

## TOD IMPACTS

on Businesses in Four Asian American Neighborhoods

### THAI TOWN

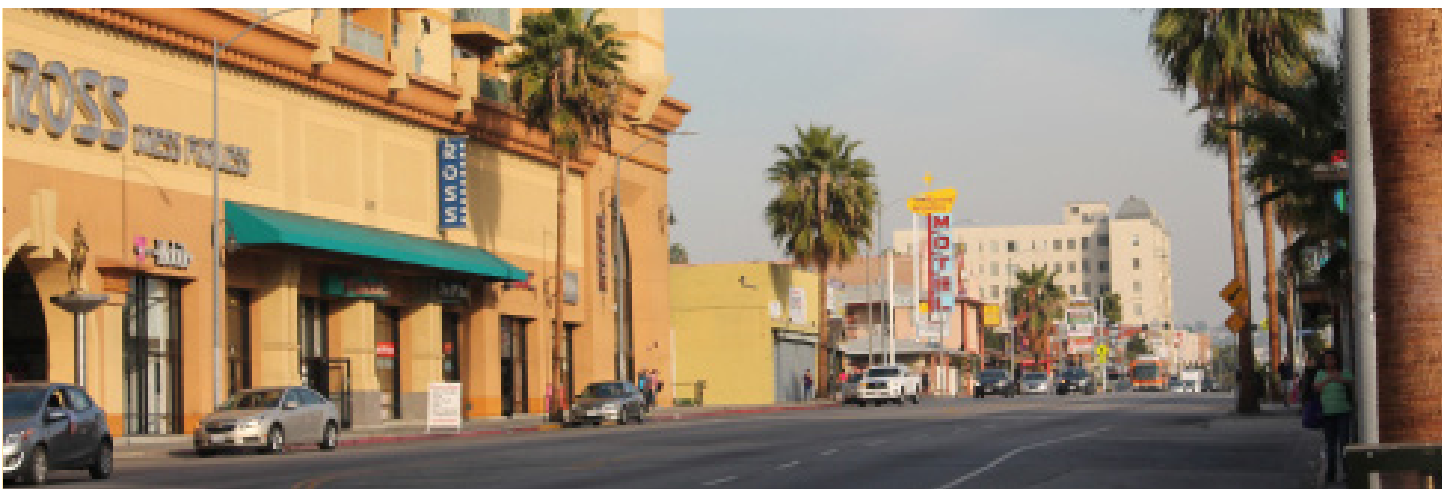


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## INTRODUCTION

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

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

### *Major Findings*

- Overall business growth in the TOD Study Area has outpaced that of LA County
- The TOD Study Area's small businesses have grown at a pace greater than LA County
- The TOD Study Area lags behind LA County in terms of Asian business growth
- Property dynamics of the TOD Study Area are similar to that of LA County

## NEIGHBORHOOD BACKGROUND

The 1965 U.S. immigration reform facilitated the first wave of Thai immigrants, along with other Asian/Pacific islander immigrants arriving to Southern California. Over the years, Thai businesses sprouted along Hollywood Boulevard, making the Thai community a visible population in a city notable for its diversity.

In the midst of the 1992 Los Angeles Civil Unrest, East Hollywood suffered damaged storefronts as well as rampant looting throughout streets and business districts (EHNC, 2013). Shortly after, the Thai community organized entrepreneurs and activists in a dedicated effort to evaluate the population’s financial and social needs. In late 1999, East Hollywood – and the entire nation – welcomed its first official Thai Town (Preserve America Neighborhoods, 2012).

