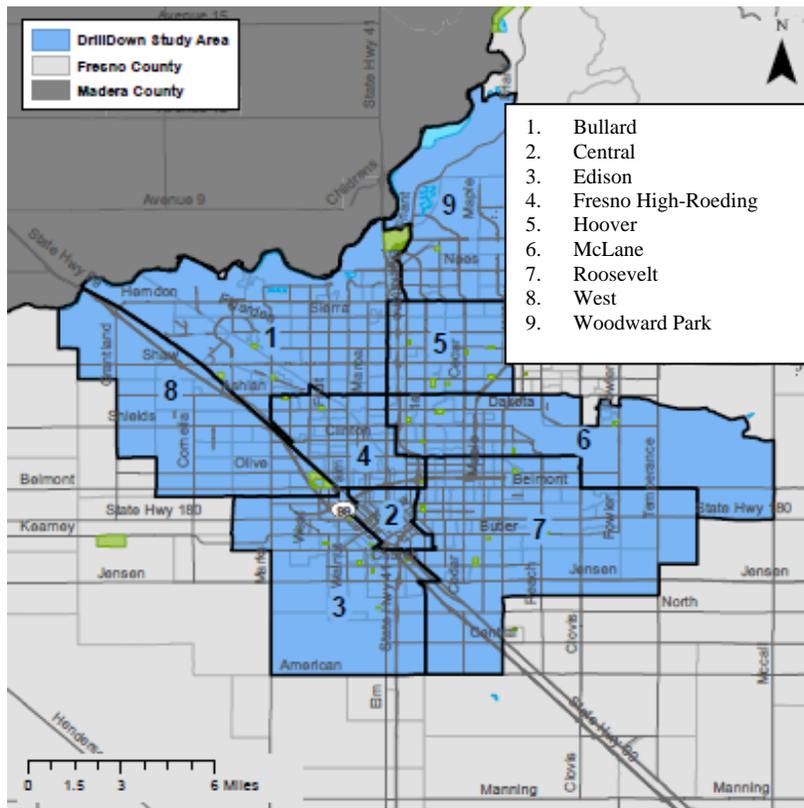
Source: Strategic Economics, 2010; The California Endowment, 2010; Social Compact, 2009; The Federal Reserve System/The Brookings Institution, 2008; City of Fresno, 2008; ESRI; US Census.

lower wage jobs of the workforce, the geographic isolation of the neighborhoods, a history of private disinvestment in the neighborhoods as growth occurred elsewhere, and an influx of low-skilled refugees and immigrants from Southeast Asia and Mexico.⁷

The study identifies several efforts underway at the time of the publication to address concentrated poverty. These included the Regional Jobs Initiative; the Human Investment Initiative by the Fresno Business Council; and the alliance between the Fresno Economic Development Corporation and the Workforce Investment Board, all of which were formed to prepare the workforce to take better advantage of future economic opportunities. Initiatives by Mayor Autry’s Office included the “10x10” Plan to improve and increase affordable housing, gang prevention programs, and the Municipal Restoration Zone to extend the benefits of Enterprise and Empowerment Zones in West Fresno to other low-income neighborhoods. The report identifies other organizations including California State University, Fresno, Fresno Works for Better Health Advocacy Center, Social Compact, Fresno Housing Authority’s Hope VI development, and Fresno West Coalition for Economic Development as active participants in various revitalization efforts in Fresno. However, the report stresses the need for additional capacity building efforts in West Fresno to ensure that the community’s interests are being served.

Social Compact Fresno Drilldown Study

In 2009 (following the Brookings study), Social Compact conducted a non-traditional retail market analysis of Fresno in order to identify potential opportunities for businesses and financial institutions in disadvantaged neighborhoods⁸. The following neighborhoods were studied: Fresno High-Roeding; Central; Hoover; Roosevelt; Bullard; Woodward Park; McLane; West; and Edison.



⁷ Ibid.

⁸ Social Compact. *City of Fresno Neighborhood Market Drilldown*. 2009.

The Central, Edison, and Roosevelt subareas generally correspond to the Community Plan Area. According to the study, the total spending power in the neighborhoods was significantly higher than official estimates, due to the presence of informal economic activity such as street vendors. The study estimated that there was potential for new retail development in the Woodward Park, Fresno-Roeding, Hoover, Bullard, West, and Roosevelt neighborhoods.⁹ Roosevelt was one of the neighborhoods with unmet demand for full service grocers. Edison had one of the lowest ratios of full service grocers to households, and residents had to travel the farthest of any of the study area neighborhoods to reach a full service grocery. Meanwhile, the Central neighborhood had high incoming grocery spending, indicating that the area's food stores were successfully capturing spending from other neighborhoods. The study also found that 14 percent of the residents in the study area were potentially "underbanked" and lacking history with the major credit bureaus. The lack of formal credit history was particularly pronounced in the Central neighborhood, where 35 percent of residents lacked a credit record.

The California Endowment Building Healthy Communities in Central and West Fresno

The California Endowment (TCE), a private health foundation, has selected Central and West Fresno as one of 14 communities of focus for the Building Healthy Communities initiative. The geography selected roughly corresponds with the combined Downtown Neighborhoods Community Plan Area and the Fulton Corridor Specific Plan Area including Southeast Fresno, with the exception of the Jane Addams neighborhood and portions of the Southwest neighborhood, which are not included. The 10-year initiative, currently in progress, is focused on building capacity and forming collaborations within the community to advance the goal of making places healthier for children and youth.

Summary of Findings

The following summarizes the key findings of our analysis of the Downtown Neighborhoods Community Plan Area.

The Plan Area is home to 70,000 residents in the Plan Area, accounting for about 15 percent of the city's overall population. Households in the Plan Area are larger than in the overall city, and are predominantly composed of children. About 70 percent of residents in the Plan Area are Latino, and 63 percent speak a language other than English at home. Plan Area residents generally have lower income and educational attainment than the rest of the city, and over 40 percent of families live below the poverty line.

There is a great deal of variation by neighborhood, pointing to a diversity of places within the Plan Area, each with its unique characteristics and needs. For example, while the Jefferson neighborhood is primarily composed of large families, the Downtown is home to a much larger proportion of single person households.

There has been little new investment and private sector activity in the Plan Area. Due to the fact that the Plan Area contains older, established neighborhoods with historic homes, much of the housing stock in the Plan Area is aging. The residential vacancy rate is well above the city average. There has been little new development activity in the Plan Area.

There is a need for neighborhood retail services to serve existing residents. Many areas within the Plan Area do not have access to a full-service grocery store. There is significant "leakage" of retail spending from Plan Area residents who do most of their comparison goods shopping in other parts of the city. According to SE's retail market analysis presented in Section III of this report, there is potential

⁹ Ibid.

demand for additional grocery stores and restaurants in the Plan Area, particularly in the Southeast and Jane Addams neighborhoods.

City staff and community members should cultivate partnerships with anchor institutions and philanthropic organizations.

It is critical to bring foundations, local developers, major employers, and anchor institutions such as the Community Regional Medical Center, Fresno State University, Fresno Pacific University, and Fresno City College, to the table early in the formation of an implementation strategy, as these partners can help to create strong coalition for change.

Another important benefit of creating strong partnerships is the potential to leverage additional funding sources for implementation.

The city should target its investment to areas with stronger markets.

It is more cost-effective to target public investment in areas that have the best short term prospects for attracting private development and can therefore leverage market activity. For those neighborhoods with little market momentum, improvements to the built and social environment, working with local businesses and providing “place making” investments in targeted neighborhoods will generate stronger potential for attracting private market activity in the future.

Community building efforts are needed in order to create an environment of trust, accountability, and transparency. Community members perceived a conflict between the city’s policies and investments and the community’s needs and expressed desires. Many community members also believe there is a lack of transparency and accountability in the city’s decision-making processes and investment strategies. In order for the implementation of this Plan to succeed, the prioritization of investments should be made from the grass roots up. The city should promote healthy and informed participation from residents.

Greater coordination among city departments is key to successful implementation of the Plan.

Enhanced coordination among city departments and agencies is critical in order to ensure that the intervention and investment strategies achieve results.

II. DEMOGRAPHIC OVERVIEW

This section summarizes the demographic and housing characteristics of the Community Plan Area in order to establish a greater understanding of the community. In order to compile this information, Strategic Economics used various data sources including the 2006-2008 American Communities Survey, Claritas, and the 2008 Longitudinal Employer-Household Dynamics survey. Because the research relies on official government data sources, some populations, such as the transient residents living in motels and hotels particularly in the Jane Addams neighborhood, may be undercounted.

Generally, the households in the Plan Area are large, mainly composed of families, and tend to have much lower incomes and educational attainment than the rest of the city. 70 percent of households are Latino, and 63 percent speak a language other than English at home. The housing stock includes a significant number of historic and older homes. There has been little new development and the vacancy rate is above the city average. Most households in the Plan Area are renters.

However, it is important to note that there is a great deal of variation from neighborhood to neighborhood within the Plan Area in nearly all of the demographic and housing characteristics studied. For example, the percentage of Hispanic/Latino residents is 77 percent in the Southeast neighborhoods, compared to 56 percent in Jane Addams. In the Jefferson neighborhood, 21 percent of households are singles or non-families, compared to 67 percent in the Downtown, which contains two large senior housing developments, Masten Towers and Silvercrest. The percentage of families below poverty is 34 percent in Jane Addams and 67 percent in the Lowell neighborhood. Clearly, each of the neighborhoods faces unique conditions and requires different types of investments and interventions. The key findings of the research are summarized below.

