

# **Little Saigon & Chinatown/International District, Impacts on Local Businesses from Proposed Land Use/Zoning Changes and Dearborn Street Mixed-Use Shopping Center**

**DRAFT**  
**Phase III Summary: Economic Development Strategies**

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# I. OVERVIEW AND SUMMARY OF RECOMMENDATIONS

## Overview

This report summarizes the results of phase 3 of a three-part study to assess economic impacts to Little Saigon and Chinatown/International District from two specific forces: a) potential zoning changes to both areas, currently under consideration by the City of Seattle, and b) the Dearborn Street Project, a proposed shopping center and 550-unit housing development project at the existing Goodwill site on South Dearborn Street. Strategic Economics and Trang D. Tu Consulting are conducting this study for the City of Seattle's Department of Planning and Development (DPD) as part of DPD's Livable South Downtown study.

Phase 1 included quantitative and qualitative analyses of existing retail conditions in the business districts of Chinatown/International District and Little Saigon. A summary of findings from phase 1 is detailed in a separate report.

Phase 2 included identification and assessment of the potential impacts to both business districts from the proposed zoning changes and development project. A summary of findings from phase 2 is detailed in a separate report.

Phase 3, which is the subject of this report, focused on formulation of targeted economic development strategies based on the findings from phases 1 and 2. Recommendations include both regulatory and incentive-based strategies intended to reduce the potential adverse impacts of future changes, including the two specific sources of impact analyzed in this study, and to strengthen the business districts in Little Saigon and Chinatown/International District.

## Summary of Recommendations

Below are key findings and recommendations from phase 3.

The overarching objective of the recommended strategies and tools is to:

- Support vitalization and revitalization of commercial districts in Little Saigon and Chinatown/International District (C/ID).

Desired Outcomes:

1. Balance goals to a) accommodate future residential and job growth, and b) preserve cultural and commercial vitality
  2. Build a thriving neighborhood with diverse community-supporting land uses and activities
  3. Help small businesses, especially those that are refugee- and immigrant-owned, to grow and prosper in the mainstream economy as future opportunities arise
- A primary goal for Chinatown/International District is to: channel prospective future growth to support cultural identity of the district and strengthen existing businesses.
  - A primary goal for Little Saigon is to: establish community vision and strengthen community capacity to forge a desired future.

## **Assets, Challenges and Opportunities**

### **International District**

#### Assets

- Intensive and extensive business district.
- Regional and national reputation.
- Walkable streets and historic architecture enhance pedestrian walking experience.
- Community has built strong cultural institutions and community-based organizations over time.
- Proximity to downtown and other regional and tourist draws.
- Long-standing tenure of many businesses helps retain cultural character.

#### Challenges

- Declining retail revenues.
- Rise of other API business concentrations in outlying areas.
- Lack of pedestrian and visual connectivity to adjacent neighborhoods.
- Lack of significant local residential customer base.

#### Opportunities

- Nascent residential development market
- Proposed changes in allowable zoning height
- Surface parking lots decrease walkability of neighborhood

### **Little Saigon**

#### Assets

- Proximity to downtown and other regional and tourist draws.
- Regional cultural and commercial center for Vietnamese-American community.
- Growing retail revenue trends.

#### Challenges

- Neighborhood infrastructure.
- Competition from other Vietnamese business districts in outlying areas.
- Potential for chain retailers to locate in the heart of the neighborhood and/or new development to displace existing businesses.
- Lack of residential base within district.
- Nascent capacity of community-based organizations.

#### Opportunities

- Opportunity to build business and community capacity.
- Potential to leverage future developments for business support, neighborhood improvements, and potential customer base.
- Strategic marketing to regional customer base.

### **Strategies and Tools**

The paragraphs below outline a range of recommended strategies and tools to support economic development and preservation in Chinatown/International District and Little Saigon. While the menu of strategies encompasses a wide range of public, private, and community-

based activities, the following are the most critical, high-impact tasks that must be accomplished in order to enable other strategies to be implemented:

1. City leadership and commitment to the needs and opportunities in this area by:
  - a. Providing dedicated staff (in-kind or financial) to lead coordination of multiple public and private projects in the area with an aim toward leverage for community benefit
  - b. Providing financial resources to support implementation of key strategies that require new or expanded levels of effort
2. Community leadership in implementing key strategies by:
  - a. Working in partnership with City of Seattle and other key institutions as well as private sector partners to accomplish community goals
  - b. Leading efforts to organize community toward a shared vision in Little Saigon
3. Private sector leadership in contributing to community goals by:
  - a. Working in coordination with local government agencies and community stakeholders toward a shared community vision
  - b. Leveraging private development contributions (in-kind and financial) to contribute to community development goals.

#### **Shared Strategies**

- Strategy 1: Asian-Pacific Islander (API) Small Business Technical Assistance Initiative
- Strategy 2: Regulatory Mechanisms
- Strategy 3: Community Development Financing Tools
- Strategy 4: Philanthropy

#### **Specific to Chinatown/International District**

- Strategy 1: Retail Tenant Strategy
- Strategy 2: Community Identity And Promotional Programs
- Strategy 3: Historic TDRs

#### **Specific to Little Saigon**

- Strategy 1: Inter-agency Initiative
- Strategy 2: Targeted Outreach & Vision Building
- Strategy 3: Business Ownership Initiative
- Strategy 4: Community Development Financing Tools
- Strategy 5: Business Incentives
- Strategy 6: Physical Improvements
- Strategy 7: Leveraging Private Investment
- Strategy 8: API-Oriented Senior Housing

## II. OBJECTIVES AND ROAD MAP

This section articulates a foundation from which the Strategies and Tools recommended in Section III are based.

### Overarching Objective

The overarching objective of the recommended strategies and tools is to:

- Support vitalization and revitalization of commercial districts in Little Saigon and Chinatown/International District (C/ID)

### Desired Outcomes of Strategies

This study does not attempt to articulate a specific vision or set of desired outcomes for the study areas. However, a set of basic outcomes was needed that could serve as a basis from which to develop strategies. Drawing from the findings in earlier phases of this study, as well as ongoing input from stakeholders, the consultant developed the following basic set of outcomes as a foundation for developing strategies:

1. Balance goals to a) accommodate future residential and job growth, and b) preserve cultural and commercial vitality
2. Build a thriving neighborhood with diverse community-supporting land uses and activities
3. Help small businesses, especially those that are refugee- and immigrant-owned, to grow and prosper in the mainstream economy as future opportunities arise

### Road Map

The two sub-areas in this study, Chinatown/International District and Little Saigon, also have differences with respect to historic development, current economic conditions, community vision, and organizing capacity. Given this, the consultant team also developed an overarching “road map” for each sub-area that also influenced the development of strategies.

#### Chinatown/International District Road Map: Harnessing and Channeling New Growth

- Goal: channel prospective future growth to support cultural identity of the district and strengthen existing businesses

The C/ID business district was developed significantly earlier than Little Saigon. The tenure of businesses is longer, and the growth of community organizations including non-profit advocates and affordable housing developers has evolved over a longer period of time. Numerous studies and plans have been initiated over the years and together speak to a relatively clear vision for the district. Given this, the recommended road map for the district focuses on activities to channel prospective future growth toward achieving the community’s vision.

#### Little Saigon Road Map: Establishing Vision and Pursuing Community-oriented Growth

- Goal: establish community vision and strengthen community capacity to forge desired future

Little Saigon’s identity as a Vietnamese-identified business and neighborhood district has developed over the last 20 to 25 years, in contrast to the C/ID’s longer history. While the businesses in Little Saigon have shown steady growth in revenue over the last 10 years, there has not been a significant level of development of community organizations or non-profit capacity. As a result, there is not yet a clear and/or unified vision for future development in Little Saigon. The recommended road map emphasizes building community capacity and vision hand in hand with advocating for community-oriented development.

### III. ASSETS, CHALLENGES AND OPPORTUNITIES

The following section synthesizes findings from phase 1 and 2 to delineate key assets, challenges and opportunities in each of the two sub-areas. These form the context from which Strategies and Tools are discussed in Section IV.

#### International District

##### Assets

Intensive and extensive business district. The C/ID, west of Interstate 5, is both extensive in geographic size and intensive in the number of businesses in the area, with over 300 businesses and 40 non-profit organizations spread over a 10-block area with multiple clusters of businesses on several streets. The area has a significant existing stock of smaller storefront retail spaces that should help preserve the small business character of the area.

Regional and national reputation. The Chinatown portion of the ID is one of the oldest neighborhoods in Seattle. It is regionally and nationally known for its diverse mix of Asian restaurants, specialty goods, and the Japanese grocery store Uwajimaya and Kinokuniya Bookstore. There is also an alternative medicine niche that draws clients from throughout the city. The district's existing reputation is a major asset.

Walkable streets and historic architecture enhance pedestrian walking experience. The C/ID has both an existing street grid and historic buildings that make the area pleasant and interesting to walk. In particular, the district has a smaller block size and narrower street widths that slow traffic, encourage street-crossings and increase the variety of the street wall.