That same year, the Metro Red Line’s Hollywood/Western station was completed, which sits at Thai Town’s western entrance. This was a pivotal moment for longtime business owners who looked to the Metro Red Line as a promise for better accessibility, opportunity for cultural

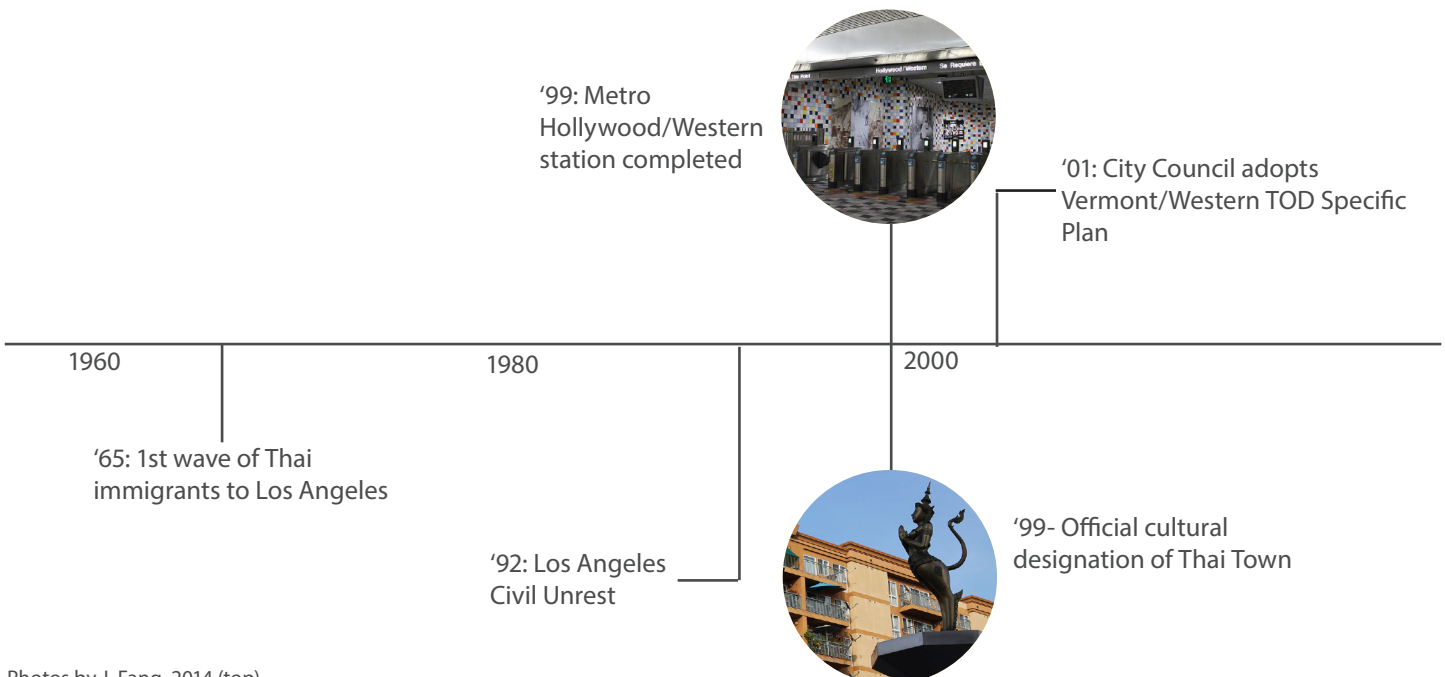
tourism, and the foundation for a more livable neighborhood (Metro Transportation Library, 2013).

In 2001, the L.A. City Council adopted a transit-specific community plan for parts of East Hollywood, including the Hollywood/Western station. The Vermont/Western Station Neighborhood Area Plan is meant to bring more public services, community amenities, and other resources alongside transit-oriented growth to the area.

### TOD Study Area

The Thai Town TOD Study Area is defined as a half-mile radius from the Hollywood/Western Metro Red Line station. The half-mile radius is within the northeastern part of East Hollywood, an urban community of over 51,000 residents that sits northwest of Downtown Los Angeles (EHNC, 2013). This TOD Study Area encapsulates the six-block stretch along Hollywood Boulevard between Western and Normandie that defines the official Thai Town cultural district. It should be noted that Thai Town is in fact a small portion of the TOD Study Area. Parts of Little Armenia, Los Feliz, and East Hollywood comprise the rest of the study area.

Timeline of significant events in Thai Town TOD study area.



Photos by J. Fang, 2014 (top) & E. Macedo, 2014 (bottom)

Image 1. Hollywood Boulevard in the 1930s shows Los Angeles's cable car roots.