Population and Households by Type

- In 2008, the estimated population of the Plan Area was over 70,000, comprising 15 percent of the city's total population.
- More than half of the Plan Area's population is in the Southeast neighborhood. The Southwest has the second biggest population with 13,000 residents. Downtown, Jane Addams, Lowell, and Jefferson neighborhoods are more comparable in size, with populations ranging from 4,700 to 5,300.
- There are more than 17,000 households in the Plan Area, approximately 75 percent of which are family households. Most of the neighborhoods within the Plan Area are predominantly composed of family households, with the exception of Downtown, where 67 percent are non-family households.
- About 57 percent of households in the Plan Area have children under 18. Jane Addams and Downtown have a much smaller share of households with children, at 49 percent and 23 percent, respectively.
- Households in the Plan Area are larger than the overall city and county, with an average size of 4.1 persons per household, compared to 3.0 and 3.1, respectively. The Downtown, which has fewer family households than other neighborhoods in the Plan Area, has a much smaller average household size of 1.9.

Table 1: Population and Households by Type in Plan Area, City of Fresno, and Fresno County, 2008

	Downtown Neighborhoods Community Plan Area	City of Fresno	Fresno County	California
Population	70,231	463,140	876,630	35,556,575
Households	17,008	152,350	279,029	12,177,852
% Households that are Families	75%	69%	72%	68%
Household Type				
Singles and other non-family households	25%	31%	28%	32%
Married couple family with children	31%	20%	24%	25%
Married couple family, no children	11%	23%	25%	24%
Other family	33%	25%	23%	19%
Share of Households with children	57%	56%	54%	50%
Average Household Size	4.13	3.04	3.14	2.92

Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Table 2: Population and Households by Type in Plan Area by Neighborhood

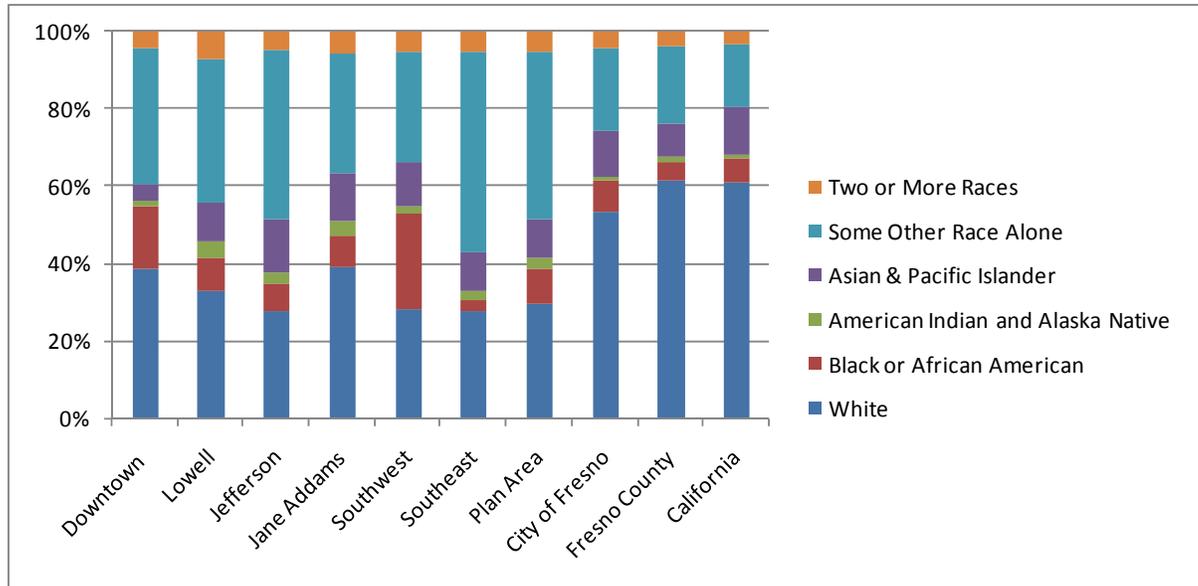
	Jefferson	Lowell	Jane Addams	Southeast	Southwest	Downtown
Population	4,741	4,628	4,970	37,267	13,329	5,296
Households	1,093	1,256	1,488	8,718	3,388	1,065
% Households that are Families	79%	67%	70%	82%	76%	33%
Household Type						
Singles and other non-family households	21%	33%	30%	18%	24%	67%
Married couple family with children	35%	26%	26%	37%	27%	7%
Married couple family, no children	9%	8%	15%	13%	9%	7%
Other family	35%	33%	29%	32%	40%	19%
Share of Households with children	65%	54%	49%	62%	58%	23%
Average Household Size	4.4	3.5	3.3	4.2	3.9	1.9

Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Ethnicity and Race

- There ethnic and racial composition of the Plan Area’s residents is very diverse, with a large number of White, Hispanic/Latino, Asian/Pacific-Islander, and African-American residents. Less than 30 percent of the Plan Area’s residents are White, compared to 52 percent in the city of Fresno and 61 percent in the county.

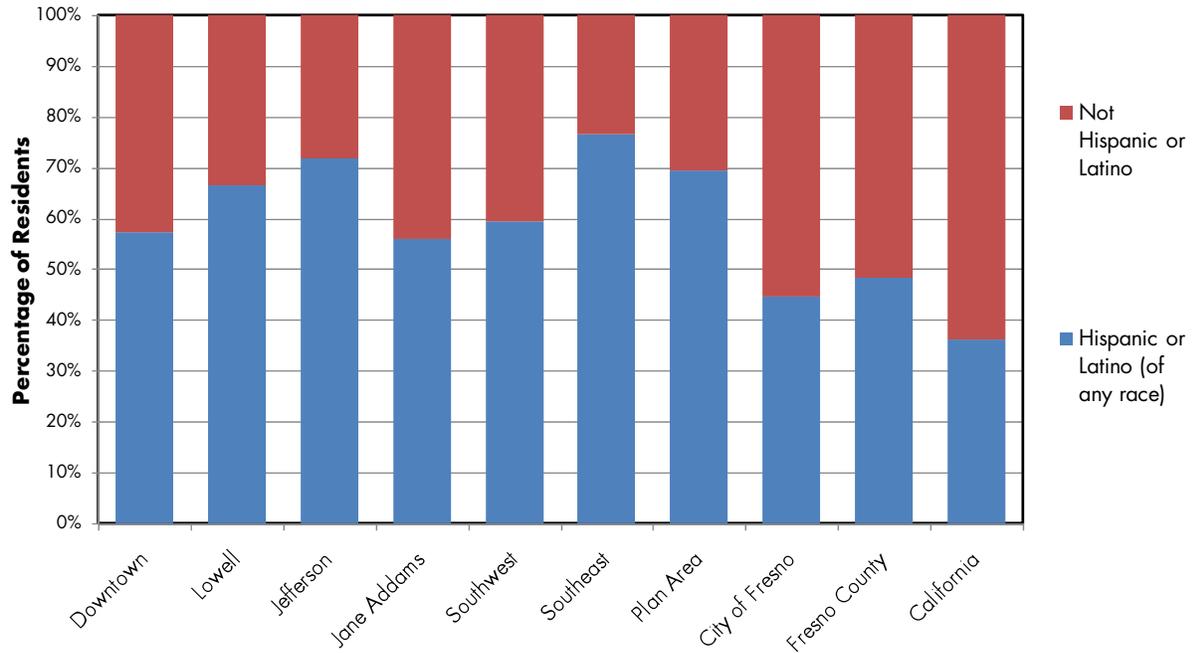
Graph 1: Ethnic and Racial Composition



Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

- The Plan Area holds a significant share of the city’s African-American, Native American, and Hispanic/Latino populations. While the Plan Area holds 15 percent of the overall city population, 32 percent of Native Americans, 17 percent of African-Americans, and 23 percent of Hispanic/Latinos in Fresno live within the Plan Area.
- Each of the neighborhoods has a different ethnic and racial mix. For example, the Southwest has a larger percentage of African-American residents (25 percent) than any of the other neighborhoods in the Plan Area.
- The Plan Area has a higher percentage of Latino residents (69 percent) compared to the city (45 percent). The neighborhoods with the highest percentage of Hispanic and Latino residents include the Jefferson, Southeast, and Lowell neighborhoods.