Community has built strong cultural institutions and community-based organizations over time. The C/ID has developed a network of strong community-based organizations, family associations and cultural institutions with long local histories. These include organizations such as the Business Improvement Area (BIA), Interim Community Development Association (ICDA), Seattle Chinatown-International District Preservation and Development Authority (SCIDPDA), Wing Luke Asian Museum, Chinatown Chamber of Commerce, and Chong Wah Benevolent Association, to name only a few.

Proximity to downtown and other regional and tourist draws. The C/ID is adjacent to Pioneer Square and within walking distance to the ballpark and football stadium, as well as the central business district and waterfront. South Downtown is generally rich in tourist and entertainment attractions, which have the potential to provide additional draw for local businesses.

Long-standing tenure of many businesses helps retain cultural character. The average tenure of C/ID businesses is quite long for small businesses, averaging 12 years for restaurants and 11 years for retailers, considerable life spans in typically-volatile industries. The stability of these businesses and the expertise that experience gives them are major assets in preserving the cultural character of the district over time.

##### Challenges

Declining retail revenues. As discussed in the Phase I report, retail industry revenues in the C/ID declined by a third between 1997 and 2006 (excluding the Uwajimaya complex). Most critically, given the large number of restaurants, revenues of eating and drinking places decreased by \$10 million; miscellaneous retail sales, including gift stores and drugstores, also decreased significantly, indications that existing, long-standing businesses are struggling and that few new businesses are opening in the area.

Rise of other API business concentrations in outlying areas. Other Asian business districts have been emerging adjacent to the ID (Little Saigon) and outside of central Seattle over the past 20 years. While the ID has a regional reputation and amenities that set it apart from these districts, the lack of new businesses and the innovation they bring poses a risk to the ongoing appeal of the district.

Lack of pedestrian and visual connectivity to adjacent neighborhoods. The major connector to Pioneer Square and the rest of downtown is South Jackson Street. Unfortunately, the intersection of South Jackson Street, 4<sup>th</sup> Avenue South and 2<sup>nd</sup> Avenue South, over the Amtrak rails, is formidable and creates a barrier to pedestrians walking from other parts of downtown.

Lack of significant local residential customer base. In contrast with other major Chinatowns across the country, the C/ID is largely supported by customers from outside the business district. As of the last US Census, approximately 3,000 people lived in the International District, a generally insufficient population base to support the over 300 businesses in the district. While this speaks to the strength of the district's regional draw, it also poses a risk to the stability of local businesses. A local residential population creates a base of customers who purchase basic daily and weekly needs as conveniently as possible, giving local businesses a significant advantage in attracting their patronage.

#### Opportunities

- Nascent residential development market
- Proposed changes in allowable zoning height
- Surface parking lots decrease walkability of neighborhood

As described in detail in Phase I, a nascent residential market is emerging with two recent condominium conversions and one new apartment project. The area also has a number of surface parking lots that disrupt the neighborhood fabric and decrease the vitality and walkability of the shopping district. The proposed changes in allowed height, particularly the proposed 240 foot alternative for Japantown, could further encourage this housing momentum, bringing significant new development, and numbers of residents, to the district.

These new residents are needed to help existing businesses thrive; however, they are likely to need everyday goods and services that existing businesses do not currently provide. New mixed-use development will also bring new ground-floor retail space. Both the prospective residential population and new retail spaces create an opportunity for an infusion of new customers and businesses. This can either help expand and complement existing business, or it could dilute the uniqueness of the district.

## **Little Saigon**

### Assets

Proximity to downtown and other regional and tourist draws. As with the C/ID, Little Saigon is also in close proximity to major regional draws including the sports facilities, the downtown business district, and the waterfront.

Regional cultural and commercial center for Vietnamese-American community. Since its inception, Little Saigon has been a regional hub for the Vietnamese-American community, drawing significant customer traffic particularly on weekends.

Growing retail revenue trends. As described in phase 1 of this study, Little Saigon businesses have seen a steady and increasing trend in revenues over the last 10 years, particularly in the service and retail sectors. The service sector grew in revenues (adjusted for inflation) from

\$26.8 to \$31.2 million, while the retail sector rose from \$22 to \$32.8 million. Within retail, the grocery store sub-sector grew significantly, and restaurant revenues grew moderately.

### Challenges

Neighborhood infrastructure. There are significant deficiencies in Little Saigon's infrastructure, particularly with regard to inadequate sidewalks and lack of pedestrian amenities. A perceived low availability of parking is also often reported by customers and potential customers.

Competition from other Vietnamese business districts in outlying areas. The emergence of other Vietnamese business clusters, such as King Plaza in Rainier Valley, businesses along Rainier Avenue South and Martin Luther King Jr. Way South, and the Great Wall Mall (anchored by Ranch 99) in Kent, reflect a growing trend for Vietnamese-American families, already relatively scattered across the city, to disperse even further as assimilation increases and Seattle housing affordability continues to be prohibitive to many low- and moderate-income families.

Potential for chain retailers to locate in the heart of the neighborhood and/or new development to displace existing businesses. As discussed in phase 2 of this study, there may be potential for future changes in the district, such as establishment of new chain retailers (outside of the Dearborn Street Project) and/or new development to displace existing businesses if their rents become prohibitive. Research has shown that these refugee-owned businesses may be even more vulnerable than most due to their owners' comparatively recent emigrations as language and cultural barriers further hinder their access to resources and mainstream customers.

Lack of residential base within district. As with the C/ID, the Little Saigon neighborhood itself has a small, almost non-existent residential base that does not support the business district. There is, however, a supporting residential base relatively nearby at the nearby Seattle Housing Authority's Yesler Terrace and other immediately surrounding neighborhoods such as Jackson Place.

Nascent capacity of community-based organizations. Given the relatively recent establishment of the neighborhood, there has been very little development of community-based capacity to assist in planning, organizing/mobilizing, and executing community development strategies.

### Opportunities

Opportunity to build business and community capacity. The current gaps in community capacity to support community development and in many business' capacity to serve a broader customer base, are challenges that can also be identified as major opportunities because there are readily identifiable ways to engage and build that capacity.

Potential to leverage future developments for business support, neighborhood improvements, and potential customer base. Significant developments on the horizon may include the Dearborn Street Project, the redevelopment of Yesler Terrace, the installation of a Sound Transit trolley line, and other infill projects. The confluence of these projects represent major opportunities for Little Saigon to leverage for community benefit.

Strategic marketing to regional customer base. The emergence of Vietnamese business clusters in outer neighborhoods offers Little Saigon a prime opportunity to identify its comparative advantages and shape a strategic vision that could position the district as a premier destination attraction that is distinct from those in outlying areas.

## IV. STRATEGIES AND TOOLS

The following section includes a set of Strategies and Tools developed in response to the overall objectives, outcomes and opportunities described in the previous sections. The Strategies and Tools are grouped into three categories: a) those being recommended for both the Chinatown/International District and Little Saigon, b) those being recommended specifically for the C/ID, and c) those being recommended specifically for Little Saigon.

### **Cultural Competency in Implementing Strategies**

Cultural competency is noted here as an overriding element that should inform any implementation of strategies for these districts. Given the language- and cultural-specificity of most businesses and many stakeholders, effective implementation must be culturally-appropriate. There are numerous examples of areas where cultural competency, or the lack thereof, can profoundly alter the success of community development efforts. This factor plays into areas including: community organizing/mobilizing, recruitment of staff or volunteers, and misalignment of some City-led as well as community-based assistance programs. The development of strategies for this study was done with an eye toward ensuring cultural competency and additional discussion on this follows in relation to specific relevant strategies.

### **Shared Strategies**

#### **Strategy 1: API Small Business Technical Assistance Initiative**

Existing ethnic businesses in the C/ID and Little Saigon could benefit from assistance to help weather competition from outlying API business districts. Assistance could help businesses to either take advantage of the prospective new customer base in the area, or sharpen existing regional niches. Business technical assistance (TA) takes many forms and can include: business planning, procuring financing, tax and labor laws advice, book-keeping skills, merchandising, and marketing and window display design.

Current Resources and Gaps. There are currently both capacity and resource gaps in the business TA network in Seattle around assistance to API business communities. Among existing programs, the most closely relevant are currently focused on East African and African-American business communities in the Central District or, in the case of the Rainier Valley Community Development Fund, geographically limited to the Rainier Valley. Additionally, business TA is often provided by community development financial institutions (CDFIs), such as Community Capital Development or Cascadia Shore Bank; however, these are typically provided only as ancillary services to the CDFIs' small business loan activities. Finally, there are informal lending networks within API communities that provide financial assistance, often at lower interest rates than those offered by mainstream micro-lenders; if so, it would be difficult for other or a new CDFI dedicated to the API business communities to compete.<sup>1</sup>

Overall, the City's dedicated resources for business TA are limited, averaging only \$100,000 annually, with no additional ongoing resources available.<sup>2</sup> While there may be options to obtain one-time special funding for businesses in the C/ID and Little Saigon, there would likely be no additional ongoing resources available and therefore could ultimately be unsustainable. During the course of this study, the state legislature passed a bill to support microenterprises, including

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<sup>1</sup> Interview with Steve Johnson and Nancy Yamamoto. City of Seattle Office of Economic Development. May 2007.