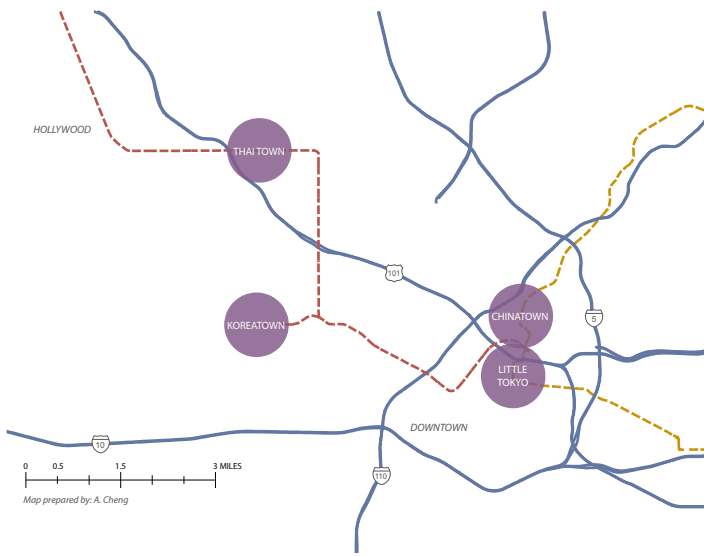
Source: waterandpower.org

Image 2. Hollywood/Western Metro Red Line station signifies Los Angeles's return to rail.

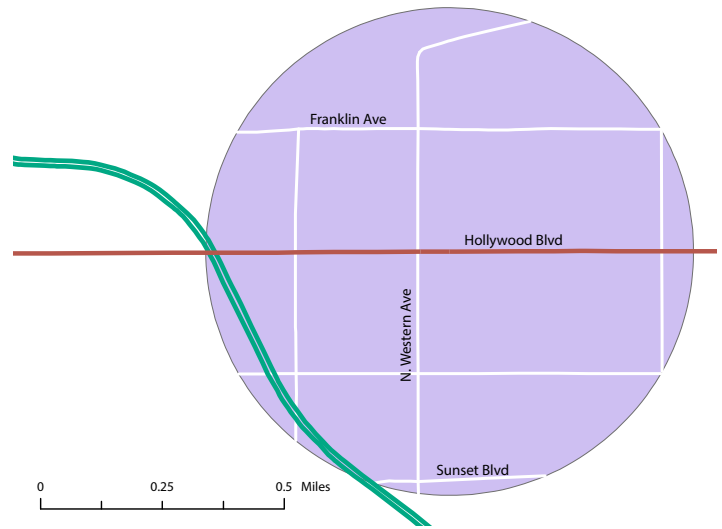


Photo by J. Fang, 2014





Study areas, clockwise from upper left: Hollywood/Western Station, Chinatown Station, Little Tokyo Arts District Station, Wilshire/ Western Station .



The study area is situated in the East Hollywood area of Los Angeles.

## EMPLOYMENT BASE

The TOD Study Area has roughly 1,344 total businesses and is represented by a variety of different work sectors. As of 2011, there were 6,887 jobs within the TOD Study Area. The North American Industry Classification System (NAICS) categorizes certain occupations and firms into specific industries. The top five sectors represented in the TOD Study Area are: Administrative & Support & Waste Management & Remediation Services (16.1%), Professional Scientific and Technical Services (11%), Other Services (9.2%), Retail Trade (8.9%), and Information (7.5%). In the TOD Study Area, firms that have over 500+ employees employ 62.9% of all jobs. That is, large-scale retailers employed the highest proportion of workers. Small businesses (0-19 employees) employed the second largest share, at 12.4% of all jobs. Roughly 47% of all jobs reported earnings of \$1,250 per month or less. Over three-quarters of the job holders are white (including Hispanics). Asians were the second largest racial group at 12.3% of the worker population in the area.

