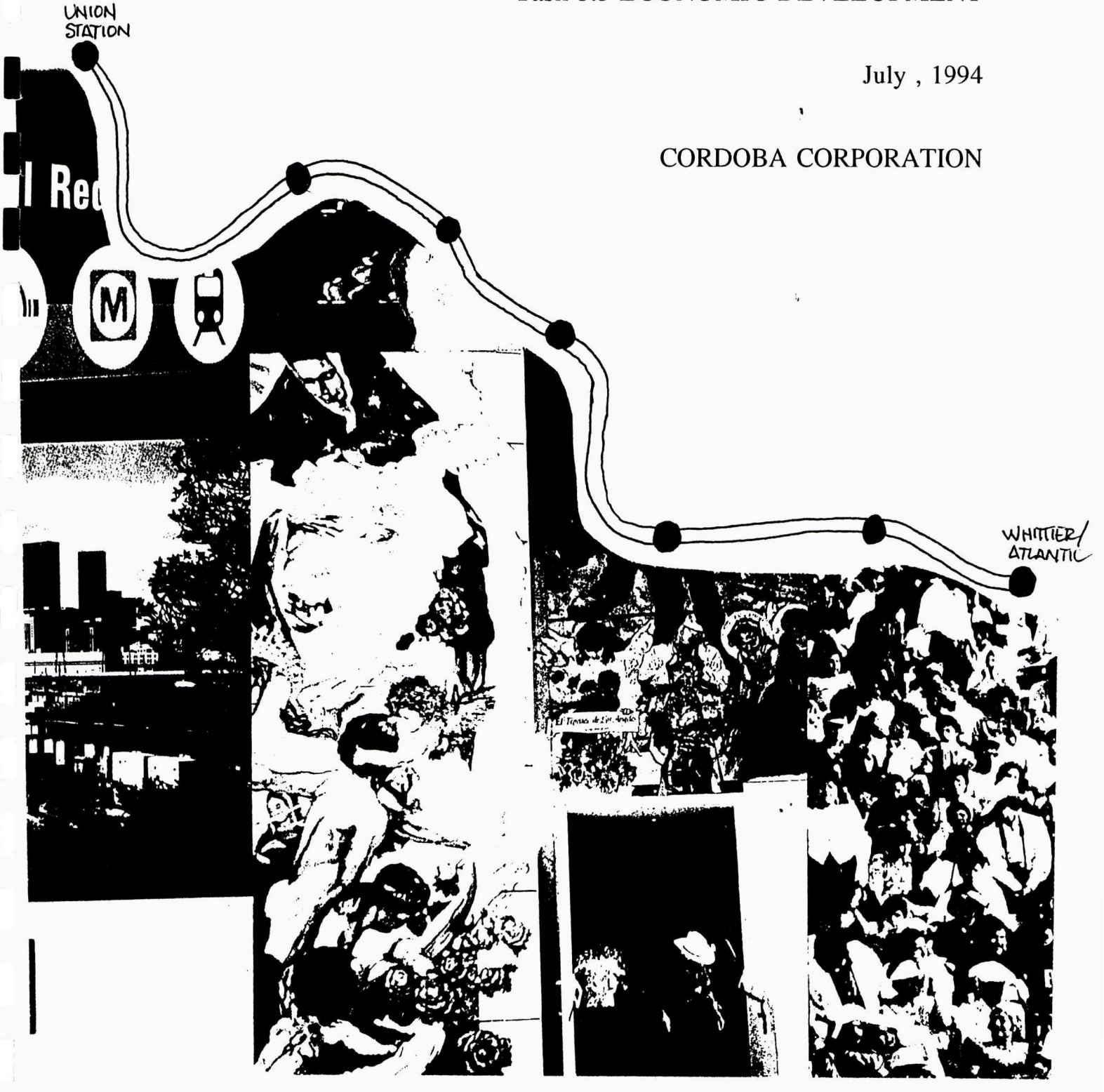
METRO RED LINE - EAST SIDE EXTENSION
COMMUNTIY LINKAGES

DRAFT

Task 3.3 ECONOMIC DEVELOPMENT

July , 1994

CORDOBA CORPORATION



METRO RED LINE - EAST SIDE EXTENSION
FINAL FEIS/FEIR AND PROJECT PLANNING

DRAFT

Sub - Task 3.3

Economic Development

July, 1994

Prepared for:

Los Angeles County
Metropolitan Transportation Authority

Prepared by:

Cordoba Corporation

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Table Of Contents

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Table Of Contents (Cont')

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List Of Figures

INTRODUCTION

The Metro East Side Extension is located in the communities of Little Tokyo, Boyle Heights and East Los Angeles. (See Figure I-1) The approved Locally Preferred Alternative will include seven stations and cover approximately 6.8 miles. It extends eastward from Union Station and terminates at the Whittier/Atlantic station in East Los Angeles. This alignment passes through some of the most active commercial and residential areas east of downtown Los Angeles. Figure I-2 shows the exact location and names of the proposed stations.

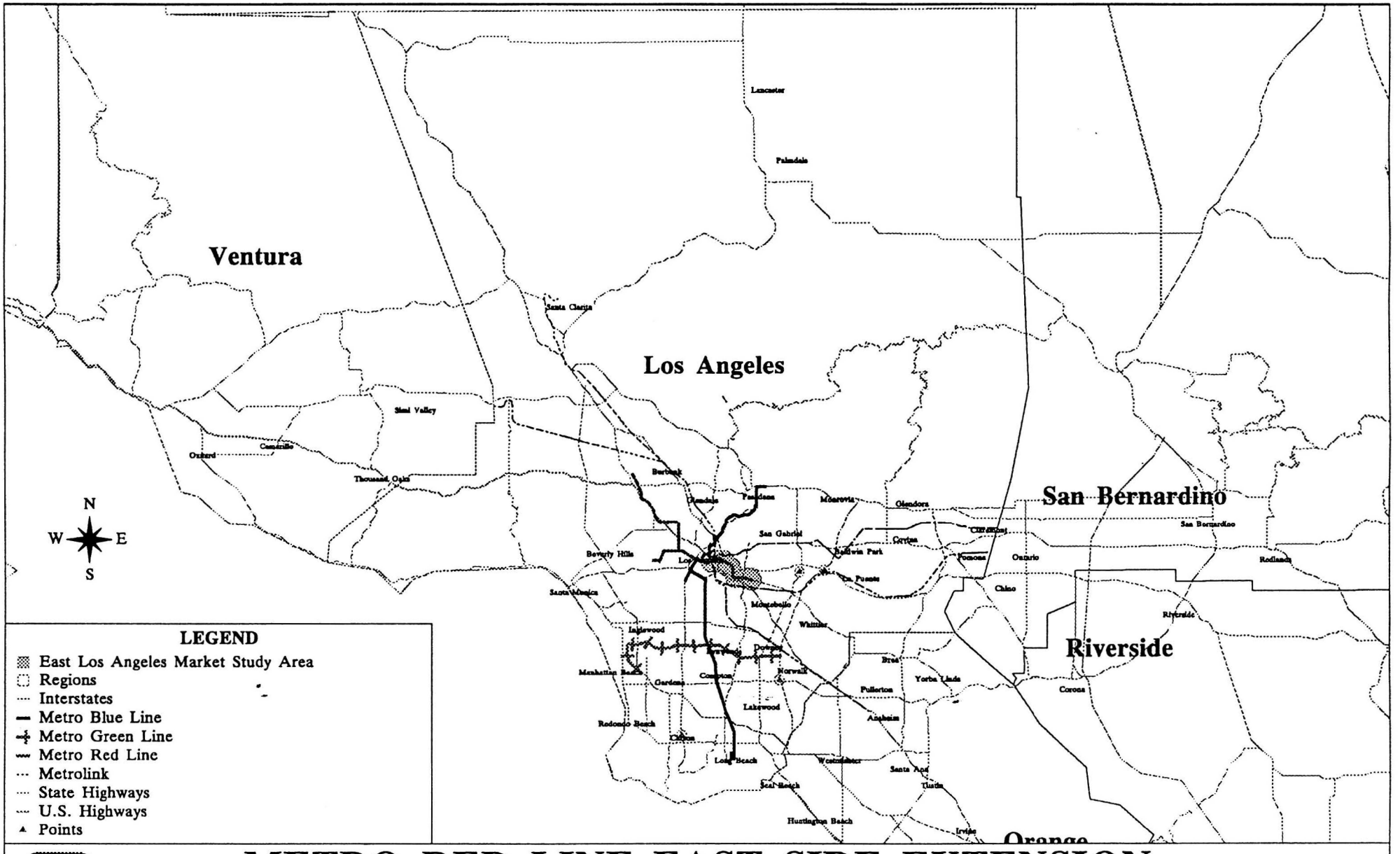
The purpose of this analysis is to examine the existing commercial market conditions, economic patterns and dynamics of the Metro East Side Extension market area, in order to determine and recommend types of commercial space that could be supported at or near the proposed station sites. The report is divided into two main sections. The following section is a summary of the overall market conditions for the complete alignment. The second section is a more detailed station-by-station analysis which looks at both the primary market area (1 mile) and station influence area (.4 mile).

Goals and Objectives

The development recommendations that are derived from the market analysis reflect both market and resource realities as well as the local neighborhood and community goals. Specifically, the development recommendations seek to accomplish the following objectives:

- Encourage the greatest degree of private initiative and participation.
- Leverage public resources to implement the greatest and broadest degree of private participation.
- Create business and employment opportunities for local residents.
- Promote greater land use compatibility.

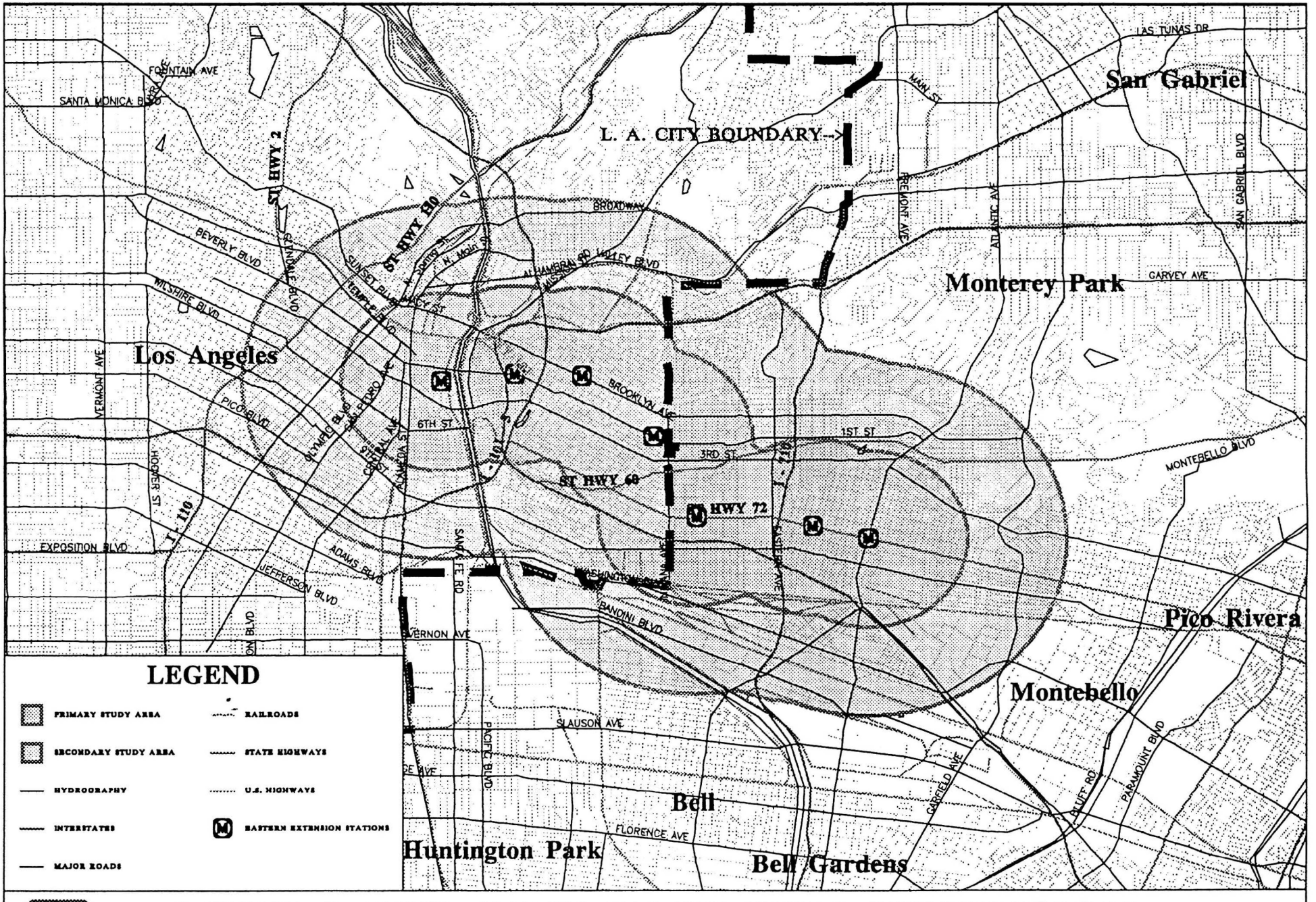
Through a process of developing market recommendations that are supportable and community based, it is expected that future development could potentially increase patronage to the East Side Extension and would therefore reduce operations and maintenance costs to MTA over the long term.



METRO RED LINE EAST SIDE EXTENSION

REGIONAL SETTING

Figure I-1



METRO RED LINE EAST SIDE EXTENSION

MARKET STUDY AREA AND VICINITY

Figure I-2

Methodology

Supply Analysis

To complete the commercial market analysis, both supply and demand characteristics were analyzed, in order to determine what if any commercial uses are currently leaking from the study area. Cordoba Corporation conducted an in-depth analysis of all commercial establishments within the primary market areas surrounding the stations in the Little Tokyo, Boyle Heights and East Los Angeles areas. Each commercial establishment was reviewed, categorized and input into a Geographic Information System (GIS). An analysis of all businesses in the trade area was subsequently completed. Specifically, an analysis was completed of over 20 types of commercial retail categories. Patterns of the supply of commercial activity were readily apparent from a review of the data and maps. The supply analysis in this report is presented in aggregate for the total market area and for each individual station primary market area.

Demand Analysis

In order to determine whether an area had an over or under supply of certain commercial categories, an analysis of demand for each category was completed. Demand, or expenditure potential estimates, were computed using statistical modeling techniques that rely on the relationships that exist between household demographic characteristics and household expenditures. In addition, the statistical model was adjusted and validated with data from the 1990 U.S. Census and private industry sources. The commercial demand analysis included not only statistical measures of demand, such as household income and spending patterns, but also utilized techniques to segment key ethnic and neighborhood shopping needs, preferences and behaviors. In addition, the demand analysis findings were reviewed and tested with property owners, business owners, real estate brokers and major retailers from the study area.

Identification of Potential Uses

By comparing existing and emerging commercial market supply and demand, a clear picture of the local competitive strengths, weaknesses and opportunities were revealed by specific product type. The purpose of this task was to identify and describe market supportable commercial uses within the station influence area. For commercial uses, particular attention was given to the type of leakage from the area. Leakage refers to the expenditure of money on goods and services by residents outside their corresponding community. If the goods and services were offered in their community, the local residents would not have the need to spend their money elsewhere.

For the commercial uses, the results of the primary market ;area analysis determined the extent and feasibility of stimulation of new demand. Specifically, three components of induced demand were examined and specified, as follows:

- Reduced Leaking: Opportunities to capture demand and limit leakage from within

the study area to other trade areas.

- Imported Demand: Opportunities to increase local demand by the establishment of competitive facilities which can increase the trade area and import new non-local customers.

- Induced Demand: Opportunities to introduce new uses that are not currently available even within the larger trade area.

I. MARKET ANALYSIS OVERVIEW

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Market Findings

The three main commercial areas affected by the alignment are: Little Tokyo East, Boyle Heights and East Los Angeles. Patrons to Little Tokyo commercial space are varied, whereas patrons to Boyle Heights and East Los Angeles commercial establishments are primarily local residents. Most of the commercial activity within the aggregate study area consists of grocery/convenience stores, restaurants, variety stores, furniture, and auto stores. Even though the top commercial use in the area is grocery/convenience, the majority of the establishments consist of small, local grocery stores, and not supermarket type of establishments. Specifically, the existing square footage figures are listed below.

Type of Commercial	Existing Square Footage
Grocery/Convenience	732,600
Restaurants	637,000
Variety	352,500
Furniture	194,300
Auto	173,000

An analysis was completed to assess what type of consumer needs were not being supplied locally. Based on the opportunities and constraints for inducing these categories of commercial demand, a specific list of potential uses was formulated to include the type, quality and location requirements of each good and/or service identified. In addition to the types of commercial space listed below there is a need for a supermarket specializing in products purchased by the community. Specifically, the edible products should be the type consumed by the predominantly Mexican origin population. This list of supportable uses, listed below, serves as the basis for the market driven analysis that follows.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandise	379,000
Department Store	281,000
Home Centers	225,000
Auto	213,000
Drug	141,000
Supermarket	*

*** Approximately three specialty supermarkets**

In addition, JB Research, a firm specializing in entertainment market research analysis, also identified the following **entertainment** projects that would succeed in the area based upon the existing market information.

