SCAG Region: Compass Blueprint Case Study

Koreatown

Pedestrians boarding Bus Rapid Transit at the Western and Wilshire Metro stop.

Photo by Strategic Economics, 2008

March 2008

Center for Transit-Oriented Development

STRATEGIC ECONOMICS

A Project of

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

COMPASS BLUEPRINT
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KOREATOWN

Koreatown is a culturally vibrant neighborhood in the Wilshire area of the City of Los Angeles, bookended by Downtown Los Angeles on the east and Hollywood on the north. This case study examines how the neighborhood is both intensifying and expanding, fueled by a building boom and large-scale public investment.

LOCAL CONTEXT

Koreatown is one of the most diverse and densely populated neighborhoods in Los Angeles. Although the neighborhood is still primarily associated with Koreans and Korean Americans, Koreatown is home to concentrations of other ethnicities as well, including Hispanics, Chinese, Japanese, Filipino, and other Asian Americans (Figure 1). The neighborhood’s population density is said to be second only to Manhattan\(^{15}\) and the employment density is one of the highest in the SCAG region (Figure 3). Koreatown’s diverse population and density support not only Korean restaurants, stores and cultural facilities, but also everything from taquerias to karaoke bars with songs in English, Korean, Chinese, Japanese, Tagalog and Spanish. The neighborhood serves as a cultural center for Koreans, Korean-Americans, and Hispanics in particular, and attracts diners and tourists from all over the region.

The neighborhood’s prime location and excellent transit connectivity also contribute to its vibrancy. Koreatown’s central location in Los Angeles is reinforced by its major throughways and centrality within the Metro rail and rapid bus systems (Figure 2). Wilshire Boulevard, which runs through the northern part of the neighborhood, is one of the most heavily traveled east-west arterials in Los Angeles. In Koreatown, Wilshire is densely developed with high-rise office buildings and, increasingly, luxury condominiums. Olympic Boulevard, another of the region’s principal arterials, forms the backbone of the Korean community in the southern part of the neighborhood. Rapid bus routes and three subway stops also connect Koreatown to regional destinations.

Koreatown’s residents have historically had lower incomes compared with the rest of Los Angeles – in 2000, the neighborhood’s median income was approximately $16,200, compared with $42,000 in Los Angeles County as a whole – but low housing and transportation costs have sustained low income populations. Recently, however, Koreatown has begun to change, fueled by a massive influx of both private and public investment. New development in the neighborhood is attracting wealthier residents and increasing population densities, while the area’s cultural influence is spreading east to west from the historic core. As Koreatown evolves, its residents are both welcoming the new development and creating new mechanisms to strengthen their unique community.

INTENSIFYING KOREATOWN

Since the late 1990’s, Koreatown has experienced an unprecedented building boom. The neighborhood’s prominent location and excellent accessibility have started to attract new luxury condominiums, high-end retail and entertainment centers, and trendy restaurants and nightlife. This rapid private development has also spurred public investment. Tax increment revenue from the Wilshire Center/Koreatown Redevelopment Project Area has increased 900 percent over the past five years, allowing the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and its community partners to invest unprecedented sums in affordable housing and community services.

While Koreatown is spreading east and west, the historic core of the neighborhood spans approximately one square mile, from approximately 6th Street on the north to 12th Street on the south, and from Western Avenue on the west to Vermont Avenue on the east (Figure 5).

NEIGHBORHOOD HISTORY

The boom of the last decade represents a turnaround from the neighborhood’s history over the last half-century. Beginning in the 1970’s, when Koreatown’s first Korean grocery opened, Koreatown was dominated by a mix of Korean restaurants and retail centered on Olympic Boulevard, and high-rise office buildings along Wilshire Boulevard. The neighborhood was deeply affected by the 1992 riots, which damaged thousands of Korean-owned businesses in South Central Los Angeles and Koreatown and drove away many Korean American residents.

The decade following the riots brought transformation throughout the City of Los Angeles in the form of new land use policies and infrastructure investments. The riots brought a sense of urgency to stimulating reinvestment in the most damaged areas, so the City created the Wilshire Center/Koreatown Redevelopment Project area in 1995. Simultaneously, the City completed an extensive General Plan Framework element which designated Koreatown as a portion of a “Regional Center” that extended along Wilshire Boulevard, from Western Avenue to the western edge of Downtown Los Angeles. The plan described this Regional Center as “A focal point of regional commerce, identity, and activity and containing a diversity of uses such as corporate and professional offices, residential, retail commercial malls, government buildings, major health facilities, major entertainment and cultural facilities.