<sup>2</sup> This is far below resources available for business TA in other cities, including San Francisco, which averages upward of \$1 million per year for similar services through use of Community Development Block Grant Funds

start-up capital, training and technical assistance. While it is too early to discern for what and by how much this program might be applicable in the study areas, it is recommended that the program be monitored for possible assistance.

#### Small business TA partnership initiative

One potentially resource-efficient model for delivering culturally-appropriate TA to API business in the C/ID and Little Saigon could involve partnering existing local organizations with expertise in cultural competency, organizing and outreach and with consultant technical services administered through an existing CDFI or existing financial institutions within the neighborhood.<sup>3</sup> Community organizations could lead targeted outreach and referral services, perhaps with some additional staff training in business assessment. These organizations could then receive credit for detailed referrals identifying the general type of assistance required. An existing CDFI could expand or create a pool of language- and culturally-competent business consultants who would provide tailored services to businesses.<sup>4</sup>

It is likely that the level of need for different services may vary widely among businesses as evidenced in phase 1 interviews. Before detailed planning and resource allocation for TA is undertaken, it is recommended that an assessment of business need and TA demand be conducted in order to better tailor potential assistance. There may also be initial reticence or lack of interest on the part of business owners who may not have the time or be aware of the potential benefits that could be gleaned from TA assistance. Recent experiences in the Rainier Valley have underscored this issue and bolster the need for targeted, tailored and culturally-appropriate outreach and assistance.

#### **Strategy 2: Regulatory Mechanisms**

This strategy includes three categories of City-based regulatory mechanisms that could support community-oriented development in both sub-areas.

Zoning and land use regulatory protections. A number of regulatory restrictions could help preserve the character of the business districts and enhance the walkability and pedestrian appeal of the sub-areas. These tools are listed below and are recommended to be packaged in an overlay district or design guidelines, rather than built piecemeal into City code.

- restrictions on allowed street frontage of new buildings
- ground-floor retail requirement on Jackson and 12th
- minimum ground-floor ceiling height (i.e. 12 feet) to help create inviting retail space
- restrictions on allowed width of garage doors and curb cuts
- requiring garage doors on corner buildings to be located off of primary shopping streets
- restrictions on size of floorplate of retail storefronts
- creation of signage districts
- restrictions on businesses with multiple outlets or formula business plans

Code enforcement. Both sub-areas currently struggle with code violations related to garbage disposal, location of dumpsters, cleanliness of sidewalks, inappropriate uses on vacant and underutilized properties, and sidewalk vending that is not fully City-authorized and therefore without uniform guidelines. All of these detract from the ability of the business districts to fully draw in potential customers and therefore contribute to neighborhood vitality.

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<sup>3</sup> C/ID currently has several existing community banks in the neighborhood. Little Saigon does not yet have any financial institutions located within its boundaries.

<sup>4</sup> Creating a pool of consultants who can effectively work with businesses may take time. It is unlikely that many such consultants currently exist as there has not previously been funding for such services. Retired successful small business owners are one potential resource.

- Implement a combined approach that includes both creative/targeted outreach to increase business' understanding of and buy-in to code intent, and increased code enforcement
- Address inappropriate uses on vacant and underutilized properties (e.g. storing old cars)
- Advocate with Seattle Department of Transportation (SDOT) to explicitly allow sidewalk vending and to develop guidelines to provide uniformity and organization to vending activity.

#### Public safety.

- Increased policing to improve public safety and security
- Unification of Little Saigon and C/ID areas under one precinct

### **Strategy 3: Community Development Financing Tools**

The consultant examined a range of community development financing tools as potential strategies. These included: Local Assessment Districts (LIDs), impact fees, tax increment financing, community renewal designation, Preservation and Development Authority (PDA) designation, and Business Improvement Areas (BIAs). Among these 6 tools, the first four are discussed in this section as potential strategies applicable to both the C/ID and Little Saigon; the last two are discussed among the strategies specific to Little Saigon.

It should also be noted that the analysis of these tools is conceptual, and focuses on providing baseline information regarding the merits and limitations of each tool in supporting economic development and preservation in the study areas. Further analysis is needed, particularly legal analysis, to determine feasibility.

#### **Local Assessment Districts (LIDs)**

Local assessment districts (LIDs) are special assessment districts formed to finance capital improvements through assessments on benefiting properties. The primary financing mechanism is through the issuance of municipal bonds which are sold to investors to pay for the project upfront, which are then repaid through property owner assessments over time.

Washington state law (RCW 35.43 through 35.56) authorizes LIDs based on a Theory of Special Benefit which posits that properties may receive special benefits resulting from specific capital improvements that are above and beyond a general benefit. The existence of special benefits may provide a basis for formation of an LID. The following statutory criteria derive from the Theory of Special Benefit:

- Assessed properties must specifically benefit
- Assessments must be proportional to the specific benefit to the property, and
- An assessment cannot exceed the value of the benefit to the property.

The procedures to format an LID are well-defined by state statute. Two methods may begin the formation process: a) resolution of intention (led by a municipality's legislative body) or b) petition by at least 10 percent of potentially benefiting property owners. Either method of initiating an LID then leads to the following steps:

- An informational meeting
- Environmental checklist completed by local government
- Resolution of intent prepared and notice of formation hearing mailed and published in local newspaper for 2 weeks.
- The specific benefits and assessments are calculated (a range of methods can be used including per lot or connection, zone-termini, frontage and area, or special benefit analysis.
- Formation ordinance prepared and formation hearing held to consider whether to form LID.

- After passing the formation ordinance, there is provided a 30 day protest period, If the owners of the property within the proposed district who are subject to 60 percent of the dollar amount assessed file written protests, the project may not proceed
- Final assessment roll, final assessment hearing at which assessments on individual parcels are considered. Opportunities to protest specific assessments occur here.
- Assessment is levied.

Advantages of an LID include: a) cost of an improvement can be spread among property owners, b) may be able to take advantage of local government's ability to borrow money at lower interest rates, c) property owners not familiar with construction, contracting, engineering or financing can rely on the City to undertake the process for them.

Disadvantages or considerations include: a) LID processes can consume a significant amount of time and may be complex and b) they may be publicly controversial.<sup>5</sup>

Seattle Context. In Seattle, the City recently completed an LID to construct a streetcar line in the South Lake Union area, the first city LID in the last 15 years. This 1.3 mile line with 11 stops had a total design/construction budget of \$50.5 million, of which \$25 million was created through an LID among local property owners. The balance was funded with federal transportation grants, state funds, and proceeds from City property sales in the area. Final assessments were established in September of 2006 and property owners will be assessed annually for 18 years. No City general funds were/are to be tapped for construction or operating expenses.

Since formation of the streetcar LID, the City of Seattle has been in discussion regarding the feasibility and desirability of sustaining permanent internal staff capacity to support LID formation in other areas and for other purposes. While the establishment of an LID may be a useful tool to spur economic development in the C/ID and Little Saigon, a key factor will be whether the City chooses to dedicate financial and staff resources for LID capacity.<sup>6</sup>

### **Impact Fees**

Impact fees are assessed on new development to cover costs incurred to provide public facilities to serve the new development. They are increasingly used where property taxes are insufficient to pay for the costs of new development and the property tax rates are high enough that it is difficult (or, as in Washington state, legally prohibited) to raise them further.

In Washington, impact fees are authorized in three ways:

- Voluntary impact fees (RCW 82.02.020)
- Growth Management Act Areas (RCW 82.02.050 - .100). Authorizes impact fees for roads, parks, recreation facilities, school facilities and fire facilities when not part of an existing fire district.

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<sup>5</sup> Municipal Research Services Center of Washington and American Public Works Association Washington Chapter. Washington State Local Improvement District Manual, Fifth Edition. Seattle: 2003.

City of Everett. "Local Improvement Districts." <http://www.everettwa.org/default.aspx?ID=862>.

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<sup>6</sup> Interview with Mike Mann and Kim Nunes. City of Seattle Office of Policy and Management. May 21, 2007.

City of Seattle Office of Policy and Management. "South Lake Union Streetcar: Capital Financing and Operating and Maintenance Plan." Seattle: April 2005.

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- State Environmental Policy Act (RCW 43.21C). Authorizes impact fees as mitigation for development impacts. Allows same uses as Growth Management Act plus water/sewer, bridges, and pedestrian/transit facilities.

Statutory criteria that must be fulfilled include: a) reasonable relationship between development and impact, b) impact is specifically and uniquely attributable to the development, c) fees must be applied fairly, and d) there is not a “taking” without just compensation.

Considerations associated with impact fees include: a) They may be used to pay for only for incremental impact of new development, not to correct existing deficiencies in services or infrastructure, and b) they may shift a cost burden onto housing prices as developers pass the cost of the fees onto homebuyers; this may decrease housing affordability.<sup>7</sup>

Seattle Context. In Seattle, non-infrastructure impact fees have not been assessed to-date. In the past year, the City completed analysis for potential open space impact fees in three geographic areas; however, the proposal did not garner the needed support to obtain Council approval and has been shelved indefinitely. This strategy recommends impact fees as a potentially useful tool in the C/ID and Little Saigon; however, it would require effort to build community and City support.<sup>8</sup>

### **Tax Increment Financing (TIF)**

Tax increment financing allows local governments to build infrastructure to spur economic activity, and to pay for that infrastructure with the additional property taxes generated by the new economic activity. Until 2006, Washington state has not had TIF, even as a reduction in the limit on property tax increases to 101% limit exacerbated the inability of local governments to pay for infrastructure needed to spur economic development.