- 18 to 30 Plex Cinema
- Live Music Dance Hall
- Performing Art Center
- Museum
- Sports Bar

Potential Projects

The following matrix presents the main development recommendations by station location site. For each use station location, several recommendations are presented. Each site/use combination is considered a potential development project.

Development Possibilities							
Station	Mass Merch.	Dept. Store	Home Centers	Auto	Ent-mnt.	Drug	Super-Market
Little Tokyo East	x			x	x		
1st/Bolye	x	x		x	x		x
C.Chavez/Soto	x	x	x	x		x	x
1st/Lorena				x	x	x	
Whittier/Rowan	x	x	x	x		x	
Whittier/Arizona	x	x	x	x		x	x
Whittier/Atlantic	x	x	x	x	x	x	x

Overview of Real Estate Development Conditions and Trends

The purpose of this task is to examine local land use patterns, development trends, and real estate market conditions in order to assess the operative factors which affect the location choices of commercial land uses. Real estate conditions were assessed for the three major areas.

Little Tokyo Station Area

The station located at Little Tokyo East is primarily comprised of industrial space, with some residential/loft space located within the vicinity. Commercial space near the proposed station consists primarily of small restaurants catering primarily to the artist population.

Boyle Heights

In the community of Boyle Heights the key commercial strip is located at the intersection of Cesar Chavez and Soto Street. The heart of the shopping district extends from Chicago Street eastward to Fickett street. The primary customers, approximately 80%, of this area originate from within the community. There are a good number of customers that are tourists visiting primarily from Mexico. Even though relatively few people from outside the community shop in the area, the retail district has always been strong.

The retail establishments tend to be small, approximately 1,000 to 1,500 square feet. Rents in the most desirable areas of Boyle Heights are in the $1.75 to $2.00 per square foot range, according to leading commercial real estate brokers in the area. In the lesser marketable areas rents range from $0.80 to $1.00 range. The highest demand in the area is located in the Cesar Chavez/Soto area. According to The Legaspi Company, the area has the highest real estate values in the Eastside, and applicable capitalization rates would be in the 9.5 % to 10.5% range. The area also has had a history of very little turnover. In the past, once a tenant left, it was typical for the owner to market the space independent of professional real estate brokers. Recent, major real estate transactions are listed below:

Boyle Heights (Cesar Chavez Ave.)
Recent Real Estate Transactions

Num.	Address	Property	Rate
1.	2200 Cesar Chavez	Mixed-use bldg with 5,000 sf retail (2 tenants), and 4 apartment units upstairs.	$950,000 $95 psf
2.	2423 Cesar Chavez	Formerly Kenney's Sporting Goods, 3,000sf with parking.	$4,600 mo. rent $1.53 psf
3.	Cesar Chavez & St. Louis	Mixed-use bldg. w.8,000 sq retail and 8 apartment units	$950,000 total $59.38 psf

Source: Legaspi and Company (7/94)

East Los Angeles

Commercial space in the community of East Los Angeles is concentrated along the Whittier Boulevard corridor. The main strip is located on Whittier Boulevard, between Arizona and Atlantic Avenues. Overall, the Whittier Boulevard corridor is stable. The area has a history of being a vibrant community/neighborhood commercial corridor. The outlook for the area remains solid. Capitalization rates, according to leading real estate brokers, are in the 9.5 % to 11 % range. Key factors determining sales prices include facade/frontage, building conditions, availability of parking and strength of lessee(s).

The area has strong pedestrian traffic and the commercial establishments consist primarily of store-front commercial space. There are very few shopping centers in the area and parking is usually limited to the street. One example of a successful shopping center in the area is Top Value Market, which took over the old JonSons site on Whittier Boulevard and is doing well. The primary reasons for success are that prices are lower than the many convenience stores located in the area and the items sold in the store cater to the tastes of the community.

Rental rates in the area range from $0.80 to $1.00 per square foot. Turnover is very low and some of the more significant real estate transactions are listed below:

East Los Angeles(Whittier Blvd.)
Recent Real Estate Transactions

Num.	Address	Property	Rate
1.	4831 Whittier Blvd. (& Ferris)	21,582 square foot Jon Sons Market w/ parking and 9,000 sf basement	$20,000 mo. rent $0.93 psf
2.	4800 Whittier Blvd.	7,000 sf discount store	$7,400 mo. rent $1.06 psf
3.	Whittier and Woods	12,000 square foot - Alameda Theater Bldg.	$985,000 total price $82.08 psf

Source: Legaspi and Company (7/94)

The Whittier/Rowan station influence area is different than the other two stations located on Whittier Boulevard and consists primarily of small, community tenants, with many health care related establishments. The most dominant establishment in this area is the East Los Angeles Doctors Hospital. The other significant type of commercial establishment in the area is auto related. Demand for commercial space in this area is low. There has been very little real estate activity, and there have been few recent real estate transactions. Also rates in this area are in the $0.70 range, and many businesses are paying less because of their tenure.

Issues Affecting Potential Development

The Boyle Heights and East Los Angeles areas have a history of successful commercial establishments and for the forseable future the status of the commercial establishments should remain stable. However, one question remains as to why there is such an apparent demand for various types of commercial space, yet significant development has not occurred in the recent past. There are a number of key issues that affect potential development of commercial projects. One issue that inhibits commercial activity in the community is safety, and/or the perception of excess crime. Many people will not shop in an area if they do not feel safe. For this reason, people from outside of the community, for the most part, may be hesitant to do business in the community. The community historically has had a difficult time attracting national tenants, even though the few that have entered the community have done quite well. This is due in part to their desire to not risk their employees safety, and subsequently be held liable for acts of violence committed against their employees.

Another key issue affecting potential development is debris. Some of the commercial streets and sidewalks in Boyle Heights and East Los Angeles are not well maintained. The lack of well maintained streets and sidewalks can contribute to the problem of shoppers from outside the area not frequenting the area.

The recession has also had a major effect in the commercial sector. Consumers in the corridor are not purchasing as much as they used to, and the effect has been noticed in the level of rents charged to merchants. Rents have precipitously dropped in some areas as by as much as 40-50%. In addition to the recession, per capita and average household income levels for the corridor remain well below the county and city averages. These factors contribute to the lack of national tenants locating in the area. However, some of this can be offset by the larger densities found in the area which helps to maintain a healthy aggregate demand.

Although not a serious issue, the parking situation could be improved in Boyle Heights and East Los Angeles. Besides on-street parking, there are few parking lots and structures throughout the commercial sectors.

Although there is a definite need for major commercial projects, such as a department store, mass merchandise, supermarket and drug store, a major impediment to development is the lack of land currently available. For example, the number of acres required for a major department or mass merchandise store is approximately ten acres. The largest vacant parcel in the area is only about two acres. Parcel assemblage in the area would be expensive and not popular, since many residents and businesses would have to be displaced. Also, the high cost of land, currently approximately $20.00 per square foot, has impeded the development of large commercial projects. The cost of land, without taking into account the cost of the structure nor the cost of operating the building is approximately half of the total cost. Therefore, there are various issues that need to be addressed in order for significant development to occur.

II. LITTLE TOKYO EAST STATION MARKET ANALYSIS

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Summary of Findings

The Little Tokyo East station is located one-half mile east of the Little Tokyo Historical District and west of the Los Angeles River. (See Figure II-1) The surrounding neighborhood is primarily comprised of industrial land uses, with some residential housing and commercial establishments. At this proposed location, the first of seven stations will be built for the Metro Red Line East Side Extension, extending from Union Station to Atlantic Boulevard in East Los Angeles. The community of Little Tokyo is centrally located in the northern section of Downtown Los Angeles, south of Chinatown, east of Westlake and west of Boyle Heights.

A large proportion of the population in the Little Tokyo station area is primarily Hispanic (59%) and relatively young, between the ages of 19 and 39 (48%). Although the area has a relatively high Hispanic population, it is important to note that the station also has the highest Asian population of all seven stations. The local population's income level ranges from $4,000 to $5,000 less than the Los Angeles County annual average of $35,000. The unemployment rate in the area is extremely high, almost four times the County average of five percent. The majority of the population over 25 years old has not graduated from high school. The major employer in the area is Government, employing over 23,000 people (28% of the workforce). In addition, almost half of the businesses with 100 employees or more are either City, County, State or Federal offices located west of Alameda. Approximately 22 percent of the population work in the Manufacturing industry, while only 14 percent work in the Service sector.

The Little Tokyo East station area is in close proximity to a number of major transit routes and facilities. Union Station, the major transportation portal for buses, trains and the subway, is just north of the proposed station location. In close proximity and adjacent to the station location are the Metro Railyards. The land is owned by the Los Angeles County Metropolitan Transportation Authority ("MTA") and is used for storage, maintenance and operations of their rail systems. To the west of the station location is Alameda Street, a major north/south trucking route, originating from the Port of Los Angeles. In addition, the Little Tokyo East station lies within close proximity to Interstate 5, Interstate 10 and U.S. Highway 101.

Although the land surrounding the Little Tokyo East station is primarily industrial, there are many converted warehouses that are used for artists' studios and/or homes ("artist lofts"). Other land uses include office space that is located within one-mile west of Alameda.

The majority of commercial establishments are located approximately one-half mile from the station area in the Little Tokyo commercial district. The establishments consist primarily of variety stores and restaurants. Other major commercial establishments include: toy stores, grocery/convenience stores and apparel stores. For this station location, there is additional supportable space for mass merchandiser stores, auto-aftermarket stores, department stores and home centers.

Figure II-1

Economic/Market Analysis

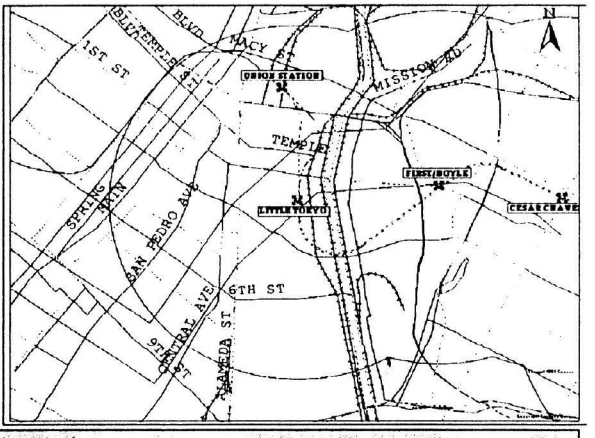
Little Tokyo Station

(Within one mile of proposed station)

General Demographics	
Population	29,194
Density (Persons/Acre)	17.74
Households	7,596
Housing Units	8,124

Ethnicity	Persons	%
Hispanic	17,287	59.2%
Black	5,449	18.7%
White	3,376	11.6%
Asian	2,724	9.3%
Other	358	1.2%

Income	Per Capita	%	Average Household
Little Tokyo	$7,846	48.6%	$30,155
L.A. County	$16,149		$35,000



Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
Little Tokyo	9,730	54.8%	3,896	21.9%	2,532	14.3%	1,603	9.0%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Machine Operators	1,467	18.1%	Manufacturing	2,127	28.5%	City of L.A. Civic Center
Service	1,147	14.2%	Retail Trade	1,288	17.2%	L.A. County Criminal Court Building
Admin Support	1,050	13.0%	Professional Services	759	10.2%	Caltrans District #7
Professional Specialty	883	10.9%	Personal Services	527	7.1%	L.A. County, County Court
Handlers	764	9.4%	Wholesale Trade	463	6.2%	S.E. Rykoff & Company

Existing and Market Potential Demand	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	4,826,000	5,873,000	22,457	27,329	41,991	19,534
Appliance Store	524,000	528,000	2,447	2,466	2,400	-47
Auto-Aftermarket Store	7,826,000	8,964,000	51,251	58,703	5,893	-45,358
Department Store	5,212,000	6,074,000	37,030	43,150	0	-37,030
Drug Store	6,516,000	8,183,000	33,630	42,240	3,500	-30,130
Electronic & Video Stores	3,464,000	4,677,000	17,850	26,521	0	-17,850
Restaurants	3464000	4677000	17850	26521	132,379	114,529
Furniture Store	1,632,000	1,746,000	9,070	9,700	25,500	16,430
Grocery/Convenience Stores	35,781,000	42,245,000	96,072	113,606	96,065	-7
Hardware Store	502,000	539,000	4,010	4,300	8,172	4,162
Home Centers	3,295,000	3,589,000	29,510	32,150	0	-29,510
Jewelry Store	1,155,000	1,193,000	2,360	2,430	7,200	4,840
Liquor Store	1,622,000	1,517,000	6,520	6,090	7,100	580
Mass Merchandiser Store	6,673,000	7,832,000	52,980	62,180	0	-52,980
Photo Store	142,000	150,000	320	340	0	-320
Shoe Store	1,024,000	1,265,000	4,230	5,230	8,100	3,870
Sporting Goods Store	1,007,000	1,254,000	5,410	6,730	5,000	-410
Toy Store	389,000	395,000	1,930	1,960	103,501	101,571
Variety Store	407,000	479,000	3,620	4,270	188,474	184,854

Local Characteristics

The proposed station will be located at the intersection of Santa Fe Avenue and 3rd Street, in an on-street north/south configuration along Santa Fe Avenue. The topography of the station area is primarily flat. At the southwest corner of the intersection is a vacant building along Santa Fe Avenue with an adjacent vacant lot. On the northwest corner is a large vacant three-story building fronting Santa Fe Avenue. Along the east side of Santa Fe Avenue is the Metro Railyard. The Little Tokyo Historic District is located west of Alameda Street, approximately one-half mile away from the station. Third Street provides a direct connection between the proposed station and Little Tokyo.

Surrounding the Little Tokyo East station is primarily industrial land uses. The area is unique due to a concentration of artists which convert warehouses into homes and/or studios in which they work and live. As a result of the artist community, restaurants and convenient stores are found throughout the area that serve them. The Little Tokyo community and Historic District is found one-half mile west of the station location. In addition, to the west of Alameda there are commercial and retail businesses which serve the local community. Most of the major establishments in the area are located between Alameda Street and San Pedro Street, including the Allright Retail and Autopark (Little Tokyo Mall), which are located between Central Avenue and San Pedro Street and provide over 36,000 square feet of retail and office space and almost 400 parking spaces. Adjacent to the Little Tokyo Mall is the Miyatake Commercial Development which adds an additional 7,000 square feet of retail and office space to the area. The New Otani Hotel is located between Los Angeles Street and Onizuka Street and the Oregon Hotel is located between Onizuka Street and First Street. Within the Historic District, located north of First Street, are the Sperl Building, the Queen Hotel and Far East Building. There are two museums in the area, the Japanese American National Museum and the Temporary Contemporary Museum. The Japanese American National Museum is located in the former Nishi Hongwanji Buddist Temple at the northwest corner of First Street and Central Avenue. The Temporary Contemporary Museum is located along Central Avenue.

The largest development project proposed for the area is First Street North. This project includes over 100,000 square feet of retail/commercial space, 258 market rate apartments, a 400-room hotel, expansion of the Japanese American National Museum, a child care facility and a geriatric center. There are also a number of other proposed developments in the area, such as the Mangrove Estates project.

Community organizations and facilities in the area include an elementary school and churches. These facilities are located within the primary market area (1 mile radius) of the Little Tokyo East station. There is one school in the area, the Maryknoll School. There are also several churches, including Los Angeles Hompa Hongwanji Buddist Temple, Maryknoll Chapel, and Zenshuji Soto Mission.

Historic properties found to appear eligible for listing in the National Register as a result of a survey *(Myra L. Frank Associates)* and requiring a consensus determination from the State Historic Preservation Office, include the Greybar Electric Company Warehouse, 201-213 South Santa Fe Avenue, Los Angeles, built in 1934 and Craig Company Wholesale Grocery, 215-243 South Santa Fe Avenue, Los Angeles, built in 1907.

Existing Conditions

Population

Only 4,400 people live in the station influence area (.4 mile radius) of the Little Tokyo East station compared with 29,100 people who live within the primary market area (1 mile radius). Most people live either west of Alameda Street, in the Historic Little Tokyo community, or east of the Los Angeles River. The 4,400 residents living in the station influence area are comprised largely of artists living in warehouse converted studios or lofts.