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and supporting services… characterized by 6- to 20- stories (or higher).” The City further encouraged high-density, mixed-use development in 2001 with the adoption of the Wilshire Community Plan and Vermont/Western Transit Oriented District Station Neighborhood Area Plan (SNAP).

At the time that the General Plan Framework and Redevelopment Project Area were created, the City was on the brink of a new era in transit as well, enabling planners to envision land use intensities that Los Angeles had not experienced in decades. The L.A. County Metropolitan Transportation Authority (MTA) opened the Red Line subway system in 1996, and launched a rapid bus program in 2000. The new transit service supported the City’s land use policies by allowing land use intensification without corresponding increases in congestion.

The new subway and rapid bus lines also reinforced Koreatown’s proximity to Downtown Los Angeles, sparking a building boom. Taking advantage of the neighborhood’s central location, transit access, and high-density zoning, developers began proposing high-end residential, mixed-use, and commercial projects in the late 1990’s. Between 2000 and 2006, 5,335 housing units were constructed in the Wilshire Center/Koreatown Redevelopment Project Area, and another 2,000 luxury condominiums and several shopping and entertainment complexes are slated to be built over the next three years. The wide variety of uses planned in the area will sustain investment over the next several years, even in light of recent downturns in the ownership housing market.

While transit construction and land use policies were key to Koreatown’s renaissance, local demographic factors also played an important role. Koreatown has benefited from its position as the traditional center of Korean life in L.A. New development has drawn wealthy Korean American residents and professionals from other areas of the region, and South Korean real estate investment dollars have flowed into the neighborhood since the country’s foreign investment restrictions were eased in 2006.

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3 Koreatown’s three subway stations – Wilshire/Western, Wilshire/Normandie, and Wilshire/Vermont – were originally part of the Red Line, L.A.’s first subway line, when they opened in 1996. In 2006, the branch of the subway that ran from Koreatown to downtown was named the Purple Line. The other branch of the line, which runs from North Hollywood to downtown, is still known as the Red Line. Koreatown’s Wilshire/Western and Wilshire/Normandie lines are served only by the Purple Line, but riders can transfer to the Red Line at Wilshire/Vermont.

4 Figures provided by CRA/LA, March 2008.

Koreatown’s population density also enhanced business attraction: the neighborhood’s high cumulative buying power helped retailers and commercial developers overcome their initial concerns about residents’ low incomes.6

The community has largely welcomed the new development and the wealthier demographic attracted by the new luxury condos and high-end shopping centers. Most of the new projects are adaptive reuses of old office buildings, thus few if any community members have been displaced. And while the upper-end projects may eventually cause rents and housing costs to rise throughout Koreatown, gentrification has not been a problem to date.7 Indeed, the new development has impacted the community in some very positive ways. Because of the City’s incentives, requirements and direct subsidies for building affordable housing, nearly 40 percent of the total multi-family units built between 2000 and 2006 were affordable.8 And as a result of the ongoing building boom, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA)’s tax-increment revenues from the Wilshire Center/Koreatown Redevelopment Project area have increased 900 percent over the past five years. The Agency is investing that money in affordable housing projects and business improvement initiatives, and partnering with a number of community organizations to provide community services and resource centers.

[Over] the past five years, the tax revenue from Koreatown in L.A. increased 900 percent as the redevelopment of commercial-residential buildings has been activated. . . . CRA/LA [is supporting] the redevelopment . . . [by] returning the revenue to the community.

- Cecilia Estolano, CEO of CRA/LA (from Korea Daily, January 18, 2008)

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6 Interview with Christopher Pak, Principal of Archeon and Koar Wilshire Western, LLC, Strategic Economics, January 9, 2008.

7 Interview with Michelle Banks-Ordone, Redevelopment Agency Project Manager, Strategic Economics, January 18, 2008.

8 Figures provided by CRA/LA, March 2008.

Figure 5. Koreatown Study Area

Source: Southern California Association of Governments; study area delineated by Strategic Economics, 2008
HOW DID THEY DO IT?