In 2006, the Washington state legislature passed the Local Infrastructure Financing Tool Program (LIFT) (Ch 181 ESSHB 2673). Under LIFT, a local government may create a revenue development area (RDA) in which the local government plans to invest a significant amount of public and private funds for infrastructure to spur economic development and affordable housing. The state will match new local construction property tax revenues with an equal amount of new state sales tax revenues from the same geographic area.

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<sup>7</sup> Carrion, Carmen and Lawrence Libby. “Development Impact Fees: A Primer.” Columbus, Ohio. City of Seattle Office of Policy and Management. “Statutory Alternatives for Mitigation of Development Impacts.” Seattle: November 2003. Duncan Associates. “2005 National Impact Fee Survey.” Austin, Texas: 2005. Municipal Research Services Center of Washington. “Impact Fees.”

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<sup>8</sup> Interview with Kenny Pittman. City of Seattle Office of Policy and Management. May 18, 2007.

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City of Seattle Office of Policy and Management. “State Statutory Authority to Mitigate Development Impacts: Parks, Open Space and Recreation Facilities.” Seattle: November 2003.

City of Seattle Office of Policy and Management. “Statutory Alternatives for Mitigation of Development Impacts.” Seattle: November 2003.

LIFT identified three pilot projects (in Bellingham, Spokane and Vancouver) that could tap into earmarked funds for TIF projects in those jurisdictions. An additional tranche of \$5 million was set aside for other jurisdictions to request funding in a competitive process. The program includes various requirements and procedures, including: a) taxable property within an RDA may not exceed \$1 billion, b) average assessed value per square foot of taxable land within the TIF area may not exceed \$70 per square foot (in Seattle, many areas above this), c) may not include an area containing more than 25 percent of the sponsoring jurisdiction's assessed value, d) limited to contiguous parcels, e) boundaries may not be adjusted after it is created, f) only one TIF area allowed in each county, which may disadvantage larger counties.<sup>9</sup>

Seattle Context. Given the requirements of LIFT noted above, it is not yet clear whether the city of Seattle would have a potential TIF area to propose. This strategy recommends that the City determine whether there might be an area of the City which could be eligible to compete for LIFT funds and if so, to consider whether the C/ID or Little Saigon could be considered.

### **Community Renewal**

Washington state community renewal law (RCW 35.81) authorizes community renewal designation in local municipalities. This law, formerly urban renewal law, provides for local governments to carry out activities in support of economic development, of which the primary tool is land acquisition, assembly and development, both voluntarily and through condemnation using the power of eminent domain.

The process of obtaining a community renewal designation involves several steps of which the most significant ones are: City determination of blight in proposed community renewal area, development of a Community Renewal Plan, approval by City Council, selection/formation of community renewal agency and establishment of a community renewal board.

The primary advantage of community renewal designation is the ability for local governments to acquire, assemble and dispose/develop land to support community development goals. Particularly of value is the ability to use eminent domain when necessary in support of the community renewal plan.

Disadvantages/considerations include:

- Potential negative public perceptions that linger from memories of impacts of previous urban renewal law, particularly around the use of eminent domain.
- Potential financial costs to local government of holding land for too long if timing of land acquisition and disposal are inaccurate
- Need to define area (i.e. specific parcels) and have clear vision and action plan
- May need to tailor community renewal plan and guidelines to be politically acceptable (e.g. restrictions on use of eminent domain, expanded community oversight roles)

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<sup>9</sup> Municipal Research Services Center of Washington. "Tax Increment Financing."

<http://www.mrsc.org/subjects/econ/ed-revitalization.aspx>

Reich, Jay. Preston Gates & Ellis. "Tax Increment Financing: Questions and Answers." Seattle: July 2002.

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Thomas, Emory Jr. "Washington finally gets an economic development LIFT." *Puget Sound Business Journal* Seattle: March 24, 2006.

Washington State Legislature. "Engrossed Second Substitute House Bill 2673." Olympia, Washington: 2006.

Washington State Legislature. "House Bill Report: E2SHB 2673." Olympia, Washington: 2006.

**Seattle Context.** In 2006, the City of Seattle engaged in a community dialog to explore possible community renewal designation in Southeast Seattle. After nearly a year of meetings and discussion, there was vocal opposition from parts of the community that ultimately led to indefinite shelving of the initiative. While this strategy recommends community renewal designation as a potentially useful tool for C/ID and Little Saigon, it would need to be explored with an awareness of the political sensitivities and potential controversy that could be ignited through exploration of the tool.

#### **Strategy 4: Philanthropy**

Philanthropic resources are another area that should be explored further as potential support for implementation of community development strategies. While this study was not scoped to do an exhaustive analysis of potential resources, a preliminary scan of Seattle-based philanthropic organizations that fund in relevant issue areas, particularly for seed funds to support capacity building, include the following:

- Equality Network Foundation. A micro-foundation that provides grants from \$500 to \$5,000, with a focus on economic equality and social justice.
- Kongsgaard-Goldman Foundation. Provides technical assistance (TA) grants up to \$1,500 to assist with organizational capacity building. Their human rights/civic development issue area includes community capacity building, advocacy, and public policy. Funds can support operating and project expenses.
- The Norcliffe Foundation. Interest areas include civic improvement and historic preservation. Funds capital, operating, land acquisition, start-up funds and projects.
- Washington Mutual Bank Corporate Giving Program. Supports affordable housing and community development (operating, capacity building, and capital expenses), strengthening existing small businesses, and support for low- and moderate-income individuals.
- Vulcan Inc. Corporate Giving Program. Supports neighborhood development, culture/diversity. Is especially interested in neighborhoods where they do business (of which the C/ID and Little Saigon are included).
- Social Justice Fund Northwest. Several relevant grant programs: 1-year grants of up to \$10,000 for operating support or projects, up to \$3,000 for TA for organizational capacity, or up to \$1,000 for rapid response projects. Also has 3-year grants up to \$15,000 for operating support and projects, and capacity building grants between \$15,000 to \$25,000 per year for three years.
- The Seattle Foundation. Community Grantmaking Program is the flagship grant program. Interest areas include: economy, neighborhoods and communities, arts/culture. Funds operating and capital expenses.
- Safeco Corporation Contributions Program. Signature programs include: Urban Parks (pocket parks) and Hometown Giving (Seattle area). Safeco has put its giving on hold temporarily while restructuring its program structures, but will resume in the future.<sup>10</sup>

### **Specific to International District**

#### **Strategy 1: Retail Tenant Strategy**

This strategy focuses on recruitment of new retail tenants in future mixed-use development to help maintain the cultural integrity and independent business character of C/ID. The Chinatown-International District Business Improvement Association (BIA) might be an appropriate vehicle

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<sup>10</sup> The Foundation Center. "Foundation Finder." <http://foundationcenter.org/>

to lead this effort, provided there is support for added capacity and TA if needed. The initiative would work with major property owners to achieve consensus on:

- targeted new business types for the district
  - shared commercial brokerage services to help attract businesses as spaces come available
- Businesses would be identified that could both complement the district's cultural identity and be viable from a market perspective. To help achieve this balance, inclusion of an appropriate commercial broker in the consensus-building process is recommended.

Four key elements inform the proposed approach:

- Strong participation and buy-in of property owners in creation of the strategy and commitment to implement through leasing of space in their properties. While this level of consensus can be difficult to achieve, the existence of the BIA and the long tenures of existing ethnic businesses are positive signs.
- Consideration of gaps in businesses offering everyday needs and specialty items and how such businesses could contribute to cultural identity of district. Consideration should be given to ways in which new daily-needs businesses can contribute to the cultural identity of the district; for example, leasing to independents rather than chains, prioritizing API-owned and operated businesses, etc. Better knowledge of the types of households that have moved into recently completed and occupied buildings is recommended to help understand the needs of the new residential population.
- Consensus on undesirable business types. This strategy recommends building consensus around the types of businesses that property owners and community stakeholders desire to avoid encouraging in the district.
- Shared commercial broker. To avoid duplicating businesses, it may be helpful for owners to use the same commercial broker, or communicate/coordinate regarding prospective tenants.

## **Strategy 2: Community Identity and Promotions**

While the International District has an established regional reputation, the decline in retail revenues reflects a diminishment in the area's profile over the last decade. This strategy recommends that current efforts to promote the district be honed and expanded to better target and reach broader audiences and that additional identity markers be installed at the intersection of South Jackson Street, 2nd Avenue South and 4th Avenue South to enhance the district's visibility to vehicles traveling on 4<sup>th</sup> Avenue South and pedestrians walking through the Pioneer Square area.

To implement this strategy, the CIDBIA, which currently operates various community marketing and promotional programs, might be an appropriate vehicle. Support could be provided to the CIDBIA to carry out a program of community branding. Steps include:

- Determine audience for expanded promotions i.e. tourists, regional visitors to other South Downtown attractions, future residents, downtown office workers, etc.
- Evaluate current program including identifying additional/alternative media outlets and products (e.g. branded business directory)
- Conduct additional need analysis on trends and location of API population, demographic characteristics of new ID households, possible shopper intercept survey, etc.
- Pursue pedestrian crossing improvements at the Jackson Street/4th Avenue/2nd Avenue intersection to enhance visibility and pedestrian-accessibility of the area.
- Leverage potential physical improvements from King Street Station redevelopment.