Age

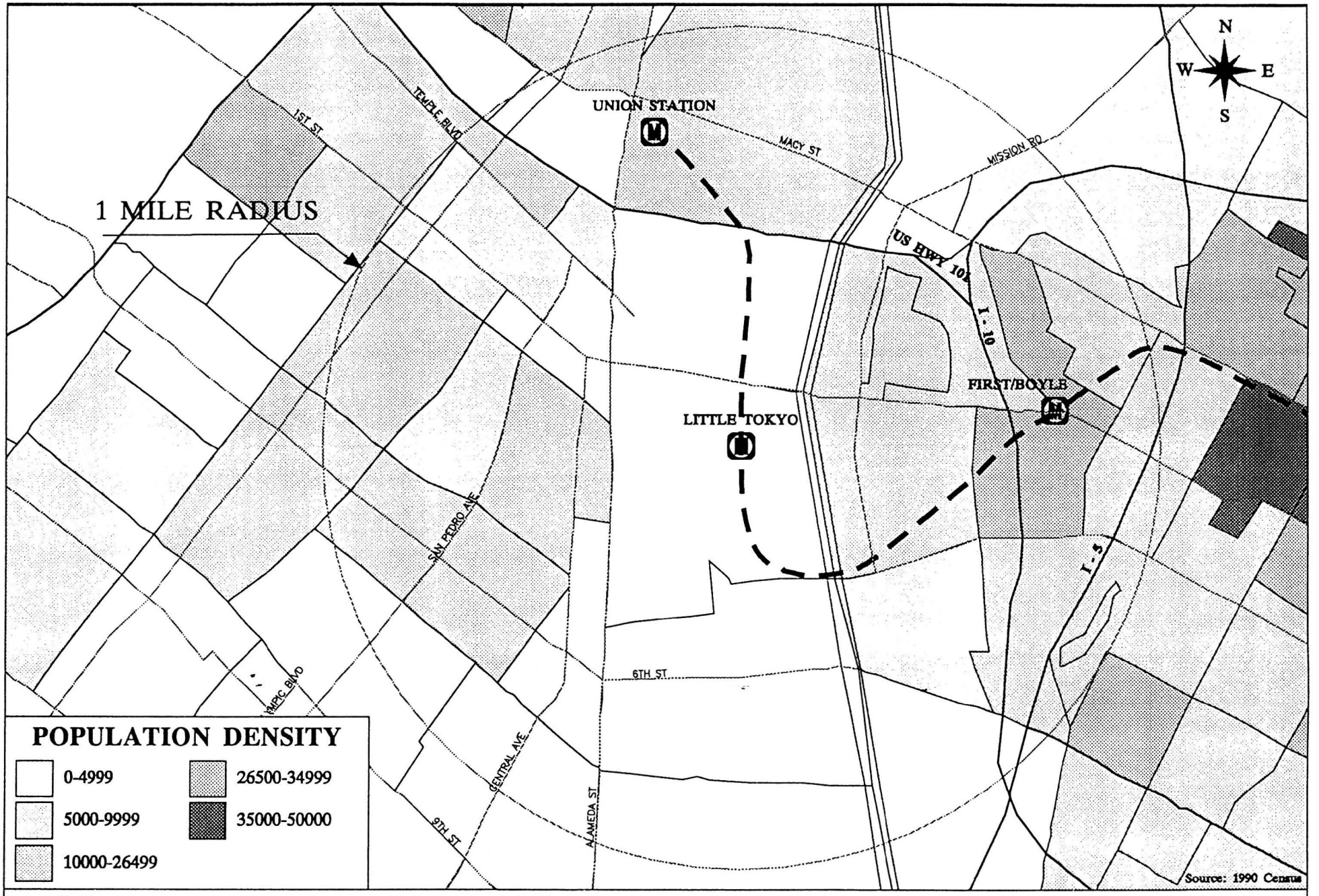
For the proposed Little Tokyo East station area, almost half (48%) of the population is between the ages of 19 to 39 years of age. An additional 22 percent of the population is 18 years of age and under. Therefore, approximately 70 percent of the population is under the age of 40, giving the Little Tokyo East station area a relatively young, vibrant population. Only 20 percent of the population is between the ages of 40 to 64 years of age, compared with 10 percent of the population which is over 65 years old, making senior citizens the smallest age group.

Density

The population density within the station area is the lowest in relation to the other six stations of the Metro Red Line East Side Extension. (See Figure II-2) The average density is 18 persons per acre. Due to the large proportion of industrial land, density levels around the immediate vicinity of the station area are low. The higher population density areas occur east of the Los Angeles River and west of Alameda Street, in the Little Tokyo Redevelopment Area.

Ethnicity

The population within the area of the Little Tokyo East station is predominantly Hispanic, Mexican-American, comprising 59 percent of the population. The Black population is the second largest at 19 percent, followed by the White population at 12 percent. The Asian community comprises only nine percent of the population. However, this is the largest Asian concentration compared with the other six stations. It is also important to note that the station is in close proximity to Little Tokyo which has a predominantly Asian population.



LITTLE TOKYO: POPULATION DENSITY

METRO RED LINE EAST SIDE EXTENSION

Figure II-2

Per Capita Income/Average Household Income

Income levels for the Little Tokyo East station area are very low. The per capita income level for the station influence area is $8,524 per year. For the primary market area, the per capita income slightly decreases to $7,846 per year. In contrast, the Los Angeles County per capita income of $16,100 is more than double the local per capita level. The average household income levels for the area are also very low. (See Figure II-3) The average household income for the station influence area is $31,000. In comparison, the average household income for the primary market area is $30,200. The local population's average household income is $4,000 to $5,000 below the Los Angeles County average of $35,000 per year. The lower per capita income levels for the Little Tokyo station area are, in part, due to higher density levels east of the Los Angeles River and west of Alameda. In addition, educational attainment factors, discussed below are also linked, in part, to income levels.

Education

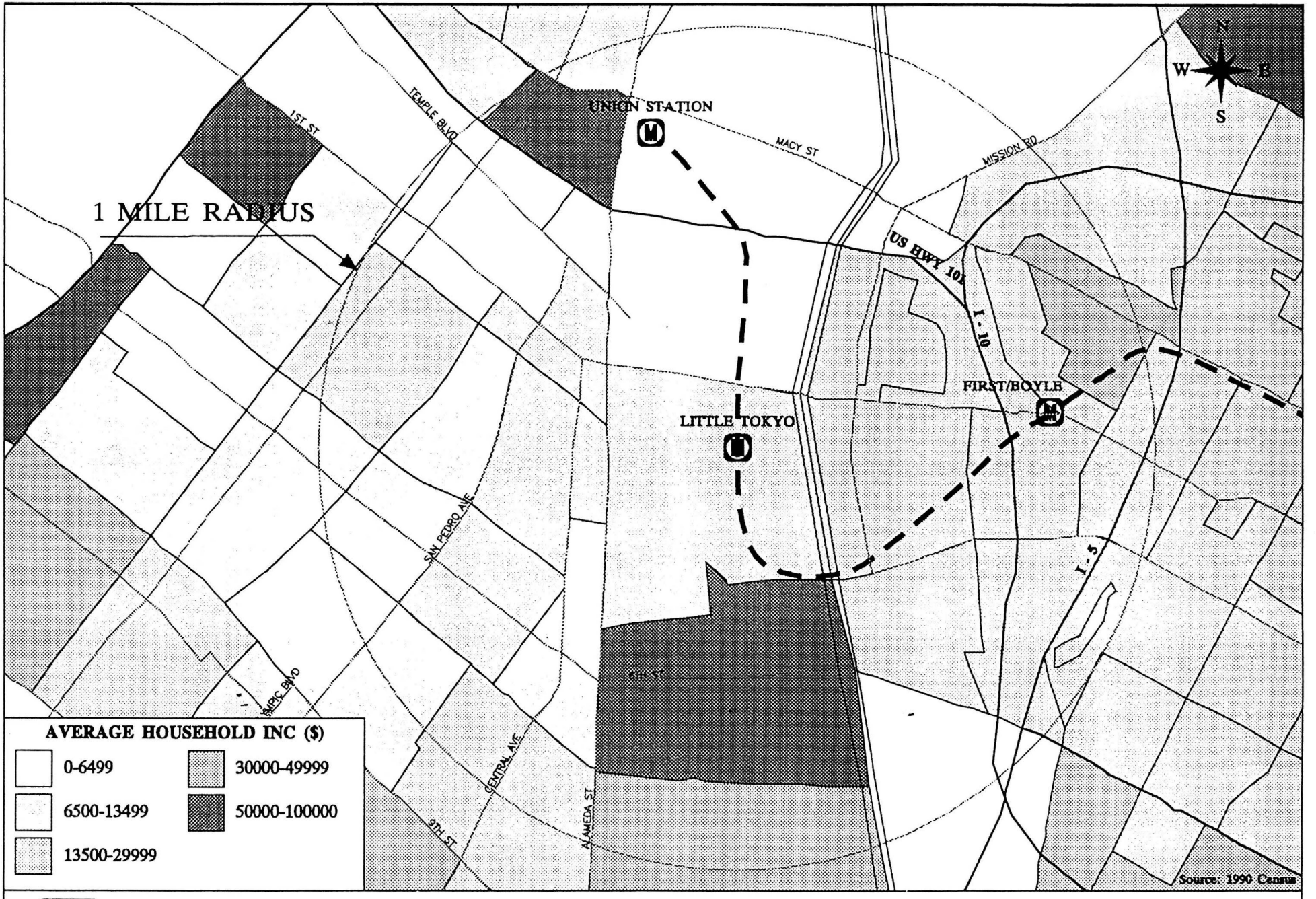
The levels of educational attainment within the area of the Little Tokyo East station are considerably lower than that of the County. Approximately 55 percent of the population over 25 years of age have not completed their high school education. In contrast, for Los Angeles County, 30 percent of the population over 25 years of age have not completed high school. In addition, within the station influence area, only seven percent of the population has a college degree as opposed to 20 percent of the County. Within the primary market area the number rises to 14 percent of all persons who have a college degree. Within the station influence area, 20 percent of the population have gone on to graduate school. For the primary market area, only nine percent have gone on to graduate school, whereas the County figure for graduate level education and higher is approximately 30 percent.

Industries (Type and Number of Jobs)

Government related industries account for the largest sector (28%) of employment for local residents in the market area. The large proportion of Government workers is due in part to the City, County, State and Federal offices that are located in the area, within one-mile of the station, west of Alameda. Manufacturing is the second largest industry with 29 percent of the workforce employed. It is however, the largest employment category within the smaller station influence area, accounting for 32 percent of all resident employment. For the station influence area, the second largest employment category is the Wholesale Trade industry at 21 percent. The third largest employment category for both the primary market area and the station influence area is the Service industry, with 17 percent for the station influence area and 13 percent for the primary market area.

Occupations

In the station influence area, approximately 20 percent of the work force is employed in some



LITTLE TOKYO: AVERAGE HOUSEHOLD INCOME

METRO RED LINE EAST SIDE EXTENSION

Figure II-3

type of service occupation compared with 27 percent for the primary market area. This is also comparable to the Los Angeles County average, in which 23 percent of the population is employed in service occupations. At 19 percent of the workforce, professional specialty occupations, i.e. engineering, and machine operators are the second leading type of occupation for both the primary market area and station influence area. The County percentages for machine operators and professional specialties are eight and fourteen percent, respectively. The executive and professional positions in the area are six percent.

Major Employers (100 Employees +)

There are a number of businesses within the primary market area of the Little Tokyo East station which employ over 100 employees. The majority are government or transportation offices, as follows:

City

- L.A. City Civic Center
- L.A. Dept. of Water & Power PD & C Construction Headquarters
- L.A. Dept. of Water & Power Central Water District Headquarters
- L.A. City Department of Transportation Central Parking Enforcement
- L.A. County Hall of Justice
- L.A. Unified School District, Utah Elementary School
- Community Redevelopment Agency of L.A.

County

- L.A. County Criminal Courts Building
- L.A. County Courts
- L.A. County Hall of Records
- L.A. County Metropolitan Transportation Authority

State

- Caltrans District #7 Office
- State Department of General Services

Federal

- U.S. Government Internal Revenue Service
- U.S. Immigration & Naturalization Service
- U.S. Government Court House
- U.S. Government Metro Detention Center

Private

- S.E. Rykoff & Co.
- Young's Market Company
- New Otani Hotel & Gardens
- Daily Journal Corporation
- Madison/Graham Colorgraphics Inc.
- Los Angeles Smoking & Curing
- American Fish and Seafood Co.
- Greyhound Lines Inc.
- Hollenbeck Home
- Guy Chaddock & Company
- Ace Beverage Co.
- Gemline Frame Co., Inc.
- Ace Novelty Co., Inc.
- Amtrak

Unemployment Rate

The unemployment rate in both the primary market area and the station influence area are extremely high. The unemployment rate in 1990 was 19 percent and 17 percent for the primary market area and the station influence area, respectively. Both of these are almost four times the County average of five percent.

Major Arterials, Freeways

The proposed Little Tokyo East station is located near three major freeways: U.S. Highway 101, Interstate 5 and Interstate 10. The station is also located in close proximity to Alameda Street, which is a major north/south thoroughfare for commercial and industrial truck traffic, originating from the Port of Los Angeles. The major east/west arterials which intersect Alameda and cross the Los angeles River are 1st, 3rd, and 4th Streets.

Means of Transportation

The residents surrounding the Little Tokyo East station depend heavily upon public transit. Only 30 percent of the population in both the station influence area and the primary market area drive alone to work. In contrast, for Los Angeles County 70 percent drive alone to work. The percentage of workers who live in the primary market area and take the bus is 30 percent, five times the County percentage of 6 percent. Within the primary market area, a large number of people also walk to work, over 15 percent, while the County figure is only three percent. Within the station influence area, there is also a high percentage of people who work at home (19%) compared to the County percentage of only three percent. The high percentage of at home workers could be due to the large concentration of artists in the area.

Travel Time to Work

The majority (51%) of workers for both the station area and the primary market area, travel between 15 and 45 minutes to there place of work. An additional 16 percent of the population travel between 45 to 90 minutes or more to work. Almost 70 percent of the population take more than 15 minutes to get to their place of employment. Individuals traveling 15 minutes or more to work normally travel out of their community to their place of employment. Approximately 25 percent of the population takes less than 15 minutes to get to their place of employment. Individuals taking 15 minutes or less, usually stay within their community to work.

Housing Stock

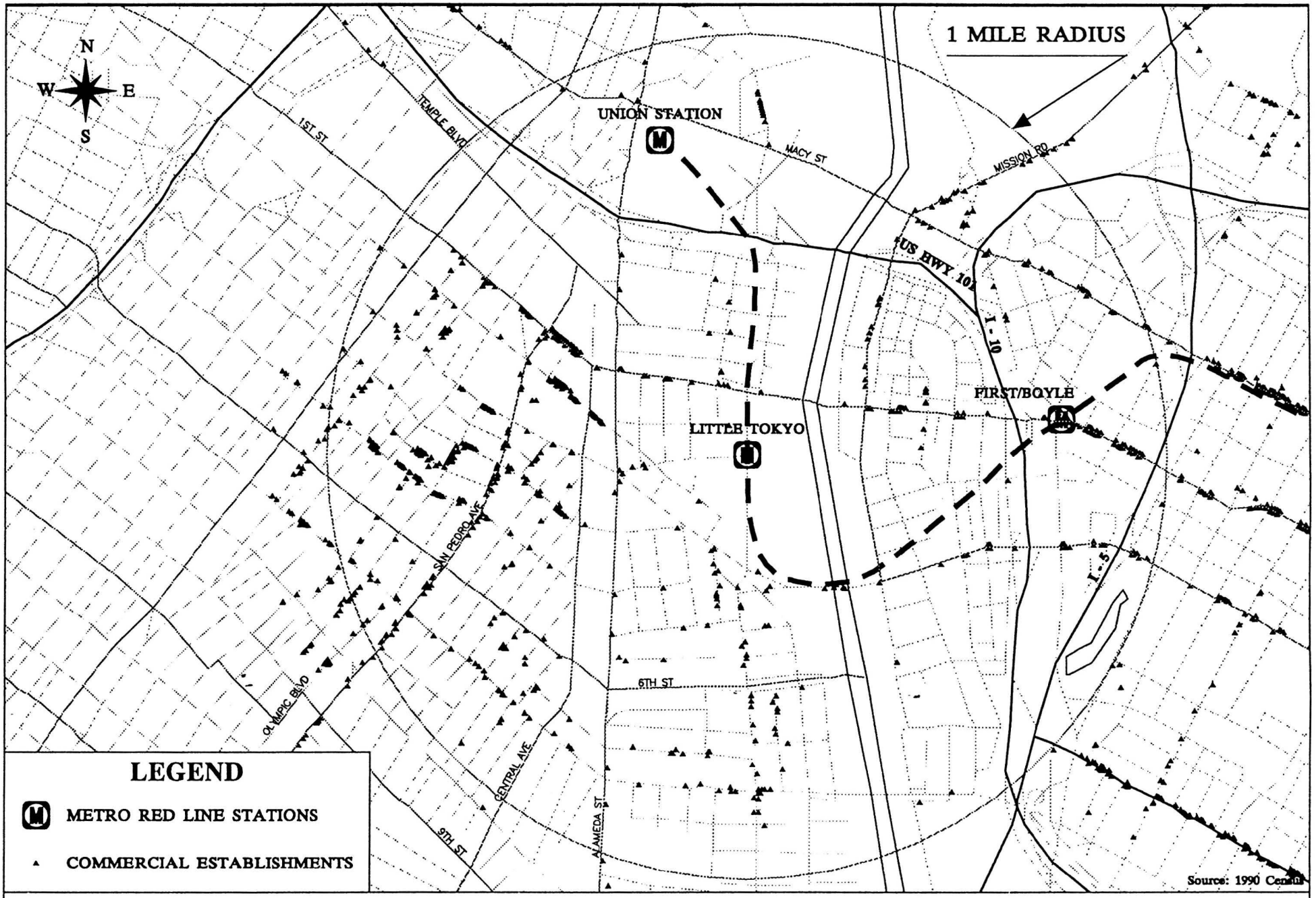
There are 778 housing units within the station influence area and 8,124 housing units within the primary market area of the Little Tokyo East station. In terms of housing units, the station area is less dense than the other six station areas. The majority of the housing stock (88%) in the area is comprised of multi-family units, specifically apartments, condominiums and warehouse/studio lofts that are located west of the Los Angeles River. Only six percent of the housing stock in the Little Tokyo East station area are single-family units, the majority of which are located east of the Los Angeles River. Renters occupy roughly 95 percent of the housing stock in the community, with only five percent being owner-occupied. In 1990, the vacancy rate was seven percent for the Little Tokyo area, surpassing the Los Angeles County average of five percent and reflecting a relatively high number of people moving in and out of the area. The area has moderate overcrowding with an average number of 1.40 persons per room. About 38 percent of the housing was built between 1940 and 1969, while 35 percent of the was built in 1939 or earlier. The remaining 27 percent was built between 1970 and 1990. The area has a relatively even distribution of housing stock in terms of age. Most of the housing in the area has an average value of $149,999, with the average contract rent being $480 per month.

