

## **Common Paths:**

**Connecting Metropolitan Growth  
to Inner City Opportunities in  
South Los Angeles**

**May 1999  
by Thomas Tseng**

## About the Author

**Thomas D. Tseng** is a research fellow for the Institute for Public Policy and research director at the Community Development Technologies Center (CDTech), a Los Angeles-based non-profit regional training, applied research, and technical assistance center. In 1997, CDTech assumed the assets and programs of the former Rebuild LA, where Tseng had served as deputy director of research analyzing the industrial base of South Los Angeles. At CDTech, his research tasks include analysis of economically neglected communities throughout L.A. County. Tseng's work in the formation of regional manufacturing networks includes development oversight for small and mid-sized business associations in the food processing and toy industries. A native Angeleno with a master's degree in urban planning from UCLA, he teaches sector development and employment strategies at L.A. Trade/Technical College.

## ACKNOWLEDGEMENTS

### Common Paths: Connecting Metropolitan Growth to Inner City Opportunities in South Los Angeles

Edited by Joel Kotkin

Senior Research Fellow

Pepperdine University Institute for Public Policy  
and

Todd Prepsky  
Pepperdine University

The author would like to thank the following individuals for their contributions:

Michael Banner, Marva Smith Battle-Bey, Linda Griego, Joel Kotkin, Jose Legaspi, Richard McNish, Dr. Clyde Oden, Todd Olson, Neal Richman, Dutch Ross, Melanie Stevens, Daniel Tellalian, Blair Thomas, Jasper Williams, Thad Williams

Special thanks to Denise Fairchild  
and everyone at the Community Development Technologies Center

Additional thanks to the staff at Pepperdine:  
Ron Hall (Photographer), Sheryl Kelo, Tami McKelvy, Todd Prepsky  
and Aaron Pankratz

Soli Deo Gloria



Established in January 1996, the Institute for Public Policy addresses key public policy issues through major conferences and seminars as well as through the publication of research findings. The institute operates under the auspices of the School of Public Policy, which offers a master of public policy and several joint degree programs emphasizing the moral and historical roots of free institutions. The school uses its location in Southern California as a rich laboratory for the emerging public policy paradigms of the 21st century. The school's graduates will be prepared for careers as leaders in government, the private sector and non-profit organizations.

Pepperdine University's Institute for Public Policy wishes to thank the following sponsors of the report:

WATTS Health Systems, Inc.



Quality health care involves more than meeting the medical needs of the community. For this reason, WATTSHealth Systems takes the holistic approach. Through business development, financial opportunities and cultural activities that reflect the ethnic diversity of Southern California, WATTSHealth Systems offers protection and coverage that improves the prosperity and social well-being of the communities it serves. With over 30 years' presence in South Los Angeles and nearly 900 employees, WATTSHealth Systems is one of the largest nonprofit employers in South Central Los Angeles. WATTSHealth Systems is the umbrella for 23 programs and organizations, including Family Savings Bank, Los Angeles Black Business Expo & Trade Show, WATTSHealth Property Management, Inc., the Center of Excellence/Case Management, Community Access Response Effort (CARE), Community Tobacco Control Program, Golden Age Adult Day Health Care Center, House of Uhuru, Immunization Program, Maternal and Child Health Department, Multipurpose Senior Services Program, South Los Angeles Community AIDS Program, Injection Drug Users/Crack Cocaine AIDS Outreach Program, Tuberculosis Screening Program, UHP Healthcare, UHP Med-Center - Compton, United Senior Services Center, WATTSHealth Charities, Inc., WATTSHealth Center, WATTSHealth Management Co., Watts/Jordan School - Based Health Clinic, Watts Westminster Community Project, Youth Education and Prevention Program, WATTSHealth Systems, Inc.

The Olson Company



The Olson Company was established in 1988 with the goal of developing high quality "For Sale" residential developments in urban areas throughout California. Today, the staff is comprised of over sixty people with previous experience in urban planning, finance, and construction. The company has built a reputation of working closely with City staff and understanding City requirements. In many instances, The Olson Company has been asked to develop multiple projects in the same City based upon its willingness to meet the needs of both the City and local community. The Olson Company has received numerous awards for its achievements in diversity, quality, community outreach, planning, and partnerships.

## EXECUTIVE SUMMARY

After the civil disturbances of April 1992, Los Angeles continues to move forward in revitalizing the conditions of its neglected communities. This challenge assumes a metropolitan dimension as well as a local one. The growth and potential of South Los Angeles are directly related to regional growth and development, and South Los Angeles offers the metropolitan region new opportunities to address challenges of unfettered sprawl.

At the threshold of the twenty-first century, the challenges confronting America's metropolitan areas and inner cities are as important as ever. Despite a new political climate of federal devolution, fiscal conservatism, and welfare reform, persistent issues remain unaddressed. These challenges must now be engaged by new collaborative partnerships made up of community stakeholders, business leaders, and civic entrepreneurs, operating both locally and regionally.

### A Metropolitan Challenge

Astonishing population and economic growth in the postwar period led Southern California to become the second largest metropolitan region in the United States. However, suburban sprawl led to massive flight from inner-city communities since the early half of this century. This suburbanization, aided by postwar federal housing and transportation policies, has stimulated growth around the metropolitan perimeter but has discouraged the reinvestment and redevelopment of older, inner-city communities.

In addition, the decline of traditional manufacturing has also aggravated conditions in L.A.'s inner-city communities. Traditional manufacturing industries were previously a significant source of skilled, high-wage, blue-collar employment for many inner city residents. The decline of this employment base eroded an important source of economic and social stability, leading to greater levels of flight and abandonment.

The simultaneous processes of suburban decentralization and deindustrialization indicate a close link between metropolitan growth and inner-city conditions. Addressing the conditions of inner-city communities is also a metropolitan challenge, as the continuing forces of urban sprawl threaten the quality of life of not just the inner city but the entire region as well.

To achieve better ways of growing, the region must pursue growth principles that promote more efficient land uses. Strategies must tackle the following issues: addressing the jobs/housing imbalance; upgrading and maintaining existing infrastructure in developed areas; encouraging innovative, efficient land uses that mix uses and build higher densities; reducing municipal reliance on sales tax revenue; reducing subsidies for developments contributing to sprawl; and encouraging regional discussion and collaboration to address metropolitan growth concerns.

Reinvesting in the existing infrastructure of older, inner city communities is an integral component to fostering alternative patterns of growth. Urban areas like South Los Angeles offer viable opportunities for achieving the objectives of more sustainable growth.

### **South Los Angeles: Beyond Perceptions**

Although South Los Angeles faces serious urban challenges, it is the victim of far worse perceptions. This deficit-oriented perspective must be balanced by an asset-based approach, which highlights the positive undercurrents of South Los Angeles. Unheralded and unbeknownst to many, the area possesses significant economic vitality, opportunity, and assets.

Over the last few decades, the area has experienced significant changes in its population and residential composition. Changing demographic patterns have rendered the area unique from other inner-city communities across the country. Some significant distinctions include:

#### **A Growing Population**

In contrast to other inner-city communities, South Los Angeles has continued to experience substantial population growth despite the outmigration of its middle class residents. Between 1980 and 1990, the population of South LA added 132,000 people, a growth rate of approximately 16 percent. Unlike other urban areas in cities like New York, Chicago, Philadelphia, and Detroit, where population loss has been the norm, the population of South LA has continued to increase.

#### **Immigration and a Growing Latino Base**

The source for most of the population growth has been from Latin American immigration, which has profoundly shaped the ethnic character of South Los Angeles. Consequently, the ethnic composition of South LA's population has transformed from a predominantly African American population into a burgeoning Latino majority. In many parts of South LA, Latino immigrants are now the most dominant presence.

Between 1980 and 1990, the percentage of African Americans in the area shrank from 64 percent to 47 percent of the total population. In contrast, Hispanics rose from 23 percent to 42 percent of the area's total population in the same period. By all estimates and projections, the Latino presence will continue to grow.

#### **High Rates of Labor Force Participation**

Unlike the pervasive joblessness and unemployment observed in other inner cities across the country, many people living in South Los Angeles are involved in full-or nearly full-time work. High degrees of labor force participation accompany the growing ranks of Latino immigrants. More than 80 percent of all Latino males in South Central Los Angeles, for instance, are involved in the labor force.

## EXECUTIVE SUMMARY

### An Asset-Based Approach

Although serious urban challenges confront South LA, the social and economic realities are masked by far worse perceptions. These perceptions stigmatize South LA communities as places of social and civil disorder.

Contrary to popular opinion, South LA is an area of considerable economic assets and opportunities. Consider the following:

#### ***There is a strong industrial manufacturing base.***

Despite past trends in deindustrialization, the manufacturing sector represents the most vigorous portion of the area's economic base. It continues to be an important source of employment, providing jobs for numerous residents and immigrant workers.

There are more than 27,000 manufacturing establishments in South LA. Among the largest industries are apparel and textiles, metalworking and machinery, food processing, and furniture manufacturing.

Although manufacturing companies make up just 10 percent of the area's establishments, they generate more than 84,000 jobs, or 27 percent of total employment. In South L.A., manufacturing is the largest employer next to the services sector, which represents 24 percent of the area's employment base.

Industrial employment is nearly equally divided between durable and nondurable goods, and there has been a strong surge of growth over recent years in nondurables manufacturing. Led by the apparel, textile, and food processing industries, the growth of these industries has created a significant employment opportunities for many South LA residents.

#### ***There is a substantial market demand for consumer goods and services.***

A huge unmet demand exists, far outstripping supply, for commercial and retail goods and services. The current retail commercial base fails to adequately capture this demand. Compared with the rest of LA County, we find that South LA, per capita, has 65 percent fewer grocery stores, 40 percent fewer banks and financial institutions, and 20 percent fewer clothing stores.

Despite low per capita income levels, high population density in the area translates into substantial purchasing power. Since the area contains a dense, growing population accompanied by high rates of labor force participation, aggregate income levels are substantial. Aggregate income levels in South LA are currently estimated to be greater than \$10 billion.

Because many of the retail goods and services offered within the neighborhoods do not meet the types of goods and services demanded, most residents shop outside their neighborhoods. According to one projection, the leakage of outside spending spurred by unmet demand in grocery store services alone exceeds \$400 million, which is spent in supermarkets and grocery stores outside South Los Angeles.