Figure 2: Percentage of Hispanic or Latino Residents



Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Table 3: Racial and Ethnic Populations by Sub-Area

	Downtown	Lowell	Jefferson	Jane Addams	Southwest	Southeast	Plan Area	City of Fresno	Plan Area's Share of City
Hispanic or Latino (any race)	3,038	3,078	3,403	2,774	7,903	28,518	48,714	210,442	23%
White	2,038	1,527	1,302	1,949	3,741	10,219	20,776	251,836	8%
Black or African American	866	385	346	393	3,288	1,169	6,447	37,539	17%
American Indian/ Alaska Native	82	214	136	180	245	856	1,713	5,284	32%
Asian & Pacific Islander	212	442	644	629	1,561	3,761	7,249	55,091	13%
Some Other Race Alone	1,883	1,724	2,084	1,542	3,807	19,235	30,275	103,103	29%
Two or More Races	215	335	229	278	687	2,026	3,770	19,326	20%
Total	5,296	4,627	4,741	4,971	13,329	37,266	70,230	472,179	15%

Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Table 4: Percentages of Population by Race/Ethnicity and Sub-Area

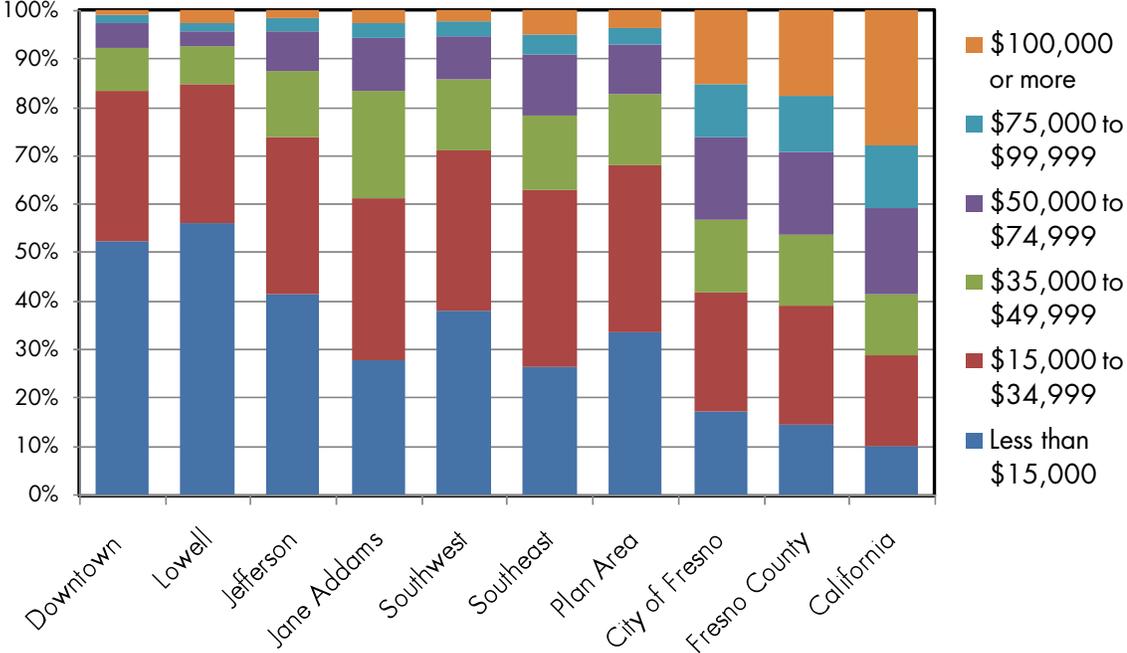
	Downtown	Lowell	Jefferson	Jane Addams	Southwest	Southeast	Plan Area	City of Fresno
Hispanic or Latino (any race)	57%	67%	72%	56%	59%	77%	69%	45%
White	38%	33%	27%	39%	28%	27%	30%	53%
Black or African American	16%	8%	7%	8%	25%	3%	9%	8%
American Indian/ Alaska Native	2%	5%	3%	4%	2%	2%	2%	1%
Asian & Pacific Islander	4%	10%	14%	13%	12%	10%	10%	12%
Some Other Race Alone	36%	37%	44%	31%	29%	52%	43%	22%
Two or More Races	4%	7%	5%	6%	5%	5%	5%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Income and poverty

- There is a small share of households in higher income brackets in the Plan Area relative to the city. Only 7 percent of the Plan Area’s households earn more than \$75,000, compared to 26 percent and 42 percent in the city and state, respectively.
- Median household incomes in each of the neighborhoods in the Plan Area range from \$13,000 to \$27,000. The Plan Area’s neighborhoods have significantly lower median household incomes than the city median of \$43,000. Lowell and Downtown have the lowest median incomes, while Southeast and Jane Addams have the highest median incomes in the Plan Area.
- One third of Plan Area households have incomes of below \$15,000, compared to 17 percent in the city and 10 percent in the State. In the Downtown and Lowell neighborhoods, more than half of households earn less than \$15,000 a year.

Figure 3: Household Income and Neighborhood



Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Table 5: Per Household Income Distribution

	Downtown	Lowell	Jefferson	Jane Addams	Southwest	Southeast	Plan Area	City of Fresno	Fresno County	California
Less than \$15,000	557	703	454	413	1,289	2,310	5,726	26,360	40,342	1,248,099
\$15,000 to \$24,999	196	223	202	270	596	1,815	3,302	19,892	35,520	1,141,560
\$25,000 to \$34,999	136	138	150	227	519	1,375	2,545	17,608	32,867	1,118,718
\$35,000 to \$49,999	94	95	150	331	495	1,331	2,496	22,748	40,765	1,541,545
\$50,000 to \$74,999	53	41	89	160	310	1,098	1,751	25,966	48,101	2,164,891
\$75,000 to \$99,999	18	22	30	46	98	352	566	16,236	32,216	1,568,948
\$100,000 to \$149,999	7	13	13	26	55	267	381	14,895	31,490	1,824,962
\$150,000 or more	5	20	6	14	26	170	241	8,645	17,728	1,569,129
Total	1,066	1,255	1,094	1,487	3,388	8,718	17,008	152,350	279,029	12,177,852
Median (2008 \$)	\$14,346	\$13,403	\$19,595	\$27,687	\$21,794	\$26,707	n/a	\$42,616	\$45,805	\$61,154

Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

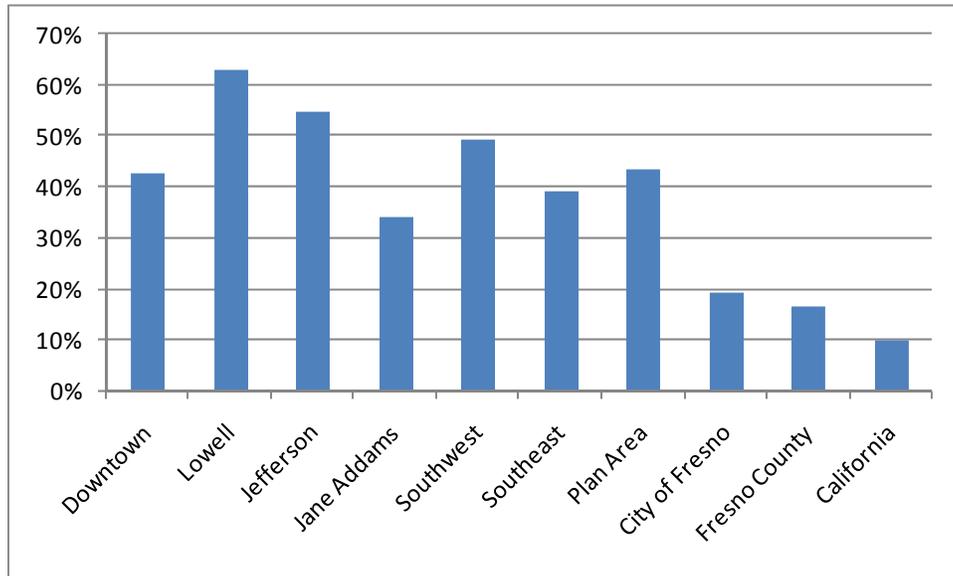
Table 6: Percentages of Household Income Distribution

	Downtown	Lowell	Jefferson	Jane Addams	Southwest	Southeast	Plan Area	City of Fresno	Fresno County	California
Less than \$15,000	52.3%	56.0%	41.5%	27.8%	38.0%	26.5%	33.7%	17.3%	14.5%	10.2%
\$15,000 to \$34,999	31.1%	28.8%	32.2%	33.4%	32.9%	36.6%	34.4%	24.6%	24.5%	18.6%
\$35,000 to \$49,999	8.8%	7.6%	13.7%	22.3%	14.6%	15.3%	14.7%	14.9%	14.6%	12.7%
\$50,000 to \$74,999	5.0%	3.3%	8.1%	10.8%	9.1%	12.6%	10.3%	17.0%	17.2%	17.8%
\$75,000 to \$99,999	1.7%	1.8%	2.7%	3.1%	2.9%	4.0%	3.3%	10.7%	11.5%	12.9%
\$100,000 or more	1.1%	2.6%	1.7%	2.7%	2.4%	5.0%	3.7%	15.5%	17.6%	27.9%
Percent of Families Below Poverty	43%	63%	55%	34%	49%	39%	43%	19%	17%	10%

Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

- The percentage of families living below the poverty line in the Plan Area is 43 percent. The share is even higher in the Lowell, Jefferson, and Southwest neighborhoods, where nearly half or more of families with children are living below poverty.

Figure 4: Percentage of Families Living Below Poverty Line

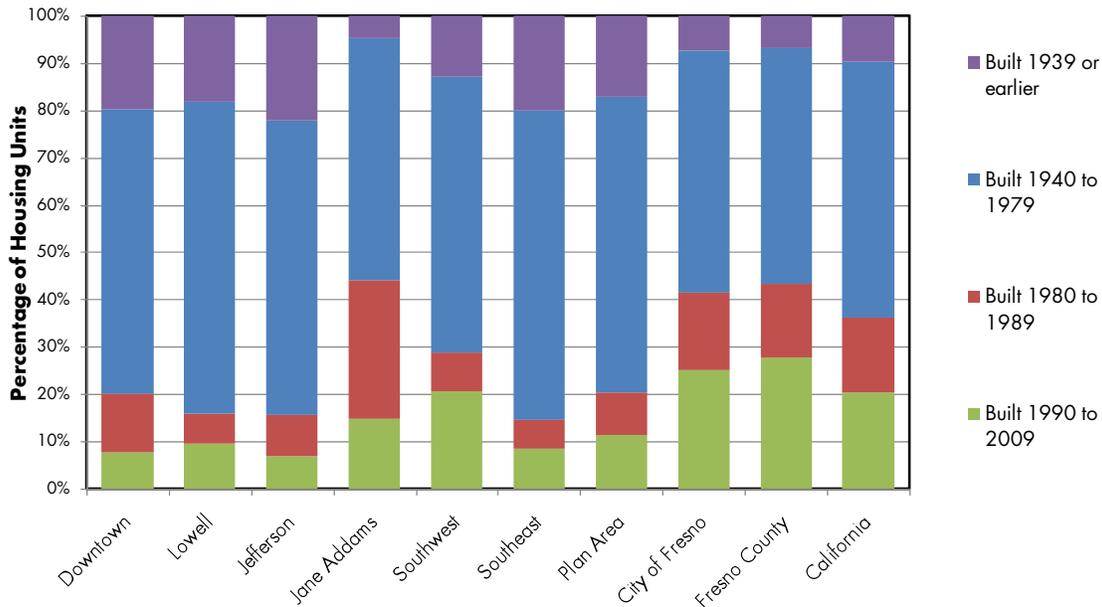


Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Housing stock and tenure

- The Plan Area’s housing is generally older than the greater city, with less than 20 percent of units built after 1980, compared to 40 percent in the city overall. The Lowell, Jefferson, and Southeast neighborhoods had the greatest share of units built before 1980.