Commercial Overview

Commercial Establishments

Since the Little Tokyo East Station is located in an industrial area, most of the commercial establishments are located west of Alameda within the primary market area. (See Figure II-4) However, there are certain types of commercial uses located near the station influence area such as restaurants. Commercial uses concentrated in Historical Little Tokyo include: variety stores, restaurants, toy stores, grocery/convenience stores and apparel stores. These commercial uses represent the majority of commercial square footage in the area.

Type of Commercial	Existing Square Footage
Variety Store	188,500
Restaurants	132,400



LITTLE TOKYO: COMMERCIAL ESTABLISHMENTS

Figure II-4

METRO RED LINE EAST SIDE EXTENSION

Type of Commercial	Existing Square Footage
Toy Store	103,500
Grocery/Convenience Store	96,100
Apparel Store	42,000

Recommendations

Market Potential

The primary market area surrounding the Little Tokyo East station can support additional commercial space for certain types of establishments needed in the area. The key type of commercial establishments that the Little Tokyo East station can support additional square footage for, include: mass merchandiser stores, auto-aftermarket stores, department stores, drug stores and electronic/video stores. In addition to these uses JB Research recommended various entertainment related projects. Currently, residents living in the area must go outside of their community to obtain these commercial services.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandiser	53,000
Auto-Aftermarket Store	45,400
Department Store	37,000
Drug Store	30,100

Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. Also, the station is located in an industrial area. It may too difficult to obtain the necessary permits to develop the various commercial projects. A summary of the cost components is presented below:

Item	Cost of Item Per Square Foot
Land	$10
Store Building	$75
Other Costs*	$35
Developer Profit(8%)	$9
Total:	$129

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $0.86 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions to finance a project, lease rates would have to be in the $1.00+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.

III. FIRST AND BOYLE STATION MARKET ANALYSIS

III. FIRST AND BOYLE STATION MARKET ANALYSIS

Summary of Findings

The First Street and Boyle Avenue station is located in the western section of the community of Boyle Heights, five miles east of Downtown Los Angeles. (See Figure III-1). The Boyle Heights community is one of the oldest in the City of Los Angeles. The First/Boyle station marks the second station to be built for the Metro Red Line East Side Extension, beginning at Union Station and extending to Atlantic Boulevard in East Los Angeles.

For the First/Boyle station area, family incomes are approximately half of the Los Angeles County average of $35,000. The majority of the population is Hispanic (85%) and young. In addition, a very high percentage of the population (70 percent) over 25 years of age have not completed their high school education. The majority of the people, approximately 25 percent, are employed as machinists, and very few in executive and professional level positions. The industry providing the highest number of jobs for the local population is Manufacturing (40%), followed by the Services industry (23%) and Retail Trade (16%).

First Street is a major arterial running through Boyle Heights. This gateway leads west into Downtown Los Angeles and east into East Los Angeles. Land uses near the proposed station at First/Boyle include various commercial, public and cultural facilities. Many small retail shops, convenience stores and restaurants can be found throughout the area. Also, residential properties are interspersed with commercial establishments near the proposed station. The mixture of various types of properties is typical of commercially zoned strips in Boyle Heights and East Los Angeles.

Near the proposed station, the commercial establishments are located primarily along First Street. The majority of the commercial space near this area is grocery/convenience and restaurant space. In addition, there are many small apparel and variety stores. There is a lack of supply of the following retail categories; auto, department store, electronic & video, hardware, mass merchandise and sporting goods stores. At this station the top development recommendations are mass merchandise, department, auto, entertainment and supermarket type of establishments.

Figure III-1

Economic/Market Analysis

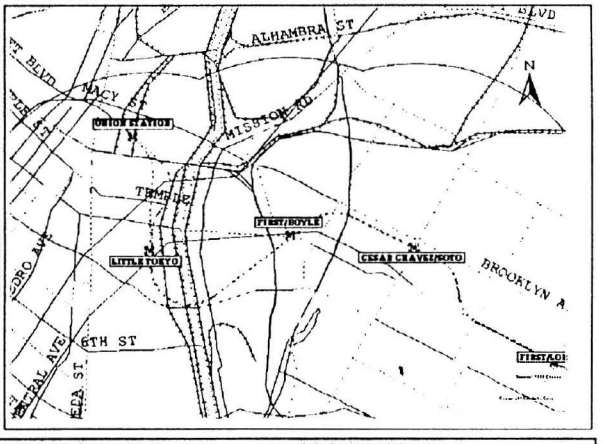
First/Boyle Station

(Within one mile of proposed station)

General Demographics	
Population	45,800
Density (Persons/Acre)	32.00
Households	10,862
Housing Units	11,329

Ethnicity	Persons	%
Hispanic	39,892	87.1%
Asian	2,518	5.5%
Black	1,646	3.6%
White	1,532	3.3%
Other	196	0.4%

Income	Per Capita	%	Average Household
1st/Boyle	$6,684	48.6%	$28,183
L.A. County	$16,149		



Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
1st/Boyle	16,449	70.0%	3,128	13.0%	2,507	11.0%	1,361	6.0%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Machine Operators	3,833	23.2%	Manufacturing	5,307	33.2%	LA County - USC Medical Center
Service	2,354	14.2%	Retail Trade	2,586	16.2%	USC Medical School
Admin Support	2,110	12.8%	FIRE	1,537	9.6%	Department of the Coroner
Precision Production	1,915	11.6%	Wholesale Trade	1,039	6.5%	Morrison Custome Management
Handlers	1,412	8.5%	Health Services	990	6.2%	LAUSD - Utah Elementary School

Existing and Market Potential Demand	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	8,639,000	10,321,000	40,200	48,027	84,962	44,762
Appliance Store	941,000	937,000	4,394	4,376	2,400	-1,994
Auto-Aftermarket Store	13,880,000	15,587,000	90,897	102,076	12,615	-78,282
Department Store	9,229,000	10,581,000	65,570	75,170	7,000	-58,570
Drug Store	9,024,000	11,309,000	46,580	58,380	13,800	-32,780
Electronic & Video Stores	5,143,000	6,872,000	25,992	38,377	1,500	-24,492
Restaurants	13214000	15371000	60210	69910	200,778	140,568
Furniture Store	2,964,000	3,123,000	16,470	17,350	19,400	2,930
Grocery/Convenience Stores	56,699,000	66,503,000	152,245	178,872	231,214	78,969
Hardware Store	917,000	983,000	7,320	7,840	4,172	-3,148
Home Centers	5,488,000	5,920,000	49,150	53,020	0	-49,150
Jewelry Store	1,827,000	1,855,000	3,730	3,780	6,300	2,570
Liquor Store	2,241,000	2,075,000	9,000	8,340	12,513	3,513
Mass Merchandiser Store	11,478,000	13,313,000	91,120	105,690	0	-91,120
Photo Store	208,000	218,000	470	490	0	-470
Shoe Store	1,837,000	2,229,000	7,590	9,210	19,443	11,853
Sporting Goods Store	1,500,000	1,836,000	8,060	9,860	3,000	-5,060
Toy Store	713,000	715,000	3,540	3,550	11,200	7,660
Variety Store	697,000	807,000	6,210	7,190	43,654	37,444

Local Characteristics

The proposed station will be located at the intersection of First Street and Boyle Avenue in an on-street configuration. Along First Street, the primary land use is neighborhood commercial. At the intersection of First and Bailey there is a large vacant commercial establishment that was formerly a discount, variety store. Other nearby commercial establishments include a laundromat, donut shop, gas station and smaller restaurants. A dental office and small companies offering personal services are located at the intersection of Boyle and Pleasant Avenues. There are also various residential properties located near the proposed station. Housing units on First Street are primarily multi-family, while single-family units are the major type of housing along the nearby residential streets.

The main attraction of the First/Boyle area is Mariachi Plaza. The Mariachi Plaza, a local cultural establishment, is located at the intersection of First/Boyle directly west of the proposed station, near the Boyle Hotel and Olympic doughnut shop. For over 50 years, Mariachis (musicians that play mostly Mexican country/folk music) have been congregating and offering their services to people in the community. Currently, plans are being developed by Barrio Planners to expand Mariachi Plaza, without being affected by the construction of the proposed station.

Within approximately a half-mile of the proposed station there are four elementary schools, three public housing projects, a hospital and a small park. There are also many manufacturing companies located next to the Los Angeles River, west of the proposed station location. The industrial district of the community is one of the oldest in Los Angeles. The district was established because of its close location to Downtown Los Angeles, and because of the convenience of the "Red Car" and freeway access. Because of the age of the industrial district, various problems are readily apparent. Many of the employees of the industrial sector live in the Boyle Heights and East Los Angeles community.

Historic properties found to appear eligible for listing in the National Register as a result of a survey *(Myra L. Frank Associates)* and requiring a consensus determination from the State Historic Preservation Office, include the Simon Gless Farm House, 131 South Boyle Avenue, Los Angeles, built in 1886, Hotel Mount Pleasant, 103-105 North Boyle Avenue, Los Angeles, built in 1876, and Ralph H. Tombs Residence, 1814 Pennsylvania Avenue, Los Angeles, built in 1900.

Existing Conditions

Population

Approximately 11,703 people live within the station influence area (.4 mile radius) of the proposed station. The population within the primary market area (1 mile radius) of the proposed station is just over 45,800.

Age

The First/Boyle station area has a very young population with 65 percent of the population under 40 years of age. The largest age group is between the ages of 19 and 39, representing 35 percent of the population. For those under 18 years of age, this equals 30 percent of the population. Senior citizens represent the smallest age group at 10 percent.

Density

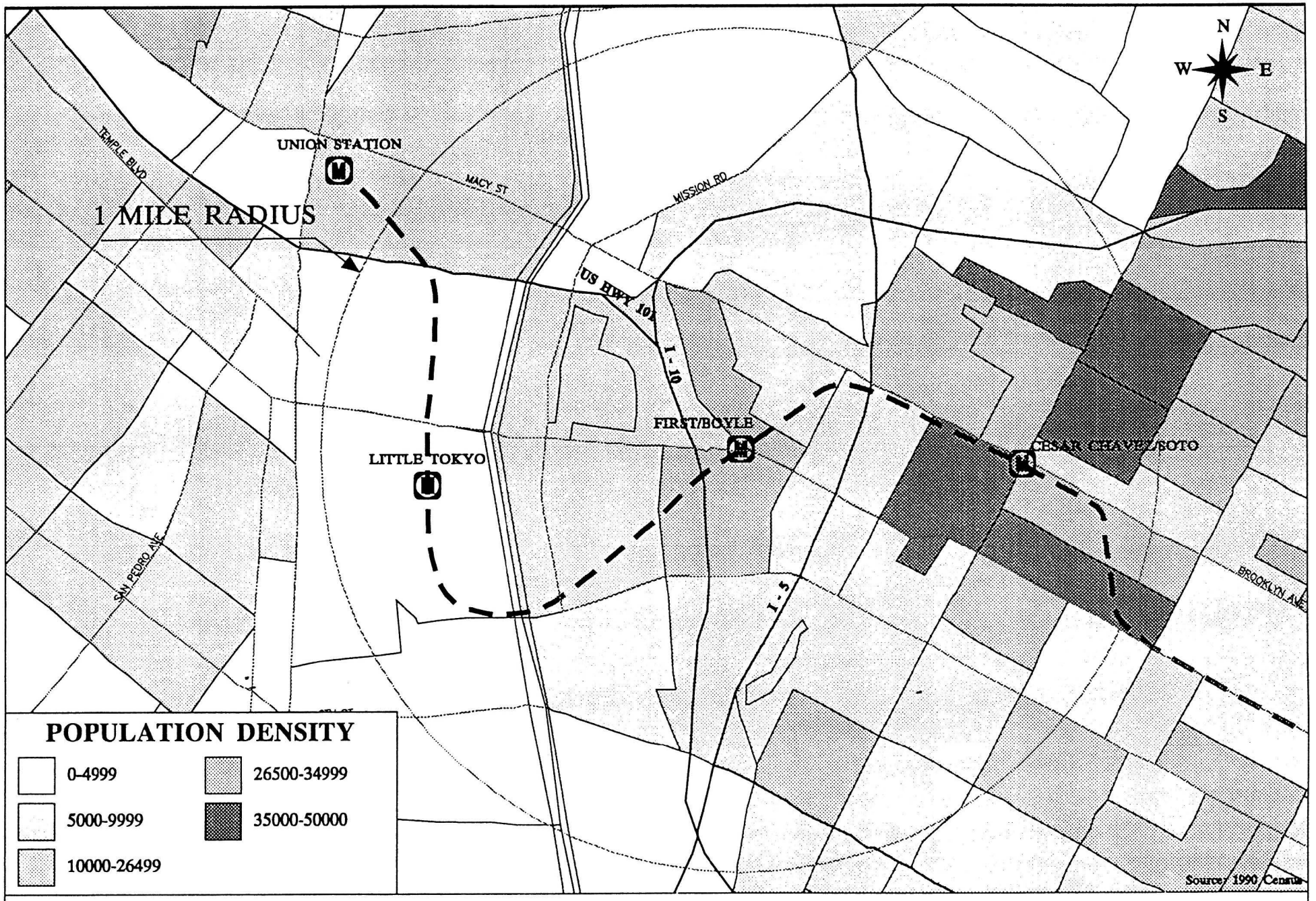
The density of the population is greatest west of the proposed First/Boyle station. (See Figure III-2) There are three federal housing projects located west of the Santa Ana Freeway and east of the Los Angeles River, a predominantly industrial area. The three federal housing projects (Aliso Village, Aliso Apartments and Pico Gardens) have a total of 1,281 housing units.

Ethnicity

The population near the proposed station is primarily Hispanic, with over twice the Los Angeles County percentage. For the station area, 87 percent of the population are Hispanic, Mexican-Americans. Six percent of the population are Asian, three percent are White and Black. The remaining one percent represents other populations.

Per Capita Income/Average Household Income

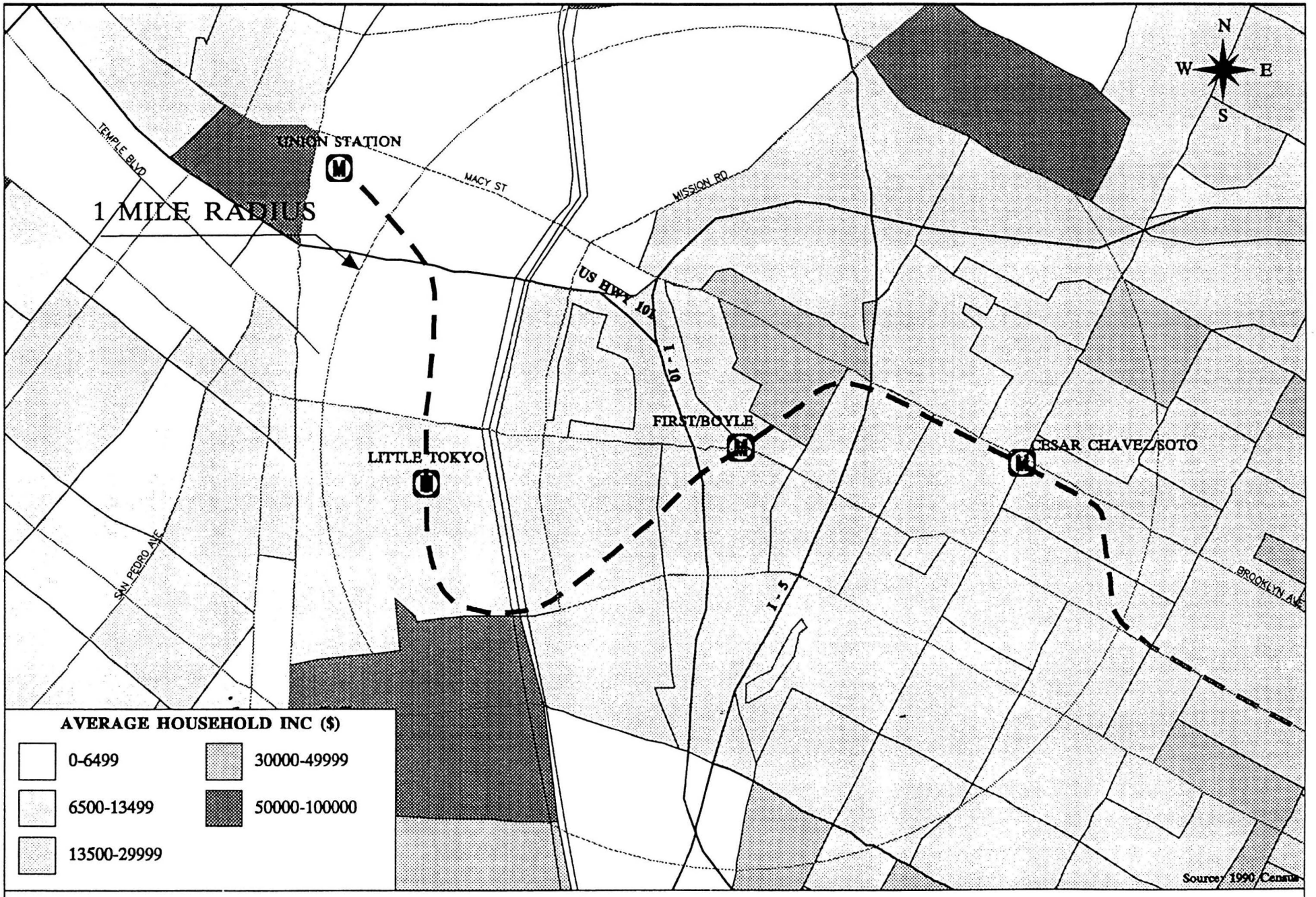
Income levels are very low, specifically within the station influence area. Yearly per capita income within the station influence area and the primary station area is $5,600 and $6,700, respectively. (See Figure III-3) The Los Angeles County yearly per capita income figure ($16,100) is more than double the local figure. Average household income of $16,300 per year within the station influence area and $21,000 per year within the primary market area, are also very low. The Los Angeles County average household income is approximately $35,000 per year, or more than double the local population.