#### ***There exists a viable and growing housing market.***

South Los Angeles has an extensive base of well-maintained single-family neighborhoods where housing values have remained stable.

Many South LA neighborhoods are locations of historic housing stock that are a rich cultural asset.

There are high rates of home occupancy. Only 6.6 percent of housing units were vacant in 1990.

Population growth has created a huge potential for homeownership opportunities, especially for Latino homebuyers.

#### ***There is a large workforce that is both willing and able.***

Companies in the area cite the labor force as one of the key reasons they remain competitive.

Despite high unemployment overall, many parts of South LA that are characterized by high rates of labor force participation, indicating a large willing and able labor force.

Over 25 percent of South LA residents work in the manufacturing sector, while over 30 percent are involved in traditional blue-collar occupations such as *crafts and precision production, machine and transport operators, and labor and handlers*. Likewise, greater than 30 percent of industry employment is in service producing sectors. These labor market segments perform critical roles in keeping the regional economy in motion.

#### ***South Los Angeles is strategically located for industry and trade.***

South LA is centrally located and lies adjacent to major transportation corridors, offering significant locational advantages for businesses. Proximity to critical infrastructure provides the area's economy with quick and easy access for shipping and handling freight by both air and/or water.

The Century Freeway, which lies on the southern border of South LA, offers a direct connection to Los Angeles International Airport.

The development of high-speed rail along the Alameda Corridor will provide easy access to Downtown LA and the

## EXECUTIVE SUMMARY

Port of Los Angeles. Alameda Avenue itself is a major transit corridor lined with a large number of warehousing and industrial activity.

### Signs of Renewal

All across South LA, there are signs of revitalization and reasons for optimism. Some indicators of renewal include:

*Public/Private Partnerships*— As government funding is scaled back, the formation of these partnerships have been effective in leveraging the resources and expertise drawn from government, the private-sector, and non profit community organizations. Successful projects have been developed in South LA that would not have otherwise been possible without these partnerships.

*Immigrant Entrepreneurism* — A burgeoning immigrant economy is forming in South LA that is meeting the changing consumer demand of the area's shifting demographics. The growing Latino presence has driven the developments of new supermarkets and grocery stores catering to the tastes and preferences of these new ethnic markets.

*Community Economic Development Approaches*— Community-based development organizations are quietly, but significantly, strengthening the neighborhood assets and improving the community fabric of South LA.. Community development corporations are building needed housing units and commercial spaces, financing new entrepreneurial ventures, and training workers in new skills for a changing economy.

Throughout South LA, a growing network of community development, business leaders, and civic entrepreneurs are recognizing the importance of these assets. They are fostering strategies that strengthen and build upon these opportunities. They see the value of investing in the individuals, associations, and institutions that are rooted in South LA's physical and human infrastructure.

In order for these efforts to have meaningful, long term impacts, the strategies adopted by various groups should continue to be integrated under a collaborative framework. A regional collaborative approach brings together a diverse group of people from across the region—businesses, churches, community organizations, neighborhood associations, and government, among others. Strengthening connections between South LA's diverse stakeholders and creating social capital under a collaborative framework enhances the area's identity, viability, and capacity for growth.

Finally, this collaborative approach is essential for bridging the gaps between inner-city communities and the broader region. The next stage of urban renewal must foster a comprehensive vision, encompassing the shared concerns between metropolitan regions and inner-city communities. As growth challenges demonstrate, the two move along a shared trajectory and walk forth on common paths.

~ *The Vision Complex in Leimert Park*





*~ Dunbar's Sommersville Place on Central Avenue*



*~ Leimer Park*

## INTRODUCTION

*At the threshold of the twenty-first century, metropolitan regions across the United States continue to face the persistent challenges presented by the “inner city.” Since the early anti-poverty programs of the 1930s, improving the conditions of distressed urban communities has long been the preoccupation of policy-makers, legislators, urban scholars, and urban planners. An abundance of federal urban revitalization programs have been launched since that period, yet the historical evidence suggests, at best, mixed achievements and only modest degrees of success.*

*Among all major metropolitan areas across the nation, none face urban challenges quite like Los Angeles. After suffering through one of the worst civil disturbances in history, following the acquittal of four LAPD officers charged with the beating of Rodney King, Los Angeles is moving forward with the considerable task of revitalizing the social, economic, and physical conditions of its economically neglected communities. These challenges are particularly acute in South Central Los Angeles, focal point of the April 1992 civil unrest and where the 1965 Watts riots also ensued thirty years earlier.*

*As part of a vast, sprawling metropolitan landscape characterized by social, cultural, and economic fragmentation, South Los Angeles faces a unique, complex set of challenges. Yet, in large part due to immigration and a vital entrepreneurial environment, South LA also enjoys powerful and unique assets.*

*Despite considerable obstacles, there are strong indications that these strengths are stimulating a considerable renewal. Compared to most inner cities around the country, South Los Angeles possesses significant economic vitality and opportunity. Although serious problems afflict the area, negative perceptions far too often obscure the social and economic realities.*

*As urban renewal strategies continue to evolve, the focus of inner-city revitalization must look beyond damaging misperceptions to uncovering and strengthening the real assets that sustain urban communities like South LA. These assets must be nurtured, developed, and connected to broader regional support for rebuilding initiatives to be successful. Furthermore, the economic revitalization of the inner city can no longer be detached from its metropolitan and regional context. In the coming years, the renewal of LA’s urban communities will rely on innovative collaborative partnerships, fresh ways of thinking and planning, and a holistic approach that firmly connects inner-city concerns with the vision of the broader region.*

## THE METROPOLITAN CHALLENGE

From the postwar period to the present, Southern California has been renowned for its astonishing economic growth. Real estate speculation and exploding population growth, combined with favorable land use, housing, and transportation policies supported by the federal government, assisted in fueling the “growth machine”<sup>1</sup> and led to the development of what is now the second largest metropolitan region in the United States.

Following the real estate boom at the end of the 1980s, regional development had achieved such astounding proportions that sprawl—the pattern of development characterized by low-densities and continued outward expansion around a metropolitan area—became the defining feature of Southern California’s physical landscape. However, this pattern of growth, while a demonstration of LA’s robust economic expansion, has also had its costs. This pattern of growth is now repeated in most metropolitan regions, particularly in the west and south.

### The Issue of Urban Sprawl

Across the region, the consequences of sprawl have been well chronicled. Increased traffic congestion, air pollution, social and political fragmentation, fiscal disparities between city and suburbs, declining open space, environmental degradation, exclusionary zoning and segregated land uses, and the erosion of community values and sensibilities have all been attributed to sprawl in some degree.<sup>2</sup> Some of these issues, such as traffic congestion, have become daily occurrences in the lives of millions of Angelenos.

While the patterns of development created by sprawl have benefited surrounding areas and suburbs, which have increasingly captured the lion’s share of employment and population growth, it has also indirectly aggravated conditions for inner-city urban neighborhoods like those in South Los Angeles. Continuing sprawl development has steered economic growth into peripheral areas surrounding the urban core, while neglecting the reinvestment and redevelopment of older communities, especially inner-city neighborhoods.

Although sprawling development is frequently proclaimed as a distinctly Los Angeles phenomenon, these patterns of land use and development are not a feature unique to Southern California. Across the country, growing metropolitan areas in Atlanta, New Jersey, Houston, Phoenix, and other “Sun Belt” regions are experiencing similar patterns of developing sprawl, inner-city decline, and environmental challenges produced by escalating, unfettered growth.<sup>3</sup> In recent months, sprawl has expanded from a regional issue to one of national concern.

### Suburban Flight and Urban Disinvestment

Beginning in the 1940s and accelerating through the 1970s and ‘80s, a mass exodus of people, jobs, and businesses occurred in central cities, inner-city neighborhoods, and older suburbs alike, producing a vacuum in once vibrant communities. This movement was observed in cities all across the country, and in some locations such as St. Louis and other “Rust Belt” cities occurred even more profoundly than in Los Angeles. This drain of resources stemming from suburban flight left behind poorer residents, mostly minorities, who possessed neither the resources nor the wherewithal to follow their wealthier neighbors to newly developed suburbs around the central city.

Although the process of developing sprawl had already begun as early as the 1920s, a number of federal government policies accelerated massive flight from the urban center after World War II:

#### *(1) Federal government subsidies for new highway construction*

Interstate highway policies during the 1950s subsidized massive highway construction across the entire region and nation. Under a national defense agenda, large-scale construction of freeways and highways were built and developed, extending out from the central city and opening outlying areas for new development. These roads stimulated economic growth farther outside cities.

New highways opened the urban perimeter and paved the way for inhabitants to leave the central city neighborhoods. Developers and homebuilders soon began to construct new residential

subdivisions in raw, undeveloped land outside the urban core. This housing construction offered a retreat for middle-class residents from increasingly crowded and strained urban conditions into the more spacious and homogeneous living environments of suburban neighborhoods.

#### *(2) Federal housing subsidies*

Federal government initiatives in the postwar period also explicitly promoted suburban residential development. At the end of the war, a booming economy and accumulated wartime savings had created a large, pent-up demand for housing. Soldiers returning from military service and their families were eager to resume the next stage of their lives as homeowners—an integral component for realizing the American dream. With the accompanying “baby boom,” large, detached housing units were in particular demand, driving the development of low-density suburban neighborhoods.

Federal Housing Administration (FHA) and Veterans Administration (VA) policies adopted in the 1940s and 1950s assisted in meeting the demand and favored the construction of new residential units. Government-backed mortgage insurance and income tax policies made it easier to purchase housing. Capitalizing on the nascent infrastructure and this enormous housing demand, builders created new suburban tract homes in neighborhoods farther outside the inner city. The accompanying demand for services and industry followed suit.

Although tremendous government support encouraged new housing development and homeownership, relatively little attention was paid to rehabilitating and maintaining the infrastructure of existing communities. As people gradually moved out of older neighborhoods to newly developed suburban communities, inner-city neighborhoods experienced deterioration and blight from abandonment and neglect.

### **Deindustrialization**

In addition to the powerful forces of suburbanization and sprawl, restructuring of the local industrial economy had equally severe consequences for inner-city residents of Los Angeles. Between 1970 and 1980, a sharp decline in traditional manufacturing was observed all across the country. Large industrial plants, which produced a variety of durable goods, saw their role diminish as the economic climate shifted. Manufacturing plants significantly reduced their internal production or shifted operations to cheaper locales elsewhere. Reflecting these national trends in industrial downsizing, manufacturers in Los Angeles closed down their plants or drastically scaled back their labor force.