## 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.

## 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).

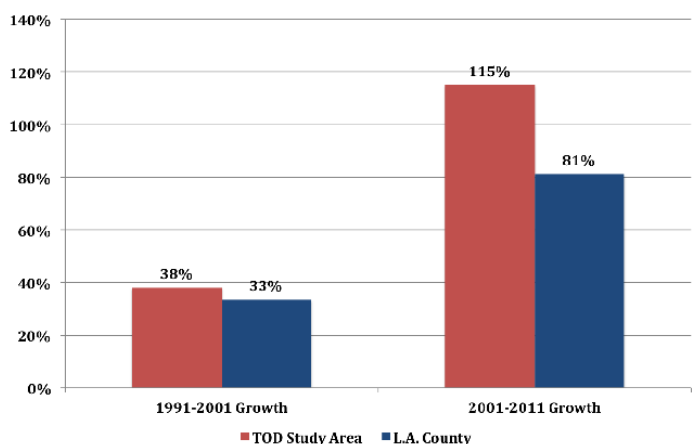
Whether service area businesses were Asian or non-Asian was determined by comparing Dun and Bradstreet officer surname records with the Census Bureau’s database of Asian surnames. Database surnames are assigned a probability that surname holders were Asian. For example, there is a 96% chance that a person 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).

## OVERALL BUSINESSES

This study compared the overall business sector performance in the Thai Town TOD Study Area as well as LA County during two periods, 1991-2001 and 2001-2011. The results indicate that the overall business sector in the TOD Study Area is thriving, especially in the latter decade (see figure 2). The TOD Study Area also experienced growth in the total number of businesses between 1991-2001 and 2001-2011. While this is consistent with LA County trends, growth in the TOD Study Area outpaced LA County business growth in both time periods, more so during the 2001-2011 period than in 1991-2001. Specifically, the number of businesses in the TOD Study Area increased by 39% and 116% in 1991-2001 and 2001-2011 respectively, while the business sector of the entire County grew by only 33% and 81% during these time periods. This means that business growth in the TOD Study Area exceeded LA County by 16% in the earlier time period and by 43% in the later time period.

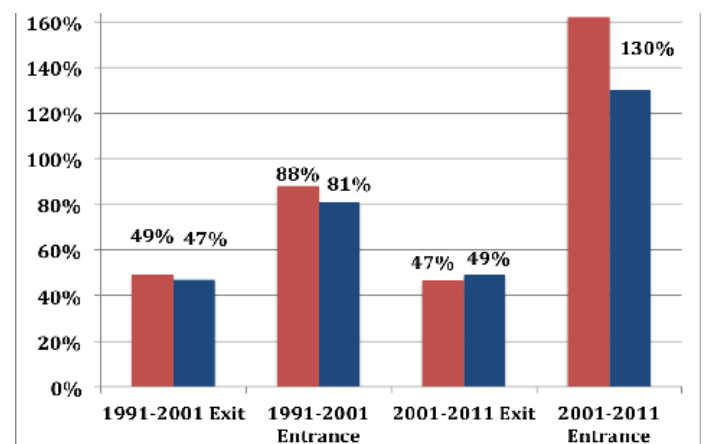
An analysis of firm entrances further suggests business expansion in the TOD Study Area (see figure 3). Although the entire County experienced a flock of new businesses in both decades, the TOD Study Area exhibited higher rates of firm entrances, particularly in the latter decade. New businesses increased by a remarkable 162% in the TOD Study Area during this time period. Furthermore, the TOD Study Area’s business sector exhibited similar trends in firm turnover to LA County. It is important to note that firm exits include firms that closed or moved out of the area and

Figure 2. Overall Percentage Change in Number of Establishments



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo

Figure 3. Rate of Business Entry and Exit



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo



continued operation elsewhere. The TOD Study Area had a slightly higher exit rate than the County, 49% compared to 47% during 1991-2001. This changed in the 2001-2011 time period, in which the TOD Study Area's exit rate dropped below the County, at 46.5% and 48.9% respectively. Firm survival rates improved in the TOD Study Area over the time periods, while firm survival slightly decreased in the County. This indicates that while the TOD Study Area welcomed a large number of new firms in 2001-2011, it also improved its firm retention more successfully than the County.