The City, CRA/LA, the MTA, and local community groups have all contributed to Koreatown’s revitalization. Strategies include:

- **Planning for land-use intensification**
- **Investing in bus and rail transit**
- **Reinvesting redevelopment dollars in affordable housing and community services**
- **Reinforcing a unique identity**
- **Partnering with private developers to build catalytic projects**

*Planning for land-use intensification:* The City of Los Angeles set the stage for rapid development in Koreatown with the 1995 General Plan Framework. The Framework established citywide categories to guide the local community plans which, in L.A., serve as the land use element of the General Plan. The Framework designated Koreatown as part of a “Regional Center,” a “focal point of regional commerce, identity and activity” characterized by high-density and a major transportation hub. Although the document left decisions about specific height and parking restrictions to community plans, the Framework established a vision that would guide future planning efforts and development projects. In 1998, the City Council provided further guidance for communities near transit, adopting a Mixed-Use Overlay District Ordinance that rewarded developers building affordable housing and mixed-use residential near transit with height and density bonuses and parking reductions.

In 2001, the City followed up on the Framework with two local plans for the Koreatown area. The Wilshire Community Plan, adopted in September 2001, serves as the General Plan Land Use Element for Koreatown and several adjacent neighborhoods. The Plan designated most of Koreatown (between Olympic and 3rd, Hoover and Western) as a mixed-use district, meaning that developers would have access to the incentives provided in the Mixed-Use Overlay District Ordinance.

The Vermont/Western Transit Oriented District Station Neighborhood Area Plan (SNAP), adopted at the beginning of 2001, is a specific plan that resulted from a coordinated effort between the City Planning Department and CRA/LA. The plan covers the Red Line corridor stretching north and west from the Wilshire/Vermont station area to Hollywood and Western. SNAP permits greater heights and densities for mixed-use and residential projects, and reduces parking requirements by 15 percent for projects built within 1,500 feet of a Red Line station. The specific plan further reduces the cost of building transit-oriented, mixed-use development by eliminating the requirement that developers provide additional parking when they change the

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The 22-story Mercury was one of Koreatown’s first luxury condominium projects. The building was originally built in 1963 as the headquarters of the Getty Oil Company, and represents the apex of modern architectural design. The building now includes approximately 240 condos, 23,000 square feet of retail, and a rooftop pool and fitness center.

“One of the things that makes this community unique is that it’s a mixture of everything Los Angeles is trying to accomplish, a mixture of luxury, workforce and affordable housing, retail and office. Residents can live, work, and play within close proximity.”

-- Christopher Pak, architect and managing partner of Solair Wilshire condo project
use of a building. This policy has facilitated the adaptive reuse of old office buildings as condos, a strategy that has played an important role in Koreatown’s revitalization (Figure 6).

**Investing in bus and rail transit:** The Los Angeles County Metropolitan Transportation Authority (MTA) opened three Red Line subway stops in Koreatown in 1996 (two of which became part of the Purple Line in 2006). A few years later, in 2000, MTA implemented a demonstration bus rapid transit program on Wilshire Boulevard and one other trial corridor, increasing frequency of service and giving buses traffic signal priority. The demonstration project was highly successful. On the Wilshire corridor, operating speed increased by 29 percent and ridership increased by 42 percent, with one-third of the ridership increase coming from passengers who had never previously taken transit. Over the following years, MTA expanded the rapid bus program. By December 2007, rapid buses were operating on Wilshire, Olympic, Vermont, Western, and dozens of other major throughways.

This infusion of transit has been a crucial component of Koreatown’s successful revitalization. The Red and Purple Lines and the rapid bus lines have linked the neighborhood with downtown L.A. and Hollywood, helped reduce congestion along Wilshire, and attracted investors who saw a demand for residential units with convenient access to major employment centers. Developers are constructing numerous transit-oriented condominium and apartment projects with ground floor retail. The Mercury (Figure 6) was one of the first such projects to be completed. Other projects range from the Gardens at Wilshire, a 6-story, 158-unit apartment building with 7,500 square feet of retail that will open in spring 2008, to the 3670 Wilshire, a 40-story, 378-unit luxury condominium complex proposed by the South Korean developer ShinYoung.

**Reinvesting redevelopment dollars in affordable housing and community services:** Koreatown’s development boom has fueled a rapid increase in the CRA/LA’s tax-increment revenues for the Wilshire Center/Koreatown Redevelopment Project Area. As a result of this rapid revenue growth, CRA/LA budgeted $46 million for the project area in the 2007-08 fiscal year, almost 7 percent of the Agency’s overall budget. Community members, particularly low-income residents and small businesses, are seeing the benefits. Among other initiatives, CRA/LA is currently building or rehabilitating over 200 affordable and senior housing units, supporting local businesses, funding open space improvements and community services, and conducting studies of traffic conditions and other local issues.

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11 http://www.metro.net/projects_programs/rapid/rapid.htm

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“The community has been mostly happy to see the new development. The traffic is quite manageable compared to the rest of west Los Angeles, because of Koreatown’s proximity to jobs.”

