TOD IMPACTS
on Businesses in Four Asian American Neighborhoods

CHINATOWN

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INTRODUCTION

Since the opening of the Gold Line Metro Station at the intersection of North Spring and College Street in 2003, the business sector of Chinatown has undergone radical changes. The purpose of this study is to assess this business sector as it relates to Transit Oriented Development (TOD) in Chinatown. The key concerns are small businesses, small Asian businesses, and the preservation of cultural and local character of the neighborhood.

This project addresses the following questions by comparing business growth in the Chinatown study area to LA County over two decades:

1. Is overall growth in the Chinatown study area similar to, less than or more than LA County?
2. Is small-business growth in the Chinatown study area similar to, less than or more than LA County?
3. Is Asian-business growth in the Chinatown study area similar to, less than or more than LA County?
4. Is the level of real-estate activities (construction and transactions) in the Chinatown study area similar to, less than or more than LA County?

Major Findings

- The Chinatown study area has a lower growth rate of businesses relative to Los Angeles County.
- The Chinatown study area has a slightly higher growth rate of small businesses in general relative to Los Angeles County.
- The Chinatown study area has a lower growth rate among small Asian businesses relative to Los Angeles County.
- There is a higher rate of transactions since 2006; however, the construction rate in the Chinatown TOD study area has decreased in the 2001-2006 period relative to LA County.
Neighborhood Background

The first Chinese in Los Angeles were recorded in the early 1850s. A group of around two hundred, mostly Chinese male laundry and agricultural workers, formed the first identifiable Chinatown situated on Calle de Los Negros, between Alameda and Main Street. This old Chinatown flourished until around 1910, when it experienced a sharp decline in property values due to a combination of numerous city redevelopments, lack of maintenance and legal issues. Residents were relocated into an area, known as Little Italy, as old Chinatown became increasingly impoverished. When tourists began to avoid the neighborhood, businesses were forced to rely on a declining population of local residents. Ultimately in May of 1931, the California Supreme Court approved plans for the construction of Union Station on the site of old Chinatown.

The Chinatown we see today officially opened in June 1938 after years of discussion and subsequent development by the Los Angeles Chinatown Project Association. This Chinatown is bounded by Sunset Boulevard and East Cesar Chavez Avenue in the South, and the Los Angeles River to the East. Different sections of North Beaudry Avenue, Stadium Way and North Broadway Avenue bound the Northern section. This triangular neighborhood is flanked by Downtown, Echo Park and Lincoln Heights.

In March 1990, the Los Angeles County Transportation Commission approved a light rail project route in an elevated station at the intersection of College and Alpine in Chinatown. The original plan for this project was an underground station at the busiest section of Broadway Avenue, but the project was terminated as it was estimated to cost an additional $400 million. The final elevated Gold Line Station of Chinatown was finished in 2003 at North Spring and College Street.

TOD Study Area

Our TOD study is within a half-mile radius of the Gold Line Station on North Spring and College Street. The neighborhood consisted primarily of densely populated residential areas centered on a vibrant commercial district. Currently, about 28% of all parcels within our study area are apartment complexes that have five or more units, and another 13% are single-family homes, which also includes condominiums. Together, roughly two of every five parcels are residential buildings. The third most frequent kind of parcel is store combination comprising of offices or residential areas at less than 8%. Like its surrounding areas, the Chinatown TOD study area is ethnically diverse and highly urbanized. According to the Los Angeles Department of City Planning, as of 2008 there were almost 29,000 individuals—70% of which were Asian—living in the neighborhood, which is less than a square mile in area. The residents are predominantly from low-income families: according to the LA Times, the median income is roughly USD 22,000, which is lower than average for LA County.

Timeline of significant events in Chinatown TOD study area.

Photos from www.kcet.org and J. Fang, 2014
Image 1. A photo from 1937 of Old Chinatown and a Chop Suey restaurant. In the background is the construction of Union Station.

Source: Los Angeles Times

Image 2. The Gold Line Station in Chinatown on Noth Spring St. and College St.

Photo by T. Le, 2014
EMPLOYMENT BASE

In 2011, there were 7,954 private sector jobs within the Chinatown TOD study area, which represented an increase from earlier years. The age distribution of these workers is about the same as in LA County: almost 60% of the workers in Chinatown are between 30 and 54 years old. In the Chinatown TOD study area, however, workers have a lower median age and are earning less. One third of workers earn less than $1,250 per month, 45% earn between $1,250 and $3,333, and only about 20% is earning more that amount. The educational attainment within the study area is generally lower than LA County as well, about 25% having less than a high school diploma.