Prior to this economic restructuring, manufacturing was a stable source of employment and decent wages for many residents of South Los Angeles. The blue-collar jobs created by manufacturing provided an opportunity for many inner-city residents to attain comfortable, middle-class lifestyles. However, downsizing of traditional manufacturing, particularly in high-wage durable sectors such as automobile parts, steel, machinery, and furniture, significantly diminished a critical source of income and job stability. Many of the largest manufacturers that ceased operations were located in or adjacent to South LA. As many as 124,000 workers lost their jobs as 131 plants closed between 1982 and 1989.<sup>4</sup>

These plant closings created joblessness and unemployment. Without this base of employment providing social stability, disenchantment and disillusionment spread widely among many in South LA. As discussed in later sections, manufacturing did not completely leave South Los Angeles, but the decline of traditional manufacturing sectors was replaced by the rise of new nondurable manufacturing sectors, which did not provide the same quality of employment. Jobs in these new sectors are characterized as nonunion, low-wage, and low-skilled.<sup>5</sup>

### **The Results of Suburban Flight and Deindustrialization**

The inducements fostered by federal housing and transportation subsidies, combined with the escalating dependence on the automobile—the “great decentralizer”—and fundamental changes to the local economy, served to perpetuate decentralization and inner-city flight within Southern California in a powerful way.

Urban divestment from flight was also accompanied by joblessness due to deindustrialization. Although job and business flight had depressed the economic base of inner-city areas, employment losses generated by industrial downsizing further shrank the job pool and exacerbated already distressed economic conditions.

Undoubtedly, the population migration and ensuing departure of resources had damaging ramifications for LA's urban communities. These forces generated significant structural and economic blight. As wealth dried up or drained from the inner city, fewer resources were available to fight conditions of deterioration and neighborhood decline.

*Among the results of decentralization were:*

- *Loss of an important population base* - Suburbanization drained middle-income households from the area. This presence of this group also served as an important base of social stability.<sup>6</sup> Although "white flight" was the prevailing phenomenon, significant population flight occurred among the African American community as well.<sup>7</sup>
- *Loss of jobs and capital* - Inner-city communities faced a shrinking employment base as businesses and jobs moved into areas outside the central city or experienced decline as in the case of traditional manufacturing. As businesses and jobs moved out, wealth followed.
- *Loss of goods and services* - Population flight reduced the consumer spending base, facilitating the move by many stores providing goods and services in inner-city neighborhoods.
- *Concentrated poverty and urban isolation* - As a result of abandonment, poverty became concentrated in inner-city areas, creating a wide disparity between suburban neighborhoods and inner-city communities. Poor residents became disconnected from mainstream social networks and viable economic opportunities.

At the same time, the relative decline of private industry and growing dependence of inner-city communities created a significant problem for local governments. As demands for services grew, the ability of local businesses and homeowners to pay for them declined. In many cases, city officials responded by raising fees on businesses and imposing costly regulations, unwittingly accelerating the flight from the inner city.<sup>8</sup>

The resulting concentration of poverty observed in inner-city communities has been a process lasting through several decades. It is the aftermath of a large-scale retreat and divestment from the inner city, spurred by public policies encouraging dispersal and suburban development into areas farther outside inner urban areas. The outcomes created by these forces are not easily ameliorated, and they continue to foster both sprawl and inner-city decline.

### **Linking Metropolitan and Regional Concerns with the Inner City**

The process of outward migration and resulting physical sprawl reveals an intimate link between regional growth patterns and inner-city conditions. Though they are seldom discussed in interdependent terms among the general public, the vitality of older communities and inner-city neighborhoods is firmly interwoven with how growth occurs in the larger region.

Despite this interdependence, the connection between the inner-city core and periphery has been rarely considered by either side. Growth in the inner city provides an opportunity to reduce pressures for excessive development in the regional perimeter; similarly, a strategy curbing perimeter growth could provide new incentives for private reinvestment in urban core communities.

Increasingly, the intrinsically shared concerns between the regional periphery and the inner city must be reinforced. Continued population growth will produce heavy demands affecting all local communities in the region for years to come. A severe shortage of housing to meet projected needs currently exists, but many municipalities in the region are resistant to building new housing. Los Angeles County and Orange County have issued only a fraction of the home building permits necessary to keep pace with population growth demands.<sup>9</sup> As a result, home building is being pushed farther out to the region's perimeter.

**Table 1.** Population Growth and Density of Five Counties in Southern California 1970-1998

Year	LOS ANGELES Population	4,060.00 Persons/ Sq. Mile	ORANGE Population	789.70 Persons/ Sq. Mile	VENTURA Population	1,845.90 Persons/ Sq. Mile	SAN BERNARDINO Population	20,062.20 Persons/ Sq. Mile	RIVERSIDE Population	7,208.20 Persons/ Sq. Mile
1970	7,055,800	1,738	1,431,900	1,813	381,400	207	685,300	34	461,600	64
1975	7,190,300	1,771	1,713,400	2,170	440,700	239	696,800	35	534,500	74
1985	8,190,900	2,017	2,166,300	2,743	596,900	323	1,065,600	53	836,400	116
1990	8,897,500	2,192	2,424,100	3,070	671,600	364	1,440,700	72	1,195,400	166
1995	9,352,200	2,303	2,614,800	3,311	712,700	386	1,581,600	79	1,370,300	190
1998	9,649,800	2,377	2,763,900	3,500	738,200	400	1,645,800	82	1,458,500	202

Source: State of California Department of Finance  
 Historical County Population Estimates and Components of Change, July 1, 1970-1998  
 Sacramento, California, December 1998.

New residential development in areas such as San Bernardino County and Riverside County exacerbate the imbalance between the location of jobs and housing; generating lengthier commutes, aggravating environmental conditions, and compromising the area's quality of life. If unchecked sprawl continues, it will continue to impose heavy burdens and problems for all existing communities, inner-city neighborhoods, and both inner-ring and outer-ring suburbs.

Moreover, neglected urban conditions create heavy burdens on public spending for everyone. Problems affecting inner-city areas eventually spread and reproduce in older suburban neighborhoods if perimeter growth is not contained. This has already occurred in parts of northern Orange County.<sup>10</sup> Combined with shrinking tax bases caused by continuous decentralization, these older suburban cities and neighborhoods will face the prospects of inadequate fiscal capacity and increased spending needs for services generated by sprawl's external costs.

### *Achieving Alternative Patterns of Development*

Clearly, alternative growth patterns are required to mitigate the effects of urban sprawl. Around the country, movements are emerging that seek to curtail perpetual sprawl and its deleterious effects. Principles of smart growth, the new urbanism, the livable communities movement, civic environmentalism, and many others are advocating for more sustainable forms of growth.<sup>11</sup>

These various approaches contain subtle distinctions among them, but they each combine notions of higher densities, mixed uses, and in-fill development as measures to reduce continuous horizontal growth and curb their negative externalities. These approaches also support the redevelopment, reuse, and recycling of underutilized spaces in neglected areas and blighted neighborhoods. Reinvesting resources in existing communities, as opposed to the shortsighted practice of developing new neighborhoods, promotes more efficient land use.

Achieving alternative patterns of development will not be an easy task. It requires significant effort by multiple participants and stakeholders who must engage in cooperative planning: state and local government, planning agencies, real estate developers and investors, architects and urban designers, community groups, and neighborhood associations.

To ameliorate urban sprawl, concerned stakeholders must tackle the following issues:

- *Addressing the jobs/housing imbalance*

The spatial and geographic mismatch between where people work and where they live must be addressed. Development must integrate housing, retail, commercial, and industrial development in a comprehensive manner. Promoting development that corrects the jobs/housing imbalance achieves healthier growth by reducing vehicle miles traveled, commute times, and traffic congestion, all of which compromise the quality of life and environment for the entire region.

- *Upgrading and maintaining the existing infrastructure and housing stock of developed areas, and promoting development opportunities in underutilized spaces*

Rather than encourage more housing and highway construction along the metropolitan fringe, construction

in developed areas should be promoted. Maintaining and upgrading the existing infrastructure of older neighborhoods can also serve to stimulate the reinvestment and redevelopment of underutilized land in inner-city areas. Reuse, rehabilitation, and other reinvestment measures for the existing infrastructure inventory should be applied.

- *Encouraging innovative, efficient land uses—higher densities, mixed use, in-fill development*

Methods for integrating and compacting housing, employment, and commercial land uses in creative ways must be promoted. Building codes and zoning ordinances should encourage innovative projects that mix uses.

Postwar planning and development in Los Angeles have fostered the discrete separation of land uses that have widely distributed housing, commercial, and industrial patterns. General plans and zoning, which govern land use, have generally maintained these tendencies. However, many of these zoning ordinances and building codes regulating growth have been inflexible, inadequate, and outdated, and do not meet the new planning challenges facing the region ahead. Many discourage innovative developments that creatively mix uses, offer higher densities, or incorporate in-fill development.

The real estate community ought to embrace innovation and creative development as well. The existing mindset of banks and investors who finance development adheres to the tried and true. Investment decisions usually are based on the comparables of proven projects, making innovative development projects that veer from traditional paths difficult to finance.

- *Allocating tax revenues more equitably between state and local government and reducing municipal reliance on sales tax revenue*

The state tax revenue system must be restructured. As it currently exists in the post-Proposition 13 era, cities have little choice but to pursue retail strategies over residential or industrial development in order to expand their fiscal capacity. Since the ability of local government to generate revenues has been limited, they rely heavily on sales tax receipts as a vital revenue source.

This has created intense competition among cities to aggressively entice retail centers into their jurisdictions. The proliferation of “big-box” retail outlets and regional shopping centers have generated large tax revenues for some cities, but the demand for addressing important shortages in housing and industry is not being met.

- *Reducing subsidies for projects that contribute to sprawl*

Existing communities indirectly subsidize new developments in outlying areas that create significant external costs due to sprawl, such as an increase in traffic and decreased air quality. These costs should be factored into the financing of any sprawl-inducing projects; developers of sprawl ought to bear the full costs of their development. Both direct and indirect costs from project impacts should be included. Public incentives must be discouraged for any development in the perimeter areas of the region as well.



