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### **Permalink**

<https://escholarship.org/uc/item/4kg7m3x0>

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### **Publication Date**

2019-08-01

# POLICY BRIEF

## Transit-Oriented Development & Commercial Gentrification: Exploring the Linkages

2019 | Karen Chapple, Anastasia Loukaitou-Sideris  
with Silvia R. Gonzalez, Dov Kadin, and Joseph Poirier

Communities across California are investing heavily in transit-oriented development (TOD), giving rise to potential gentrification effects. New research has begun to show a relationship between TOD-related residential displacement and commercial gentrification. The authors consider commercial gentrification as the arrival of new businesses in a neighborhood, that leads to higher rents, displacement and business closures. Although the relationship between residential and commercial change is complicated, the connection between transit access and commercial gentrification has thus far rarely been examined.

This research focuses on Los Angeles and the San Francisco Bay Area to examine the relationship between commercial gentrification and fixed rail transit, transit ridership and traffic crashes. Using a longitudinal database of business establishments, the authors develop a quantitative definition of commercial gentrification for Los Angeles and the Bay Area. They investigate where commercial gentrification has occurred along with its relationship to fixed rail transit, and offer key findings to motivate policy.

### DEFINING COMMERCIAL GENTRIFICATION

Commercial gentrification is characterized by an influx in capital usually seen in changes to brick and mortar commercial establishments. These changes can be measured quantitatively and qualitatively. For this study, the authors created an index of commercial gentrification, using two sets of factors: churn and ownership by minorities or non-chain small businesses. These measures of both business dynamics and type allow for the analysis of multiple forms of commercial gentrification in different contexts, from low-income or ethnic neighborhoods to established commercial strips.

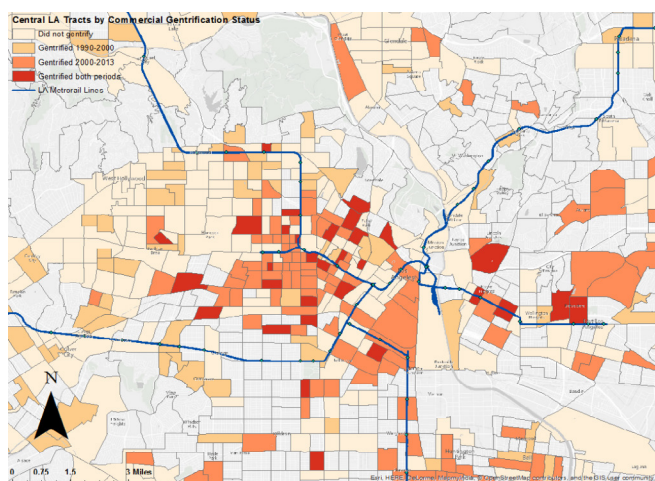
### PREDICTING COMMERCIAL GENTRIFICATION

The authors built a number of regression models to test variation in commercial gentrification based

## KEY FINDINGS

- Proximity to a transit station is not strongly associated with commercial gentrification. More important factors that may induce gentrification include baseline neighborhood demographics, particularly the percentage of non-Hispanic black, foreign-born, and renter residents, as well as overall population density.
- Merchants face more pressure from rising rents than from changing customer demographics and demands. Most merchants do not see transit as the primary catalyst of rent increases.
- Restaurants, cafés and bars were prominent in commercially gentrified case study areas in both Los Angeles and San Francisco.
- Language barriers exacerbate gentrification and displacement pressures for many merchants in gentrifying areas.
- Commercial gentrification in transit neighborhoods was often accompanied by an increased incidence of crashes involving pedestrians and cyclists. This may well be because more pedestrians and cyclists are present in the neighborhood, increasing rates of exposure.

**Figure 1. Commercial gentrification in Los Angeles census tracts, 1990–2013**



on a number of variables: proximity to transit, the demographic composition of the area, existing residential gentrification, and street intersection density, among others. In both Los Angeles and the Bay Area, the authors found that the presence of a rail transit station is not a significant predictor of commercial gentrification. They also found that in Los Angeles residential gentrification does predict commercial gentrification. This finding is consistent with the broader understanding of commercial and residential gentrification as context-specific phenomena.

In Los Angeles, a higher street intersection density was a predictor of reduced chances of commercial gentrification, whereas, in the Bay Area, higher street intersection density usually predicted a greater likelihood of commercial gentrification. This implies that smaller, more walkable blocks are more closely correlated with commercial gentrification in the Bay Area, but not so in Los Angeles.

## CASE STUDY: LOS ANGELES

To ground-truth their research, the authors conducted interview- and observation-based case studies across two study areas: one that commercially gentrified from 2000 to 2013, and one that did not experience

commercial gentrification during the same time period. In Los Angeles, the Hollywood/Vine and Vermont/Sunset Metro station areas were selected as case studies. These two Red Line stations have been operating for the same number of years and are near, but not adjacent to, one another. Despite their similarities, each station area has experienced neighborhood change differently. Between 1990 and 2000, both stations commercially gentrified in at least one census tract within a half-mile radius from the station. After 2000, however, only Hollywood/Vine gentrified both commercially and residentially.

Local merchants described the length of their tenure in the commercially gentrified Hollywood/Vine station area as ranging from nine months to 45 years. The newer businesses tended to be upscale eateries and coffee shops, while the oldest businesses were a 45-year-old flower shop and a 30-year-old Indian gift shop.

In the non-commercially gentrified Vermont/Sunset station area, almost all the merchants interviewed had been operating in their present locations for more than eight years, and a larger number of them for 15 to 20 years. About half the merchants in the area were not aware of any stores that had closed or relocated. Many of these businesses are small establishments that seem to appeal to a lower-income, primarily ethnic demographic (e.g., liquor stores, bars, salons, discount stores, and discount chain stores). The vast majority of merchants interviewed in the Vermont/Sunset station area were Latino and Filipino.

The authors' case studies in Los Angeles offer anecdotal support for the findings from their regression models: that commercial gentrification is more a product of the demographic characteristics of a neighborhood than proximity to transit. In particular, rising rents were seen as more relevant displacement pressures than changing customer preferences. Transit access was acknowledged as an important factor in the market value of commercial property, but less so as a driving force of commercial gentrification.

## ABOUT THE AUTHORS

*Karen Chapple is a professor of regional planning and data science at UC Berkeley. Anastasia Loukaitou-Sideris is the associate provost for academic planning at UCLA and a professor of urban planning at the UCLA Luskin School of Public Affairs. This brief is based on Transit-Oriented Development & Commercial Gentrification: Exploring the Linkages (2017), retrieved from [http://www.urbandisplacement.org/sites/default/files/images/commercialgentrificationreport\\_9-7-17.pdf](http://www.urbandisplacement.org/sites/default/files/images/commercialgentrificationreport_9-7-17.pdf).*