Figure 5: Build Dates for Housing Stock by Area



Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

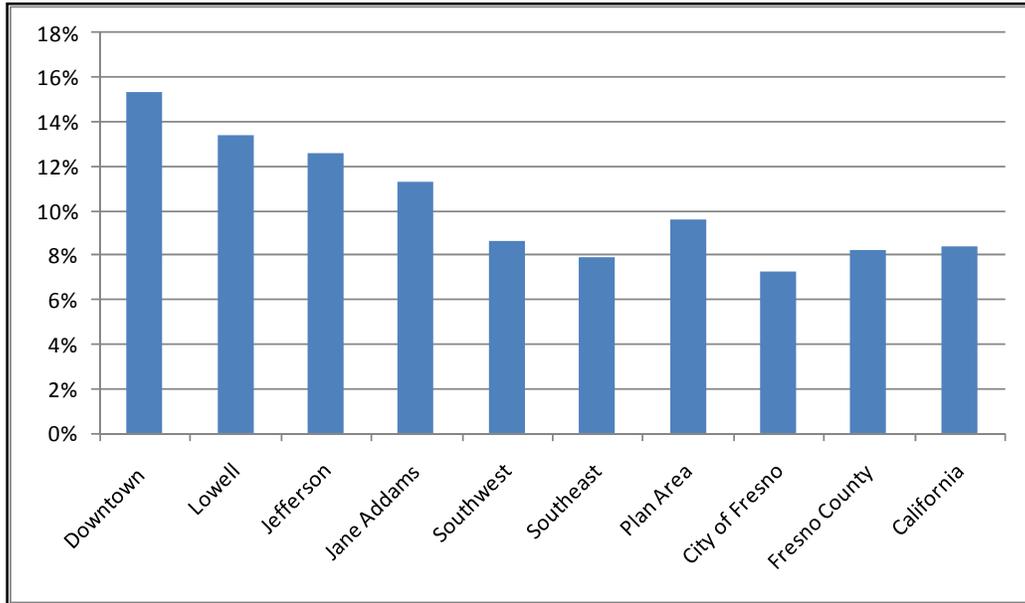
- The housing in the Plan Area is also characterized by high vacancy rates. Overall, 10 percent of units are vacant, well above the healthy vacancy rate of five percent. Vacancy rates are highest in the Downtown, Lowell and Jefferson neighborhoods, and lowest in the Southwest and Southeast neighborhoods.
- Overall, the Plan Area has an owner occupancy rate of 36 percent, compared to 49 percent in the city and 58 percent in the state. The lowest owner occupancy rates can be found in the Downtown and Lowell neighborhoods. Jane Addams and the Southeast neighborhoods have the highest owner occupancy rates of 46 and 44 percent, respectively.

Table 7: Housing Unit Age, Tenure, and Vacancy Status

	Downtown	Lowell	Jefferson	Jane Addams	Southwest	Southeast	Plan Area	City of Fresno	Fresno County	California
Total Housing Units	1,258	1,450	1,250	1,678	3,709	9,463	18,808	164,334	304,156	13,295,476
Occupied Units	1,065	1,256	1,093	1,488	3,388	8,718	17,008	152,350	279,029	12,177,852
Vacancy Rate	15%	13%	13%	11%	9%	8%	10%	7%	8%	8%
Owner-Occupied	97	151	205	685	1,121	3,814	6,073	73,978	152,525	7,038,202
Owner Occupancy Rate	9%	12%	19%	46%	33%	44%	36%	49%	55%	58%
Median Year Housing Built	1958	1959	1978	1956	1966	1969	n/a	1976	1977	1973

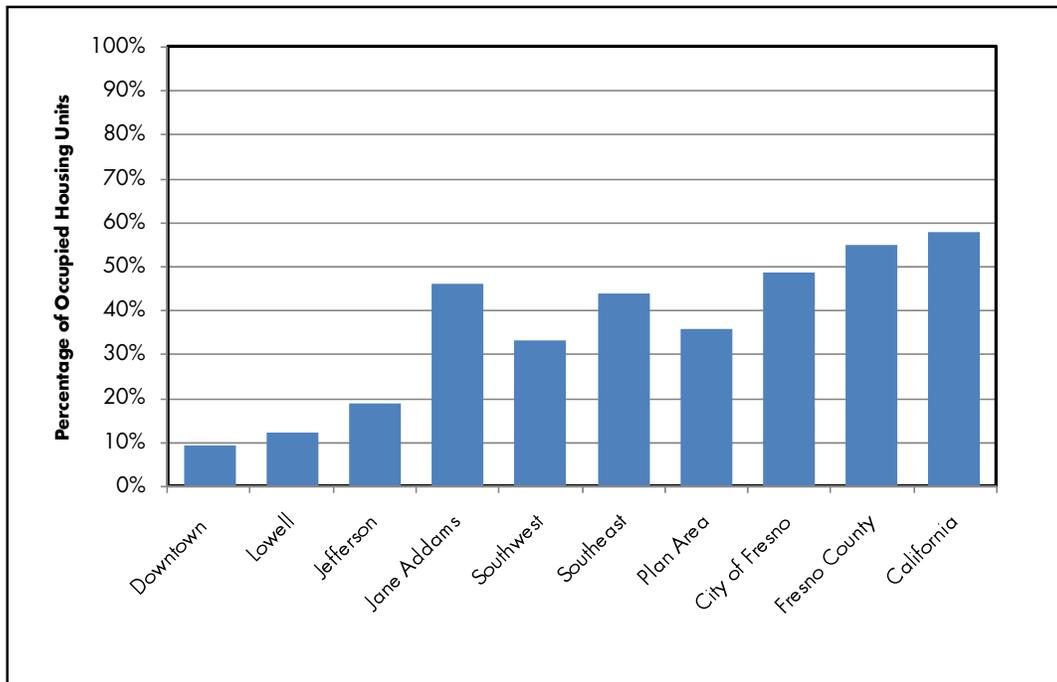
Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Figure 6: Percentage of Housing Unit Vacancy



Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Figure 7: Percentage of Occupied Housing Units



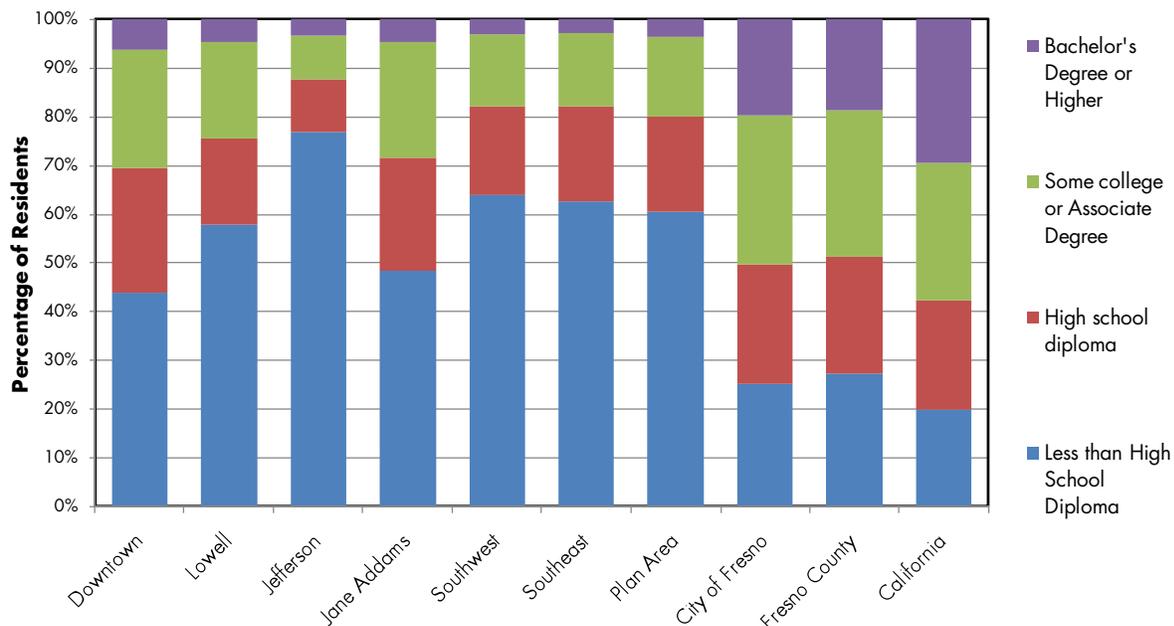
Sources: Claritas, Inc., 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

Workforce Skills

In addition to the analysis of demographic and housing characteristics described above, Strategic Economics also created a profile of the education levels of residents within the study areas, and then compared these education levels against the skill requirements for jobs in growing industries in the region. This data can be useful in determining the training that may be required to prepare residents for employment.