### **Strategy 3: Historic TDRs**

A significant portion of the Chinatown/International District and a small portion of Little Saigon just to the east of Interstate 5 are within the International District's Special Review District (ISRD), a historic preservation designation that protects the physical character of the neighborhood including the historic buildings. These buildings are prohibited from being razed and are required to undergo special review by the ISRD Board for any significant changes. In the event of potential zoning changes, particularly changes to increase height, these buildings would not be able to realize their full development potential due to historic preservation requirements. Yet it is also a City and community economic development goal to rehabilitate these buildings, many of which have remained vacant or underutilized over the years. This strategy recommends that the City, as part of developing proposed zoning changes, explore the potential for routing proceeds generated from new developments back into historic buildings.

## **Specific to Little Saigon**

### **Strategy 1: Inter-agency Initiative**

As discussed in the previous section, the Little Saigon business district has numerous challenges including the lack of adequate neighborhood infrastructure and residential base, the need for a coherent community-based vision for future development, and the lack of community and business capacity. At the same time, a constellation of future investments stand on the horizon with the redevelopment of Yesler Terrace, the proposed Dearborn Street Project, and a potential Sound Transit trolley extension. While it remains to be seen how and to what extent these forces will alter the district, it is certain that they will alter Little Saigon. As such, they represent major opportunities to leverage the various investments to support the positive development of Little Saigon.

Given the breadth of challenges and the multiplicity of future investment opportunities, it is imperative that Little Saigon be given priority focus from the highest levels of leadership in the City of Seattle, and other governing bodies as appropriate. This strategy recommends:

1. The formation of a Mayor-initiated, inter-agency initiative to serve as a central point to coordinate policy development and project coordination. Key partners to include:
  - Key City departments (Mayor's Office, City Council, Department of Planning and Development, Office of Economic Development, Department of Neighborhoods, Office of Policy and Management, Department of Transportation, Office of Housing)
  - The Seattle Housing Authority
  - King County Metro
  - Sound Transit
  - Key property and business owners
2. The inter-agency group is recommended to be either City-led or community-led. Leadership could also be a shared responsibility between the City and community.
3. Dedication of at least a 1.0-FTE City senior staff with direct access to Executive and Council offices for an initial period of two years. Alternatively, staffing could be community-based. Advantages of staffing being housed at the City include: closer access to policy decision making, closer access to technical analysis support, easier to liaison with other governmental agencies, and an ability to use a "neutral" position to coordinate multiple parties. Advantages of community-based staff include: closer connection to community vision and other organizing efforts, greater ability to advocate for community, and ability to "ground-truth."
4. It is recommended that institutional partners, in addition to the City, provide shared resources to support staffing capacity.

5. While a detailed workplan would need to be developed after formation of the group, key elements should include:
  - mapping timeline of individual projects
  - coordination with community-driven vision development
  - identification of opportunities to implement community vision through individual projects
  - coordination/development of resource leverage to support implementation

### **Strategy 2: Targeted Outreach & Vision Building**

In concert with Strategy 1, it is recommended that a targeted outreach and vision building effort be spearheaded in Little Saigon, and that support be sought to build the community capacity to support such an initiative. Key characteristics of this initiative would include:

- A focused effort to mobilize/organize community stakeholders, especially business and property owners, toward a shared vision.
- Strategic decision on mobilizing: whether to target a durable critical mass or reach all stakeholders, given the challenges of comprehensive community mobilizing in Little Saigon.
- Strong orientation toward implementation for results, especially in coordination with tangible partnership opportunities, not just planning/visioning. In particular, identification of “quick wins” to build momentum and demonstrate success.
- Harnessing strengths and knowledge across generations. The composition of Little Saigon business owners includes both older entrepreneurs, many of whom held other occupations in Vietnam prior to arriving in the United States and are fonts of wisdom about the community in general, and younger, newer entrepreneurs who may have emigrated from Vietnam at a young age or were born in the United States, were likely more formally educated in the U.S., and may have more familiarity with and knowledge of mainstream customer base. There is an opportunity to harness the respective knowledge of these two groups synergistically to achieve community goals.
- Cultural competency. This strategy is, among all those in this study, one of the most crucial to be carried out in a culturally competent way, given the intensive interaction with and participation from community members inherent in the work. This is especially true for the Vietnamese-American community members, many of whom can remain more closely tied to traditional ways given the relatively recent emigration of this group compared with other immigrant communities. Additionally, Vietnamese-American culture is deeply characterized by strong sociocultural stratification. These distinctions can cleave along numerous lines: age, gender, class, region of origin, and other factors. As a result, the success and effectiveness of outreach and mobilizing work, whether it be via a volunteer, non-profit staff, technical expert, or government staff, are all crucially tied to cultural competency.
- City of Seattle support, both politically and financially, will be needed to enable this initiative to gain traction over an adequate window of time to carry out the work.
- Identifying comparative advantages. While the formation of a community development vision would be a major outcome of this strategy, and therefore premature to define in this study, the consultant team does recommend attention to strategically identifying Little Saigon's comparative advantages as part of the vision building. In particular, the emergence of outlying Vietnamese business districts in areas including the Rainier Valley, Kent and Renton, are significant factors in considering how Little Saigon could best position itself.

For example, these outlying districts primarily follow a suburban strip mall pattern of development, with no real sense of place connected to them nor diversification of activities. Little Saigon could define for itself a different vision: that of becoming not only a real destination attraction but a sustainable neighborhood with a strong and diverse economic and social fabric. Rather than pursuing ways to shoehorn the same strip-mall, car-oriented

development model into Little Saigon's tight area, the district could re-focus on adding a critical mass of residents and activities, and advocating for improvements to the pedestrian environment to enhance the livability of the neighborhood. This vision could even be combined with that voiced by some local business owners, of developing an "Old Town" in Vietnam based on authentic models from traditional culture.

### **Strategy 3: Business Ownership Initiative**

As noted in phases 1 and 2 of this study, most Little Saigon business owners do not own their property, and it has been a longstanding desire of the part of many to be able to own their properties. In the course of the business owner interviews conducted in phase 1, several business owners described efforts to achieve property ownership, both by purchasing other property and relocating and purchasing the property they currently lease. However, all encountered barriers to achieving ownership, due to prohibitively high cost of land and properties in Little Saigon, and the relatively small scale of capital held by entrepreneurs individually. As a result, there has been some discussion among entrepreneurs about a concept of pooling resources to build a joint development with commercial-condominium units for purchase by individual owners. The Vietnamese-American Economic Development Association (VAEDA) and HomeSight, an affordable housing developer in the Rainier Valley, have also explored this idea.

This strategy recommends an initiative to support such a project in Little Saigon. The consultant team researched commercial-condo projects nationally and found it to be a strongly growing trend, especially among entrepreneurs who prefer to be in the "driver's seat" and who have a vision and want a stake in the future of the neighborhood. Nationally, most commercial-condos are developed as part of mixed-use projects. Many aspects of the projects are similar to residential condos: a developer purchases the property, retrofits building spaces, and clients purchase units and complete tenant improvements. A condo association owns the land, establishes bylaws and CC&Rs, and has a Board, while a professional management company usually manages the property. However, there are key differences, such as some elements that need to be considered in the condo association bylaws, and decisions about allowed retail uses.

Relevant examples include:

- Business Condos USA, the nation's largest commercial condo developer, focusing on unanchored strip malls focus. 85% of their buyers are local entrepreneurs.
- Silver Companies, which is developing an enclosed mall in Washington, DC, showcasing global products, many of whose owners are new immigrant entrepreneurs.
- Philadelphia's Chinatown, where several mixed-use condos are attracting Asian entrepreneurs in the neighborhood who want to live above their businesses. One project in particular, the Pearl Condominiums, is a partnership of a mainstream developer and Chinatown real estate broker.
- Sacramento's Little Saigon Plaza, a pedestrian-friendly, urban infill project. Approximately 98 of 200 spaces are commercial condos and there is currently a waiting list.

Advantages to a commercial-condo include: a) flexibility to tailor tenant improvements, b) owner is not subject to changing rental market, c) property appreciation goes to the owner, d) owner has more control over decision making. Considerations include: a) higher maintenance and repair costs, b) more collective decisions, c) associations may restrict permitted uses.<sup>11</sup>

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<sup>11</sup> Carlquist, Mark. "An Alternative to Renting or Leasing Commercial Space: Office Condominiums." Los Gatos, California.

Johnson, Kelly. "Construction set for Asian shopping center in South Sac." *Sacramento Business Journal*: October 28, 2005.

### Next steps recommendations for Little Saigon

- Review exploratory efforts to-date
- Identify pool of interested business owners
- Seed funds for project manager
- Explore opportunities to partner with for-profit commercial/mixed-use developer
- Due diligence to find key expertise/team members: housing partner, cultural expertise, legal assistance

### **Strategy 4: Community Financing Tools**

Among the six financing tools examined as part of this study, the two below, preservation and development authorities (PDAs) and business improvement areas (BIAs) are discussed as recommended strategies specific to Little Saigon.