The top-three industry sectors for the Chinatown TOD study area are healthcare and social assistance, accommodation and food services, and retail trade respectively. Almost half of all workers in these industries identify as Asian, comparable to only about 15% in LA County. There has also been a general shift to smaller firm sizes in our study area. In 2011, there was a total of 1,102 business within the Chinatown TOD study area, 1032 of which are classified as small businesses (having between 1 and 19 employees). Out of the 1032 small businesses, 482 are also classified as Asian businesses.

DEFINITIONS


Year built: Year listed in parcel data records that building is constructed.

Record year: Year listed in parcel data records when the legal ownership of a parcel changed. May indicate sale, purchase, or inheritance of parcel.

Asian business: Business whose officer name was found in Asian surname database.

DATA & METHODOLOGY

Three data sets were utilized for this study. Job holder characteristics were derived from the 2011 Longitudinal Employer Household Dynamic Program (LEHD). Dun and Bradstreet records (1991-2001 & 2001-2011) were analyzed to determine business dynamics. LA County parcel data (2001-2006 & 2007-2011) provided an understanding of parcel usage, construction, and property transaction.

The D&B data are used to determine changes in the number of total establishments, small establishments and Asian establishments in the TOD study area. We compare...
these changes (measured as growth rates) with those for LA County. Using LA County as a benchmark is critical because of structural changes in the economy and changes in data collection. The two important transformations in the economy have been 1) a shift to smaller businesses and establishments, and 2) the growth of self-employment. Small businesses were defined as businesses employing fewer than 19 employees. Small businesses are further subdivided into two categories, “self-employed” (0-1) and small businesses (2-19).

Whether service area businesses were Asian or non-Asian was determined by comparing Dun and Bradstreet officer surname records with the Census Bureau’s database of Asian surnames. Database surnames are assigned a probability that surname holders were Asian. For example, there is a 96% chance that a person with the surname “Yu” is Asian. Surnames with a probability of 75 percent or higher of being Asian were included in this analysis. This threshold was utilized to omit business officers with ethnically ambiguous surnames. Because Los Angeles has a higher proportion of Asians than the nation, we modified the selection rule by including those with the surnames “Lee” and “Park” in as being Asian, even though both surnames do not meet the threshold. Although these Asian assignments are not perfect, any biases are consistent over time. For more information on data methodology and limitations see “UCLA TOD Study Impacts on Businesses in Four Asian American Neighborhoods” (Ong, Pech, Ray, 2014).

Figure 1. Overall Percentage Change in Number of Establishments

![Figure 1](image1.png)

Tabulations by P. M. Ong, Analysis by J. Fang & T. Le

Figure 2. Rate of Business Entry and Exit

![Figure 2](image2.png)

Tabulations by P. M. Ong, Analysis by J. Fang & T. Le

OVERALL BUSINESSES

In order to accurately compare the overall growth of businesses within the Chinatown TOD study area, we measure the growth rate in two separate decades. Between 1991 and 2001, the overall businesses in the Chinatown TOD study area had a growth rate of 31%. This growth rate slowed to about 22% in the following decade as only 196 new businesses entered the market between 2001 and 2011. Although businesses continued increasing in absolute numbers, the overall growth rate was lagging significantly behind that of LA County, which was 81% between 2001 and 2011.

There is one potential explanation for this. The exit rate of businesses for our Chinatown study was relatively similar to that of LA County from 1991 to 2001 (42% and 47%, respectively), as well as between 2001 and 2011 (40% and 48%). This means that the survival rates, or the number of businesses that were established before 2001 and remained operational afterward, between the two study areas are similar as well. Since the Chinatown TOD study area have a slightly lower exit rate, it has a higher survival rate of 57% between 1991 and 2001, and 59% from 2001 to 2011. The survival rate of business in LA County is not lower by much, 53% in prior decade and decrease to 51% more recently. Overall, there is only a five to seven percent difference.