- Kee Whan Ha, President of Koreatown Neighborhood Council
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The Agency is partnering with private businesses and community organizations on several of these projects. For example, CRA/LA is partially funding the Korean Resource Center’s senior apartment project, which will create 100 units of affordable housing just to the west of the case study area, on Crenshaw. The Korean American Chamber of Commerce is spearheading an effort to establish a business improvement district (BID) along Olympic Boulevard that will provide funding for streetscape improvements; the Agency contributed $4 million towards the streetscape improvements, as well as $25,000 to help set up the BID. The Agency has also provided funding to the Korean Federation to build and operate the Koreatown Senior Center, and to the Koreatown Youth and Community Center to plant and maintain street trees.

In addition providing much-needed services, these programs are helping the City address Koreatown’s crime rate, one of the community’s major concerns. For example, the streetscape improvements will improve safety by providing additional lighting, and the KYCC runs a graffiti removal program and provides mentoring and intervention services for youth at-risk of delinquency.

**(Reinforcing Koreatown’s unique identity:** Much of Koreatown’s success in attracting new development and business activity rests on its unique cultural identity. The neighborhood supports numerous Korean restaurants and retailers selling everything from ethnic groceries to music, clothes and stationary, as well as a number of social service and cultural organizations like the Korean American Museum and Korean Cultural Center. Yet while Koreatown is primarily known as the cultural hub for the region’s Korean American community, the neighborhood is extremely diverse and is now home to more Hispanics than Koreans. Many Korean businesses employ mostly Latino workforces, and Korean grocery stores and restaurants are beginning to cater to Latino customers. At the same time, the neighborhood is becoming known for its Mexican, Chinese, Japanese, Vietnamese, and Filipino restaurants and entertainment.

Community members, civic organizations and the City are working hard to maintain and reinforce the neighborhood’s cultural identity in the face of the building boom. So far, most of this effort seems to be concentrated on preserving the traditional

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12 Interview with Michelle Banks-Orduno, Redevelopment Agency Project Manager, Strategic Economics, January 18, 2008; CRA/LA Wilshire Center/Koreatown Redevelopment Project Area, 4th Quarter Report, 2007.

The Korean aspect of the neighborhood. For example, in 2005, the Los Angeles Neighborhood Initiative, the Korean Chamber of Commerce, the CRA/LA and the City of Los Angeles opened the Koreatown Pavilion, a landmark on Olympic Boulevard designed to serve as a gateway into Koreatown. The Pavilion will soon be linked to the Korean Resource Center’s Senior Apartments by a ma’dong, a Korean term for front yard or courtyard, that will create a new focal point for the community.\(^{14}\)

Meanwhile, Koreatown’s businesses and developers are importing South Korean trends and business models, hoping to continue attracting the Korean American professionals and the South Korean immigrants and investors (see text box) who have driven so much of the neighborhood’s growth. The Wilshire Aroma Center, for instance, is one of several new, high-end health and entertainment centers modeled after South Korean “well-being centers.” Built in 2001, the Aroma Center includes an indoor golf course, restaurants, shopping, a spa, and a bank.\(^{15}\) Several entrepreneurs have recently opened themed coffee shops in the neighborhood, another South Korean trend. Café Jack, a coffee house shaped and decorated like the Titanic, and Coffee House Heyri, modeled after a Buddhist temple, are fast becoming meeting places for business people and friends.\(^{16}\) The City is supporting businesses’ efforts to reinforce the neighborhood’s South Korean influences; for example, the Planning Department is reexamining its approach to signs and billboards, which are a very prominent feature of South Korean urban environments.\(^{17}\)

**Partnering with private developers to develop key opportunity sites:** The CRA/LA and MTA have each invested millions of dollars in joint development projects that will anchor new centers of activity. The Redevelopment Agency invested $10 million in the recently opened Wilshire/Vermont Station apartment complex (Figure 7), which includes 90 affordable units and a public middle school. The apartment complex occupies the northeastern corner of the Wilshire and Vermont intersection, and the Agency is working with the Korean Consulate to build a Korean Trade and Cultural Center on the northwestern corner. These projects will create a base of activity around the Wilshire/Vermont subway station.

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\(^{14}\) Interview with Michelle Banks-Ordone, Redevelopment Agency Project Manager, Strategic Economics, January 18, 2008.