Plan Area residents have much lower levels of education than most residents of the city of Fresno, with nearly 60 percent of residents over 25 years old lacking a high school diploma or equivalent, compared to 25 percent of city residents.

Figure 8: Educational Attainment of Residents Age 25 and Older



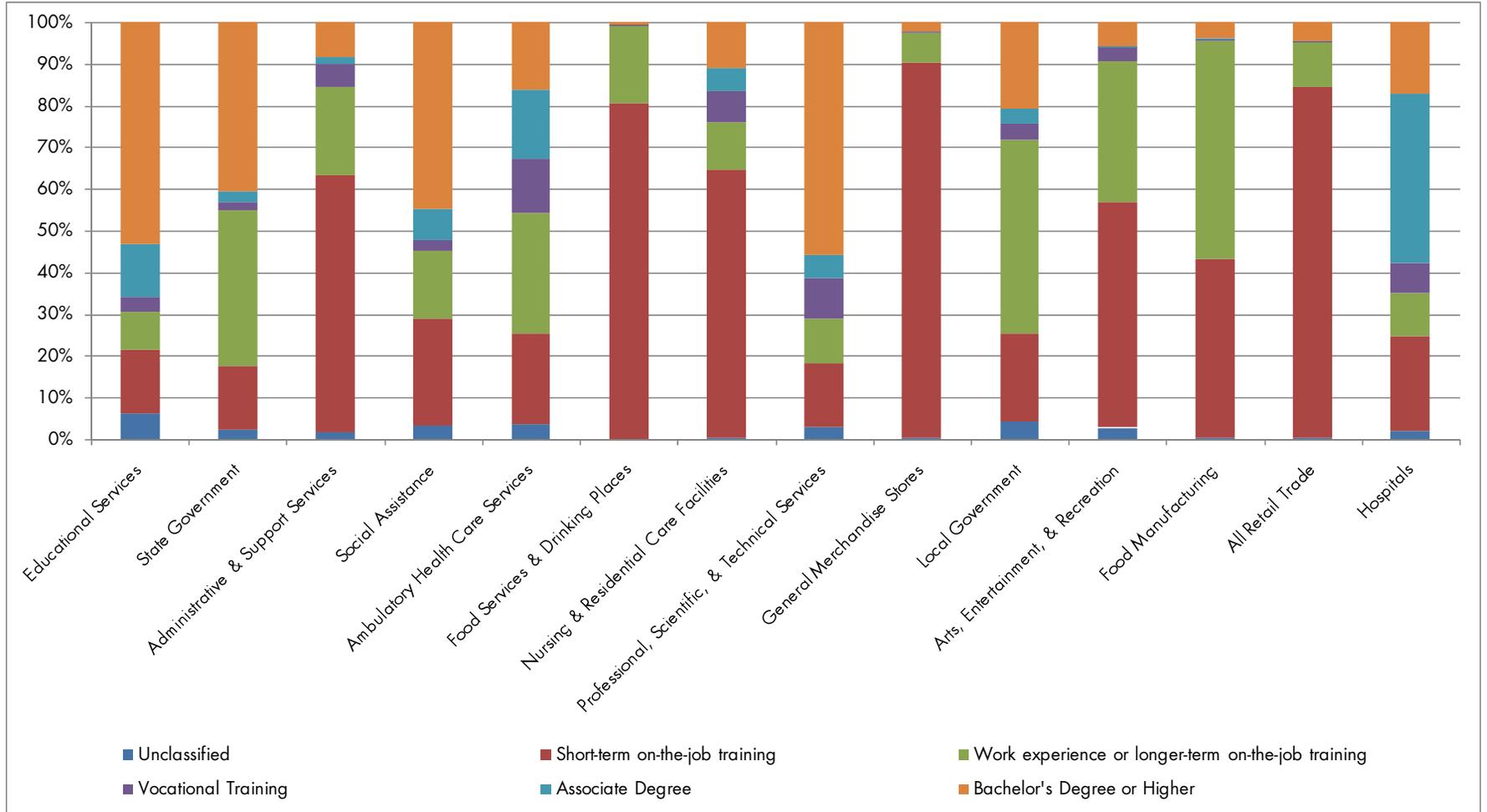
Source: US Census American Community Survey, 2006-2008; Claritas, 2008; Strategic Economics, 2010.

Jobs in certain industry sectors, such as Retail and Food Services, require mostly short-term on-the-job training, while others, such as Professional, Scientific, and Technical Services or Education Services, generally require a Bachelor's Degree or more. Figure 9 shows the educational levels required for each of the high-growth industries in Fresno County. For example, it is estimated that over 50 percent of occupations in Educational Services require a bachelor's degree or higher, compared to 20 percent of occupations working in Hospitals and less than 5 percent of occupations in Food Manufacturing.

The relatively low skill and educational levels of the Plan Area's population have implications for the types jobs that can be attained without additional education and training. The matrix shown on Table 8 illustrates the skill levels required for target industry jobs on the y-axis, and the average annual wages on the x-axis. As shown, the low-skill jobs are in sectors like Food Manufacturing and Retail, while high-skill jobs include Professional, Technical, and Scientific Services and Hospitals. Given the educational attainment levels of adults in the Plan Area, this suggests that there are positions in n growing sectors like Retail that could fit the low skill levels of the workforce. However, there will be a need to link adults to

educational institutions and training programs in order to prepare them for higher skill jobs in other growing industry sectors like Professional, Scientific, and Technical Services.

Figure 9: Relative Education/Skill Requirements and Fresno Wages for Target Industries



Source: California Employment Development Department, 2009; Strategic Economics, 2010

Table 8: Relative Education/Skill Requirements and Fresno Wages for Fast-Growing Industries in Fresno County

Education and Skill Requirements	High		State Government Educational Services Social Assistance	Professional, Scientific, & Tech Svcs Hospitals
	Medium	Nursing & Residential Care Facilities	Ambulatory Health Care Services Local Government	
	Low	Food Manufacturing All Retail Trade General Merchandise Stores Food Services & Drinking Places	Administrative & Support Services Arts, Entertainment, & Recreation	
		Low (Less than \$35,000 annually)	Medium (\$35,000 to \$50,000 annually)	High (\$50,000+ annually)
Average Annual Wage				

Source: California Employment Development Department, 2006; Strategic Economics, 2010

III. NEIGHBORHOOD RETAIL ANALYSIS

This section summarizes the analysis of the existing supply of retail in the Plan Area, including a more detailed evaluation of the existing supply of grocery stores. It also summarizes the analysis of buying power for the Plan Area neighborhoods. The buying power analysis determined the extent to which demand for retail was being “captured” within the neighborhoods, or “leaked” to other areas. The intent of the analysis is to show the type of evaluation that a private retailer or developer might conduct when making the decision to develop new retail in the Plan Area.

Methodology

A buying power analysis is a quantitative tool that provides insight into the market for new retail development by using local household spending to estimate current retail demand. This section describes the methodology for the buying power analysis conducted for the Plan Area.

First, annual retail demand generated by households in the Plan Area was derived from the consumer expenditure survey. Then, using current population figures, retail demand was estimated by retail category. The analysis estimated current demand for the following categories of retail:

- Grocery Stores
- Neighborhood Serving / Daily Needs (other than grocery)
- Eating and Drinking Establishments
- Regional/Comparison Goods

Next, a capture rate was assigned to approximate the share of total expenditures that would likely occur within the Plan Area if a desirable range of consumer choices were present. Capture rates vary significantly by retail category. Finally, in order to translate demand into actual supportable square feet of retail space, annual expenditures are divided by typical annual sales per square foot for each retail category.

In addition the total retail demand generated by residents is compared to actual retail sales in order to estimate the share of residential retail demand that is being “captured” within the Plan Area. The supply of full-service grocery stores that serve residents of the Plan Area (with half-mile trade areas for each full-service grocery store) is mapped on the following page to show the retail context for potential new grocery store development.

This section describes the assumptions and retail categories used in this analysis.

Market Trade Area

This analysis primarily focuses on neighborhood-serving retail and is not intended to measure regional demand. It therefore assumes that any new retail development in the Plan Area would serve the existing residents of the Plan Area. Therefore, the market trade area for this analysis is the Plan Area (see map). Demand generated outside of the Plan Area is not included in this analysis.

Retail Categories

The retail categories in this analysis are based on the categories reported in the Consumer Expenditure Survey and data from the State Board of Equalization. The retail categories examined in this analysis are as follows:

- Grocery Stores: consisting of food at home and housekeeping supplies.
- Neighborhood Serving / Daily Needs (other than grocery): consisting of personal care products and services, medical supplies and drugs, alcohol, and tobacco.
- Restaurants: consisting of food purchased and eaten in restaurants, hotels and bars.
- Regional Serving / Comparison Goods: consisting of apparel, entertainment, household furnishings and equipment, and reading.

Sales per Square Foot Estimates

This analysis utilizes industry standard sales estimates to determine retail demand by square footage within the identified categories. A conservative sales rate per square foot was used for each category in an attempt to accurately estimate unmet demand for retail space within the Plan Area. A sales rate of \$400 per square foot was used for grocery stores and restaurants while a sales rate of \$300 per square foot was used for Neighborhood Serving/Daily Needs and Regional Serving/Comparison Goods.