The large disparity in overall growth rates, despite relatively similar exit and survival rates, indicates there is
a significant difference in the entrance rate of businesses in the two areas. As seen in Figures 1 and 2, the difference in entrance rate between the two study areas was only about 8%. During this period, the entrance, exit and survival rate of the two areas were all within 10% of each other, hence only a 3% difference between overall growth rates. From 2001 to 2011, the Chinatown TOD study area experienced a decline in the entrance rate, from 73% before 2001 to about 62%. The entrance rate of LA County, however, increased from it already large 80% to more than 130% between 2001 and 2011. There was a massive influx of businesses into LA County during this decade. This justified the more than 80% increase in overall businesses in LA County.

**Small Businesses**

In the Chinatown TOD study area, there were 1032 small businesses in 2011, which represents about 94% of the total businesses. As mentioned, we used two criteria for small businesses: 1) those with only one employee, or self-employment, and 2) those with between 2 to 19 employees. The growth rate pattern of self-employed businesses in the Chinatown TOD remained virtually constant in both periods, only increasing by 1%.

The growth rate of self-employed businesses in LA County, however, is consistent with that of its overall growth. The 89% growth rate from 1991 to 2001 increased to a massive 152% between 2001 and 2011. The high entrance rate of businesses in the general LA County has had a large impact on the number of self-employed businesses overall as well. This massive increase in self-employed businesses is evidence of a gradual shift to smaller firm size in the business sector of LA County.

Between 1991 and 2001, small businesses in the Chinatown TOD study area had a slightly higher growth rate than in LA County, 28% versus 25% respectively. The growth rate of small businesses in the Chinatown TOD study area has a drastic decline from 2001 to 2011, however, slowing down to around 11% growth. The growth rate of small businesses in LA County is similar to that of its self-employed businesses. This created a large disparity between the number of small businesses in the Chinatown TOD study area compared to LA County. This sharp increase can be attributed to the high rate of entrance for LA County business overall.

**Asian Businesses**

There are 509 Asian businesses out of the 1102 total businesses in the Chinatown TOD study area. Between 1991 and 2001, Asian businesses in the Chinatown TOD study area had a growth rate of roughly 24%, compared to 65% in LA County. However, between 2001 to 2011, the growth rate of Asian businesses in LA County slowed slightly to 53 percent, indicating that Asian businesses in general were struggling. In the Chinatown TOD study area, the growth rate of Asian businesses fell significantly, to -1.2%, bringing the absolute number of Asian businesses from 515 in 2001 to only 509 in 2011.
About 95% of Asian businesses are also Asian small businesses. The growth rate of Asian small businesses for LA County slowed from 67% between 1991 and 2001 to about 57% from 2001 to 2011, a similar decrease to that of LA County. Between 2001 and 2011, there was a negative growth (-0.4%) in Asian small businesses in the Chinatown TOD study area, bringing the total number of small businesses from 484 to 482 in 2011. Thus, overall the numbers were relatively stagnant.

**Property Dynamics**

Taking into account the lower rate of business growth and development in Chinatown over the last decade relative to LA County, property dynamics in Chinatown study area show a significant decrease in construction rate yet a higher percentage of transactions. The Chinatown TOD study area experienced more construction of new buildings than LA County from 2001 to 2006 even when weighted to reflect the composition of Chinatown (see figure 7). Though the rate of construction in LA County remained relatively constant at around 1% to 2%, that of the Chinatown TOD study area decreased from a 22% to 0.7% since 2006.

The high rate of building activity is also reflected in the date of transaction for each parcel, which can be seen in figure 8. The Chinatown TOD study area experienced an increased transaction rate, from 22% to 38%, while LA County decreased from 33% to 27%.

The construction of the Gold Line in 2003 could potentially explain the increase in transactions of parcels, as could the increase in new construction of condos during the 2001-2006 time period. The increasing exit rate of Asian businesses could be a result of them either being closed or moving out of the Chinatown TOD study area to other more densely populated Chinese communities, such as the San Gabriel Valley. Though transactions do not follow the same pattern as construction, it is important to weigh the more recent time period more heavily to address the fact that the data obscures prior transactions. Given the huge spike in construction of parcels during the 2001-2006 time period, further research is needed to determine the impacts of future developments on the relationship between the construction and transaction of parcels.