### **Preservation and Development Authorities (PDAs)**

Washington state law authorizes PDAs under RCW 35.21.730. The statutory purpose of PDAs is “to improve administration of federal grants or programs, improve governmental efficiency, and improve general living conditions in the urban areas of the state.” They were initially enacted to authorize counties, cities, and towns to participate in and implement federally-assisted programs. PDAs are unique, independent entities of local government, which are legally separate from the City. This allows accomplishment of a broad set of public purposes without having to assume such activities into the regular functions of City government.

PDAs, which function essentially as sub-agencies of a city, town, or county, are subject to state constitutional restrictions that apply to local governments including: prohibitions on gifting of public funds and lending of credit, public disclosure law, Open Public Meetings Act, conflict of interest prohibitions, campaigning provisions, and ethics provisions. PDAs must also satisfy liabilities exclusively from their own assets. PDA financing tends to be project-specific, often backed by a City guarantee.

PDAs can only perform public functions that the municipality can lawfully do, including:

- Own and sell real and personal property
- Receive, loan and borrow funds from municipality and others (does not violate lending/gifting limits)
- Issue bonds (but cannot levy taxes, or have eminent domain)
- Draw private sector support and expertise

Advantages of a PDA include:

- Can be more nimble and flexible in implementing community projects and providing efficient services with streamlined procedures
- Can be closer to constituencies and allow direct community participation in projects
- Can combine public taxes and private donations.
- Have flexibility under state law to administer federal funds
- Can combine public taxes and private donations.
- May qualify for tax-exempt borrowing rates.

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Popovec, Jennifer. “A Piece of the Pie.” *Retail Traffic*. March 1, 2007.

<http://www.knowledgeplex.org/news/262511.html>

Tuchman, Michael and Mark Pearlstein. Levenfeld Pearlstein LLC. “Commercial Condominiums on the Rise in Chicago.” Chicago: 2006.

Young, Earni. “Living over the store, Chinatown condo-style.” *Philadelphia Daily News*: April 27, 2007.

#### Potential disadvantages/considerations:

- Best used for: a) complex, unique or special purpose project that need exclusive focus, b) public/private joint ventures, or c) projects entrepreneurial in nature or represent a business risk the municipality is unwilling to assume
- Less City control because of separation from government, but this could also be positive because reduces risk and liability to City and increases autonomy of PDA
- Often must rely heavily on volunteers
- When project-specific initial funding sources end, may have challenges remaining financially sustainable.<sup>12</sup>

Seattle Context. There are currently eight PDAs in the City of Seattle, including the Seattle Chinatown-International District Preservation and Development Authority (SCIDPDA) whose boundaries encompass C/ID. This proximity to Little Saigon may be a significant consideration should Little Saigon consider formation of a PDA. Another option would be to consider the possibility for expansion or partnership with existing organizations.

Additionally, very recently the state legislature passed SSB 6156, to establish a PDA in the Pioneer Square and C/ID areas. It is not yet clear what the specific purpose or project intent for this PDA is but it may represent a helpful tool for Little Saigon.<sup>13</sup>

#### **Business Improvement Area (BIA)**

Business improvement areas (BIAs) are a local self-help funding mechanism that allows businesses and property owners within a defined area to establish a special assessment district. Funds collected are used for activities to support the function and maintenance of the business district including marketing/promotions, security, maintenance of public areas, and parking management.

In Washington state, BIAs are authorized in RCW 35.87A. The formation process requires an initiation petition signed by potential ratepayers representing 60% of the assessable value in the proposed area. The legislative authority of the local government passes an initiation resolution, holds a hearing and decides whether to establish an ordinance. If a BIA is formed, assessments are then calculated and may be based on square footage, assessed land value and/or business and occupancy tax revenue.

Advantages of a BIA include: a) control by businesses and/or property owners, b) stakeholders have a device to enhance areas with common economic interest, c) allows for new services or higher service levels than those provided by city government.

Disadvantages/considerations include: a) can require significant effort and time to put together, b) can be very politically sensitive, and c) can be subject to fluctuating revenues if assessments are based on business revenues or property values.<sup>14</sup>

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<sup>12</sup> City of Seattle. "Public Development Authorities." <http://www.seattle.gov/html/citizen/pda.htm>

Gerry, Johnson. Preston, Gates and Ellis, LLP. "Efficient and Effective Uses of Public Corporations/PDAs." Seattle.

League of Women Voters of Seattle. "Public Development Authorities in Seattle." Seattle: 1989.

Municipal Research Services Center of Washington. "Public Development Authorities."

<http://www.mrsc.org/Subjects/Econ/ed-pda.aspx>

Preston, Gates and Ellis, LLP. "City and County Options for Creative Financing: PFDs, PDAs, and 501(c)(3)s.

Seattle: 2003.

Stout, Donald. City of Seattle Law Department. "Public Development Authorities in Seattle." City of Seattle: 1992.

<sup>13</sup> Washington State Legislature. "Final Bill Report: SSB 6156." Olympia, Washington: 2007.

Washington State Legislature. "Substitute Senate Bill 6156." Olympia, Washington: 2007.

Seattle Context. Seattle currently has 6 BIAs, including one for C/ID. The City's Office of Economic Development (OED) supports the formation of BIAs with staff technical assistance. Once a BIA is established, assessments are collected by the City's Department of Finance (DOF) and disbursed to the BIA, which is responsible for the financial management of the funds. The BIA is overseen by a ratepayer's board, which develops the program and budget. In recent years, stakeholders have attempted to form a BIA in Little Saigon but have been unsuccessful. This strategy includes BIA as a potential tool in this area because the consultant team believes it can still be of use, and could meet with greater success if tied-in to broader capacity-building efforts or a community-based development project as described in Strategies 1, 2 and 3.

### **Strategy 5: Business Incentives**

The impact analysis in phase 2 noted the potential for existing businesses in Little Saigon to experience adverse impacts from various sources of future change. Adverse impacts could include temporary or permanent increases in rent, and possibly displacement. Incentives to help support and strengthen businesses in the face of potential challenges could include:

- Waiving business and occupancy taxes during the critical period in which businesses may experience adverse impacts.
- Renewing the City of Seattle's façade improvement program, and simplifying the procedures and process for a business to apply and receive funds through the program.

### **Strategy 6: Physical Improvements**

Improvements to the physical environment of Little Saigon would significantly contribute to the customer appeal of the business district, and enhance the livability and workability of the area. Two specific areas are recommended under this strategy:

- Follow through with Sound Transit trolley plans on South Jackson Street. Since 2006, Sound Transit staff have been analyzing options for a "transit connector" that would link the Sound Transit light rail line to First Hill. An April 2007 analysis of several options found highest ridership and widespread community support for a streetcar or bus connector that would run east on South Jackson Street and north on Broadway Avenue.<sup>15</sup>
- "Living Streets" streetscape improvements. This strategy recommends an assessment of the feasibility of San Francisco's "Living Streets" model of streetscape improvements.<sup>16</sup>
  - Goal: create a more intimate, residential-scale that prioritizes pedestrian activity
  - Targets low-traffic streets that are not critical thoroughfares but needlessly wide, have few pedestrian amenities and little landscaping.
  - Actions could include:
    - Widen sidewalks up to 32 feet on one side by removing a traffic lane
    - Add significant level of pocket parks, plaza spaces, decorative paving, lighting, seating, and trees
    - Explore urban design options for breaking up large block sizes

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<sup>14</sup> City of Seattle. "Business Improvement Area Handbook." Seattle: 2001.

City of Seattle. "Business Improvement Areas." [http://www.seattle.gov/economicdevelopment/support\\_tools.htm](http://www.seattle.gov/economicdevelopment/support_tools.htm)

Mitchell, Jerry. "Business Improvement Districts and Innovative Service Delivery." New York: Nov. 1999.

Municipal Research Services Center of Washington. "Business Improvement Areas."

<http://www.mrsc.org/Subjects/PubWorks/lidpg.aspx>

<sup>15</sup> Sound Transit. "First Hill Transit Connector Alternatives Summary Report." Seattle: April 17, 2007.

<sup>16</sup> City of San Francisco. "Rincon Hill Plan." San Francisco: 2005.

### **Strategy 7: Leveraging Private Investment**

Numerous potential private and public developments in and near Little Saigon present major opportunities to leverage for community-oriented development. This strategy recommends a focused assessment of what those opportunities will be and how best the community can leverage them. Two specific developments, the proposed Dearborn Street Project and the redevelopment of Yesler Terrace, offer prime opportunities. The following paragraphs, while not exhaustive, include suggestions of how each project might be leveraged for community benefit.