~ The Vermont Knolls Community

- *Encouraging regional discussion and collaboration to address growth issues*

Growth-related issues are essentially a regional concern with local ramifications. However, there is a lack of substantive dialogue among local municipalities to collectively address regional growth and amend conflicting regulatory and mitigation demands. Greater discussion among municipalities, citizens, and developers alike must be fostered to tackle growth issues through a collaborative, problem-solving approach.

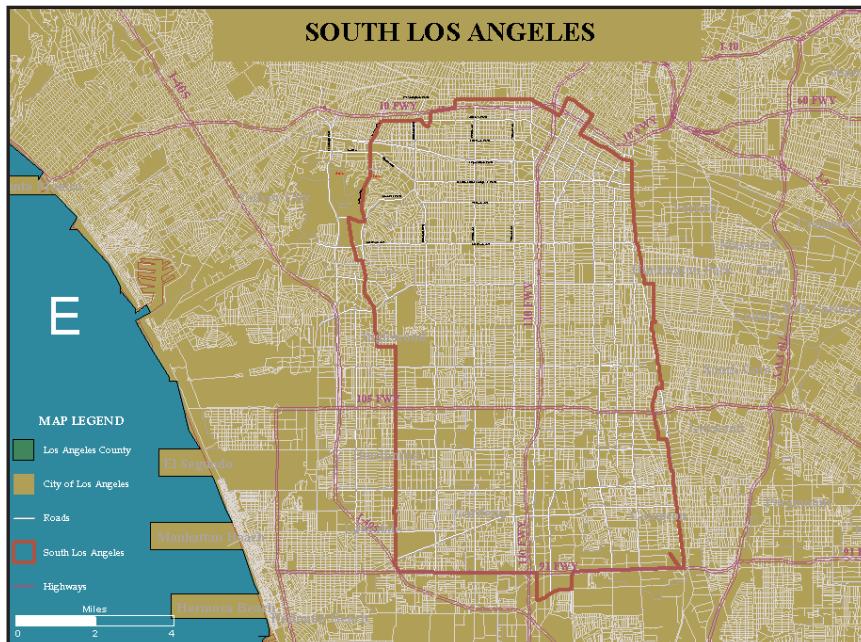
Since inner-city concerns are so closely connected to regional growth and development, the fate of the urban core and the periphery are inextricably linked. Sprawling development threatens the quality of life for rural, suburban, and urban communities alike. As concerns grow about uncontrolled growth and how to best mitigate their external costs, both the marketplace and local governments must see the value of increasing investment in existing communities, especially in inner-city neighborhoods such as South Los Angeles.

## SOUTH LOS ANGELES: BEYOND THE PERCEPTIONS

Among the collective imagination of mainstream society, the name South Central Los Angeles evokes images of crime, gangs, unemployment, blight, riots, and uneasy racial tensions. Not surprisingly, these images are overwhelmingly negative. To many, South Central Los Angeles is the epitome of the inner-city ghetto.<sup>12</sup> Distorted in part by the media and popular culture, representations of South Central LA consistently reflect a bleak, despairing view of the neighborhoods and communities that comprise the area.

This image of a ravaged, destitute ghetto, however, is an inadequate portrayal of the real conditions experienced by residents and businesses in South Los Angeles neighborhoods. Based on a deficit-oriented view, it excludes many of the positive characteristics and features existing in the area. The predominant, one-sided view of South LA as only a troubled community, to the omission of its positive aspects, undermines the real capacities and potential that exist in the area.

Although it is usually discussed as a single, homogeneous area, South LA is actually composed of many neighborhoods and communities, each with unique characteristics, attributes, and textures. Crenshaw, Hyde Park, Morningside Park, Watts, Florence, Compton, Inglewood, and many other South LA neighborhoods and districts comprise a rich tapestry of communities that have historically been the center of L.A.'s African American culture—and now increasingly Latino as well.<sup>13</sup>



## Descriptive Changes in South Los Angeles

According to current estimates, South Los Angeles is composed of approximately one million residents.<sup>14</sup> As defined here, the area covers seventy-seven square miles and contains an extremely dense population. Contrasted to the entire county, South LA is nearly six times as dense with 12,400 people per square mile, compared to 2,200 in Los Angeles County.<sup>15</sup>

Like the broader metropolitan region, South LA is an area undergoing tremendous flux. Historically, South LA has been the center of African American life and culture for thousands of black Angelenos. But over the past two decades, the area has undergone massive changes in its population and ethnic composition.

Some demographic changes of South LA include:

### *(1) Population Growth*

Despite business/capital flight and out-migration of a large residential base, South LA has actually continued to experience substantial population growth. Between 1980 and 1990 alone, the population of South Los Angeles increased by 132,000 people.<sup>16</sup> This represents a growth rate of approximately 16 percent, only 2.5 percent below the countywide growth rate of 18.5 percent during the same period.

Population growth is a major distinction of South LA in comparison to other urban communities across the country. In contrast, many other urban communities around the country have experienced significant population losses from flight. For instance, in examining the population trends of four other major U.S. cities—New York, Chicago, Philadelphia, and Detroit—population declines in central/inner cities have been the norm. Considering the historical trend of out-migration by middle-class residents and relatively low levels of new land development compared to new suburban areas, this growth is astounding.

Table 2. Population Change in Five U.S. Cities and South Los Angeles (in thousands)

	1970	1980	1990	1996*	%	1970-90
New York	7,895	7,072	7,323	7,381	-7%	
Chicago	3,363	3,005	2,784	2,722	-17%	
Philadelphia	1,949	1,688	1,586	1,478	-19%	
Detroit	1,511	1,203	1,028	1,000	-32%	
Los Angeles	2,812	2,969	3,486	3,554	24%	
South Los Angeles	-	825	957	983	16% **	

Source: U.S. Bureau of the Census

\* 1996 figures from U.S. Census "Place and County Subdivision Population Estimates"

\*\* 1996 figures for South LA are from Claritas

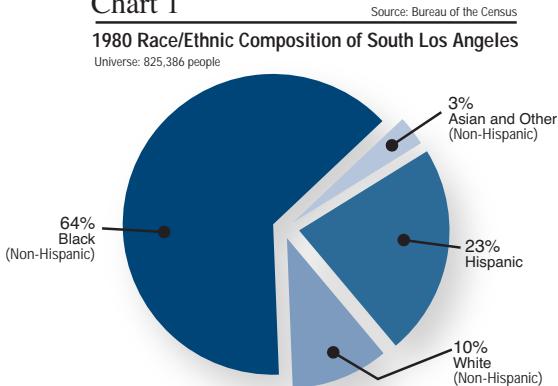
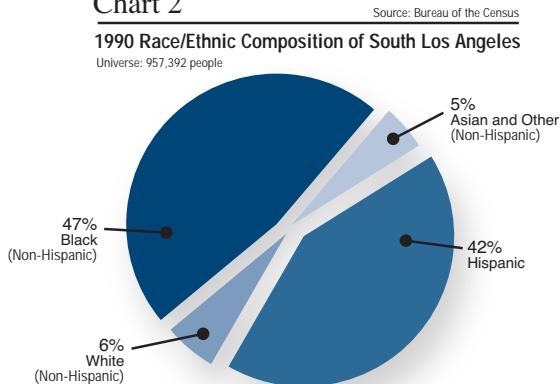
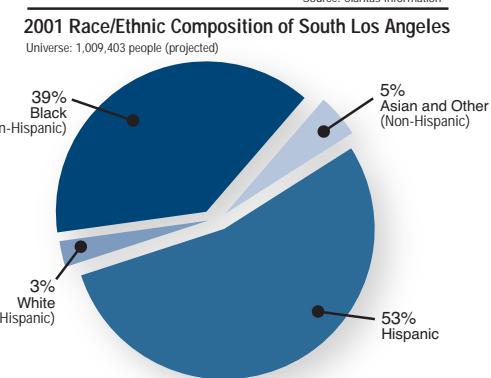
\*\*percent change between 1980 and 1990

Table 2 reveals absolute population declines for New York, Chicago, Philadelphia, and Detroit from 1970 to 1996. In contrast to these declines, the table shows the growth in population within South Los Angeles during the same period.

### *(2) Immigration and a Growing Latino Base*

The majority of the population growth has originated from massive immigration over the past thirty years from Mexico and Central America. This immigration has profoundly shaped the ethnic character of South Los Angeles. Consequently, the ethnic composition of South LA's population has transformed from a predominantly African American population to a burgeoning Latino presence. In many parts of South LA, Latino immigrants have become the majority of the population base.

From 1980 to 1990, the percentage of African Americans in the area shrank from 64 percent to 47 percent of the total population. The area lost more than 72,000 people, or 14 percent of its African American resident base. On the other hand, Hispanics rose from 23 percent to 42 percent of the area's total population in the same period. During that time, the Hispanic community added more than 216,000 people to the area, more than doubling its total population base.<sup>17</sup>

**Chart 1****Chart 2****Chart 3**

By all estimates and projections these trends are continuing. Hispanics are currently approximated to be more than 50 percent of the area's population, with African Americans dipping to below 40 percent.<sup>18</sup>

