TOD IMPACTS
on Businesses in Four Asian American Neighborhoods

KOREATOWN

JUNE 2014 | UCLA Center for the Study of Inequality
Photo Credit (cover page):

Photo by Thomas Le, 2014
TABLE OF CONTENTS

Introduction ....................................................................................................................................................... 4

Neighborhood Background ............................................................................................................................ 5

Employment Base ............................................................................................................................................. 7

Data & Methodology ........................................................................................................................................ 8

Overall Businesses ........................................................................................................................................... 8

Conclusions ..................................................................................................................................................... 12

References ........................................................................................................................................................ 13
INTRODUCTION

The purpose of this study is to assess the opportunities and challenges of the business sector in Koreatown as it relates to transit oriented development (TOD). Although previous studies focus on TOD and its impact on residents, there are no existing studies on its impact on other aspects of community life. In this context, this policy memo addresses the impacts on small and ethnic business. Analyzing changes between two decades (1991 to 2001, and 2001 to 2011), it provides insights as to the viability of small and Asian businesses, relative to those in Los Angeles County.

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

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

Major Findings

- The Koreatown study area has a slightly lower growth rate of businesses overall relative to Los Angeles County
- The Koreatown study area has a slightly higher exit rate and slightly lower entrance rate relative to Los Angeles County
- The Koreatown study area has a slightly lower growth rate of small businesses relative to Los Angeles County
- The Koreatown study area has a slightly higher growth rate among small Asian businesses relative to Los Angeles County
NEIGHBORHOOD BACKGROUND

The neighborhood commonly known as Koreatown lies about three miles west of Downtown Los Angeles and covers an area of roughly 3 square miles (Los Angeles Times, no date). While the boundaries of Koreatown are somewhat contested, the study area, a ½ mile radius around the Wilshire/Western station, falls largely within most definitions of the neighborhood (See Map 2).

Koreatown has the highest residential density of any neighborhood in L.A., at roughly 43,000 people per square mile (LAT, no date). Though named Koreatown, Koreans actually make up roughly 22% of the neighborhood, with Latinos comprising roughly 53% (Sanchez et. al., 2012). This area was originally Wilshire Center, one of the first commercial districts to be planned for automobile drivers rather than pedestrian use. It became a Hollywood hotspot in the 1920’s, but as real estate development shifted towards the Westside over the 20th century, the Wilshire Center area experienced a decline. The lowered property values drew Korean and other immigrant populations who were increasingly entering the US following the passing of the Immigration and Nationality Act of 1965. Since then, connections to South Korea have been an important source of capital for redeveloping the neighborhood (Fears, 1998).

With the Rodney King trial and subsequent riots in 1992, which severely damaged Koreatown, the neighborhood became a target for economic redevelopment activity. Since then, the Koreatown General Plan Framework and Redevelopment Project Area planned for high-density zoning to complement the new era in transit, a pairing known as transit oriented development (TOD).

TOD Study Area

Koreatown has three Metro Rail stops on the Purple Line, at Wilshire/Vermont, Wilshire/ Normandie, and Wilshire/Western. This area is served by 15 bus routes, all but one of which runs at frequencies of 15 minutes or less. Rapid buses, buses with limited and fewer stops, operate on Wilshire, Olympic, Vermont, Western, and dozens of other major throughways. The Red and Purple Lines and the rapid bus lines connect Koreatown with Downtown Los Angeles and Hollywood, which has helped decrease the congestion along Wilshire (SCAG, 2008). Danny Park, Koreatown Immigrant Workers Alliance (KIWA) former executive director, said that the rail brought people into the neighborhood, which is good for business, but also noted that most of KIWA’s workers travel by bike or bus. Park

Timeline of significant events in Koreatown TOD study area.

1960

‘65: 1st wave of Korean immigrants to Los Angeles

1973: Koreatown officially designated

1980

1992: Heavily impacted by civil unrest

1996: Metro Wilshire/Western Station completed

2000

1990s: Koreatown is home to a large Korean and Latino community and the site of many large Asian businesses

Sources: A. Cheng (map), E. Macedo (photo)
Beginning in 1928, Wilshire and Western became the nation's busiest intersection. Here, in 1931, automobile traffic jams Wilshire and Western.

Source: Los Angeles Public Library from Nathan Masters’ Blog

Wilshire and Western Station in the Koreatown Study Area

Photo by E. Macedo, 2014
stated that the rail or TOD project is a positive contribution to Koreatown because it promotes accessibility. Danny Park also noted during a tour of the neighborhood that many rent-controlled apartments had been knocked down in the redevelopment process, displacing lower-income residents. Though TOD projects at all three stations have resulted in large condo buildings, KIWA has successfully advocated for affordable housing and community resources to be included in these developments, most notably a public middle school and 90 affordable units at Wilshire/Vermont.