Local Spending Capture Rate

A capture rate represents the share of a household's total retail expenditures likely to be spent within a specific geography. In this case, the capture rate is used to illustrate the demand in each retail category that is likely to be "captured" within the Plan Area. The analysis considered a capture rate, or the percent of residents' spending within the boundaries of the Plan Area, of 60 percent for grocery stores and neighborhood serving / daily needs retail. This capture rate assumes that six out of every ten dollars residents of the Plan Area spend on groceries and other convenience items are spent within the Plan Area. This capture rate is relatively conservative reflecting the small study area and availability of other grocery shopping and restaurant options outside of the study area. A capture rate of 20 percent was considered for comparison goods to reflect the proximity to regional retail destinations outside the Plan Area. The analysis considered a capture rate of 50 percent for restaurants within the Plan Area.

Existing Supply and Demand for Retail

Table 9 shows existing retail sales for the city of Fresno and for the Plan Area compared to the city.¹⁰ The Plan Area generated total retail sales of approximately \$675 million, accounting for about 11 percent of citywide retail sales.

The Plan Area captures a larger share of sales in selected categories such as neighborhood-serving retail, restaurants, and other retail. The Plan Area accounts for a higher share of number of stores than for total sales in comparison to the rest of Fresno. This is particularly notable for the grocery, restaurants, and regional serving / comparison goods categories. This indicates the presence of smaller stores with lower sales per store within the Plan Area relative to the rest of the city. This could also indicate that higher quality, higher cost items are not as available within the Plan Area as they are in other parts of Fresno.

¹⁰ The analysis considered total existing sales for the downtown triangle, consisting of the Cultural Arts District, Civic Center, Chinatown, Central Business District and South Stadium, as a unit due to confidentiality of sales data. For the sales capture and leakage and supportable retail analysis, the individual neighborhoods can be presented without compromising confidential sales data.

Table 9: Existing Sales by Plan Area Neighborhood, 2008

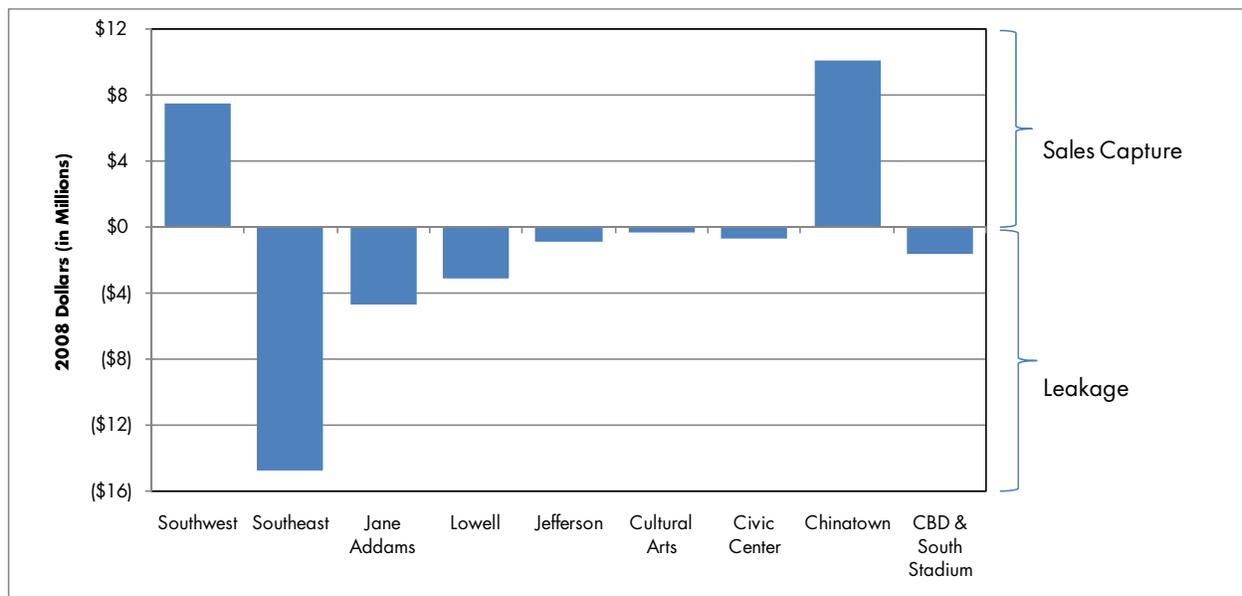
Retail Category	City of Fresno Sales	Plan Area Sales	Plan Area Share of City Sales	City of Fresno Stores	Plan Area Stores	Plan Area Share of City Stores
Neighborhood Serving	\$ 749,919,600	\$ 110,119,802	14.7%	2,881	410	14.2%
Grocery Stores	\$ 618,638,000	\$ 43,206,170	7.0%	624	112	17.9%
Restaurants	\$ 429,622,000	\$ 62,772,246	14.6%	1,710	351	20.5%
Regional Serving/Comparison	\$ 1,434,133,800	\$ 116,307,723	8.1%	5,523	891	16.1%
Other	\$ 1,483,358,300	\$ 227,137,928	15.3%	4,623	897	19.4%
Automotive	\$ 1,327,568,937	\$ 115,504,884	8.7%	1,341	350	26.1%
Total	\$ 6,043,240,637	\$ 675,048,753	11.2%	16,702	3,011	18.0%

Source: California Board of Equalization, 2008

Grocery Demand and Sales

The analysis estimates that residents of the Plan Area have total demand of \$51 million for groceries, and existing sales in the grocery and food stores in Plan Area was about \$43 million in 2008, which indicates that residents went outside of the Plan Area to purchase groceries.¹¹ The graph below summarizes the capture and leakage analysis for grocery stores by neighborhood. The bars above the horizontal axis indicate that a neighborhood is capturing grocery sales in excess of local demand for that neighborhood. The bars below the horizontal axis indicate that a neighborhood is leaking grocery sales or that there is *unmet local demand* for groceries in that neighborhood. As shown in the figure, only the Southwest and Chinatown neighborhoods had overall capture of grocery sales. There was unmet demand (leakage) for groceries in all of the other neighborhoods, most notably in Southeast, Jane Addams, and Lowell.

Figure 10: Grocery Sales Capture and Leakage, By Neighborhood, 2008



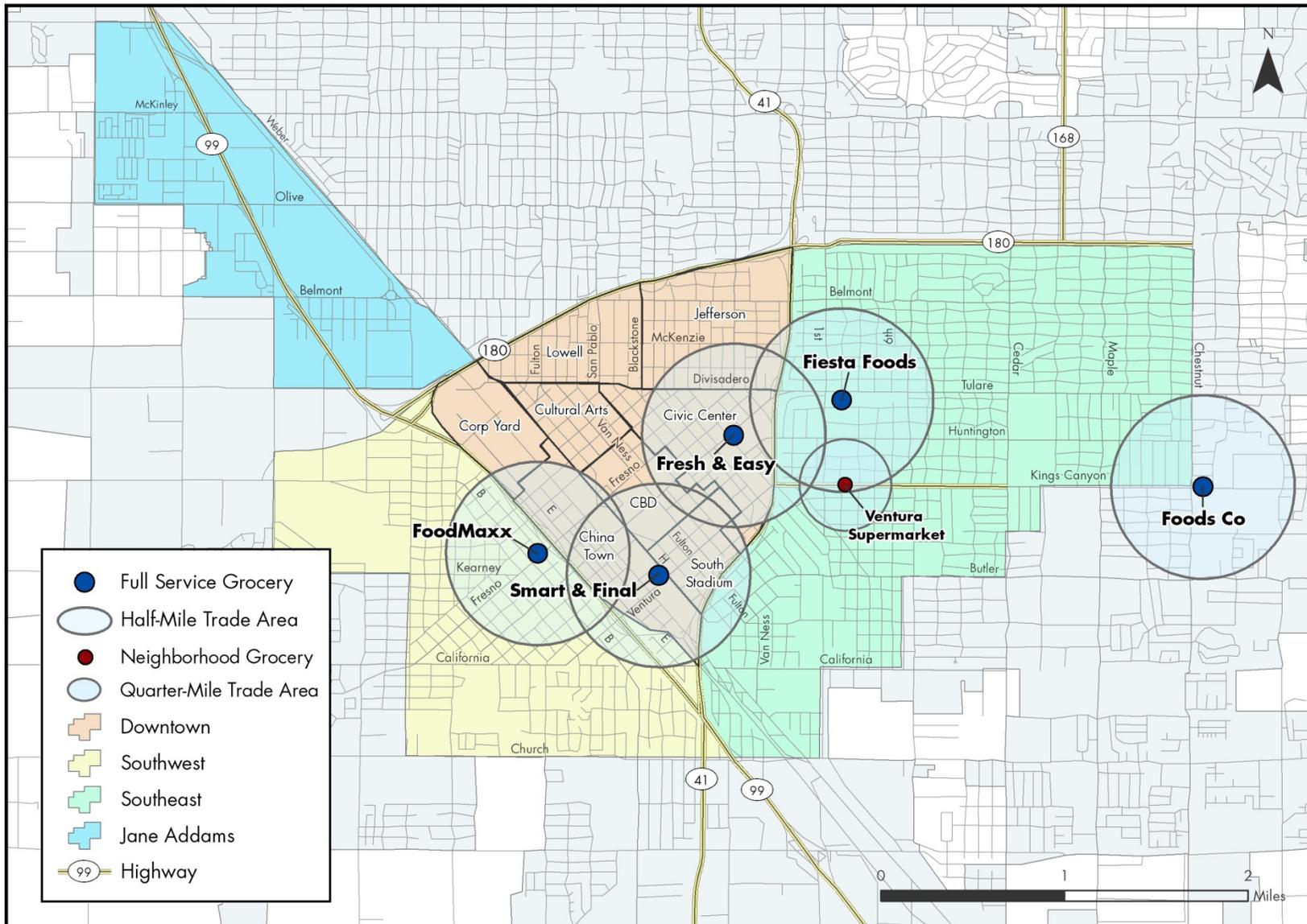
Sources: Bureau of Labor Statistics Consumer Expenditure Survey; Strategic Economics, 2010.