- Dearborn Street Project
  - Contribution to re-location assistance for industrial businesses
  - Capture retail sales tax revenue from Dearborn Project for community-supporting activities and projects. Next Steps: assess anticipated level of annual sales tax revenue from project
  - Additional supportive actions: a) co-operative advertising with Little Saigon businesses, b) integrate multilingual wayfinding to Little Saigon into project signage, c) substitute other restaurant types for proposed Asian restaurants to reduce impact of potential competition
- Yesler Terrace
  - Community engagement in current planning process led by Seattle Housing Authority to ensure community vision is integrated as planning proceeds
  - Seek opportunities to leverage investment for community benefits

### **Strategy 8: API-Oriented Senior Housing**

Rationale. Within ethnic communities, elders often have the strongest affinities and preferences, if not requirements, for proximity to ethnically-based stores, services, and community social and cultural activities. These affinities are built due to attachments to cultural traditions, language barriers and mobility limitations. Consequently, seniors are a sub-set of the community that can provide a strong catalyst for a residential base to support the business district. Further, seniors will often “pull in” extended family members--children and grandchildren--to add to the local customer base when these family members visit them, or even choose to locate in proximity to them, in accordance with traditional values. Finally, community elders provide connections to authentic culture and traditions that are a vital part of preserving the community.

A recent case is that of the Vietnamese-American community in New Orleans after hurricane Katrina, most of whom evacuated to Houston. Many families’ relocation decisions were driven by the needs of senior members who needed to return to the social networks and economic activities that existed in close-knit neighborhoods prior to the hurricane. They were often the decision point that led their children and grandchildren to return to New Orleans and rebuild. As more and more families returned, a critical mass of customer base formed that allowed businesses to re-open and begin to re-establish the business community.

Opportunities. Several opportunities offer vehicles to pursue senior housing in Little Saigon.

- In the short-term, the Dearborn Street Project’s housing units could be apportioned to include Vietnamese- or API-oriented senior housing.
- In the medium-term, Yesler Terrace redevelopment could focus on this type of housing.
- Longer-term, independent residential projects could be pursued in the area, potentially through partnerships with existing affordable housing developers or through new community-based housing development capacity.

## Implementation

The table below summarizes the range of strategies and tools previously discussed and recommends lead implementers, estimated time required and type of additional resources needed for implementation.

Strategy	Implementer(s)	Implementation Requirements	Timeframe
<b>Shared Strategies</b>			
<u>Strategy 1</u> : API Small Business Technical Assistance Initiative	<ul style="list-style-type: none"> <li>• <u>Lead</u>: Community organizations,</li> <li>• <u>Support</u>: City OED</li> </ul>	funds, partnering, analysis, outreach	6 months – 1 year
<u>Strategy 2</u> : Regulatory Mechanisms	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City DPD</li> <li>• <u>Support</u>: Other departments</li> </ul>	code development, legislation	1 – 2 years
<u>Strategy 3</u> : Community Development Financing Tools	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City</li> <li>• <u>Support</u>: community, state legislature</li> </ul>	analysis, outreach, coordination	2 – 3 years
<u>Strategy 4</u> : Philanthropy	<ul style="list-style-type: none"> <li>• <u>Lead</u>: community</li> <li>• <u>Support</u>: City</li> </ul>	research, coordination	ongoing
<b>Specific to International District</b>			
<u>Strategy 1</u> : Retail Tenant Strategy	<ul style="list-style-type: none"> <li>• <u>Lead</u>: community</li> <li>• <u>Support</u>: City</li> </ul>	funds, partnering and coordination	3 months - ongoing
<u>Strategy 2</u> : Community Identity And Promotions	<ul style="list-style-type: none"> <li>• <u>Lead</u>: community</li> <li>• <u>Support</u>: City</li> </ul>	funds, partnering and coordination	6 months – ongoing
<u>Strategy 3</u> : Historic TDRs	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City</li> </ul>	code development, legislation	1 – 2 years
<b>Specific to Little Saigon</b>			
<u>Strategy 1</u> : Inter-agency Initiative	<ul style="list-style-type: none"> <li>• <u>Lead</u>: community</li> <li>• <u>Support</u>: City</li> </ul>	staffing, coordination	1 – 3 years
<u>Strategy 2</u> : Targeted Outreach & Vision Building	<ul style="list-style-type: none"> <li>• <u>Lead</u>: community</li> <li>• <u>Support</u>: City, private sector</li> </ul>	funds, staffing, coordination	1 – 2 years
<u>Strategy 3</u> : Business Ownership Initiative	<ul style="list-style-type: none"> <li>• <u>Lead</u>: community (BIA), City (PDA)</li> </ul>	funds, staffing, coordination	3 – 5 years
<u>Strategy 4</u> : Community Development Financing Tools	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City</li> </ul>	analysis, outreach, coordination	2 – 3 years
<u>Strategy 5</u> : Business Incentives	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City</li> </ul>		
<u>Strategy 6</u> : Physical Improvements	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City, private sector</li> <li>• <u>Support</u>: community</li> </ul>	analysis, agency coordination	3 – 5 years
<u>Strategy 7</u> : Leveraging Private Investment	<ul style="list-style-type: none"> <li>• <u>Lead</u>: City, private developers</li> <li>• <u>Support</u>: community</li> </ul>	partnering and coordination	ongoing
<u>Strategy 8</u> : Senior Housing	<ul style="list-style-type: none"> <li>• <u>Lead</u>: private developers</li> <li>• <u>Support</u>: community, City</li> </ul>	partnering and coordination	ongoing

## **Appendices**

## **Appendix A. Profiles: Small Business and Commercial District Programs in San Francisco**

The following program descriptions are intended to provide City and community organizations' staff with an understanding of how well-established commercial district revitalization and business technical assistance programs work in another city. Various aspects of these programs may be relevant to the C/ID, Little Saigon and Seattle situation. A difference is that both programs have significantly more resources than is currently the case in Seattle.

### **Comprehensive Commercial District Strengthening: San Francisco Neighborhood Marketplace Initiative**

The San Francisco Neighborhood Marketplace Initiative (NMI) is a comprehensive commercial corridor revitalization program dedicated to the strengthening of retail districts that serve low and moderate income, ethnically diverse neighborhoods. It is a joint initiative of Bay Area Local Initiative Support Corporation (LISC) and the Mayor's Office of Economic & Workforce Development (MOEWD), and is also supported by the Mayor's Office of Community Development, the Evelyn and Walter Haas Jr. and Sr. Funds, the Goldman Fund (local philanthropies) and State Farm Insurance.

#### **Origin and Resources**

The program was initiated in 2003, when LISC approached MOEWD regarding a new initiative to strengthen struggling commercial districts through support of local community organizing efforts. The program now operates in seven San Francisco commercial districts, with 3 dedicated LISC staff, 2 MOEWD staff and 3 full-time and 2 part-time staff in local community-based organizations (CBOs) that are funded by grants from LISC, General Fund grants from MOEWD, and, in some districts, Community Development Block Grant (CDBG) Economic Development Fund grants from the Mayor's Office of Community Development. The program also receives significant staff support from 7 pre-existing Neighborhood Economic Development Organizations (described below) that provide small business technical support, financial packaging services and loans and have different cultural and geographic orientations.

#### **Purpose**

The overarching objective of the program is to help local CBOs, merchants and residents attain a sufficient level of self-sustaining organization to operate ongoing district maintenance, promotions, and business attraction programs while connecting local businesses with technical assistance programs and working with the City on significant capital improvement and catalyst real estate projects. The initiative aims to build the capacity of existing organizations in each corridor, but has also led to the expansion of CBOs in adjacent communities, as well as the creation of new organizations.

#### **Implementation**

Each district program is initiated with a planning phase that involves local residents, merchants, community leaders and neighborhood organizations in developing a distinct vision of the district and a plan of goals and objectives to achieve that vision.<sup>17</sup> Local CBOs are then invited to apply for grant funds from LISC and MOEWD to hire staff to work with the community to implement the plan, or detailed work program, as it is further developed. Funded CBOs have been diverse and include a community development corporation (CDC) from an adjacent community focused on affordable housing development that was funded to work with a particular resident

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<sup>17</sup> In several districts, separate merchant groups were organized given business owner time constraints and special issues.

organization, a local family center, and a coalition of a business resource center (a NEDO), an affordable housing CDC and a community digital education and arts non-profit.

The staff person receives significant support from LISC in regards to community organizing, event planning (neighborhood festivals), promotions, implementation of supplementary maintenance programs or other community priorities, and fund-raising in support of these programs. The local staffer also provides local businesses with referrals to the appropriate NEDO. MOEWD staff support the program by assisting with business attraction, communication with property owners, working on catalyst joint development projects (i.e. arts center), monitoring new development proposals and inviting developers to community meetings, assisting with code enforcement issues and convening/involving other City departments or public agencies as necessary. Ultimately, the hope is that with sufficient organizational capacity and strong relations with merchants and property owners, corridors will become Community Benefit Districts, San Francisco's equivalent of a Business Improvement Area.