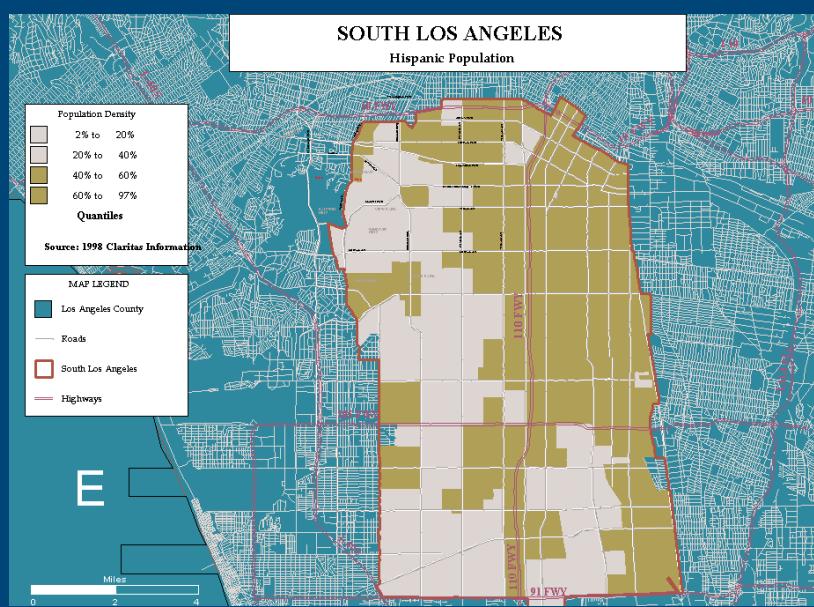
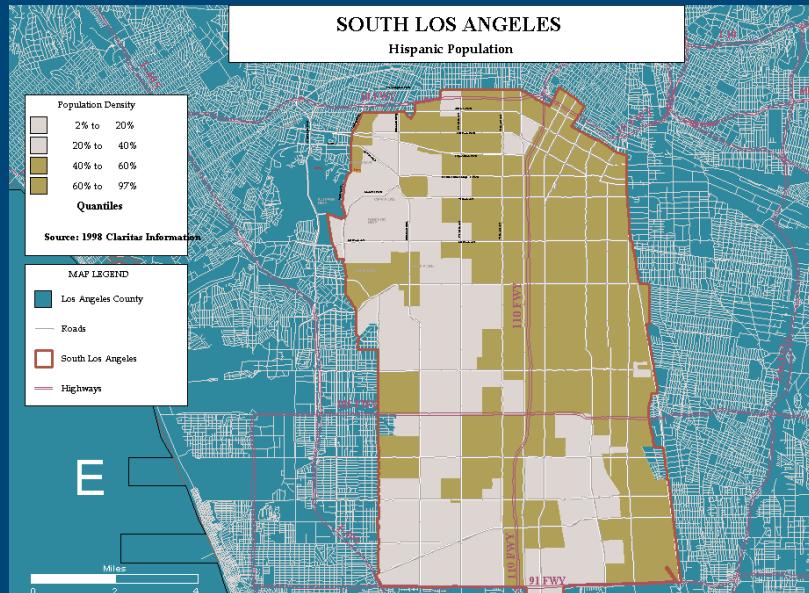
The maps (*see following page*) show the general demographic shifts that have occurred in South Los Angeles. The Latino community has grown to become the largest ethnic population in the area, particularly the eastern half of South LA, where its population is especially dense. As the Latino presence has increased, higher concentrations of African Americans have shifted westward or to other parts of the region.<sup>19</sup>

### (3) Working Poor, Not Jobless Poor

Unlike the pervasive joblessness and unemployment faced by other inner cities across the country, many people living in South Los Angeles are actually involved in full- or nearly full-time work.<sup>20</sup> High degrees of labor force participation accompany the growing ranks of Latino immigrants. For instance, more than 80 percent of all Latino males in South Central LA are involved in the labor force.<sup>21</sup>

A significant number of those who live in households where the income for a family of four is less than \$16,000, the federal definition of poverty, are actually working. Of those households living below the federally defined poverty line, more than half have at least someone working in the household and are engaged in full- or nearly full-time work.

Although the issue of low wages is an urgent concern, the high levels of labor force participation run contrary to perceptions that joblessness and welfare dependency dominate the area.



## Challenging Perceptions: Examining the Assets

In the past, attempts to create solutions aimed at South LA fixated on the array of urban problems plaguing the area. This deficit-oriented perspective was used to highlight the woes and maladies of inner-city communities in order to bring necessary attention to these problems. Although this approach has been effective in pinpointing the challenges and often in leveraging needed support, it has also inadvertently served to stigmatize South LA communities as places primarily known for their social and civil disorder. The tendency to see only the problems has overshadowed perceptions of LA as places of livelihood and opportunity.

Increasingly, a new consciousness among concerned community stakeholders has taken hold that seeks to promote and nurture the latent assets of a community.<sup>22</sup> This new ethos aims to unveil and support the many good things in South Los Angeles, which are rarely given the same degree of attention as the problems. Assets, those aspects that are valued by the community while at the same time adding value to it, are an integral part of the social and economic fabric of an area. In addition, they represent a base to grow upon and offer opportunities for potential growth and development.

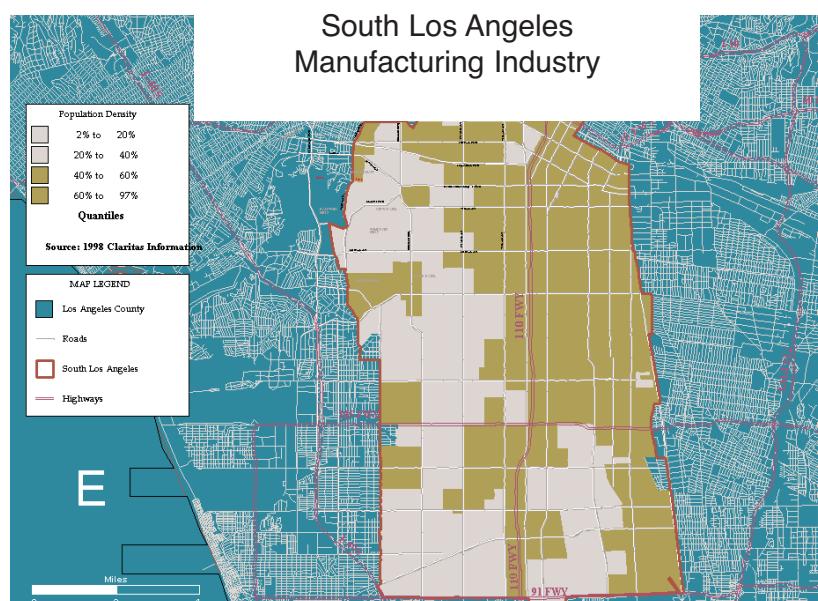
South Los Angeles possesses substantial economic assets and opportunities upon which to build. Despite the serious challenges it faces, sizable viability and potential exist in the area's economic base. With the proper nourishment and resources, these assets can be leveraged and transformed into economic growth and prosperity.

Although many kinds of community assets exist, the following emphasizes and discusses a few of the economic assets in South LA.

### • Strong Industrial Manufacturing Base

The greater Los Angeles region in general, as the largest industrial center in the country, possesses a high concentration of manufacturing within its inner-city areas. More than 15,000 manufacturing firms have been previously identified in neglected areas, which employ approximately 360,000 people.<sup>23</sup> This is far more than either the cities of New York or Chicago.<sup>24</sup>

Despite overall declines experienced by manufacturing over the last thirty years, particularly in durable manufacturing, South Los Angeles maintains a large, resilient, and robust industrial base, which continues to be an important source of employment for numerous residents and new immigrants. Substantial concentrations of manufacturing activity exist in many parts of the area, particularly in the corridor lying between the 110 freeway and Alameda Avenue.



The 1999 Dun & Bradstreet database shows that the overall economic base of South LA includes 27,000 establishments that employ more than 310,000 people. As Table 3 shows, the most vigorous portion of the area's economic base is unquestionably in its industrial sector.

**Table 3. The Economic Base of South Los Angeles, March 1999**

SIC Code	Description	No. of Firms	% of Total	Employment	% of Total	% Emp. Reported
SIC 01 - 09	Agriculture	177	0.65%	923	0.30%	100%
SIC 10 - 14	Mining	6	0.02%	128	0.04%	100%
SIC 15 - 17	Construction	1,278	4.69%	2,022	0.65%	100%
SIC 20 - 39	Manufacturing	2,775	10.19%	84,156	27.13%	98%
	Nondurable Manufacturing	1,121	4.12%	35,451	11.43%	97%
	Durable Manufacturing	1,496	5.50%	46,546	15.01%	98%
	Miscellaneous Manufacturing	158	0.58%	2,159	0.70%	98%
SIC 40 - 49	Transportation and Public Utilities	1,611	5.92%	19,453	6.27%	96%
SIC 50 - 51	Wholesale Trade	2,511	9.22%	32,231	10.39%	99%
SIC 52 - 59	Retail Trade	5,789	21.27%	42,596	13.73%	98%
SIC 60 - 67	Finance, Insurance, and Real Estate	1,500	5.51%	11,050	3.56%	99%
SIC 70 - 89	Services	11,487	42.20%	114,167	36.81%	99%
	Services (Health Care, Business, etc.)	8,727	32.06%	74,711	24.09%	99%
	Education: Schools and Museums	507	1.86%	23,925	7.71%	93%
	Social Services	786	2.89%	8,529	2.75%	98%
	Membership Organizations (Churches, Associations, Block Clubs)	1,467	5.39%	7,002	2.26%	100%
SIC 91 - 97	Public Administration	89	0.33%	3,437	1.11%	78%
	<b>TOTALS</b>	<b>27,223</b>	<b>100.00%</b>	<b>310,163</b>	<b>100.00%</b>	<b>98%</b>

Source: 1999 Dun & Bradstreet

Although manufacturing companies make up just 10 percent of the area's establishments, they generate more than 84,000 jobs or 27 percent of total employment, which is second only to employment in the services sector. However, a large portion of the services sector also includes public and nonprofit establishments.<sup>25</sup> If these are not included, the services sector-including health care, business services, accounting, insurance, legal, and engineering, among others- comprises 24 percent of the employment base, just below the area's manufacturing levels.