While the Thai Town TOD Study Area and the County as a whole experienced an increase in the total number of businesses, the TOD Study Area's business sector grew at rates that exceeded the County, increasing remarkably in the 2001-2011 period.

### Small Businesses

Small businesses, defined in this study as a firm with less than 19 employees, displayed similar trends to the business sector overall. Small businesses in the Thai Town TOD Study Area increased by 41% in 1991-2001 and by 130% in 2001-2011. Though LA County experienced growth as well, the TOD Study Area's growth rate far outpaced that of the County, particularly in the latter decade.

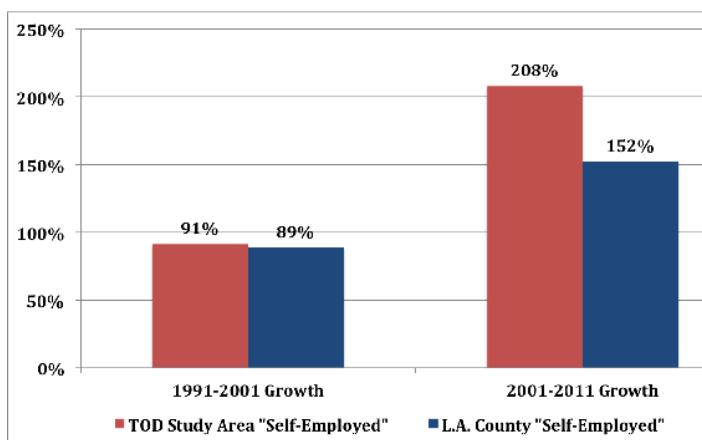
When small businesses are broken down into two categories: firms with one employee and firms with two to 19 employees, we observe that the growth of small busi-

ness is concentrated in firms with one employee (see figure 4). These firms are a proxy measure for self-employment, which is important because these businesses may not have a storefront. Furthermore, growth of self-employment may only reflect administrative changes, but not necessarily true business growth. For example, these self-employed businesses may have existed before officially registering for a business license.

Self-employed businesses grew by 91% in 1991-2001 and by 207% in 2001-2011 in the TOD Study Area. Non-self employed small businesses grew by 28% in 1991-2001 and by 100% in 2001-2011 (see figure 5). The TOD Study Area's rates of growth for self-employed firms and non-self employed small firms outpace those of the County in both decades, and by the greatest amount in the 2001-2011 period. In 2001, growth of self-employed firms in the TOD Study Area exceed that of LA County by 136%, and 143% for non-self employed small businesses. Thus, despite much of the small business growth occurring in self-employed businesses, the TOD Study Area also experienced greater non-self employed small businesses relative to the County.

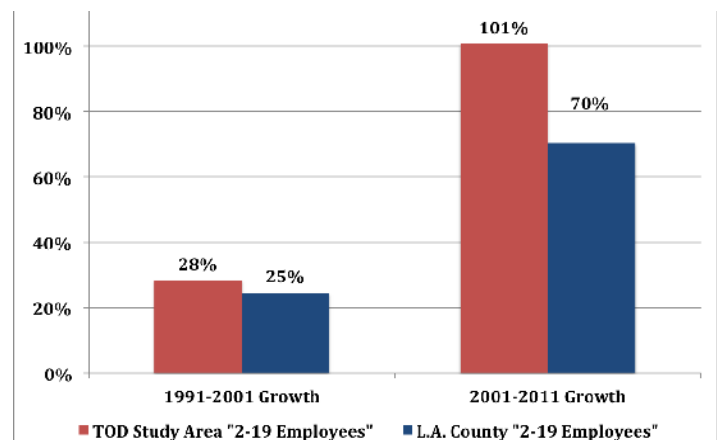
The Thai Town TOD Study Area welcomed over 163 new small businesses to its business sector between 1991-2001. Of these, over 73 were self-employed firms and 90 were non-self employed small firms. While self-employed firms increased at greater rates than non-self employed firms, non-self employed small firms experienced greater growth in the TOD Study Area relative to the County.