**Websites for more information:**

Bay Area LISC website -

[http://www.bayarealisc.org/bay\\_area/programs/commercial\\_8244/neighborhood\\_8255.shtml](http://www.bayarealisc.org/bay_area/programs/commercial_8244/neighborhood_8255.shtml)

MOEWD website - [http://www.sfgov.org/site/moed\\_page.asp?id=33312](http://www.sfgov.org/site/moed_page.asp?id=33312)

**Small Business Technical Assistance:  
San Francisco Neighborhood Economic Development Organizations**

In San Francisco, small business technical assistance, training and loan packaging is provided by a network of non-profit service providers, or neighborhood economic development organizations (NEDOs). The ten existing NEDOs vary in age, types of services provided, and cultural and geographic orientation, but all receive some degree of Community Development Block Grant funding from the Mayor's Office of Community Development, for which they must re-apply each year. The NEDOs also pursue other funding sources to support their economic development, or other community development activities. Small business services provided include entrepreneurship and business planning classes, start-up incubator space, as well as one-on-one technical assistance in a wide array of areas, including general management advice, business planning, financial analysis and projections, bookkeeping and accounting, budgeting, permitting assistance, marketing, loan packaging, lease consultations, business feasibility analysis and real estate/business acquisitions.

The Mayor's Office of Community Development disburses between \$1 and \$1.5 million in CDBG economic development and microenterprise grant funds annually to small business support programs.<sup>18</sup> In addition, the San Francisco Redevelopment Agency also gives funding from tax-increment financing to two of the NEDOs that provide assistance and loan packaging to small businesses in three different redevelopment areas.

The network includes three organizations that offer business technical assistance and/or loan packaging services to San Francisco's various Asian communities:

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<sup>18</sup> By comparison, the City of Seattle's Office of Economic Development has approximately \$100,000 in annual funding available for business technical assistance; there are currently legal barriers to using local funds for this purpose.

- Asian Inc. is a 36-year-old technical assistance non-profit that provides housing, small business and social services to Asian American communities in Northern California. Located in the central mid-Market area (as well as Oakland and San Jose), Asian Inc. provides business technical assistance in Chinese and other Asian languages. [www.asianinc.org](http://www.asianinc.org)
- Southeast Asian Community Center (SEACC). SEACC is a 31-year-old community development organization that serves Bay area refugees and immigrants from Southeast Asia from a headquarters at the edge of Little Saigon in the Tenderloin area (central San Francisco), as well as two other offices in Oakland and San Jose. SEACC provides small business technical assistance including licensing and permits, marketing, accounting, business plans, and loan applications, as well operating a microloan program ( SBA 7(m) program). Loans are from \$5,000 to \$35,000, usually for 3-4 years, and interest rates typically range from 3-5% over prime. Assistance is available in the Vietnamese and Filipino languages, as well as English. [www.seacc.us](http://www.seacc.us)
- Northeast Community Federal Credit Union (Northeast) is a Community Development Financial Institution that provides small business loans, as well as other financial services aimed at low and moderate-income individuals, at its main office in Chinatown, as well as branch offices in the Tenderloin, SOMA and Visitacion Valley (outer southeast San Francisco). Services are available in Chinese languages. In partnership with SEACC, Northeast also operates a business training and information program called Asian Pacific Islander Business and Information Services (APIBIS); its 2006/07 free workshop series included the following topics: "Understanding Customs Regulations and Procedures", "How to Import Goods to America," "How to Do Business with the Government: Federal Contracts," "How to Start Your Business: Chinese Traditional Healing," "How to Start an E-business," "How to Purchase a Business: Traditional & Franchise," "How to Take Care of your Business Tax." [www.necfcu.org](http://www.necfcu.org)

#### Other NEDOs

- Renaissance Entrepreneurship Center provides a wide array of entrepreneurship training and business planning courses, as well as a business incubator and financing resources center, and is located downtown. [www.rencenter.org](http://www.rencenter.org)
- Women's Initiative for Self-Employment provides business training courses for women entrepreneurs, including classes in Spanish and is located in the Mission District, a historically Latino business district. [www.womensinitiative.org](http://www.womensinitiative.org)
- Mission Economic Development Agency offers an array of bi-lingual (Spanish/English) business development services through a roster of consultants, and has a special childcare business program, as well as non-economic community development and planning programs. It is also located in the Mission District. [www.medasf.org](http://www.medasf.org)
- Urban Solutions is an economic development organization that operates business TA and loan packaging services, as well as running façade and tenant improvement, and business attraction and retention programs in the Fillmore (historically African-American) and SOMA neighborhoods. [www.urbansolutionsf.org](http://www.urbansolutionsf.org)
- Small Business Development Center provides an array of marketing/sales, management, finance and distribution technical assistance through a large roster of specialized consultants [www.sfsbdc.org](http://www.sfsbdc.org)
- Bayview Business Resource Center is a project of the Renaissance Center and provides business TA, loan packaging and incubator services to residents of Bayview/Hunters Point, a historically African-American area, where it is located. [www.rencenter.org/bay](http://www.rencenter.org/bay)
- LGBT Community Center is located at the edge of the Castro and provides members of San Francisco's lesbian, gay, bisexual and transgender communities with business TA. [www.sfcenter.org](http://www.sfcenter.org)

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## Appendix C. Community Review Group Comments

Comment	Source	Response or Follow-up
<b>Scope of Study</b>		
Include analysis of current zoning, current land ownership and retail tenancy, current retail space costs.	Uwajimaya, Inc.	Completed as part of phase 1
Include long term objectives for Little Saigon business; current constraints affecting attainment of objectives.	Uwajimaya, Inc.	Completed as part of phases 1, 2 and 3
Analyzing impacts and benefits for property vs. business owners?	Office of Economic Development (OED)	Completed as part of phase 2
Hope that the work gets folded into a broader community/economic development strategy.	OED	Completed as part of phase 3
Define what the City's objectives are.	OED	Completed as part of phase 3
In crafting economic development strategies, consultants should learn about existing City resources available to assist businesses.	OED	Completed as part of phase 3
Is it possible to get some additional ownership information for the businesses and property owners, i.e. ethnicity? It would also be interesting to know their plans for expansion and succession.	OED	Completed as part of phase 1
Look at whether businesses have capacity to cope with and adapt to future change.	Uwajimaya, Inc.	Completed as part of phase 1
Address key land use analysis questions in the study.	ICDA	Completed as part of phase 2
Discuss/distinguish between development impacts that may occur as a result of overall market dynamics and ongoing trends, and incremental impacts tied specifically to zoning changes or Dearborn Street Project.	Dearborn Street Project	Completed as part of phases 2 and 3
Need to identify strategies for businesses to adapt to change regardless of South Downtown zoning alternatives.	Multiple group members	Completed as part of phase 3
Acknowledge range of factors that may influence development feasibility and discuss the level of rent necessary for new development	Dearborn Street Project	Completed as part of phases 2 and 3
<b>Phase 1</b>		
How to shape a vision for the future, given the diverse composition of the business community in Little Saigon. A somewhat chicken-and-egg problem between determining vision and determining intervention.	Multiple group members	Discussed in phase 3 report
Idea for capturing some of the proceeds or added value of the rezones and buying a block of land to explore proactive development possibilities	ICDA	Discussed in phase 3 report
Could the City commit staff for a multiyear dedicated effort?	Uwajimaya, Inc.	Discussed in phase 3 report
<b>Phase 2</b>		
Though Little Saigon doesn't currently have a residential base, potential	ICDA	Discussed in phase 2 report

future residential development could fuel residential gentrification.		
Retention of local dollars through local businesses: the multiplier effects may be even greater among ethnic sub-area markets.	ICDA	Discussed in phase 1 report
What is the spillover effect of people coming to Dearborn Project—discourage Little Saigon’s market from continuing to come there?	ICDA	Discussed in phase 2 report
For Little Saigon customers, inconvenience of traffic and parking will likely outweigh advantages of accessing businesses in proximity to each other.	Vietnamese-American Economic Development Association (VAEDA)	Discussed in phase 2 report
Why is “Little Saigon impact #2” low? Believes that it should be higher than low.	ICDA	Discussed in phase 2 report
On “Little Saigon impact #2”: timeframe will be more immediate than that indicated in the matrix. As well, redevelopment of Yesler Terrace will also add to the attractiveness of development of the area.	ICDA	Discussed in phase 2 report
Zoning to 125 feet may give current owners the false impression that their property is worth more than a developer could pay for it given market feasibility, effectively “overzoning” the property.	Dearborn Street Project	Discussed in phase 2 report
“Little Saigon impact #3”: The potential positive impact is overstated. The majority of businesses in Little Saigon do not have the capacity to take advantage of the opportunities.	VAEDA	Discussed in phase 2 report
<b>Phase 3</b>		
ID/LS Strategy 1: Numerous financial institutions in the ID could play a role in this proposed strategy.	Uwajimaya, Inc.	Discussed in phase 3 report
ID/LS Strategy 2: Add “curb cuts” in addition to garage doors.	SCIDPDA	Discussed in phase 3 report
ID/LS Strategy 2: Dialog with SDOT about explicitly allowing sidewalk vending, and developing specific guidelines to organize the activity.	Multiple group members	Discussed in phase 3 report
ID Strategy 1: Resources required would need more than the “low level” indicated and time required would be longer.	ICDA	Discussed in phase 3 report
ID Strategy 2: King Street Station redevelopment is on the horizon and an opportunity to coordinate and leverage improvements.	Dearborn Street Project	Discussed in phase 3 report
LS Strategy 4: SCIDPDA or Interim could expand and/or partner to form such a structure for Little Saigon.	ICDA	Discussed in phase 3 report
Would be helpful if the report could make a concise summary statement about what strategy or strategies are the most critical.	ICDA, DPD	Discussed in phase 3 report