Industrial employment is nearly equally divided between durable and nondurable goods. Some of the largest manufacturing subsectors in South LA include apparel and textiles, metals and machinery, food processing, and furniture. Although the manufacturing sector is not expected to reach the same commanding levels of employment as it once did, a surprising surge of growth has occurred over recent years in nondurables.<sup>26</sup> Led by the apparel, textile, and food processing industries, the growth of these industries has been a significant source of employment for many South LA residents, particularly for immigrant Latino workers. Manufacturing also indirectly stimulates employment in other industries through its demand for goods and services, such as transportation, warehousing, and business services.<sup>27</sup>

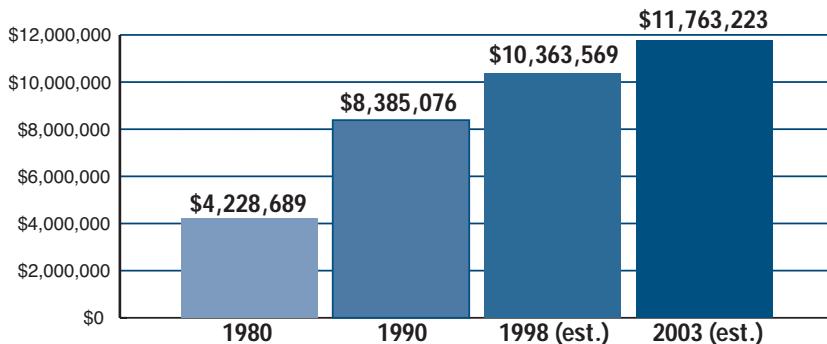
- *Large Consumer Market and Substantial Unmet Demand for Goods and Services*

Despite low per capita income levels, a substantial aggregate market demand exists in South Los Angeles. Because the area contains a dense, growing population accompanied by high rates of labor force participation, aggregate disposable income levels are considerable. The high population density comprises a sizable consumer base and commands substantial purchasing power. Aggregate income levels are currently estimated to exceed \$10 billion annually.<sup>28</sup>

This pie is also growing. Total income for the area doubled between 1980 and 1990, as aggregate income levels rose from \$4.2 billion to \$8.4 billion.<sup>29</sup> Aggregate income levels are currently estimated to be \$10.4 billion, and, if trends hold, they are anticipated to reach \$11.8 billion by 2003.<sup>30</sup> This growth can be attributed to the aforementioned population growth, combined with significant increases in per capita income levels.

**Chart 4. Aggregate Income in South Los Angeles (000s)**

Comparison between 1980, 1990, 1998 (estimated), and 2003 (projected)



Source: Bureau of the Census and Claritas Information Systems

Despite the presence of a large and growing market, South LA is woefully underserved. Compared with the rest of LA County, we find that South LA, per capita, has 65 percent fewer grocery stores, 40 percent fewer banks and other financial institutions, and 20 percent fewer clothing stores.<sup>31</sup> Most residents shop outside the area because many of the retail goods and services offered within the neighborhoods do not adequately meet the type of goods in demand. This is particularly true in the case of retail grocery goods, where the dearth of grocery stores in South LA generates a substantial unmet demand. In a previous RLA study conducted in 1995, residents in one targeted South LA area spent roughly \$1 billion in retail grocery goods. However, it was estimated that approximately \$412 million of this was spent outside the targeted market area.<sup>32</sup>

The demand for retail grocery store goods shows there is a large, unsaturated, and underserved consumer base in South Los Angeles. Existing stores have also been inadequate in meeting the demand for ethnic goods spurred by changing demographics. The influx of immigrants of diverse nationality has created a huge niche opportunity for retailers to cater to these ethnic preferences.

A market demand not only exists for basic goods and services but for disposable goods and services as well. The overwhelming success of the Magic Johnson Theaters, opened in June 1995 at the Baldwin Hills-Crenshaw Plaza Mall, tapped into a large unmet demand for entertainment consumption. The theater ranked fourteenth in California and is among the top fifty in the country in terms of gross sales.<sup>33</sup> Similarly, when businesses take the time to discern the tastes and preferences of inner-city residents, they successfully tap into a significant consumer base for particular types of disposable goods and services. For instance, urban franchise concepts selling products such as athletic shoes, luxury items, and mailbox services have proven viable once a thorough examination of local consumer preferences have been determined.<sup>34</sup>

- ***A Stable and Growing Housing Market***

South Los Angeles possesses an extensive base of well-maintained, single-family neighborhoods. In many neighborhoods across South Los Angeles, there is a large stock of Craftsman-style bungalows and homes that are an important cultural asset to the community. Many of these homes have been targeted for historic preservation.<sup>35</sup>

A stable housing market exists and home values have generally remained steady, despite general volatility in the region's housing market. Following the civil unrest in 1992, as home values in the region plummeted due to the recession, prices of homes in South LA remained stable.<sup>36</sup> Additionally, a high home occupancy rate has remained consistent; only 6.6 percent of housing units in 1990 were vacant.<sup>37</sup>

Population growth has created a huge demand for both affordable and single-family housing. The area represented a tremendous opportunity for first-time homebuyers, particularly in the Latino market.<sup>38</sup>

- **A Large Labor Force**

Population growth has continued to surge in South Los Angeles, creating a large potential labor pool. Although unemployment is higher in the area than the rest of the region, many of the newcomers are eager to work and are actively seeking employment.

To a surprising extent, many companies in the area have cited the labor force as one of the key reasons they remain competitive.<sup>39</sup> Over 25 percent of South LA residents work in the manufacturing sector, while more than 30 percent are involved in production-oriented occupations, such as crafts and precision production, machine and transport operation, and labor and handling.<sup>40</sup> Likewise, greater than 30 percent of industry employment is in service-producing sectors.<sup>41</sup> These labor market segments perform critical roles in sustaining the regional economy.

- **Strategic Location for Industry and Trade**

Centrally located, South LA lies adjacent to major transportation corridors that offer important locational advantages for businesses. Proximity to critical infrastructure provides the area's economy with quick and easy access for moving freight by both air and/or water.

The Century Freeway, which lies on the southern border of South LA, offers a direct connection to Los Angeles International Airport. The proposed high-speed rail along the Alameda corridor will provide easy access to Downtown LA and the Ports of Los Angeles and Long Beach. Alameda Avenue itself is a major transit corridor lined with a large number of warehouses and manufacturing companies.

The opportunities and assets described here are only a partial listing of South LA's economic asset base, but these examples are healthy indications of vitality. Not discussed here is a wide variety of other community assets, including nonprofit institutions, civic associations and community groups, a large number of churches and other faith-based groups, cultural institutions, community facilities, universities and colleges, and countless others. Moreover, South LA is becoming uniquely positioned as a center for sports, culture, and recreation, due in part to recent developments such as the construction of the Staples Center, a soon-to-be refurbished Coliseum for a new NFL expansion team, and the newly built California Science Center, to name a few. These assets are immensely important in expanding the capacity of South LA to become a strong, viable economy.<sup>42</sup> The sustained development of these assets will be critical to generating enduring economic development and reversing neighborhood blight and decline.

### **Signs of Renewal: A Multipronged Approach**

Despite this era of limited government resources, urban revitalization efforts have continued to move forward. Signs of renewal can be observed all across South LA, involving multiple sectors of the community—public, private, and nonprofit—demonstrating that urban renewal requires a multidimensional approach. The models discussed here also reveal that developing and strengthening the assets of an area like South Los Angeles require significant levels of partnership, collaboration, and trust between various sectors.

- **Public/Private Partnership**

Although public/private partnerships exist in many forms, these alliances are increasingly becoming the main paradigm for inner-city development projects. Budget constraints experienced by all levels of government have forced the public sector to seek new ways of supporting urban revitalization efforts. As a result, governments are forming partnerships with businesses and nonprofits as a means to advance inner-city initiatives. These alliances leverage the unique strengths and resources of all stakeholders involved. It has also meant, in many instances, that government no longer assumes the primary leading role.

While the role of government has significantly changed, it still plays a critical role in renewal, especially in the right partnership arrangement. Public agencies such as the Community Redevelopment Agency (CRA) possess powers of eminent domain that are used to acquire land for redevelopment purposes. For private developers, this drastically reduces costs and barriers associated with land acquisition. Problems of land assembly and parcelization are also resolved through this approach.

Public/private partnerships have been instrumental in developing projects all across South LA. The Baldwin Hills-Crenshaw Plaza Mall, the Magic Johnson Theaters, Vermont Sluson Shopping Center, and numerous other supermarket and housing developments are but a few successful outcomes of these pairings and demonstrate that collaborative approaches between government and the private sector do work. These successes will pave the way for additional public/private partnerships, particularly for redevelopment strategies, which increasingly require the tools and leverage opportunities each respective group brings to the table.

- *Immigrant Entrepreneurialism*

Falling under the radar screen of the general public is a burgeoning immigrant economy driven by immigrant entrepreneurs who have recognized the huge potential of South LA's Latino market. Capitalizing on the area's escalating Latino population, many businesses have emerged that cater to their tastes, preferences, and eating habits. Latino supermarkets, mid-sized grocery stores, and delicatessens have sprung up, selling a variety of foods and grocery items to the local consumer market.

Development of these stores has occurred without the benefits of public subsidies or incentives. Many carnicerias, tortillerias, and mercados have entered the area, recognizing compelling market demand and a strong consumer base for their products. Similarly, large, full-service grocery markets, such as El Tapatio and Superior, have emerged in South LA where major supermarket chains have not. These stores have captured a large market share relinquished by many of the major chain supermarkets, due to inflexible building templates.

A large number of these new businesses operate independently, and some operate strictly on a cash basis. The impacts of these businesses are difficult to measure, but their proliferation is impossible to ignore. Their growing presence signals a budding immigrant economy that compels further analysis.

- *Community Economic Development Approaches*

South LA is rich with a growing network of community development organizations. More than 130 community-based development organizations exist in Los Angeles.<sup>43</sup> These organizations embrace a neighborhood-based approach to improving the conditions of their communities and maintain a large role in building upon local neighborhood assets and expanding local capacities through a variety of programs. A significant number of community development corporations (CDCs) are engaged in developing programs in affordable housing, commercial and industrial development, workforce preparation and training, and job creation.

CDCs range from large, well-established institutions, such as Drew Economic Development Corporation (Drew EDC) and Watts Labor Community Action Committee (WLCAC),<sup>44</sup> to other organizations like Concerned Citizens of South Central (CCSC), Dunbar Economic Development Corporation (Dunbar EDC), Esperanza Community Housing Corporation, and Vermont-Slauson Economic Development Corporation (VSEDC). Faith-based community development has also been integral in fostering revitalization strategies. Subsidiaries of long-standing South Central churches, such as First African Methodist Episcopal Church (FAME Renaissance) and West Angeles Church of God in Christ (West Angeles CDC), have become influential participants in stimulating renewal in their local communities. Similarly, community development financial intermediaries (CDFIs) are a growing presence in the community development network, making a substantial impact by brokering capital to neglected, underserved areas. CDFIs provide microenterprise lending, financial literacy education, credit counseling, homeownership education, debt financing, small business assistance, and loan origination for the economic base of their targeted communities.

Collectively, this community development network is producing concrete results in communities throughout South Los Angeles. Nonprofit developers, for instance, have developed 15,000 units of affordable housing throughout the city and are a major source of new housing development in South LA's neighborhoods.<sup>45</sup> Although still a cottage industry, community development initiatives have made considerable inroads in improving the communities and neighborhoods they serve. They represent a unique and integral part of South LA's institutional and social fabric.