FIRST/BOYLE STATION: POPULATION DENSITY

Figure III-2

METRO RED LINE EAST SIDE EXTENSION



FIRST/BOYLE STATION: AVERAGE HOUSEHOLD INCOME

Figure III-3

METRO RED LINE EAST SIDE EXTENSION

Education

Education levels are very low within the station area. Over 70 percent of the population over 25 years of age did not complete their high school education. However, for Los Angeles County 30 percent of the population has not completed high school. Only six percent of the population are college graduates, compared with 30 percent for Los Angeles County.

Industries (Type and Number of Jobs)

Approximately 40 percent of the people that live within the station influence area and within the primary market area are in the Manufacturing industry. Approximately 25 percent of the population in Los Angeles County are employed in the Manufacturing industry. The second largest industry that employs local residents is the Services industry, with 23 percent of the total workforce. The Services industry is the largest employer in the County, with 34 percent of the population employed in this industry. The Services sector consists of personal, entertainment, health, educational and other professional services. Out of the services group, the health services division has the largest number of employees, with almost nine percent of the workforce. Approximately 16 percent of the workforce is in the Retail industry.

Occupations

There are over 900 people, or 25 percent of the workforce, within the station area that are employed as machine operators, the leading local occupation. Only eight percent of the Los Angeles County population are employed as machinists. Service professions are the second leading type of jobs in the local area.

Major Employers (100 Employees +)

There are various major companies or organizations located in close proximity to the proposed station. The following companies or organizations, located within the primary market area of the proposed station employ over 100 people:

- LA County - USC Medical Center
- USC Medical School
- LA County Department of the Coroner
- Morrison Custom Management
- LAUSD - Utah Elementary School
- Colorgraphics Inc.
- Ace Beverage Co.
- Guy Chaddock & Company
- White Memorial Hospital
- Housing Authority of the City of Los Angeles

Unemployment Rate

The unemployment rate within the station influence area of the proposed station was 8 percent in 1990, considerably higher than the 5 percent unemployment rate for Los Angeles County.

Major Arterials, Freeways

The proposed station location is located near three major freeways: U.S. Highway 101, Interstate 5 and Interstate 10. First Street is a widely used arterial to go west into Downtown Los Angeles and east into East Los Angeles. The other major arterials within the station influence area of the proposed station are Cesar Chavez Avenue and Fourth Street.

Means of Transportation

Approximately 41 percent of the people within the station influence area drive alone to their place of employment. The figure is significantly lower than the 70 percent figure for the Los Angeles County area. The second major means of transportation within the station area is by bus. Twenty-five percent of all workers travel by bus to their place of employment. In contrast, only six percent of the Los Angeles County population take the bus to work. Also, eight percent of the workers in the station area walk to work, where as just three percent of the Los Angeles County population walk to work.

Travel Time To Work

Many employees within the station influence area take short trips to their place of employment. Approximately 19 percent take less than 15 minutes to get to their place of employment. About 36 percent people take between a 30 to 45 minutes to travel to work, and over 15 percent take between 45 to 89 minutes to travel to work.

Housing Stock

There are 3,117 housing units, with a vacancy rate of three percent, within the station area. Almost all of the housing units (86 percent) are occupied by renters. There are three federal housing projects located near the proposed station. The developments are listed below:

Aliso Village 1401 E. First St. - 685 units
Aliso Apartments 500 S. Pecan - 336 units
Pico Gardens 500 S. Pecan - 260 units
Total - 1,281 units

The majority of the housing stock, approximately 70 percent, was built during the 1950's or earlier. Within the station area, only nine percent or 271 housing units were built in the 1980's.

Average residential values are approximately $138,000, with contract rents being approximately $341 per month.

Commercial Overview

Commercial Establishments

Most of the commercial activity within the First/Boyle station consists of grocery/convenience stores, restaurants, apparel stores, variety stores and shoe stores. Specifically, the existing square footage figures are listed below.

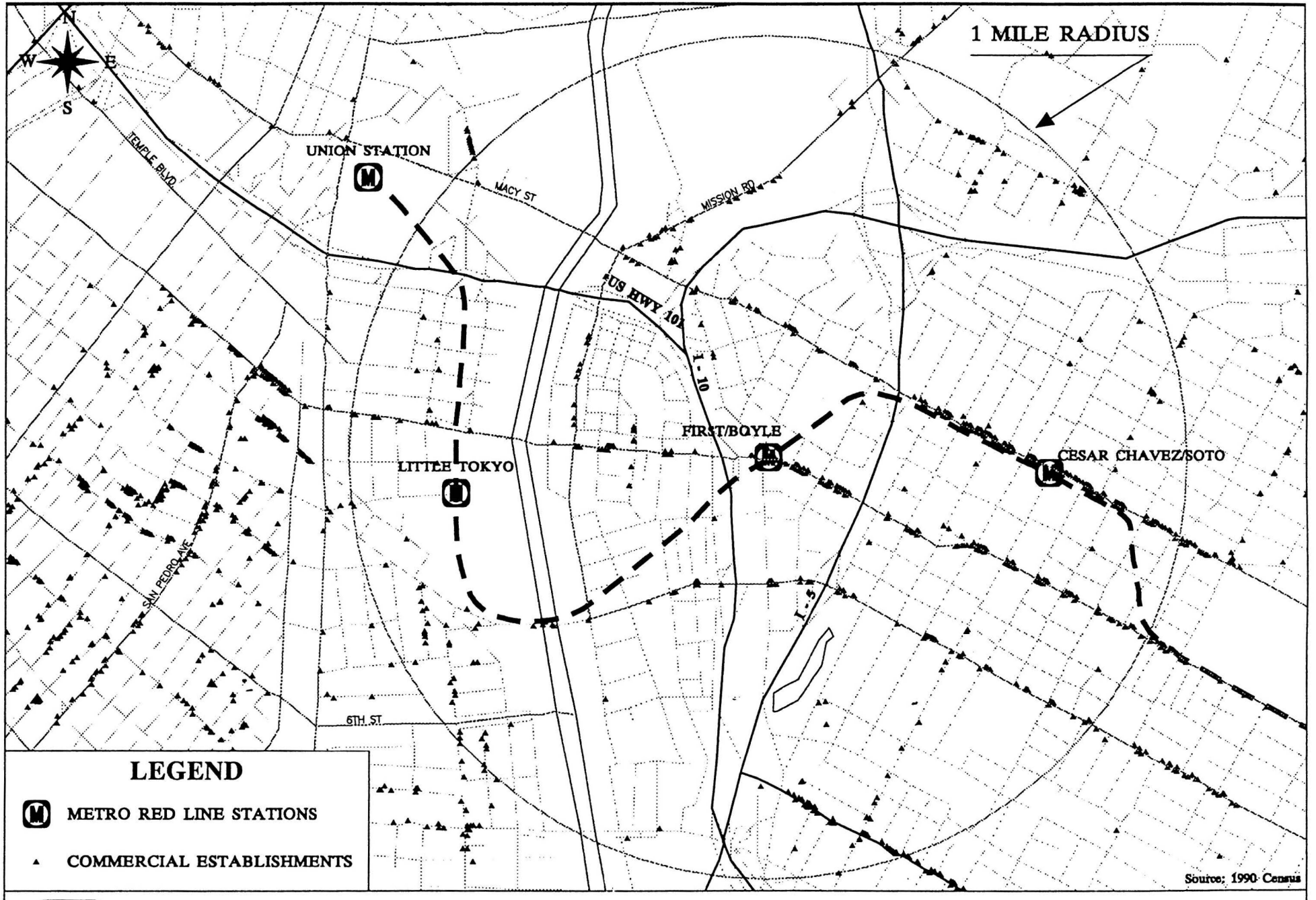
Type of Commercial	Existing Square Footage
Grocery/Convenience	231,200
Restaurants	200,800
Apparel	85,000
Variety	43,000
Shoe	19,400

Recommendations

Market Retail Potential

An analysis was completed to determine what type of commercial space was lacking in the area. (See Figure III-4) There is a lack of supply of national scale retailers near the station area. The key type of commercial establishments that the First/Boyle station area shows a need for includes: mass department stores, auto, department store, home centers, drug stores and electronic/video stores. In addition, the area can support a supermarket because most grocery establishments are of the convenience store type.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandise	105,700
Auto	78,300
Department Store	58,600
Home Centers	53,000
Drug	32,800
Electronic/Video	24,500



FIRST & BOYLE: COMMERCIAL ESTABLISHMENTS

Figure III-4

METRO RED LINE EAST SIDE EXTENSION

Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. A summary of the cost components is presented below:

Item	Cost of Item Per Square Foot
Land	$20
Store Building	$75
Other Costs*	$35
Developer Profit (8%)	$10
Total:	$140

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $1.40 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions to finance a project, lease rates would have to be in the $1.40+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.

IV. CESAR CHAVEZ AND SOTO STATION MARKET ANALYSIS

IV. CESAR CHAVEZ AND SOTO STATION MARKET ANALYSIS

Summary of Findings

The proposed Cesar Chavez and Soto Station is located in the heart of the community of Boyle Heights in East Los Angeles. (See Figure IV-1) The station will be located in the most active and consequently, the most expensive commercial area of the community. Nearby, Boyle Heights' "Civic Center" is located a few blocks south from the proposed station on the intersection of First and St. Louis Streets. The station is the third of seven stations proposed to be built for the Metro Red Line East Side Extension, extending from Union Station to Atlantic Boulevard.

The area is one of the more densely populated communities, 66,000 people within a mile of the station, in the City of Los Angeles, with over 95 percent of the population being Hispanic. Average family incomes are approximately $20,500, well below the Los Angeles County average. The commercial district is successful due in part to the high level of population density even though the per capita income levels are low. Education levels are also considerably below County averages, with only 23 percent of the population over 25 years of age graduating from high school.

Because of the recent recession, many manufacturing jobs have been lost. The unemployment rate is three times higher around the proposed station than the Los Angeles County average. The second highest industry that employs local residents is the retail (17 percent) industry. The majority of the people, approximately 25 percent, are employed as machinists, and very few in executive and professional level positions.

One of the most distinct characteristics of this area is the high use of public transportation by its residents. Approximately 25 percent of the employed people in this area travel by bus to their place of employment. In contrast, the corresponding figure for Los Angeles County is just six percent. The station will be of great benefit to the public transportation dependent population.

Commercial activity around the proposed station is very active, although the level of activity has decreased from previous years. The primary reason for the decrease in economic activity is the recession. There are many food, restaurant and apparel establishments. However, there is a lack of major retailers in the area.

In terms of supportable development potential for the area, the top recommendations for this station location are mass merchandise, department, home centers and supermarket type of establishments.

Figure IV-1

Economic/Market Analysis

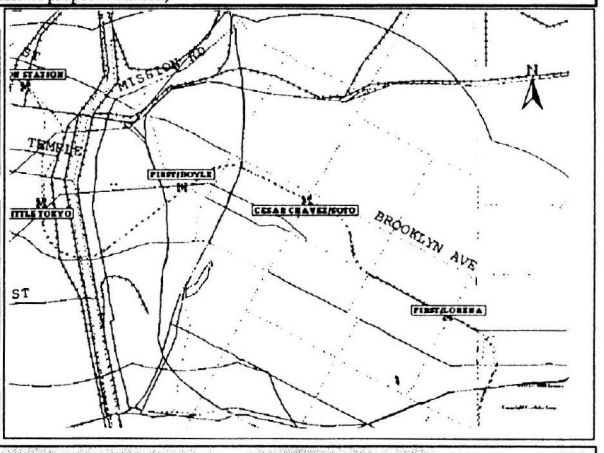
Cesar Chavez/Soto Station

(Within one mile of proposed station)

General Demographics	
Population	66,400
Density (Persons/Acre)	36.00
Households	15,961
Housing Units	16,568

Ethnicity	Persons	%
Hispanic	61,442	92.5%
Asian	2,957	4.5%
White	1,265	1.9%
Black	568	0.9%
Other	204	0.3%

Income	Per Capita	%	Average Household
Brooklyn/Soto	$6,008	48.6%	$24,994
L.A. County	$16,149		



Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
Brooklyn/Soto	24,055	72.0%	4,376	13.0%	3,450	10.0%	1,458	6.0%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Machine Operators	5,789	22.7%	Manufacturing	8,200	33.5%	LAPD - Hollenbeck Division
Private Household	331	14.3%	Retail Trade	3,848	15.7%	Ralphs Market
Precision Production	3,271	12.8%	FIRE	2,335	9.5%	Lincoln Hospital
Handlers	2,072	8.1%	Health Services	1,722	7.0%	
Admin Support	3,656	6.6%	Wholesale Trade	1,659	6.8%	

Existing and Market Potential Demand	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	12,917,000	15,317,000	60,107	71,275	84,164	24,057
Appliance Store	1,450,000	1,438,000	6,771	6,715	1,200	-5,571
Auto-Aftermarket Store	21,070,000	23,522,000	137,983	154,041	17,703	-120,280
Department Store	13,828,000	15,755,000	98,240	111,930	7,000	-91,240
Drug Store	13,280,000	16,612,000	68,550	85,750	16,882	-51,668
Electronic & Video Stores	7,452,000	9,930,000	37,443	55,262	1,500	-35,943
Restaurants	19470000	22479000	88690	102210	216,749	128,059
Furniture Store	4,511,000	4,720,000	25,060	26,220	9,400	-15,660
Grocery/Convenience Stores	71,280,000	83,960,000	199,360	234,820	303,323	103,963
Hardware Store	1,444,000	1,548,000	11,520	12,350	6,572	-4,948
Home Centers	8,438,000	9,034,000	75,580	80,910	0	-75,580
Jewelry Store	2,692,000	2,709,000	5,490	5,530	7,050	1,560
Liquor Store	3,370,000	3,102,000	13,540	12,460	16,613	3,073
Mass Merchandiser Store	17,103,000	19,733,000	135,780	156,660	0	-135,780
Photo Store	303,000	315,000	680	710	0	-680
Shoe Store	2,761,000	3,330,000	11,410	13,760	19,443	8,033
Sporting Goods Store	2,145,000	2,597,000	11,520	13,950	3,000	-8,520
Toy Store	1,045,000	1,039,000	5,190	5,160	3,000	-2,190
Variety Store	1,039,000	1,194,000	9,250	10,630	50,164	40,914

Local Characteristics

The proposed station will be located at the intersection of Cesar Chavez and Soto Avenues, the busiest commercial area of Boyle Heights. The Post Office, Police and Fire Stations and Library are located within the community's Civic Center. Along Cesar Chavez, the primary type of space is neighborhood commercial. The shops tend to be smaller, store-front type with many apparel and eating and drinking establishments. There are few vacancies near this intersection. The brokerage community typically does not lease space in this area when it becomes available, because the owner has few problems leasing the space, without the need of extensive marketing. The vacant JonSons Market on Brooklyn Avenue is the largest building currently available in the area. A portion of the parking lot is currently being used as a recycling center. The parking lot is the largest open space in the area.

Apparel stores in the area primarily specialize in selling western style clothes. Western wear is very popular with the Hispanic population, due in part to the recent popularity of "Banda" (Northern Mexico/Southern California) music and dance. There are also various children and women's apparel boutiques. The eating and drinking establishments are mostly of the fast food variety, as opposed to the full-service restaurant type. There are also a number of small drug stores in this area. Because of the heavily immigrant population, stores specializing in Mexican, medicinal herbs are also prevalent in the area. The majority of the products and services offered are targeted at the local, Hispanic market.

The station is planned next to King Taco, one of the area's most popular eating establishment. In addition, the McDonalds Restaurant located on Soto Street, adjacent to the proposed station is also a popular fast food restaurant. Furthermore, the commercial establishments located next to the proposed station is the Brooklyn Hotel, a two-story structure with daily rates of $29 to $34, which is in need of refurbishment. Payless Shoes, on of the few credit tenants in Boyle Heights, is located at the southwest corner of the intersection of Brooklyn and Soto. According to various sources, sales generated at this location are some of the highest in the country.