Figure 4. Percent Change in Number of "Self-Employed" Businesses



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo

Figure 5. Percent Change in Number of Businesses with 2-19 Employees



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo

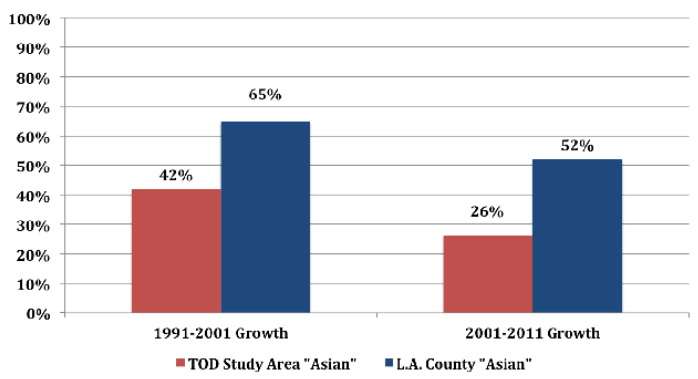
*Asian Businesses*

While the data suggests that the Thai Town TOD Study Area’s business sector is thriving and that small businesses are doing well, the outlook for Asian businesses is not as positive. As discussed, Asian businesses are identified by officer name listed in the Dun & Bradstreet dataset.

The TOD Study Area welcomed 40 new Asian businesses in 1991, 57 businesses in 2001 and 72 in 2011. This means that Asian businesses grew at a rate of 43% in 1991-2001 and 26% in 2001-2011 (see figure 6). Although 2001-2011 was a period of expansion for the business sector overall as well as small businesses, the growth rate of Asian businesses actually slowed during this period. Furthermore, the TOD Study Area falls behind LA County in terms of Asian business growth. A comparison of Asian business growth rates indicates a disparity of 59% in 1991-2001 and 46% in 2001-2011 relative to the County. The TOD Study Area fell further behind the County in the latter decade. 2001-2011 was a difficult time for Asian businesses in the TOD Study Area as growth rates declined relative to the previous decade as well as to the County.

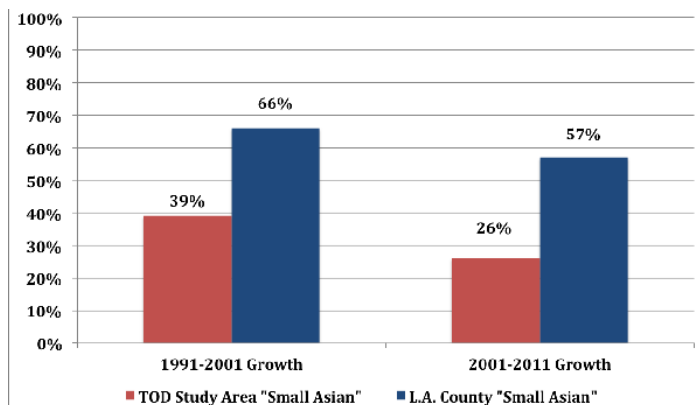
We observe similar trends in small Asian businesses (see figure 7). Small Asian businesses grew at 59% in 1991-2001 and 46% in 2001-2011. Similar to overall Asian business growth in the TOD Study Area, growth of small Asian businesses decreased in the latter decade, and lagged behind LA County’s small Asian business growth. Thus the disparity between small Asian business growth in the TOD Study Area and LA County increased in the latter decade. Ultimately, while the TOD Study Area is strong in terms of