## Continuing Challenges

Although there are many encouraging signs of revitalization, the work is far from finished. The challenges facing South LA are serious and multifaceted, and results cannot be achieved overnight. The root causes of decline and poverty are deeply embedded and require persistence and a long-term perspective. Some of the continuing challenges that remain include:

- *Access to Capital*

The businesses that comprise South LA's economic base are severely underserved by financial institutions. A substantial number of the area's businesses are small- and mid-sized establishments. In fact, more than 52 percent of the area's employers have ten employees or less.<sup>46</sup> Many of these urban businesses are generally overlooked or neglected by major banks because they operate without solid business plans and lack financial management or accounting systems, so they are likely to be rejected for financing.

Access to capital is a major challenge for South LA businesses and must be overcome so businesses can achieve greater levels of capital and job formation. In addition to financing, these businesses also lack the necessary business expertise and financial management structures to manage debt and plan for growth.

- *Labor Force Training and Development*

Welfare reform will alter the local labor market pool in an enormous way, and adequately preparing people to work in today's rapidly shifting economy must be among the highest priorities of any revitalization approach. As thousands of people come away from public assistance, they require an immense amount of job preparation to obtain work and become productive members of the labor force.

Training and workforce development will have to target a wide array of people: former welfare recipients, the unemployed, and the working poor, to name a few. These challenges are considerable and will demand the concerted efforts of job training institutions, regional occupation centers, community colleges, community-based organizations, and many others. Upgrading skills in a new economy for the region's disadvantaged populations will be a monumental task for years to come.

- *Land Use and Real Estate Development Issues*

The availability, assembly, and cost of land are large hurdles for the physical redevelopment of South LA's neighborhoods. In order to meet the rising demand for goods and services, upgrading the area's commercial corridors and creating new retail development is necessary. Substantial financial resources are necessary for new development to occur in inner-city areas. This is attributed to several factors:

- **High land prices and the costs of development**

Contrary to popular belief, South LA is not a low-price market. Land acquisition costs are high, making the financing of new construction extremely difficult. The asking price for land parcels in South LA can be onerous, and landowners in the area are willing to sit on their properties while the land remains unused or underutilized. Since holding costs are nominal, these properties can remain unused for years.

In addition, added costs of doing business in the area increase the overall costs of development. These include insurance fees, taxes, utility fees, a burdensome permit process, and security costs. Added costs can significantly alter profit margins below investors' preferred ranges.

- *Land parcelization, configuration, and assembly*

Many available land configurations in South Central LA neighborhoods are small and irregularly shaped. They do not fit into the preferences of many real estate developers or large tenant profiles. In these cases, parcels must be assembled to attract supermarket chains or large commercial retail developments. However, aggregating small, scattered parcels of land for large construction projects is difficult, due to multiple ownership patterns. Consolidating lot parcels owned by different owners can be laborious and expensive.

## LOOKING AND MOVING AHEAD

There is no single “silver bullet” approach for revitalizing inner-city communities. Nor can any one sector of society—government, business, or nonprofit—hope to pursue initiatives successfully on its own. Inner-city revitalization requires a collaborative, cross-sector approach that allows each stakeholder to leverage its unique resources and strengths. Revitalization must be multipronged in its approach and multidimensional in its outlook. This necessitates the pursuit of integrated public, private, and community sector strategies that must be sustained and nurtured over the long haul.

The renewal effort has a long way to go, but measurable progress is attainable. New economic opportunities and assets are being discovered in urban communities all across South Los Angeles. These assets not only form the building blocks upon which renewal must occur, they also debunk popular misperceptions about South Los Angeles communities while at the same time providing evidence supporting the economic, social, and civic viability of these neighborhoods.

Throughout South LA, a growing network of community development organizations, businesses, and entrepreneurs are recognizing the importance of the area’s assets. They see the value of investing in individuals, associations, and institutions that are rooted in South LA’s physical and human infrastructure. Moreover, they are fostering strategies that strengthen and build upon these assets and opportunities, many of which are not discussed in this report.

In order for these efforts to have meaningful, long-term impacts, the strategies adopted by these various groups must be integrated under a collaborative approach. Across the state, collaborative regional initiatives led by civic entrepreneurs are emerging as a compelling movement to address regional concerns.<sup>47</sup> In Los Angeles, regional collaborative approaches have emerged in the San Fernando Valley, San Gabriel Valley, Gateway Cities, and the South Bay. These partnerships are cultivating various strategies to enhance their communities’ economic base, labor force, and quality of life.

A similar opportunity exists for South Los Angeles. A regional collaborative approach should engage a diverse array of people from across the area—small businesses, manufacturers, churches, community organizations, labor unions, neighborhood associations, government, and others—to develop a shared vision and promote a regional agenda. Only under a collaborative framework can the stakeholders and concerned citizens of South Los Angeles create the social capital necessary to enhance the area’s unique identity, viability, and capacity for growth.

Collaboration will be essential for bridging the gaps between inner-city communities and the broader region. The next stage of urban renewal must nurture a comprehensive vision, encompassing the shared concerns among communities across the metropolitan region and inner-city communities. As growth challenges demonstrate, the two move along a shared trajectory and walk forth on common paths.

In sum, the continued revitalization of South Los Angeles and other inner-city areas in the greater region should include the following guiding principles:

**Revitalization** must contain a regional dimension that takes into account regional economic trends and development patterns. Business, labor, and political leadership across the region must recognize the immense opportunity that inner-city communities like South LA represent for economic development. Suburban leaders, in particular, need to see how inner-city development is a viable growth alternative to unwanted sprawl.

**Revitalization** must recognize and build upon the rich and growing economic, social, cultural, institutional, and physical assets that already exist in South LA. Because of these assets, South Los Angeles is uniquely positioned in the Southern California region. The capacity of the abundant storehouse that is South LA must be explored, strengthened, and promoted, then leveraged to regional opportunities.

**Revitalization** must also support neighborhood-level, community economic development strategies that strengthen and vivify the human and social capital of disadvantaged communities. The groups that comprise these efforts are an invaluable foundation for renewal.

**Revitalization** should seek collaborative approaches involving a wide range of stakeholders—residents; businesses; civic associations; nonprofit, community-based organizations; labor unions, churches; and others. In contrast to a top-down approach, collaborative models should be based on strong, equitable partnerships across sectors-private, public, and nonprofit sectors.

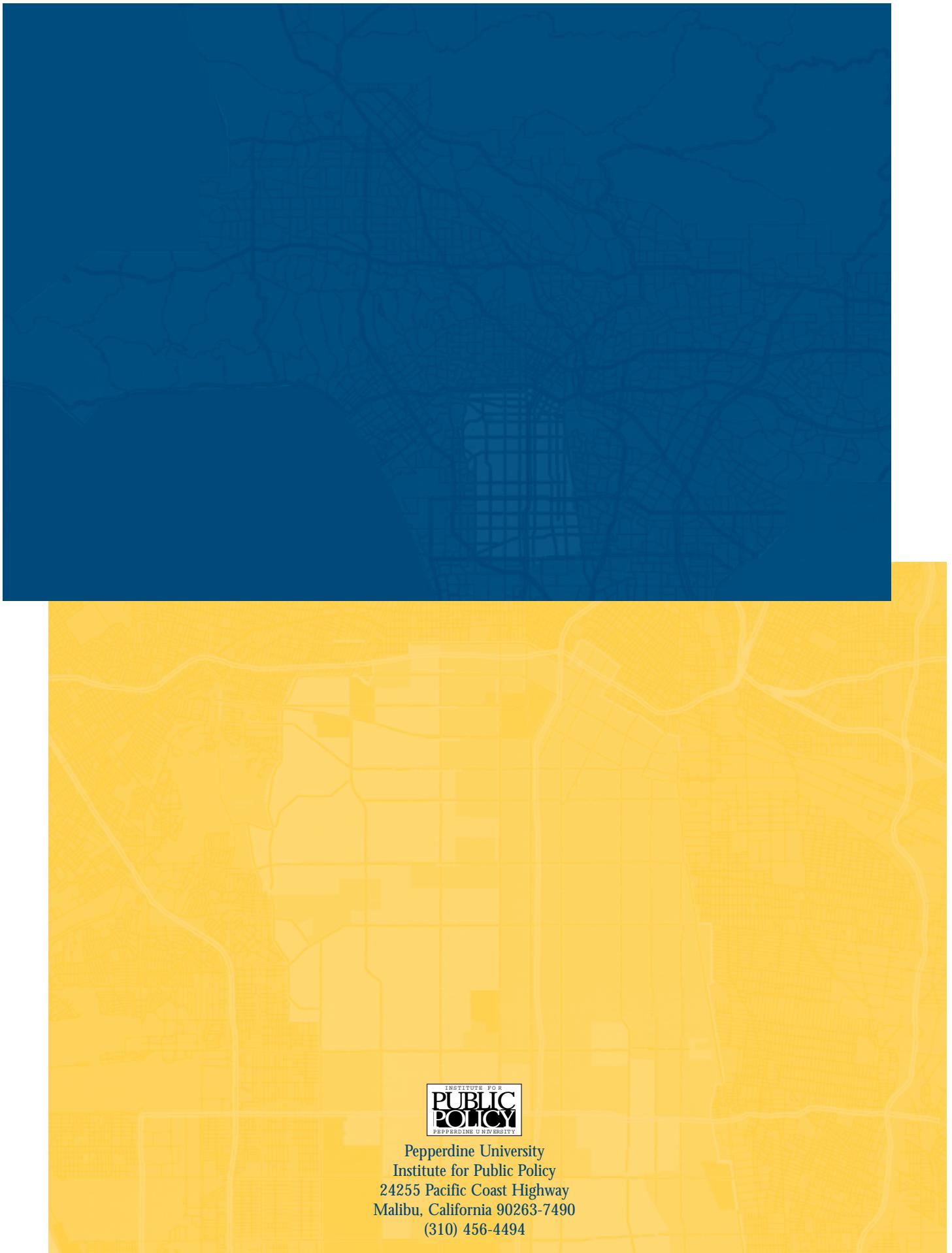
**Revitalization** should adopt a comprehensive approach that fosters a diverse economy. To achieve this, South Los Angeles must form a strong vision. The greatest responsibility lies with the communities, leaders, and institutions of South Los Angeles. It is they, first and foremost, who must form a vision for building a viable economic base, one that meets needs locally but also competes in the global economy.