There are various public services offered within the proximity of the proposed station. Within approximately half-mile of the proposed station there is an elementary school (Sheridan Street School), a police station, fire station and other public companies such as a library and post office.

Residential uses were built next to commercial establishments in this area. In some cases, there are a mixture of uses within the buildings. For example, the units on the first floor are used by retail tenants, while the upper level floors sometimes contain apartment units. On Soto Street the main type of residential use is multi-family, with single-family dwellings further away from the subject intersection. However, on Cesar Chavez Avenue there are a few single-family dwellings, mixed-use structures and multi-family units located throughout the street.

Existing Conditions

Population

Approximately 18,942 people live within the station influence area (0.4 mile radius) of the proposed station location. This compares with 66,400 people within the larger primary market area (1 mile radius).

Age

The population near the proposed station is relatively young with approximately 36 percent of the population under the age of 18 compared with only 7 percent over the age of 65. In addition, approximately 75 percent of the population is under the age of 39. Compared with the County of Los Angeles figures, there are more pre-school children and less seniors on average. For the station influence area, approximately 12 percent of the population is four years or under which is significantly higher than the county percentages. Furthermore, of the senior population in the area, approximately 1,000 persons live within walking distance (.4 miles) from the station. Elderly people tend to be public transportation dependent.

Density

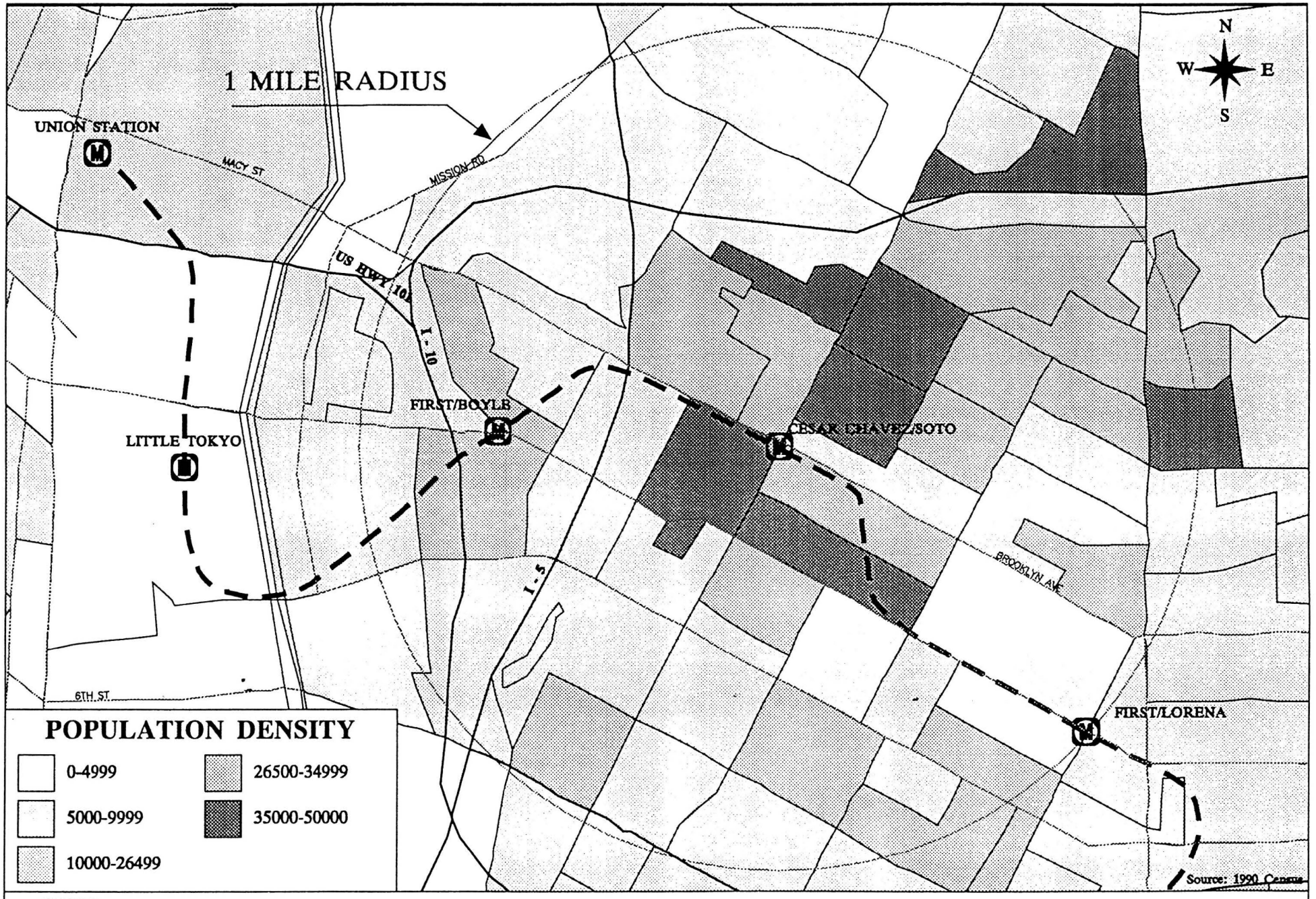
Of the seven stations under consideration, the Cesar Chavez Soto station has the greatest population density. There are almost 50 residents per acre around the proposed station. (See Figure IV-2)

Ethnicity

The population near the proposed station is overwhelmingly Hispanic, with over twice the Los Angeles County percentage. For the station influence area, 95 percent of the population is Hispanic. Approximately, four percent of the population are Asian, and less than one percent is White and Black. For the primary market area, 93 percent are Hispanic, five percent are Asian and approximately two percent are White and one percent area Black. Los Angeles County has approximately ten percent Asian and Black population percentages, with the majority of the population, 41 percent, being White.

Per Capita Income/Average Household Income

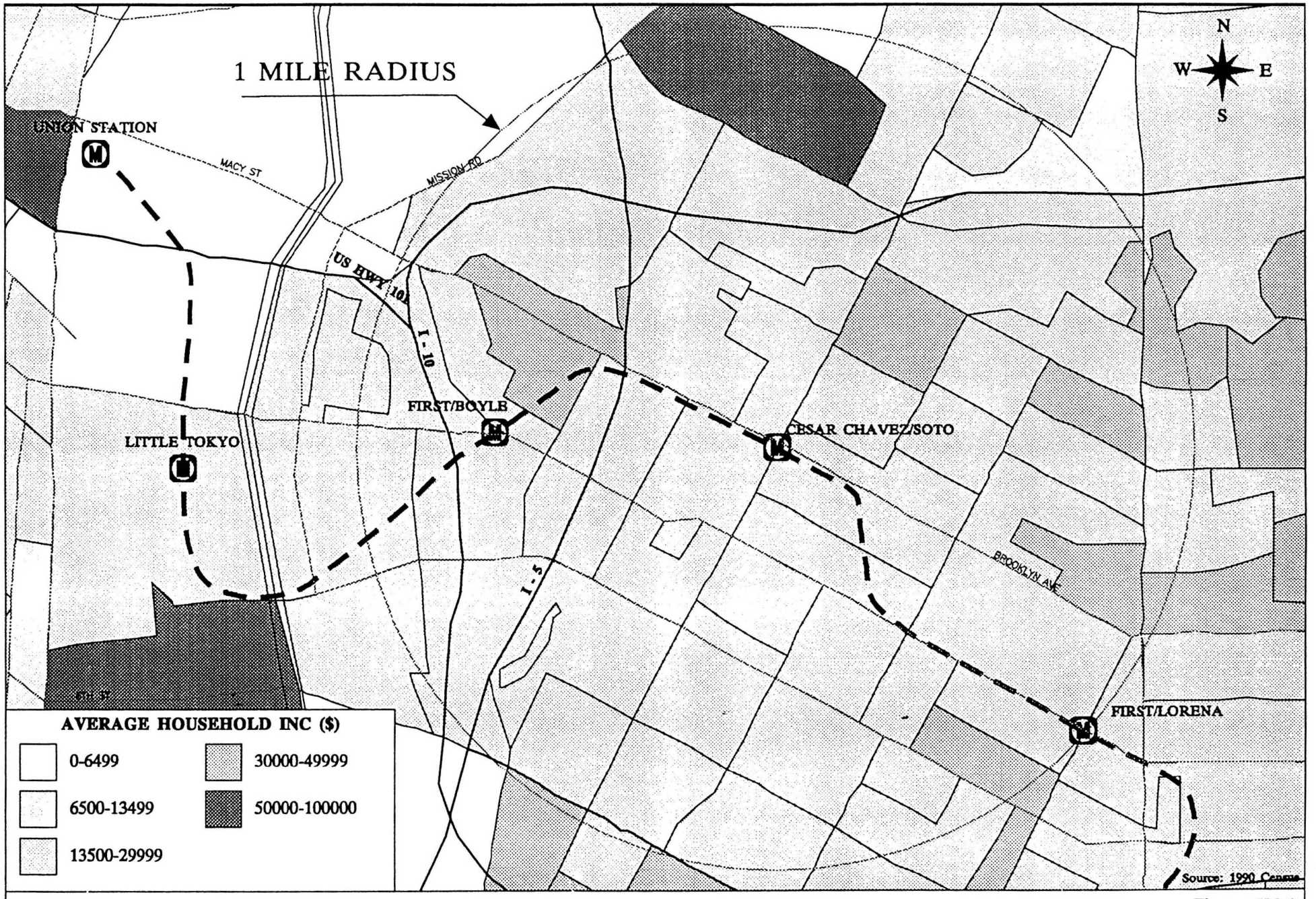
Income levels are very low, specifically within the station influence area. Per capita income within the station influence area and the primary market area of the proposed station is approximately $6,000 per year. The Los Angeles County annual per capita income figure ($16,149) is more than double the local figure. The yearly average household income is $20,500 within the station influence area and $22,000 per year within the primary market area. (See Figure IV-3) The Los Angeles County average household income is approximately $35,000 per



CESAR CHAVEZ/SOTO STATION: POPULATION DENSITY

METRO RED LINE EAST SIDE EXTENSION

Figure IV-2



CESAR CHAVEZ/SOTO STATION: AVERAGE HOUSEHOLD INCOME

Figure IV-3

METRO RED LINE EAST SIDE EXTENSION

year or more than $15,000 the income of households that live within walking distance of the proposed station.

Education

Education levels are very low within the immediate station area. Over 77 percent of people over 25 years old living near the proposed station did not complete their high school education. However, Los Angeles County has 30 percent of the population without having completed high school. Only three percent of the population (277 people within the station influence area and 1,458 people within the primary market area) are college graduates, compared with 30 percent for Los Angeles County.

Industries(Type and # of Jobs)

Approximately 34 percent of the people that live within the station influence area and the primary market area of the proposed station work in the manufacturing industry. Approximately 20 percent of the population in Los Angeles County are employed in the manufacturing/wholesale industry. The second largest industry that employs local residents is the retail industry, with 17 percent of the total workforce.

Occupations

There are over 1,700 people, or 25 percent of the workforce, within the station influence area that are employed as machine operators, the leading local occupation. Only eight percent of the Los Angeles County population are employed as machinists. Service professions are the second leading type of jobs in the local area. The difference, in terms of number of executive level and professional positions, between the subject station influence area, the primary market area and the County is significant. Only four percent of the population, within the station area are employed at executive level positions. The corresponding figure for Los Angeles County is 13 percent. Also, only four percent of the local population are employed in professional occupations. On average, the Los Angeles County percentage is almost four times that amount.

Major Employers (100 Employees+)

There are various major companies or organizations located in close proximity to the proposed station. The following companies or organizations, located within the station influence area , employ over 100 people:

- Los Angeles Police Department - Hollenbeck Division
- Ralphs Market
- Lincoln Hospital

Unemployment Rate

The unemployment rate within the station influence area and the primary market area of the proposed station was 13 and 14 percent, respectively, significantly higher than Los Angeles County percentages.

Major Arterials, Freeways

The proposed station location is located near three major highways, U.S. Highway 101, Interstate 5 and Interstate 10 are in close proximity to the proposed station. First Street is a widely used arterial to get into Downtown Los Angeles. The main streets, besides Cesar Chavez Avenue and Soto Streets near the proposed station include First and Fourth Streets.

Means of Transportation

Approximately 40 percent of the people within the station influence area drive alone to their place of employment. The figure is significantly lower than the 70 percent figure for the Los Angeles County area. The second major means of transportation within the station influence area is by bus. One quarter of all workers or about 1,779 people travel by bus to their place of employment. In contrast, only six percent of the Los Angeles County population take the bus to work.

Travel Time To Work

Many employees within the station influence area take trips that take 30 minutes or less to their place of employment. Thus, most residents tend to live in the community that they are employed. Almost 4,000 people take less than 30 minutes to get to their place of employment. About 1,600 people take between a 30 to 45 minutes to travel to work, and over 1,100 take between 45 to 89 minutes to travel to work.

Housing Stock

There are 4,633 housing units, with a vacancy rate of four percent, within the station influence area of the proposed station. Almost all of the housing units (79 percent) are occupied by renters. The majority of the housing stock, approximately 70 percent, was built during the 1950's or earlier. Average residential values are approximately $137,000, with median rents being approximately $4111 per month.

Commercial Overview

Commercial Establishments

There is a great deal of commercial activity in the vicinity of the proposed Cesar Chavez/Soto

station. (See Figure IV-4) The businesses within the Cesar Chavez/Soto station area consist primarily of grocery/convenience stores, restaurants, apparel stores, variety stores and shoe stores. These commercial establishments comprise the majority of square footage along Cesar Chavez.

Type of Commercial	Existing Square Footage
Grocery/Convenience	303,300
Restaurants	216,700
Apparel	84,200
Variety	50,200
Shoe	19,400

Recommendations

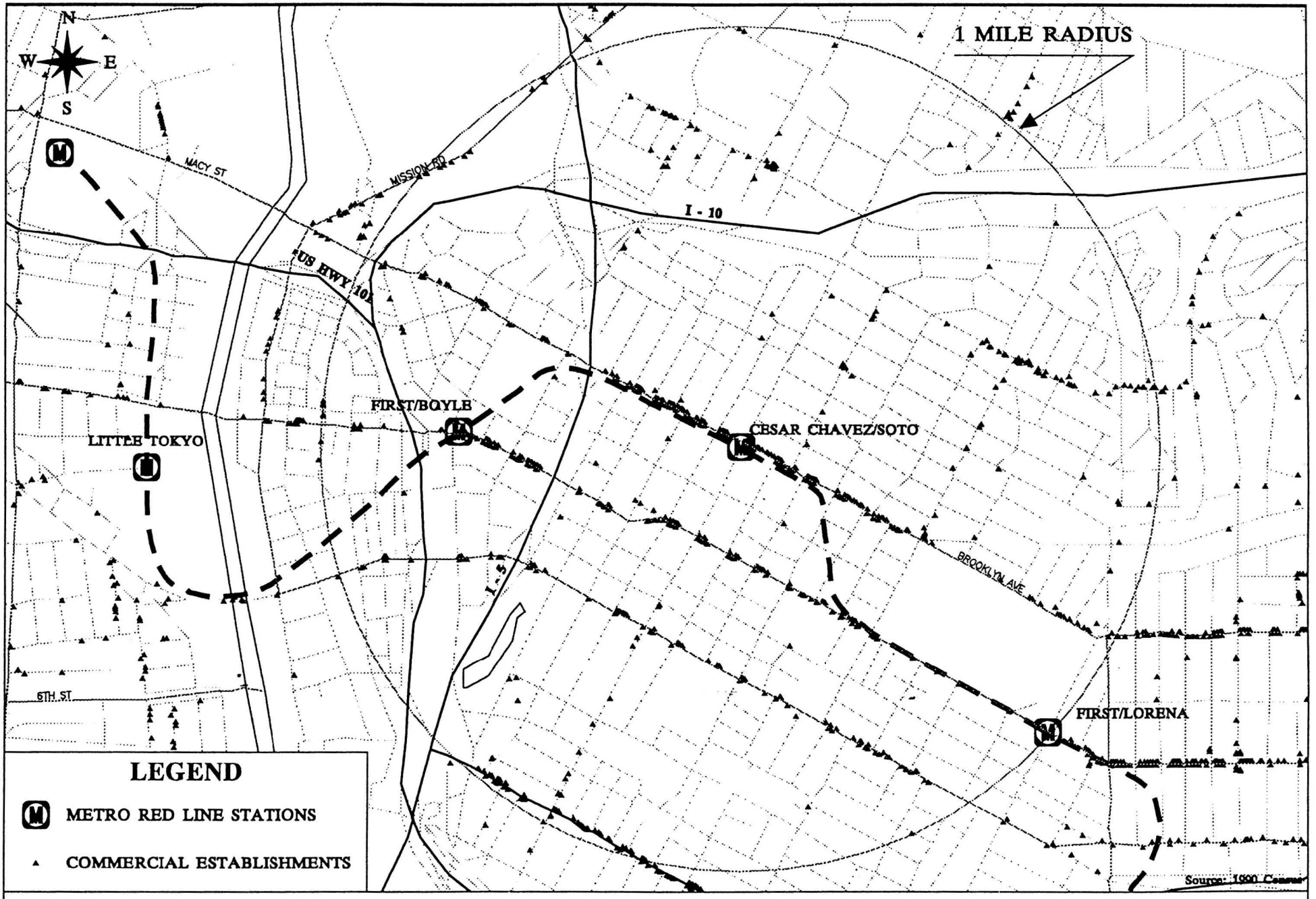
Market Retail Potential

There is a lack of supply of certain commercial establishments near the station area. The key type of commercial establishments that the Cesar Chavez/Soto station area shows a need for includes: mass department stores, auto, department store, home centers, drug stores and electronic/video stores. In addition, there is also a need for a supermarket, since Jonsons, one of the area's few supermarkets closed recently.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandise	156,600
Auto	120,300
Department Store	91,200
Home Centers	80,900
Drug	51,700
Electronic/Video	36,000

Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. A summary of the cost components is presented below:



CESAR CHAVEZ & SOTO: COMMERCIAL ESTABLISHMENTS

Figure IV-4

METRO RED LINE EAST SIDE EXTENSION

Item	Cost of Item Per Square Foot
Land	$35
Store Building	$75
Other Costs*	$35
Developer Profit(8%)	$12
Total	$157

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $1.57 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions to finance a project, lease rates would have to be in the $1.80+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.