\(^{17}\) Interview with Michelle Banks-Ordone, Redevelopment Agency Project Manager, Strategic Economics, January 18, 2008.
Meanwhile, the MTA recently granted a ground lease to Koar Wilshire Western to build the Solair Wilshire, a 22-story housing and retail building on the Wilshire/Western subway station, across the street from the Mercury. Together with the Ma’Dong Courtyard, a new shopping and entertainment complex, and the Wilten Theater, a newly rehabilitated performing arts center that dates back to 1929, the Solair Wilshire and Mercury projects will remake the Wilshire and Western intersection into a local and regional attraction.

**Figure 7: Wilshire/Vermont Station**

*Source: Strategic Economics, 2008*

*The Wilshire/Vermont Station, a joint endeavor between LA’s Redevelopment Agency and Urban Partners, LLC, includes 450 apartments (20% affordable), 30,000 square feet of commercial space, and an 800-student public middle school.*
Koreatown has some of the lowest housing and transportation costs in the SCAG region. The neighborhood’s transit connectivity is superior, benefiting from high density, excellent land use mix, and a wide range of transit options. Housing costs are also significantly lower than average, although these costs will probably increase with the rapid new construction that Koreatown is now experiencing.
The Red Line subway and bus rapid transit provide savings throughout the Wilshire area, and as a result, the district has the 9th lowest transportation costs in the region. Koreatown’s housing and transportation costs, however, are even lower than the rest of the Wilshire neighborhood because of the area’s extremely high density.

**Smart Growth Scores**

The table to the right shows some of the smart growth factors that affect the affordability of transportation, as reported above.

Koreatown’s transportation costs are so much lower than average because the neighborhood is highly walkable and extremely dense, both in terms of employment and households per acre. These factors allow households to own just one car on average. The average journey to work is longer in Koreatown than the rest of the region, probably because west Los Angeles is fairly congested, although less so than it would be without excellent transit connectivity.

<table>
<thead>
<tr>
<th>SCAG Composite Score</th>
<th>Koreatown Current Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Service:</td>
<td>7.9 of 10</td>
</tr>
<tr>
<td>Walkability:</td>
<td>9.3 of 10</td>
</tr>
<tr>
<td>Land Use Mix:</td>
<td>7.7 of 10</td>
</tr>
<tr>
<td>Overall Neighborhood Rank:</td>
<td>8.3 of 10</td>
</tr>
</tbody>
</table>

Source: Fregonese Calthorpe & Associates
LESSONS LEARNED

Appropriate land use regulations can catalyze significant new investment. Plans that are responsive to existing market conditions and provide incentives for developers to include desired community amenities can help attract significant private investment. The City of Los Angeles’s community plans for the Wilshire area capitalized on Koreatown’s central location and accessibility, providing incentives for building affordable housing and allowing developers to change building uses and construct tall, high-density buildings near transit with reduced parking requirements. Developers responded rapidly, constructing projects that met the City’s goals for affordable housing, transit accessibility, and ground-floor retail.

Planning and development should acknowledge a place’s ethnic diversity in order to reinforce its unique identity. Los Angeles has successfully built on Koreatown’s unique identity as the center of L.A.’s Korean community. The new luxury condominiums, shopping complexes, and trendy nightclubs are drawing wealthy Korean American retirees who left the neighborhood after the 1992 riots, as well as Korean investors attracted by a style of high-density development that resembles land use patterns in South Korea’s cities. The Redevelopment Agency is continuing to learn from South Korea and considering how to further replicate the country’s impressive shopping malls, high-tech advertising, and other hallmarks.

High-frequency, well-planned transit opens up new possibilities for intensifying land uses without increasing congestion. The Red and Purple subway lines and rapid bus lines helped trigger new development in Koreatown because they connected the neighborhood to key destinations such as downtown L.A. and Hollywood. Because the transit lines allow people to get where they need to go, they reduce congestion and the necessity for vehicle ownership, allowing the City to increase density allowances and reduce parking requirements near Koreatown’s transit stations.

A critical mass of private investment can help leverage public funds for much-needed neighborhood and community services. While high-end developments can certainly contribute to displacement issues, and increase housing costs and rents, cities may be able to leverage private investment to provide neighborhood amenities. Los Angeles’s Redevelopment Agency has been able to do just that, using gains in tax-increment revenues to fund affordable housing, community centers, parks, and much-needed services.

ACKNOWLEDGEMENTS

The following individuals provided information for this case study:

Michelle Banks-Ordone, CRA/LA Project Manager
Chris Pak, architect and managing partner of Solair Wilshire condo project
Kee Whan Ha, President of Koreatown Neighborhood Council

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