Since 2008 a new Fresh and Easy has opened up within the Civic Center area, but sales data was not available as of the writing of this report. Figure 2 maps the locations of existing full-service groceries, providing further details on areas that may have unmet demand for groceries.¹² The map shows that even with the new Fresh and Easy, large areas of the Plan Area, including all of the Jane Addams and Lowell neighborhoods, and large areas of the Jefferson, Lowell, Southeast, and Southwest neighborhoods, do not have good access to a full-service grocery store.

¹¹ The analysis for grocery demand excluded alcohol; however available sales data includes food and alcohol combined. This means that estimates of unmet demand for groceries are conservative.

¹² For the purposes of this analysis, the definition of full-service grocery is a store selling a variety of fruits, vegetables, fresh meats, dairy products, and grains and breads, based on a previous analysis conducted by Social Compact. This definition does not include small neighborhood markets, such as Asia Supermarket in Southwest Fresno that have a more limited and specialized inventory of goods.

Figure 11: Locations and Trade Areas of Full-Service Grocery Stores Located in the Plan Area

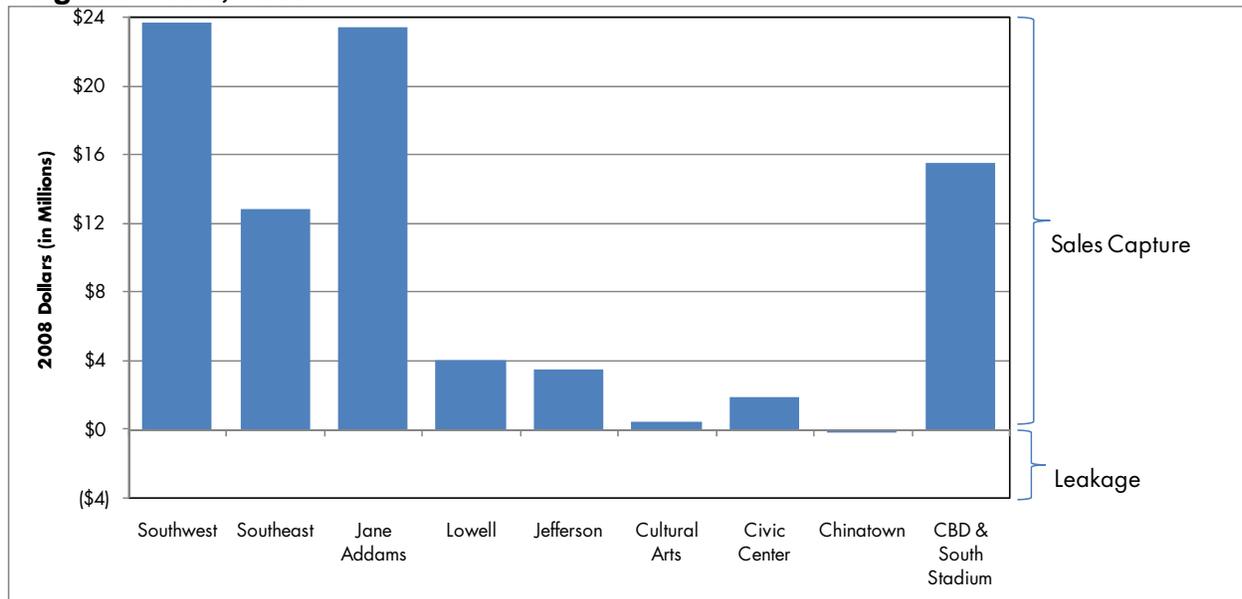


Source: Social Compact, 2010; California State Board of Equalization, 2009; Strategic Economics, 2010; ESRI; US Census.

Neighborhood Serving / Daily Needs Demand and Sales

The analysis of demand for neighborhood serving retail included personal care products and services; medical supplies and drugs; alcohol; and tobacco. The analysis estimated that spending on neighborhood serving retail in the Plan Area was over \$110 million annually, while local demand was less than \$25 million in this category. The sales capture and leakage analysis suggests that there is not unmet demand for neighborhood serving retail in the Plan Area at this time and in fact the Plan Area are capturing significant sales in this category. Figure 12 summarizes the capture and leakage analysis for neighborhood serving retail by neighborhood.

Figure 12: Neighborhood Serving / Daily Needs Sales Capture and Leakage, By Neighborhood, 2008

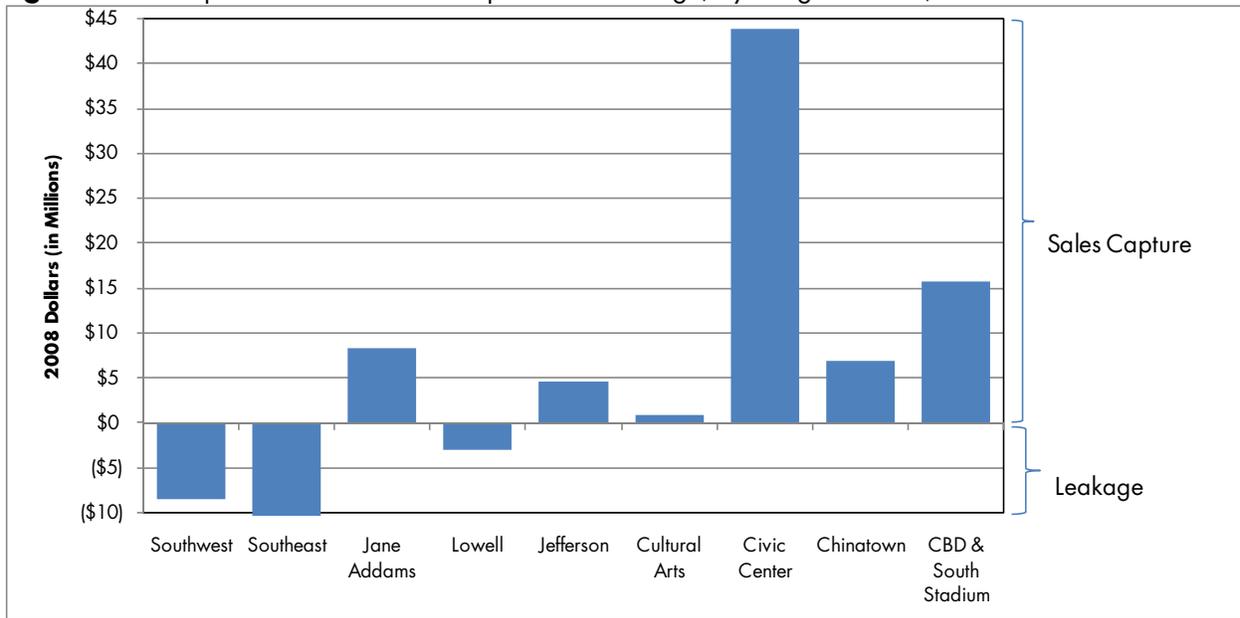


Sources: Bureau of Labor Statistics Consumer Expenditure Survey; Strategic Economics, 2010.

Comparison Goods Demand and Sales

The analysis of demand for comparison goods included: apparel and services, household furnishings, reading, and entertainment. The analysis estimated that spending in the Plan Area was over \$116 million on comparison goods annually while local demand was almost \$62 million in this category. The sales capture and leakage analysis suggests that overall, there is no significant unmet demand for comparison goods, except for some neighborhoods (Southeast, Southwest, and Lowell). Figure 13 summarizes the buying power analysis for comparison goods / regional retail by neighborhood.

Figure 13: Comparison Goods Sales Capture and Leakage, By Neighborhood, 2008

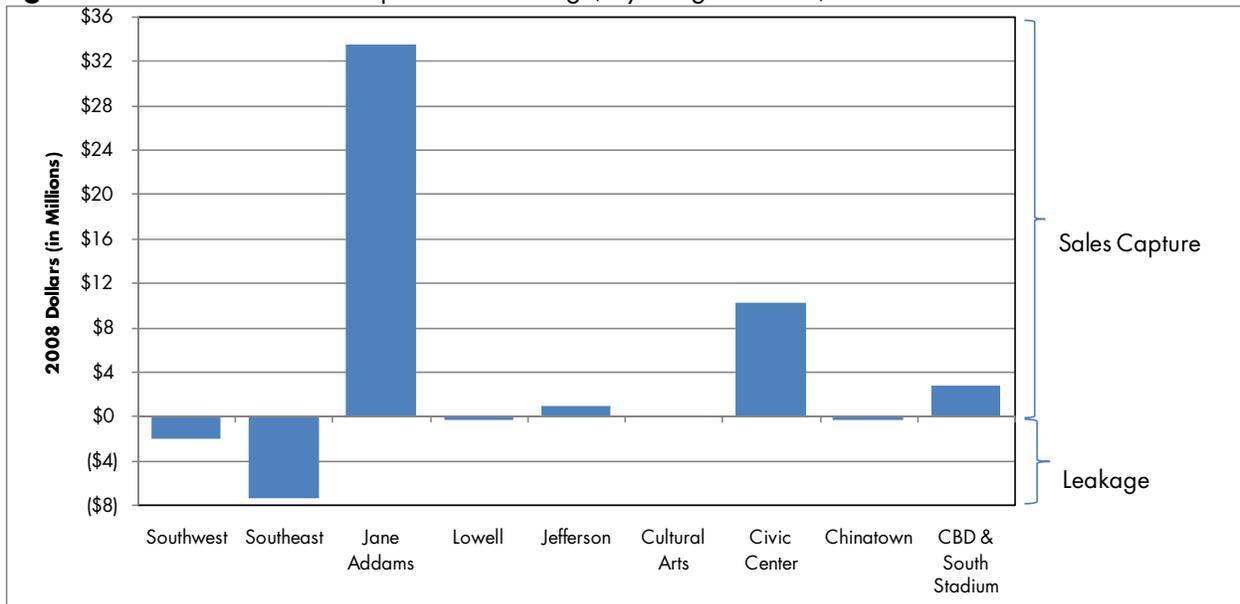


Sources: Bureau of Labor Statistics Consumer Expenditure Survey; Strategic Economics, 2010.