**Figure 5. Percent Change in Number of Asian Businesses**

Tabulations by P. M. Ong, Analysis by J. Fang & T. Le

**Figure 6. Percent Change in Number of Small Asian Businesses**

Tabulations by P. M. Ong, Analysis by J. Fang & T. Le

**Figure 7. Share of Parcels by Year Built**

Tabulations by P. M. Ong, Analysis by J. Fang & T. Le
## Future Development

Regardless of our findings, the gentrification of Chinatown is probable with the construction of many recent developments. These include the Lotus Garden apartments, which hold 60 units and open in November 2013, as well as a Carmatrix: a semi-automated parking garage that parks more cars in less space. In March 2014, the Jia Apartments—formerly known as Chinatown Gateway—will open along with Chinatown’s first outlet of the national coffee-house chain, Starbucks.

The Los Angeles State Historic Park will also open after a yearlong renovation expanding the park to 32 acres, while also adding permanent bathrooms, an amphitheater, two parking lots and a space for a farmers’ market. In August 2015, Blossom Plaza will open after a two year renovation and will now connect directly to the Gold Line station. It will also include 240 housing units (53 of which will be for low-income individuals), 20,000 square feet for retail and restaurant space, a 17,000 square foot plaza, and 392 parking spaces. The private company Metabolic Studio is currently in discussion to erect a 70-foot steel water wheel below the North Broadway Bridge. This wheel seeks to attract tourism to small businesses near the Gold Line station.

Lastly, there are plans to expand the Gold Line eastward, either down Washington Boulevard to Whittier, or along Highway 60 to South El Monte. As of now, the 60 route would cost less than the Whittier route, at $1.5 billion compared to $1.65 billion; but, the 60 route would have fewer riders, according to estimates. As of now, this project will not be complete for at least 15 years.

### Timeline of Recent and Future Developments

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2015</td>
<td>Nov. 2013: Lotus Garden Apartments opens with a Carmatrix</td>
</tr>
<tr>
<td></td>
<td>Feb. 2015: LA State Historic Park (Cornfield) will complete renovations</td>
</tr>
<tr>
<td></td>
<td>2028: Metro Gold Line expansion project opens</td>
</tr>
<tr>
<td>2020</td>
<td>Aug. 2015: Blossom Plaza opens</td>
</tr>
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<td></td>
<td>TBD: Metabolic Studio wants to erect a 70-foot steel water wheel</td>
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</tbody>
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**Figure 7. Share of Parcels by Year Built**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001-2006</th>
<th>2007+later</th>
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</thead>
<tbody>
<tr>
<td>Count</td>
<td>22%</td>
<td>33%</td>
</tr>
<tr>
<td>Tabulations by P. M. Ong, Analysis by J. Fang &amp; T. Le</td>
<td></td>
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CONCLUSIONS

As summarized in the table above, although the overall growth rate for the Chinatown TOD study area is similar to that of LA County from 1991-2001, it has been lagging behind in the more recent decade. The growth rate of small and self-employed businesses in the Chinatown TOD study area is similar to that of LA County but decreased significantly for small businesses. From 2001 to 2011, businesses in Chinatown grew at a much lower rate relative to LA County. The growth rate of Asian businesses and Asian small businesses show a more drastic decrease in the Chinatown TOD study area as well compared to that of LA County.

Taking into account the lower rate of business growth and development in Chinatown over the last decade relative to LA County, property dynamics in Chinatown study area show a significant decrease in construction rate yet a higher percentage of transaction. The Chinatown TOD study experienced more construction of new buildings than LA County, even with LA County data being weighted to better reflect the composition of Chinatown.

From 2001 to 2011, construction of parcels decreased, as did business growth rate, indicating a positive relationship between TOD, business performance, and real estate development. Whereas the Chinatown TOD study area had lower growth rates for overall businesses, small businesses, Asian businesses and construction compared to LA county, it did have higher rates of parcel transactions than. Ultimately, this demonstrates that this neighborhood is struggling with the growth and sustainability of businesses.

Recommendations

- Maintain communications with small businesses owners to monitor growth
- Promote and support the growth of small and small ethnic businesses

<table>
<thead>
<tr>
<th>Overall Growth</th>
<th>Small Business Growth</th>
<th>Asian Business Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991 - 2001</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>2001 - 2011</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1991 - 2011</td>
<td>-</td>
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REFERENCES


ACKNOWLEDGMENTS

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Disclaimer: The contents, claims, and findings of this report are the sole responsibility of the authors.