**EMPLOYMENT BASE**

The majority of job opportunities in the Koreatown study area are middle-wage (between $1,251 and $3,333 per month), at 44% of the total workforce, while the percentage of low-wage workers is 25% and high-wage workers 32%. This is likely due to the types of industries that are most common in Koreatown, such as professional, scientific and technical services, as well as administrative and support services, finance and insurance, and health care and social assistance—all job sectors that require a high education level. In fact, 29% of the workforce in this study area have a bachelor's degree or higher, compared to 27% in Los Angeles County.

The population of the Koreatown study area is mainly Asian and White, at 39% and 47% respectively. The high concentration of Asians in the Koreatown area suggests that the neighborhood is considered a cultural asset in the Korean community. As of 2011, there were a total of 4,919 businesses in the Koreatown study area. 97% were small businesses (having fewer than 20 employees), 41% were Asian businesses, and 32% were small Asian businesses.

**DEFINITIONS**

**Business sector:** Grouping of business by similar industry. Determined by NAICS (North American Industry Classification) code designation.

**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.
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).
for the Koreatown study area is lower than the rate for the County during the 2001 to 2011 period. This can indicate that the Koreatown study area has slower economic growth. Economic growth is also shown in the entrances and exits as well, as both locations have higher entrances than exits.

**Small Businesses**

As seen in Figure 3, between the two periods the percentage growth of one employee businesses decreased by around two thirds, from 165% in the first decade to 99% in the second decade. In the Koreatown study area specifically, small businesses decreased by around half, from 54% to 29%. Counter to that, growth rates for both one employee and small businesses in Los Angeles County increased over the two time periods. One employee businesses growth increased by around two times, from 88% to 152%, and small businesses growth increased by approximately three times, from 24% to 70% (See Figure 4).

Small businesses in the Koreatown study area as well as in Los Angeles County are increasing in number: both had a growth rate of over 100% between the two time periods. These growth rates were slightly higher than the growth rates for overall businesses in both areas, suggesting that the establishment of small businesses contributes to the overall growth in businesses.

Small businesses in the Koreatown study area continue to increase, though at a slower pace than during the 1990s. During the 2001 to 2011 period, Koreatown lags slightly behind the County with regards to small business growth.

**Asian Businesses**

As shown in Figure 5 and 6, both Koreatown and Los Angeles County experienced growth in Asian businesses and Small Asian businesses. Based off calculated ratios of small Asian businesses to all Asian businesses in both locations, about 95% of all Asian businesses are small businesses. In the Koreatown study area, the growth rate for small Asian businesses decreased from 116% in the first decade to 25% in the second decade. This means that business establishments within this study area are much less frequent in the second decade, from 2001 to 2011, relative to the first decade. Overall between 1991 and 2011, the growth rate
of Asian businesses was higher in Koreatown than in Los Angeles County, with the doubling of businesses in 1991 to 2001 overcoming the weaker growth in the following decade.

Growth rates for small Asian businesses in Los Angeles County also decreased over the two time frames, from 66% to 57%. The growth rate of small Asian businesses in the Koreatown study area is about twice as high as the growth rate in Los Angeles County during the first period. However, during the recent decade, the growth rate in the Koreatown study area was lower. It is worth highlighting that growth rates for small Asian businesses in both the Koreatown study area and Los Angeles County decreased over the two time periods. That small businesses opening in both locations at slower rates indicates that this type of business has been negatively affected over time.

**Property Dynamics**

In contrast to the lower rate of business growth and development over the last decade relative to Los Angeles County, property dynamics in Koreatown have been far more active than in the rest of the county. The Koreatown study area had a much higher share of new buildings (built since 2006) than LA County, even when LA County data are weighted to better reflect the composition of Koreatown. This high rate of building activity is further reflected in the dates of the parcels’ last recorded transaction. Nearly half of all parcels have changed hands since 2006, compared to roughly a third of parcels in Los Angeles County.

Only twenty of the nearly three thousand parcels in the study area have buildings constructed in the 1990s. The low rate of construction is somewhat surprising given that the subway station opened in 1996, which is often accompanied by further development. Instead, the bulk of the parcels, 79% specifically, were built pre-1990, and more than half of the remaining parcels were built between 2007 and 2011. It is possible that much of the growth in new construction is driven by condos, each of which gets its own parcel, though further research is needed to determine this.

Transactions share the same pattern as construction but at a much larger scale. Nearly half of all parcels in the Koreatown study area changed hands between 2007 and
Koreatown & the Metro Purple Line

Further evidence of delayed development. This recent rise in parcel transactions is also not reflected in the county data, where transactions peak in the early 2000s.