Restaurant Demand and Sales

The analysis of demand for restaurants included quick service restaurants in addition to local and chain restaurants. The analysis estimates that residents of the Plan Area have total demand of more than \$24 million for food from restaurants and that spending in the Plan Area was almost \$63 million with the majority of that spending in the Jane Addams neighborhood. (Much of the existing restaurant spending in Jane Addams is likely to be highway-serving along the Highway 99 corridor.) Figure 14 summarizes the capture and leakage analysis for restaurants by neighborhood.

Figure 14: Restaurant Sales Capture and Leakage, By Neighborhood, 2008



Sources: Bureau of Labor Statistics Consumer Expenditure Survey; Strategic Economics, 2010.

Supportable Retail Analysis

This analysis estimated the amount of new retail space that could be supported by existing unmet demand for each of the retail categories. As shown in the figures above, the analysis indicated very little unmet demand for the neighborhood serving / daily and regional serving / comparison goods categories. Therefore this analysis only estimates new supportable retail for the grocery and restaurant categories. Table 10 summarizes the amount of new retail space that could be supported by existing unmet demand in grocery stores and restaurants.

The analysis suggests demand for an additional 22,000 square feet of grocery store space in Southeast and almost 7,000 square feet of grocery store space in Jane Addams. The median square footage for a typical neighborhood serving full-service grocery store is 44,000. However, the size of a grocery store can range from the smaller formats such as Fresh and Easy (about 15,000 square feet) to large, suburban stores (up to 60,000 square feet.) Based on existing store sizes in the Fresno market, the demand is equivalent to a traditional format full-service grocery store. Although the Fresh and Easy market has recently opened in the Plan Area, it is well beyond walking distance from the Jane Addams neighborhood and most of the Southeast neighborhood, and would only capture a small portion of the unmet demand.

The retail analysis further suggests additional demand for restaurants of almost 2,500 square feet in Southwest and 9,000 square feet in Southeast. This translates into demand for about one new restaurant in Southwest and three to four new restaurants in Southeast, assuming a typical restaurant size of 2,500 square feet. It is important to note that these estimates of demand are based on the buying power of existing residents in those neighborhoods from a market perspective. There are other grocery stores that are adjacent to the Plan Area (and potentially within a pedestrian shed of portions of the neighborhoods) that may also capture some of the unmet demand for retail and grocery, such as the Savemart and Walmart stores nearby.

Summary

While this analysis may not show clear unmet demand for additional retail in some categories and neighborhoods, the quality of existing retail was not evaluated and may not adequately meet the demand of residents. For example, the inclusion of additional merchandise within existing stores may be one way to amplify the supply to better align with the demand from residents. Additionally, some of the unmet demand for restaurants could also be fulfilled by extending the hours of existing businesses to accommodate demand for evening dining. Within the Plan Area there are many areas that do not have access to full-service grocery stores. Also, it is important to note that this analysis only considered demand from residents of the Plan Area and did not measure potential demand from other areas of Fresno. Because of the central location and proximity to employment, there is likely potential to capture sales from residents living outside of the Plan Area, which would add to the square footage of potential new retail space. Although there is market demand for certain types of retail in the Plan Area, there may be some barriers to the development of this retail space, including availability of appropriate sites.

Table 10: Restaurant Sales Capture and Leakage, By Neighborhood, 2008

Neighborhood	Grocery Stores				Restaurants			
	Unmet Demand	Sales/sf	Capture Rate	Supportable Retail Space	Unmet Demand	Sales/sf	Capture Rate	Supportable Retail Space
Southwest	(\$7,561,545)	\$400	60%	(11,342)	\$1,968,422	\$400	50%	2,461
Southeast	\$14,716,131	\$400	60%	22,074	\$7,280,798	\$400	50%	9,101
Jane Addams	\$4,607,564	\$400	60%	6,911	(\$33,587,315)	\$400	50%	(41,984)
Lowell	\$3,081,420	\$400	60%	4,622	\$270,787	\$400	50%	338
Jefferson	\$871,791	\$400	60%	1,308	(\$1,078,709)	\$400	50%	(1,348)
Cultural Arts	\$239,643	\$400	60%	359	(\$212,120)	\$400	50%	(265)
Civic Center	\$619,800	\$400	60%	930	(\$10,324,600)	\$400	50%	(12,906)
Chinatown	(\$10,099,576)	\$400	60%	(15,149)	\$175,924	\$400	50%	220
CBD & South Stadium	\$1,598,203	\$400	60%	2,397	(\$2,814,830)	\$400	50%	(3,519)
Total Study Area	\$8,073,432			12,110	(\$38,321,644)			(47,902)

Source: Bureau of Labor Statistics Consumer Expenditures Survey; California Board of Equalization, 2008; Strategic Economics, 2010.

IV. ECONOMIC DEVELOPMENT SUMMIT

As demonstrated in Section II and Section III of this report, the Plan Area includes many distressed neighborhoods of concentrated poverty, with limited market momentum for the private sector to drive revitalization. The city of Fresno and Strategic Economics worked together to organize a two-day Economic Development Summit, an event bringing in national experts in the area of community development to work with the community to identify the opportunities and challenges faced by these neighborhoods, and draw from best practices in various areas of the country to begin crafting strategies that have a demonstrated impact on improving the quality of life in low-income neighborhoods. Nearly 200 local residents, business owners, property owners, and other community stakeholders attended the event held on September 13 and 14, 2010. Panelists represented community development financial institutions (CDFIs), foundations, developers, and nonprofits. In this section, SE summarizes the major themes that emerged based on the presentations from panelists and facilitated discussions.

The City and Community Members Should Cultivate Partnerships with Local Leaders and Anchor Institutions

Perhaps the most oft-repeated theme was that of the importance of partnerships and anchor institutions in creating change in distressed communities. It is critical to bring foundations, local developers, major employers, and anchor institutions such as the Community Regional Medical Center, Fresno State, and Fresno City College, to the table early in the process to forge new partnerships. Developing these partnerships can help to bring various resources together, leveraging investments beyond city contributions to individual development projects. Furthermore, the engagement of influential partners can help to create more buy-in from the greater community. As the community and city proceed with implementation of the Downtown Neighborhoods Community Plan it will be critical to identify and involve influential and effective partners in the community revitalization process.

Another important benefit of creating strong partnerships is the potential to leverage funding. For example, partnerships with foundations can expand the funding universe and meet multiple policy goals. For example, because sidewalks have the potential to increase walking and therefore decrease obesity, public health monies targeted to obesity programs may be accessed for new sidewalks in the downtown neighborhoods.

The City Should Target Investment to More Effectively Leverage the Market

Targeting investments where they will have the most impact was a major theme of the Summit. Several panelists emphasized that in order to support and promote the revitalization of the downtown neighborhoods, the city should apply its resources strategically, as they become available and as market opportunities arise.

In making strategic investments, it will be more cost-effective to prioritize areas that have the best short term prospects for attracting private development and therefore leverage market activity. These places are more likely to respond to public and private investments. For those neighborhoods with little market momentum, improvements to the built and social environment, working with local businesses and providing “place making” investments in targeted neighborhoods will generate stronger potential for attracting private market activity in the future. For example, many of the neighborhoods in the Plan Area require significant upgrades in basic infrastructure such as sewer and water systems in order to make any future development possible.

There is a Need to Place More Emphasis on Human Capital Investments

Community members perceived a conflict between the city’s policies and investments and the community’s needs and expressed desires. Many community members cited a lack of transparency and

accountability in the city's decision-making processes. Community members believed that the issues that were critical to the quality of life of existing residents, including job training and code enforcement, were not being sufficiently prioritized by city staff and elected leaders.

There was extensive discussion of the benefits of investing in existing neighborhoods, as the residents and businesses represent consumers, taxpayers, and workers that contribute revenues to the city. This recognition of the value of residents and businesses should result in a process where the community guides the process of community revitalization. In order for such a community-led process to occur and succeed, panelists and participants identified the need for more capacity building to enable healthy and informed participation. It was noted that there should be a process of educating the community on their rights and roles in neighborhood planning.

Greater Coordination among City Departments is Key to Successful Implementation of the Plan.

Perhaps the most critical action for redevelopment and revitalization to occur is to enhance cooperation among City departments and agencies to ensure that the interventions are coordinated to achieve greater efficiency and outcomes. For example, the various departments should continue efforts to coordinate their efforts in selected sub-areas to ensure that the investments in new projects are mutually reinforcing.