V. FIRST AND LORENA STATION MARKET ANALYSIS

V. FIRST AND LORENA STATION MARKET ANALYSIS

Summary of Findings

The station at First Street and Lorena Avenue is located in the eastern section of the Boyle Heights community. The Boyle Heights community is situated east of Downtown Los Angeles, west of East Los Angeles, south of City Terrace and north of the City of Vernon. (See Figure V-1) The surrounding neighborhood is primarily residential, with commercial establishments along First Street and a commercial corridor several blocks east of the station location. The station is the fourth of seven stations proposed to be built for the Metro Red Line East Side Extension, running from Union Station to Atlantic Boulevard. The First/Lorena station is proposed to be the terminus of the initial operable segment to be built in the first phase of the project.

The majority of the population living near the proposed station area is relatively young, under the age of 39 (74%), and predominantly Hispanic (97%). In 1990, the unemployment rate for the area (12%) was higher than the Los Angeles County average of five percent. In addition, family incomes range from $11,100 to $12,300 less than the Los Angeles County average of $35,000. Furthermore, approximately 70 percent of the population over 25 years of age have not completed their high school education. For those who are employed, the leading occupations in the area are machine operators (19%) and administrative support (17%). The industries providing the greatest number of jobs for the local population include Manufacturing (35%) and the Services industry (20%).

First Street is an important gateway that leads east, into Downtown Los Angeles, and west, into East Los Angeles. The First Street bridge crosses the Los Angeles River and provides direct access to many of the government buildings located in downtown. The First/Lorena station is located in close proximity to the border separating the City and County of Los Angeles, at Indiana Avenue. The majority of the commercial establishments surrounding the station are located along First Street, specifically east of the station location. Several blocks east of the station, there is the First Street commercial corridor that stretches from Indiana Avenue to Rowan Avenue. Along this stretch of commercial establishments, many small retail shops can be found. The commercial strip, though not large, is a major shopping area for many residents in the community. In addition, along First Street adjacent to the station location is El Mercado ("the marketplace") which houses many retail stores, restaurants and specialty shops that cater to the local Mexican-American community.

Other types of commercial establishments that share space along First Street include grocery/convenience stores, restaurants, apparel stores, auto stores and liquor stores. For the First/Lorena station location there is additional supportable space for mass merchandiser stores, auto stores, home centers, department stores and drug stores.

Figure V-1

Economic/Market Analysis

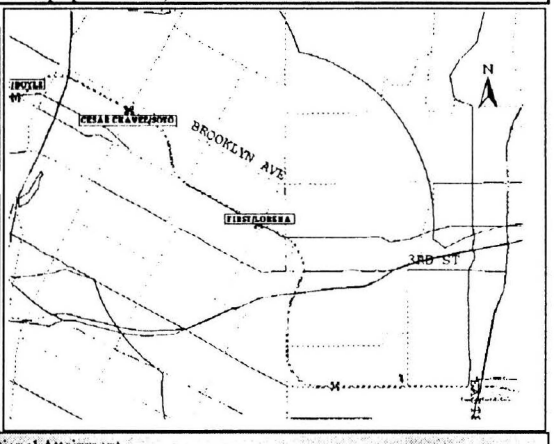
First/Lorena Station

(Within one mile of proposed station)

General Demographics	
Population	66,000
Density (Persons/Acre)	36.00
Households	15,714
Housing Units	16,166

Ethnicity	Persons	%
Hispanic	64,057	97.1%
Asian	1,458	2.2%
White	732	1.1%
Black	194	0.3%
Other	191	0.3%

Income	Per Capita	%	Average Household
1sr/Lorena	$6,399	48.6%	$26,876
L.A. County	$16,149		



Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
1st/Lorena	24,640	74.0%	4,472	13.0%	3,219	10.0%	1,195	3.0%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Machine Operators	5,549	21.7%	Manufacturing	1,397	34.6%	Mercado de Los Angeles
Admin Support	3,891	14.9%	Retail Trade	2,262	16.7%	Ralphs Market
Precision Production	3,504	13.7%	Wholesale	4,067	7.6%	
Service	3,165	12.4%	Construction	8,412	6.1%	
Handlers	2,062	8.1%	Transportation & Public Utilities	1,860	5.7%	

Existing and Market Potential Demand	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	12,817,000	14,791,000	59,642	68,827	58,189	-1,453
Appliance Store	1,505,000	1,456,000	7,028	6,799	800	-6,228
Auto-Aftermarket Store	22,052,000	24,026,000	144,414	157,341	37,987	-106,427
Department Store	13,821,000	15,350,000	98,190	109,050	15,435	-82,755
Drug Store	13,034,000	15,936,000	67,280	82,260	15,082	-52,198
Electronic & Video Stores	7,345,000	9,571,000	36,858	53,315	0	-36,858
Restaurants	19,100,000	21,549,000	86,970	97,930	189,414	102,444
Furniture Store	4,635,000	4,725,000	25,750	26,250	13,500	-12,250
Grocery/Convenience Stores	82,912,000	94,672,000	222,382	254,370	361,369	138,987
Hardware Store	1,545,000	1,621,000	12,330	12,930	0	-12,330
Home Centers	9,039,000	9,464,000	80,960	84,760	0	-80,960
Jewelry Store	2,680,000	2,633,000	5,470	5,370	6,450	980
Liquor Store	3,371,000	3,020,000	13,540	12,130	19,070	5,530
Mass Merchandiser Store	17,019,000	19,159,000	135,110	152,100	0	-135,110
Photo Store	306,000	306,000	690	690	0	-690
Shoe Store	2,726,000	3,201,000	11,260	13,230	12,612	1,352
Sporting Goods Store	2,096,000	2,475,000	11,260	13,290	3,000	-8,260
Toy Store	1,013,000	986,000	5,030	4,900	3,000	-2,030
Variety Store	1,032,000	1,162,000	9,190	10,350	0	-9,190

Local Characteristics

The proposed station will be located at the intersection of First Street and Lorena Avenue in an on-street east/west configuration, straddling Lorena Avenue. The topography of the area includes gentle downward sloping on both sides of First Street as viewed from north and south points along Lorena Avenue. First Street is a major arterial and the commercial strip, east of the station location, has recently been improved. Redevelopment of the area has been done through improvements in street landscaping, design and signage that is reflective of the surrounding community. In addition, El Mercado has been improved in recent years through various remodeling efforts. As a retail and entertainment center, it attracts the greatest number of customers in the immediate area. For many residents in the community, both the First Street commercial corridor and El Mercado are important commercial centers.

Businesses within the immediate area of the station include two small fast-food restaurants, a large hardware store with a connecting lumber yard, El Mercado and a convenience store. In addition, there are also various residential properties located near the proposed station location that consist of both single-family and multi-family units.

The small retail shops along the First Street commercial corridor depend upon foot traffic. The sidewalks fronting the commercial properties have moderate to high volumes of pedestrian traffic, especially during the peak hours of the day. Parking spaces, fronting the commercial establishments, are limited. For the El Mercado, there is a very large parking lot in the back of the building to serve customers. This commercial establishment is enclosed and, therefore, has pedestrian traffic that is off-street and inside of the building. The bus lines running down First Street are used extensively by the local population to get to the commercial centers.

Community organizations and facilities in the area include a school, churches, a cemetery and an outreach center. These facilities are located within the primary market area (1 mile radius) of the station location. The only school in the area is Ramona High School, serving young women in the community. In addition, there are many churches in the area including El Aposento Alto, Evergreen Baptist Church, Iglesia Evangelica, La Trinidad Methodist Church, Latin American Free Methodist Church, Los Angeles Japanese Bapatist Church, Mount Carmel Missionary Baptist Church, Paraiso Spanish Congregation and Roca de Salvacion. There is also the Evergreen Cemetery located in the area. Other organizations include the Evergreen Japanese Bilingual Outreach Center.

Historic properties found to appear eligible for listing in the National Register as a result of a survey *(Myra L. Frank Associates)* and requiring a consensus determination from the State Historic Preservation Office, include the Evergreen Cemetery/Ivy Chapel, 204 South Evergreen Street, Los Angeles, built in 1903.

Existing Conditions

Population

The population for the station influence area (.4 mile radius) of the First/Lorena station is 11,600. When looking at the primary market area (1 mile radius), the population rises to a high 66,000 people. The First/Lorena station area has the second largest population of all seven stations.

Age

The First/Lorena station area has a very young population with an almost equal proportion of the population under 18 and between the ages of 19 to 39, 36 and 38 percent respectively. This compares with senior citizens (over 65) at only eight percent.

Density

Population density for the First/Lorena station influence area is high with an average of 35 persons per acre. (See Figure V-2) Density levels are highest southwest of the proposed station location, where density can reach 78 persons per acre.

Ethnicity

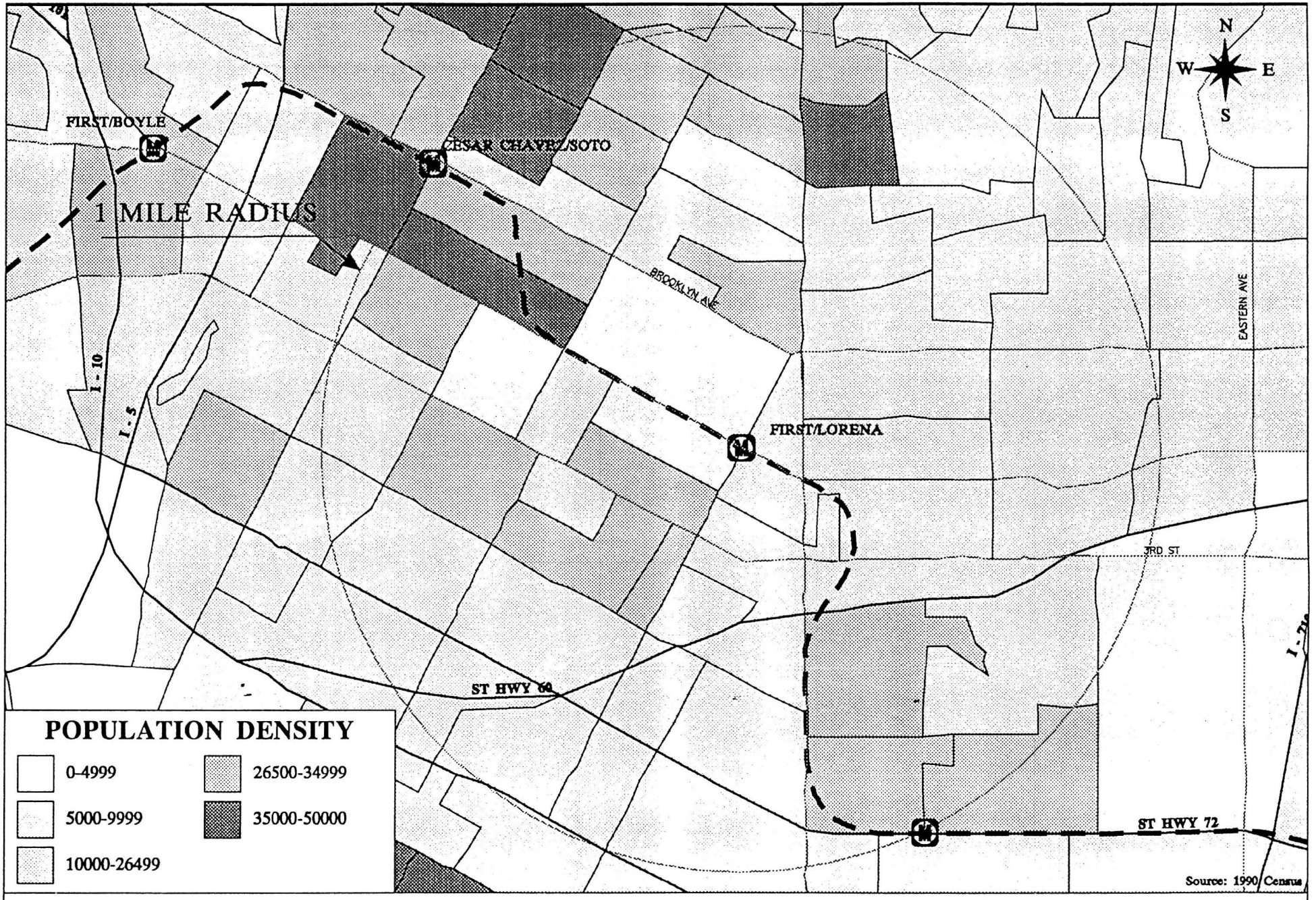
The population near the proposed station is almost entirely Hispanic (97%). The remaining three percent includes: White, Black, Asian, American Indian and other populations.

Per Capita Income/Average Household Income

Income levels are very low, specifically within the station influence area of the proposed station. Per capita income levels within both the station influence area and the primary market area of the station are approximately $6,000 per year. The Los Angeles County per capita income of $16,100 is more than double the local figure. Average household incomes of $23,900, within the station influence area, and $22,700, in the primary market area, are also low compared to the Los Angeles County average which is approximately $35,000 per year. (See Figure V-3) In some cases, lower income levels can be linked to densely populated areas and low educational levels, as described below.

Education

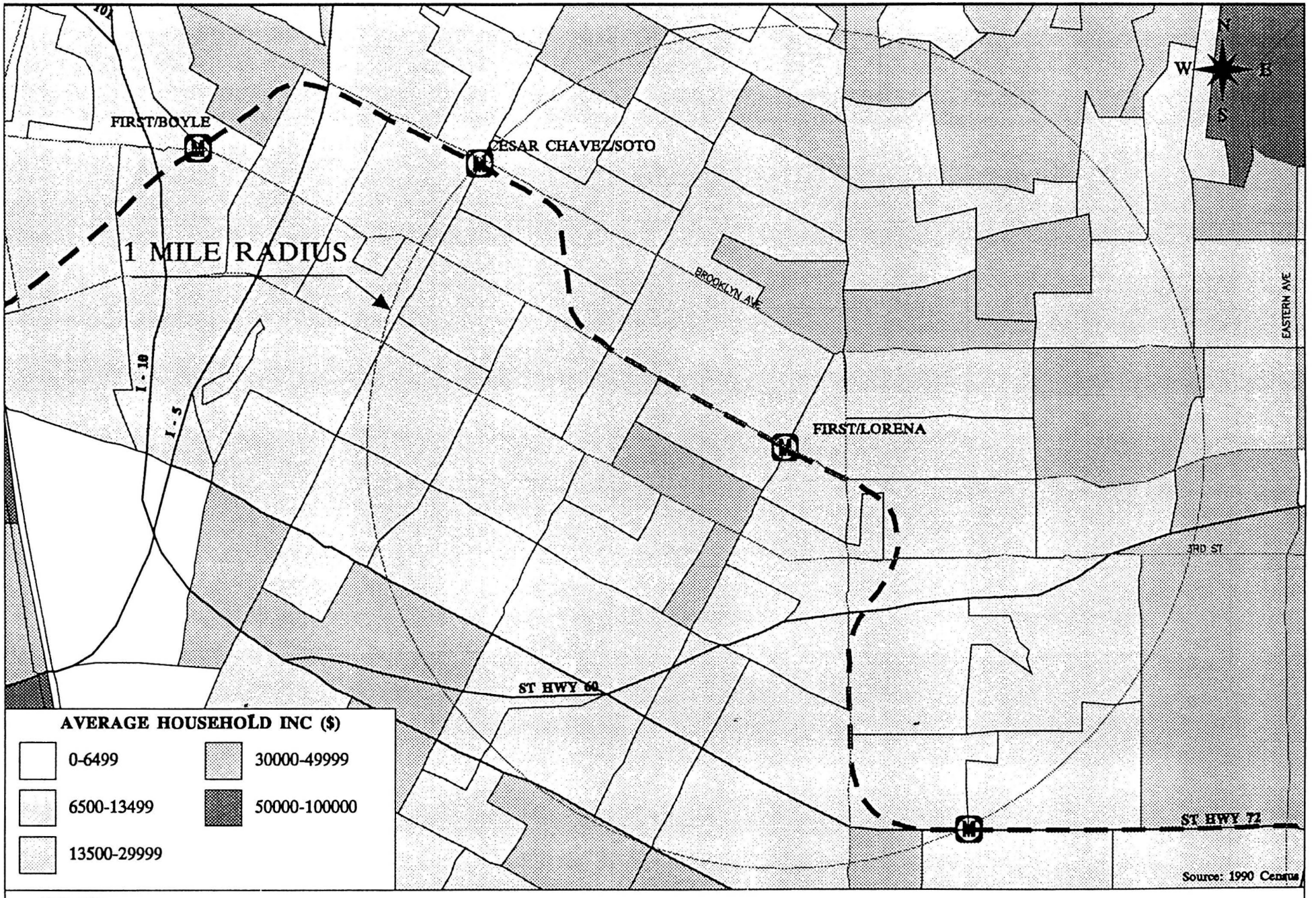
Within the immediate area of the First/Lorena station location educational attainment levels are very low. Over 70 percent of the population over 25 years of age have not completed their high school education. In contrast, Los Angeles County has only 30 percent of the population who have not completed their high school education. In addition, only six percent of the population are college graduates, compared with 30 percent for Los Angeles County.