Future Development

Plans for the future involve the continuation of ongoing building and developing projects. The Wilshire/Western Tower, a mixed-use complex is also being focused upon and is intended to be under construction. The empty lot on 7th Street and Hobart Street, now owned by a private developer, is planned to hold either a forty-story tower as a landmark for Koreatown or a six-story mixed-use complex. In addition to this, the developer has an agreement with KIWA (Koreatown Immigrant Worker Alliance) that this land parcel must reserve space for a public park for the purpose of having more community and green spaces in the neighborhood. The plan is currently on hold, but has potential to become a reality in the future.

Another future plan in the study area is to extend the Metro Purple Line Rail by 9 miles. This will allow the Purple line to go down the main thoroughfare, Wilshire Boulevard. The first step in building a station involves protecting or relocating underground utilities, and then installing concrete decking that will serve as a temporary street surface, thereby allowing traffic to continue to flow while the construction occurs underneath. The entire process is estimated to be completed by the year of 2036.

2011, while another third changed hands between 2001 and 2006. When looking at the transaction data, the most recent data should be weighted more heavily, to address the fact that the data obscures prior transactions (for example, if a parcel is sold in 2004 and again in 2008, only the 2008 transaction appears). Because of this, we cannot say for sure whether the activity was slower in the 1990s when the station opened, though it appears that might be the case. The late opening of the Solair, the major development at Wilshire and Western that is now only at 60% occupancy is

Figure 8. Share of Parcels by Recent Transactions

Tabulations by P. M. Ong, Analysis by A. Wong

Figure 10. The study area is expecting new big box developments in the near future.

2001-2011: Businesses continue to open and become established, however, at a slower rate than in the previous decade

2014: Discussing plans and developing the Wilshire/Western Tower

2036: Extension of the Metro Purple Line to Westwood scheduled to be completed

Sources: E. Macedo, Curbed LA, Metro Purple Line Extension
CONCLUSIONS

Overall, the business trend for Koreatown is increasing and consistent. A downside is that all types of businesses have much lower growth rates in the second decade than in the first decade. For example, from 2001 to 2011, businesses in Koreatown grew around twice as slowly as businesses in Los Angeles County, and decreased to about half from the first period to the second. As for Asian and small Asian businesses, both Koreatown and Los Angeles County have experienced a decrease in growth rates.

Despite the lower relative rate of business growth and development, with the exception of Asian businesses, property dynamics are extensive with very high levels of change. The Koreatown study area has a much higher share of new buildings built since 2006 than Los Angeles County, and nearly half of all parcels have changed hands, compared to only a third of parcels in Los Angeles County.

The Metro Purple Line opened in 1996, the middle of the first period, when businesses had very high growth rates in the Koreatown study area. During the second decade from 2001 to 2011, real estate increased substantially, while the business growth rate decreased significantly. This data indicates that there may be a noteworthy correlation between TOD, business performance, and real estate development.

When combining both decades to get the total growth rates, Koreatown had slightly lower growth rates for business and small business when compared to Los Angeles County, and yet higher rates for Asian and small Asian businesses. Ultimately, business are still entering the neighborhood and improving the economy. Given that Koreatown only slightly lags behind Los Angeles County for all business and small business growth, this neighborhood is still very competitive and has potential for future growth.

Recommendations

- Support small Asian businesses, particularly in areas of the neighborhood targeted for extensive development
- Ask for grants to support local small Asian businesses or to combat gentrification
- Communicate with Metro so they can be more aware of possible effects on small businesses, thus there can be a better understanding of the economic situation of ethnic communities
- Advocate for rent control and affordable housing to prevent the displacement of low income residents

<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>
<td>-</td>
</tr>
</tbody>
</table>
REFERENCES


Los Angeles Times (no date). Mapping L.A.: Koreatown


Sanchez, Jared et.al. (2012) Koreatown: A Contested Community at a Crossroads Program for Environmental and Regional Equity, University of Southern California

ACKNOWLEDGMENTS

This study is the final product of the Asian American Studies 185 capstone course. The research was conducted in collaboration with the Asian Pacific Policy and Planning Council (A3PCON), the UCLA Asian American Studies Department (AASC), and the UCLA Department of Urban Planning. The Koreatown Immigrant Workers Alliance (KIWA) partnered as our local community-based organization for our studies in the Koreatown TOD Study Area. The authors would also like to thank the members of these many organizations for their support.

We would also like to thank Professor Paul Ong and his research team, Chhandara Pech and Rosalie Ray, who were generous with their time and who provided much appreciated guidance throughout the study. Additionally, we like to thank Brady Collins for reviewing early drafts and Alycia Cheng for finalizing the design template for our report. This project was also supported by the UCLA Center for the Study of Inequality.

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