Figure 6. Percent Change in Number of Asian Businesses



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo

Figure 7. Percent Change in Number of Small Asian Businesses



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo

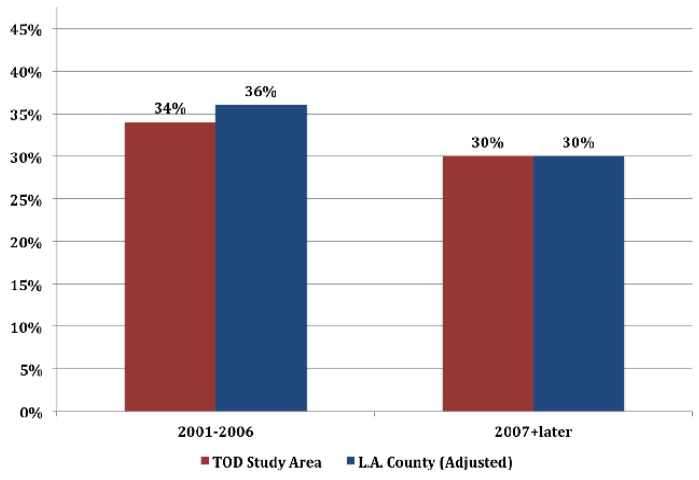
overall business growth and small business growth, Asian business growth is weak, especially small Asian business growth. While the area is known as Thai Town, it is important to note that the area is actually very ethnically diverse and home to Little Armenia, borders Los Feliz, and within East Hollywood. These findings suggest that small Asian business growth is particularly lagging.

*Property Dynamics*

Los Angeles County Assessor’s Office parcel data includes structure counts and transaction records. Parcel data for the TOD Study Area demonstrates mixed results given the overall growth of the business sector, thus the County’s information on parcel transactions and building establishments were normalized to weigh the TOD Study Area’s own parcel change. The data reveals that a majority of the buildings in the neighborhood were constructed before 2001. The area is similar to the County in terms of recent construction. Only one-percent of all total structures in the area were built between 2001-2006, compared to three-percent for the County. In addition, less than one-percent of all structures were developed in 2007 or later.

Moreover, change of ownership since 2001 has been roughly consistent with the County’s own transaction trends (see figure 8). The TOD Study Area reported that 34% of buildings transitioned to new owners. From 2007 on, 30% of all parcels changed ownership. Despite the growth of total businesses, there is a steep decline in new building activity in an area quickly revitalizing. Also, given that most business creation is concentrated within

Figure 8. Share of Parcels by Most Recent Transactions



Source: Dun & Bradstreet, 1991, 2001, 2011  
 Tabulations by P. M. Ong, Analysis by E. Macedo

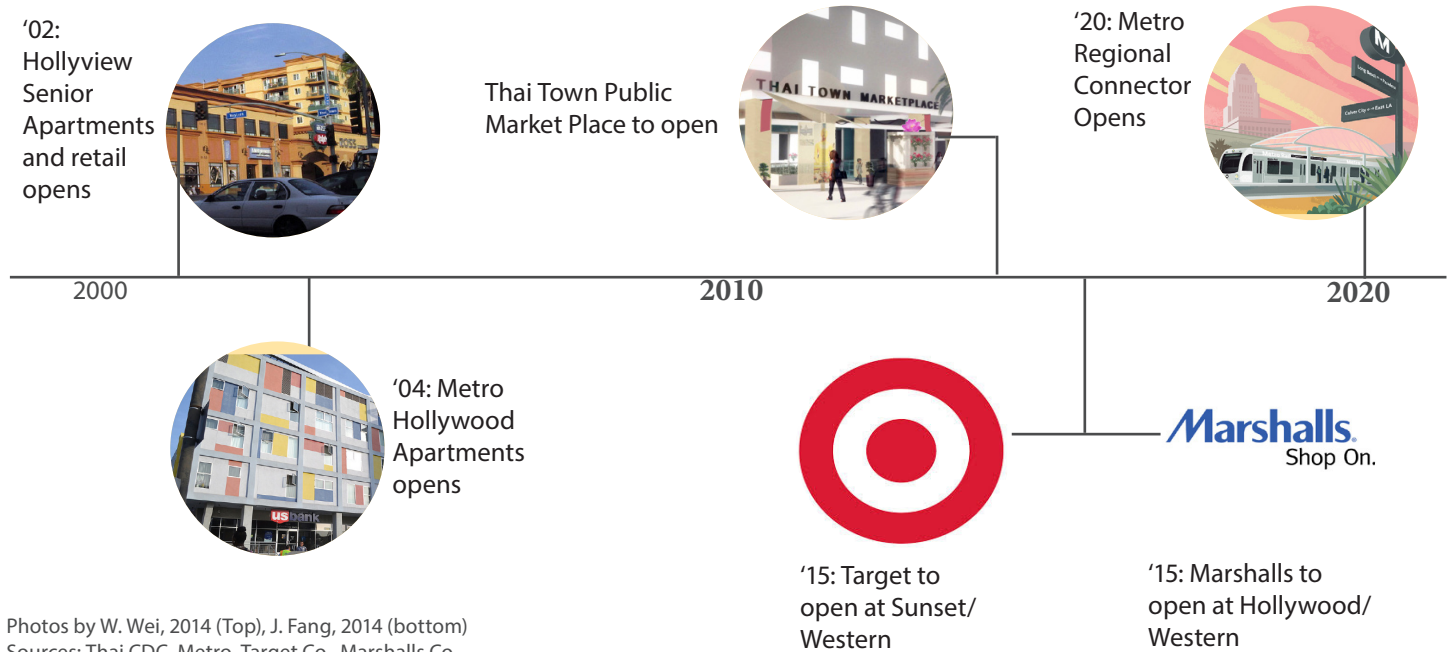
large firms, it is possible that these businesses are replacing tenants in existing commercial structures. Further study is needed to understand any possible correlation between the businesses increases and lack of building activity.