~ *Vermont Knolls*

- 1 Fulton, W. (1997). *The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles*. Point Arena, CA: Solano Press Books; Logan, J., & Molotch, H. (1987). *Urban Fortunes: The Political Economy of Place*. Berkeley: University of California Press.
- 2 *Beyond Sprawl: New Patterns of Growth to Fit the New California*, A report sponsored by Bank of America, July 1995; Lacayo, R. (1999, March 22). The Brawl Over Sprawl. *Time*, pp. 45-48; Downs, A. (1998, Fall). How America's Cities Are Growing: The Big Picture. *Brookings Review*, Vol. 16, No. 4, pp. 8-11; Ewing, R. (1997). Is Los Angeles-Style Sprawl Desirable? *Journal of the American Planning Association*, 63 (1), 107-126; Geddes, R. (1997, Nov-Dec). Metropolis Unbound: The Sprawling American City and the Search For Alternatives. *The American Prospect*, pp. 40-46.
- 3 Katz, B. & Bernstein, S. (1998, Fall). The New Metropolitan Agenda: Connecting Cities and Suburbs. *Brookings Review*, Vol. 16, No. 4, pp. 4-7; Knopman, D.S. (1999, Mar-Apr) The Revolt Against Sprawl. *The New Democrat*, Vol. 11, No. 2, pp. 8-11.
- 4 Johnson, J. H., Jones, C. K., Farrell, W. C., & Oliver, M. L. (1992). The Los Angeles Rebellion, 1992: A Preliminary Assessment From Ground Zero. UCLA Center for the Study of Urban Poverty, Occasional Working Paper Series, Vol 2, No. 7. Also discussed in Tierney, K. (1993). Los Angeles 1992: First Urban Unrest of the 21st Century. University of Delaware Disaster Research Center, Preliminary Paper #188; Pastor, M., Dreier, P., Grigsby, J. E., Lopez-Garza, M. (1997). *Growing Together: Linking Regional and Community Development in a Changing Economy*. A project funded by the John Randolph Haynes and Dora Haynes Foundation. Los Angeles: Occidental College, International & Public Affairs Center, pp. 2-1 to 2-5. The effects of plant closings in inner-city communities across the country is also discussed in Wilson, W. J. (1996). *When Work Disappears: The World of the New Urban Poor*. New York: Alfred A. Knopf.
- 5 Storper, M., Zabin, C., Wolff, G., Haas, G., & Olney, P. (1994). *Manufacturing Matters: A Sectoral Approach to Combating Low Wages in Los Angeles*. Los Angeles: University of California, Lewis Center for Regional Policy Studies, School of Public Policy and Social Research.
- 6 William Julius Wilson: "I believe that the exodus of middle-and working-class families from ghetto neighborhoods removes an important 'social buffer' that could deflect the full impact of prolonged and increasing joblessness. This argument is based on the assumption that even if truly disadvantaged segments of an inner-city area experience a significant increase in long-term spells of joblessness, the basic institutions in that area (churches, schools, stores, recreational facilities, etc.) would remain viable if much of the base of their support comes from the more economically stable and secure families. Moreover, the very presence of these families during such periods provides mainstream role models that help to keep alive the perception that education is meaningful, that steady employment is a viable alternative to welfare, and that family stability is the norm, not the exception." from Wilson, W. J. (1987). *The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy*. Chicago: University of Chicago Press.
- 7 Aubry, E. J. (1998, Dec. 4). Lost Soul, A Lament For Black Los Angeles. *LA Weekly*, pp. 32-42; Wilson, W. J., *ibid.*, p. 56.
- 8 Friedman, D. (1994). *The New Economy Project: Final Report*. Los Angeles: The New Vision Business Council of Southern California.
- 9 Kyser, J. (1998 4th Quarter). The Impending Housing Crisis in Southern California. *The Economic Edge*, pp. 1-3; Flanigan, J. (1998, Aug. 30). The Problem Is Larger Than Housing. *Los Angeles Times*, p. D4.
- 10 Kotkin, J. *Orange County: The Fate of a Post-Suburban Paradise*. La Jolla Institute. Available: [www.lajollainstitute.org](http://www.lajollainstitute.org)
- 11 Anderson, G., & Tregoning, H. (1998). Smart Growth in Our Future? ULI-The Urban Land Institute. *ULI on the Future: Smart Growth*. Washington, D.C.: ULI-The Urban Land Institute, 4-11; Knopman, D. S., *op. cit.*, p. 11.
- 12 The perceptions of inner-city neighborhoods and cities in general are also discussed in "Life in the City: A Status Report on the Revival of Urban Communities in America," a report by the Urban Neighborhoods Task Force, co-sponsored by the Center for National Policy and the Local Initiatives Support Corporation, pp. 5-8.
- 13 In determining the boundaries for "South LA," there is no single, widely held definition of the area's geographic parameters. This is complicated by the fact that different municipalities, agencies, and researchers have utilized various definitions for different purpose. For this report, the geographic boundaries used to map South LA are the Santa Monica Freeway (North), Imperial Highway (South), La Brea Avenue (West), and Alameda Avenue (East). This captures most definitions provided to me.
- 14 1998 Claritas Information Systems.
- 15 U.S. Census Bureau, 1990.
- 16 U.S. Census Bureau, 1990.
- 17 U.S. Census Bureau, 1980 and 1990.
- 18 1998 Claritas.
- 19 Aubry, *op. cit.*, p. 32.
- 20 Pastor, M., Dreier, P., Grigsby, J.E., & Lopez-Garza, M. (1997). *Growing Together: Linking Regional and Community Development in a Changing Economy*. A project funded by the John Randolph Haynes and Dora Haynes Foundation. Los Angeles: Occidental College, International & Public Affairs Center.

- 21 *Ibid.*, pp. 2-20.
- 22 Kretzmann, J. P., & McKnight, J. L. (1993). *Building Communities From the Inside Out: A Path Toward Finding and Mobilizing A Community's Assets*. Center for Urban Affairs and Policy Research. Chicago: ACTA Publications. The focus is on economic assets as opposed to other community assets—individuals, associations, institutions—an important distinction.
- 23 *Rebuilding L.A.'s Neglected Communities: A Final Report From RLA*. Santa Monica: Milken Institute, 1997. p. 11.
- 24 Phillips-Fein, K. (1998, Sept-Oct). The Still Industrial City: Why Cities Shouldn't Just Let Manufacturing Go. *The American Prospect*, No. 40, 28-37.
- 25 These establishments include schools, museums, churches, civic associations, and others. Together, this subsector forms an important “social asset” base and is a fundamental aspect of civil society. See Putnam, R. (1995). *Bowling Alone: America's Declining Social Capital*. Journal of Democracy. Baltimore: John Hopkins University Press.
- 26 Since 1993, nondurable manufacturing has added approximately 15,000 new jobs throughout the county. March 1999 figures from California Employment Development Department.
- 27 *Manufacturing Matters*, *op. cit.*, p. 2.
- 28 1998 Claritas Information Systems.
- 29 U.S. Census Bureau, 1980 and 1990.
- 30 1998 Claritas Information Systems.
- 31 Brown, J., Moon, J., and ICIC (1995). *The Competitive Advantage of Inner-City Los Angeles*. The Initiative for a Competitive Inner City; Palmer, L. (1998). *When Supply Fails to Meet Demand: The Increased Costs and Risks Associated with Inner City Retail Development*. Unpublished M.A. thesis, UCLA School of Public Policy and Social Research.
- 32 *RLA Grocery Store Market Potential Study*, prepared by RLA, October 1995. The geographic parameters of the area differ slightly from the one used in this report.
- 33 “Case Study: Magic Johnson Theaters, Unmet Consumer Demand as Competitive Advantage.” Prepared by the Initiative for a Competitive Inner City. Available: [www.icic.org](http://www.icic.org).
- 34 Interview with Blair Thomas, Inner City Development Corporation, December 1998; Thomas, B. H., & Ware, T. L. (1998, May/June). *Franchising World*, pp. 24-29.
- 35 City of Los Angeles Cultural Affairs Department Publication of the City's Inventory of Historic-Cultural Monuments.
- 36 Interview with Denise Fairchild, Community Development Technologies Center, April 1999; Sanchez, J. (1995, September 24). Living the Dream. *Los Angeles Times*. p. D6. At the time this article was released, more than 12,000 homes had been sold in South LA since 1990 (in an area much smaller than the one defined in this report). The vast majority of the homebuyers were Latino immigrants.
- 37 An Evaluation of the Potential for Retail Development in South Central Los Angeles. (January 29-31), 1996. A ULI-Urban Land Institute Advisory Services Report sponsored by The Alliance for Neighborhood Economic Development/Korean Youth & Community Center, the Local Initiatives Support Corporation, and the City of Los Angeles.
- 38 Sanchez, J., *op. cit.*, p. D6.
- 39 1994 & 1995 RLA firm interviews. Also Brown, J., Moon, J., & ICIC, *op. cit.*, pp. 83-99.
- 40 1996 Claritas Information Systems.
- 41 1996 Claritas Information Systems.
- 42 The role of social capital in stimulating economic development has been discussed most prominently by Putnam, R. (1993). *Making Democracy Work: Civic Traditions in Modern Italy*. New Jersey: Princeton University Press.
- 43 “Life in the City,” p. 27.
- 44 For more information on these organizations, refer to The Pratt Institute Center for Community and Environmental Development, (1997). Community Development Corporation Oral History Project, Brooklyn, NY. Available: [www.picced.org](http://www.picced.org).
- 45 “Life in the City” *op. cit.*, p. 27.
- 46 Dun & Bradstreet, March 1999.
- 47 Henton, D., Melville, J., & Walesh, K. (1997). *Grassroots Leaders for a New Economy: How Civic Entrepreneurs Are Building Prosperous Communities*, San Francisco, CA: Jossey-Bass Publishers; *Getting Results and Facing New Challenges: California's Civic Entrepreneur Movement*, The James Irvine Foundation (1999, January). A report from the 1998 Civic Entrepreneur Summit, September 13-15, San Diego, California.



Pepperdine University  
Institute for Public Policy  
24255 Pacific Coast Highway  
Malibu, California 90263-7490  
(310) 456-4494