*Future Development*

Recent development has been that of large commercial outlets and retail-chain stores. While nearby neighborhoods, such as Loz Feliz and Hollywood, experience vibrant growth with luxury housing and established amenities, Thai Town remains financially vulnerable due to a lack of economic investment in small businesses.

In the future, the community’s proximity to a revitalized Hollywood makes it a prime target for wide-scale projects that may attract chain-retail firms. For example, a 3-story Target department store is set to open on Sunset Boulevard and Western Avenue, an area where there are numerous small, ethnic businesses. However, other projects will help foster small business growth. The construction of the Hollywood/Western station displaced a swap meet market that provided economic activity for small vendors. Thus, Thai CDC is developing a plan for a “Thai Town Marketplace” that would bring small vendors to sell various products and items in the Metro Red Line plaza above the subway station. This project aims to bolster local immigrant entrepreneurship and financial progress (Thai CDC –Marketplace, 2013). The public market will thus help the Hollywood/Western station to become a “transit-village”, having housing, transportation, as well as commercial options for local residents.

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



Photos by W. Wei, 2014 (Top), J. Fang, 2014 (bottom)  
 Sources: Thai CDC, Metro, Target Co., Marshalls Co.

## CONCLUSIONS

The data suggests that while the overall business sector and small business subsector in the Thai Town TOD Study Area are flourishing, Asian businesses are growing at a dismal rate. The timeliness of these findings is critical given the impending 2015 opening of Target and Marshalls in the area. Big box retailers such as these are known to harm small businesses and entrepreneurialism. While it is vital to reinvigorate the Asian business subsector, it will be equally important to defend the small business subsector in the face of competition from these major retailers.

Los Angeles is home to a racially diverse population. As inequity across racial groups has increased in recent years, entrepreneurial opportunities are critical in allowing upward mobility for immigrants. In this context, retaining the diversity of the TOD Study Area’s ethnic businesses and small businesses is essential to facilitating entrepreneurial opportunities for these business holders.

The following recommendations are intentionally broad, as they can be implemented through a number of strategies. Fortunately, Thai CDC is already engaged in initiatives that support some of these recommendations. We hope the quantitative data presented in this study can further guide and support Thai CDC’s initiatives.

### *Recommendations*

- Support existing Asian businesses & small Asian businesses
- Encourage new Asian businesses & small businesses to locate in the area
- Continue to foster small business growth

|           | Overall Growth | Small Business Growth | Asian Business Growth |
|-----------|----------------|-----------------------|-----------------------|
| 1991-2001 | 0              | 0                     | -                     |
| 2001-2011 | +              | +                     | -                     |

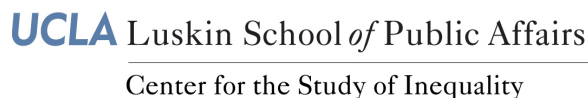
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