FIRST/LORENA STATION: POPULATION DENSITY

Figure V-2

METRO RED LINE EAST SIDE EXTENSION



FIRST/LORENA STATION: AVERAGE HOUSEHOLD INCOME

METRO RED LINE EAST SIDE EXTENSION

Figure V-3

Industries (Type and Number of Jobs)

Approximately 35 percent of the people that live within the primary market area work in the Manufacturing industry compared with approximately 21 percent of the population in Los Angeles County. The second largest industry is the Services industry with 20 percent of the total workforce. In comparison, the Services industry is the largest employer in the County, with 34 percent of the population. The Services sector consists of personal, entertainment, health, educational and other professional services. Approximately 16 percent of the workforce is in the retail industry.

Occupations

The leading occupations within the area are machine operators (19%) and administrative support positions (17%). Although machine operating represents the leading occupation for the station area, for Los Angeles County machine operators represent only eight percent of the population. For Los Angeles County, it is service occupations (28%) that is the leading occupation, followed by administrative support (16%).

Major Employers (100 Employees+)

There are two businesses within the primary market area of the First/Lorena station which employ over 100 employees, as follows:

- El Mercado de Los Angeles
- Ralphs Market

Unemployment Rate

The unemployment rate within the station influence area and the primary market area of the proposed station was 12 percent in 1990, considerably higher than the five percent unemployment rate for Los Angeles County.

Major Arterials, Freeways

The major arterial in the area of the station location is First Street. This major gateway runs west into Downtown Los Angeles and east into East Los Angeles, and is used heavily by both cars and bus lines. A major connector to First Street is Lorena Avenue, bringing people from the north and south to the major corridor. The other major arterials within the area of the proposed station include Cesar Chavez Avenue, Indiana and Third Streets. The closest freeway in the area is the Pomona Freeway (60), located south of the station location.

Means of Transportation

Approximately 48 percent of the people within the station area drive alone to their place of employment. The figure is significantly lower than the 70 percent for the Los Angeles County area. Approximately 22 percent of all workers or about 670 people travel by bus to their place of employment. In contrast only six percent of the Los Angeles County population take the bus to work. The third major means of transportation within the station area is by carpool.

Travel Time To Work

The majority of the population (57%) make short trips (less than 30 minutes) to their place of employment. Most people, 37 percent, take between 15 and 29 minutes to get to their job location. An additional 20 percent take less than 15 minutes to get to their place of employment. Based on travel time, individuals taking less than 15 minutes to get to their place of employment usually work within their community. In comparison, individuals taking more than 15 minutes usually travel out to neighboring communities to work. For the First/Lorena station area, 41 percent of the population takes more than 30 minutes to get to their place of employment.

Housing Stock

There are 2,120 housing units within the station influence area and 16,170 housing units within the primary market area of the First/Lorena station. Approximately half (50%) of the housing stock in the area is comprised of multi-family units and half (50%). In the station area, renters occupy 69 percent of the housing stock, with the remaining 31 percent is owner-occupied. In 1990 the vacancy rate was three percent, indicating a very high demand for available housing. The are has moderate overcrowding with 1.10 persons per room. Almost half of the units (42%) were built in the 1930's or earlier, while only eight percent were built in the 1980's. Average residential value is approximately $135,000, with the average rent being $400 per month.

Commercial Overview

Commercial Establishments

The type of commercial space within the First/Lorena station area consists primarily of grocery/convenience, restaurants, apparel, auto and liquor stores. Based on square footage, the largest of these commercial uses within the study area are listed below. (See Figure V-4)

Type of Commercial	Existing Square Footage
Grocery/Convenience	361,400
Restaurants	189,400
Apparel	58,200
Auto	38,000
Liquor	19,100

Recommendations

Market Potential

The market potential for certain commercial establishments near the station area depends on the unmet supportable demand. Below is a list of the largest commercial categorizes with unmet supportable demand.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandise	152,000
Auto	106,400
Home Centers	81,000
Department Store	82,800
Drug	52,200

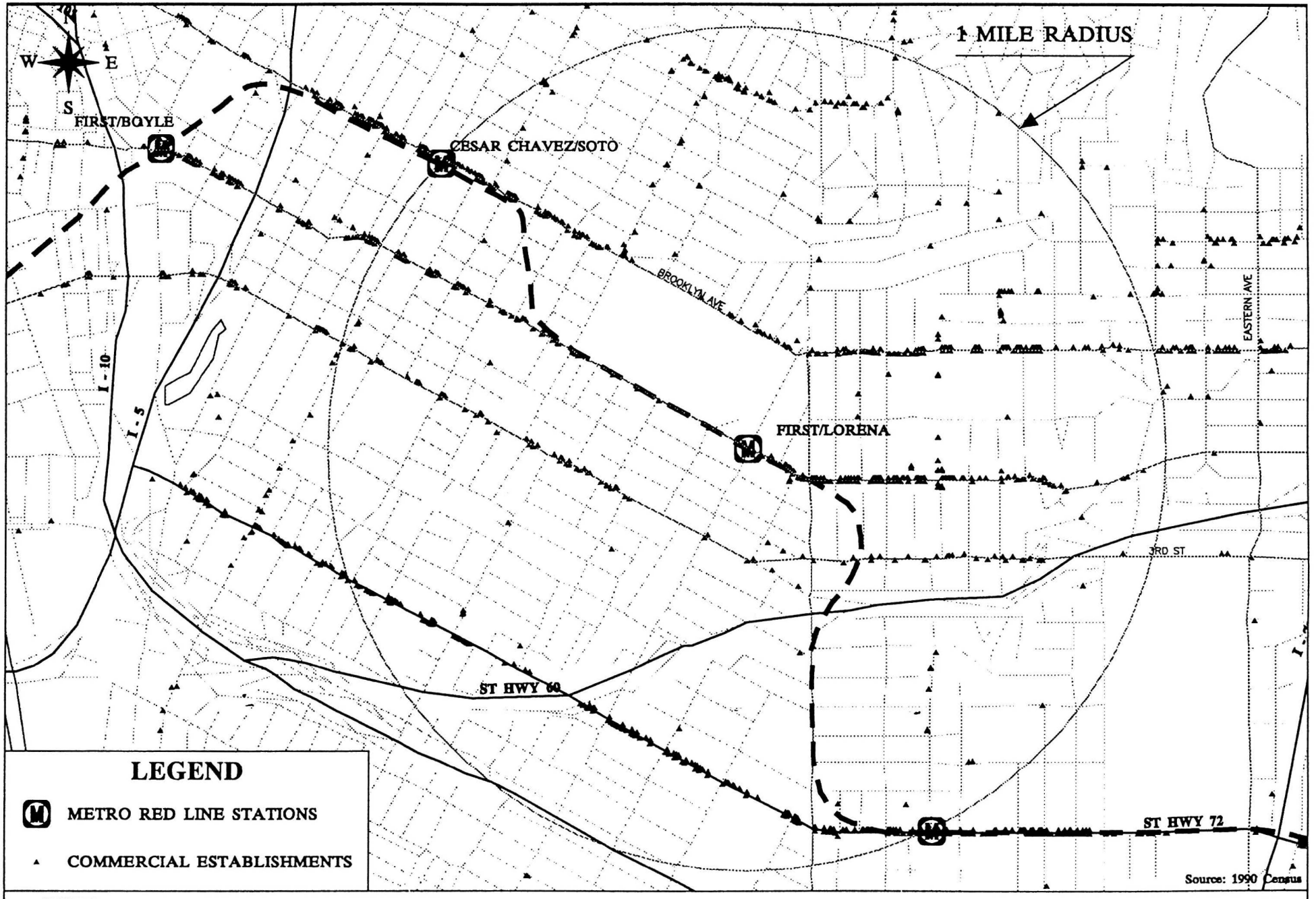
Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. A summary of the cost components is presented below:

Item	Cost of Item Per Square Foot
Land	$10
Store Building	$75
Other Costs*	$35
Developer Profit (8%)	$9
Total:	$129

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $0.86 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions to finance a project, lease rates would have to be in the $1.00+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for



FIRST & LORENA: COMMERCIAL ESTABLISHMENTS

METRO RED LINE EAST SIDE EXTENSION

Figure V-4

construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.

VI. WHITTIER AND ROWAN MARKET ANALYSIS

VI. WHITTIER AND ROWAN STATION MARKET ANALYSIS

Summary of Findings

The station at Whittier Boulevard and Rowan Avenue is located in the community of East Los Angeles in the neighborhood of Laguna. Laguna is situated east of Boyle Heights, west of Montebello, south of Monterey Park and north of the City of Commerce. (See Figure VI-1) The surrounding neighborhood is primarily residential with some industrial land uses and commercial establishments located along Whittier Boulevard. This proposed station is the fifth of seven stations to be built for the Metro Red Line East Side Extension extending from Union Station to Atlantic Boulevard.

The population living near the Whittier/Rowan station area is predominantly Hispanic (97%) and relatively young, between the ages of 19 and 39 (38%). Economically, the local population's income is $6,700 to $10,200 less than the Los Angeles County annual average of $35,000. Furthermore, the unemployment rate for the area is very high (12%), almost three times that of the County average of five percent. In addition, the vast majority of the population over 25 years of age has not graduated from high school. The industry providing the highest number of jobs for the local population is Manufacturing (36%). In relation to occupations, the majority of the population is employed in service occupations (29%), while the second leading occupation is machine operators (22%).

Whittier Boulevard is a both a popular and major arterial leading west, into Downtown Los Angeles, and east, into suburban residential neighborhoods. Intersecting Whittier Boulevard is Rowan Avenue, running north and south. The Whittier Boulevard corridor has the highest concentration of commercial activity beginning east of Interstate 710 to Atlantic Boulevard. The Whittier/Rowan station area is located several blocks west of Interstate 710, where fewer commercial establishments exist and commercial activity is not as high. Smaller commercial establishments, such as retail shops, restaurants and many medical-related offices can be found in the Whittier/Rowan area.

The commercial establishments located along Whittier Boulevard at Rowan Avenue consist of restaurant and furniture store space. Other commercial establishments that share the space along the Boulevard include apparel stores, grocery/convenience stores, and liquor stores. For this particular location, there is additional supportable space for mass merchandiser stores, auto-aftermarket stores, home centers, department stores and drug stores.

Figure VI-1

Economic/Market Analysis

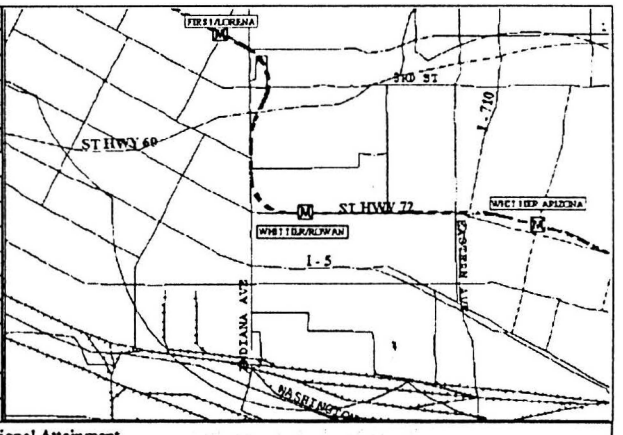
Whittier/Rowan Station

(Within one mile of proposed station)

General Demographics	
Population	45,175
Density (Persons/Acre)	16973.00
Households	10,177
Housing Units	10,606

Ethnicity	Persons	%
Hispanic	44046	97.5%
White	551	1.2%
Asian	284	0.6%
Other	234	0.5%
Black	60	0.1%

Income	Per Capita	%	Average Household
Whittier/Rowan	6622	48.6%	$29,198
L.A. County	$16,149		



Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
Whittier/Rowan	16,804	37.2%	3,047	6.7%	2,058	4.6%	627	1.4%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Machine Operators	3,857	8.5%	Retail Trade	22,744	50.3%	Los Angeles Community Hospital
Admin Support	2,473	5.5%	Manufacturing	5,859	13.0%	Pillowtex Corporation
Precision Production	2,313	5.1%	FIRE & Business Services	1,376	3.0%	Ford Elementary - L.A.U.S.D.
Service	2,042	4.5%	Wholesale Trade	1,165	2.6%	Jezebel Renee of Hollywood
Handlers	1,411	3.1%	Transportation & Public Utilities	1,028	2.3%	Somma Mattress Company

Existing and Market Potential Demand	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	8,127	9,050	37,818	42,113	81,194	43,376
Appliance Store	975	921	4,553	4,301	0	-4,553
Auto-Aftermarket Store	14,713	15,704	96,352	102,842	35,232	-61,120
Department Store	8,818	9,470	62,650	67,280	16,435	-46,215
Drug Store	8,188	9,703	42,270	50,090	13,200	-29,070
Electronic & Video Stores	4,701	5,932	23,774	33,302	0	-23,774
Restaurants	11,896	12,957	54,160	58,860	133,920	79,760
Furniture Store	2,986	2,940	16,590	16,330	109,968	93,378
Grocery/Convenience Stores	53,736	59,655	144,028	160,137	172,516	28,488
Hardware Store	1,015	1,036	8,100	8,270	8,496	396
Home Centers	5,886	5,947	52,720	53,260	0	-52,720
Jewelry Store	1,691	1,611	3,450	3,290	2,700	-750
Liquor Store	2,133	1,842	8,570	7,400	19,846	11,276
Mass Merchandiser Store	10,920	11,899	86,690	94,470	0	-86,690
Photo Store	200	193	450	430	0	-450
Shoe Store	1,729	1,956	7,140	8,080	2,300	-4,840
Sporting Goods Store	1,347	1,551	7,230	8,330	2,000	-5,230
Toy Store	661	616	3,280	3,060	700	-2,580
Variety Store	659	720	5,870	6,410	10,760	4,890

Local Characteristics

The proposed station is located in an on-street east/west configuration along Whittier Boulevard, straddling Rowan Avenue. The topography of the station area is primarily flat. Whittier Boulevard is one of the most popular corridors in the community. The most popular segment of Whittier Boulevard is located several blocks east of the Whittier/Rowan station area, where the majority of commercial establishments and restaurants exist. Although activity is not as high, residents do shop at the local retail shops, variety stores and restaurants that are located in the immediate area. The lower commercial activity is in part due to the high concentration of medical related offices located in the station influence area, including dental offices and two small hospitals. These medical facilities are used heavily by the local community. The Whittier/Rowan station area is also characterized by small retail shops which front lots that are shared with both single and multi-family units. Although this is not the most heavily used segment of the Whittier Boulevard corridor, it is important in the development of East Los Angeles and to the residents who use it.

The commercial establishments that exist along Whittier Boulevard and Rowan Avenue depend largely upon foot traffic. However, due to the low number of commercial establishments, there is not a high volume of pedestrian traffic in the area. Residents in the area are high users of public transportation along Whittier Boulevard, going east into Downtown Los Angeles or west to the commercial strip past Interstate 710. Although parking in the area is limited, it is not difficult to find parking fronting commercial establishments.

Community organizations and facilities in the area include hospitals, health clinics, elementary schools, churches, a convalescent home, a park and cemetery. These facilities are located within the primary market area (1 mile radius) of the Whittier/Rowan station. Two small hospitals in the area include East Los Angeles Doctors' Hospital and Los Angeles Community Hospital, both of which are used extensively by the local community. Schools in the area include Eastman Avenue Elementary, Rowan Avenue Elementary, and Robert Louis Stevenson Junior High School. There are also a variety of churches in the area of differing denominations, including Bethnay Cong Church, Center Christ, La Iglesis de Dios, New Beginning Christian Fellowship and Iglesia Evangelica Rey de Gloria Church. In addition, there is one convalescent home in the area, Joseph Vasquez Senior Citizens Center. Located east of the station location is New Calvary Catholic Cemetery. There is also one park located in the area, Ruben F. Salazar Park. Other facilities in the area include the Plaza Community Center and the Community Health Foundation.

There are no historic properties found to appear eligible for listing in the National Register at this station location.

Existing Conditions

Population

According to the 1990 Census, there were 16,000 people living in the station influence area (.4 mile radius), and 45,200 people living within the primary market area (1 mile radius) of the Whittier/Rowan station.

Age

The majority of the population within the Whittier/Rowan station influence area is relatively young 75 percent under the age of 39. Senior citizens comprise the smallest age group at eight percent compared with 37 percent under the age of 18. In addition, 17 percent of the population is between the ages of 40 and 64 years of age.

Density

Population density for the area is somewhat high and greatest immediately around the station. (See Figure VI-2) Overall, density for the Whittier/Rowan primary market area averages 32 persons per acre. Within the station influence area, the population density falls to 27 persons per acre.

Ethnicity

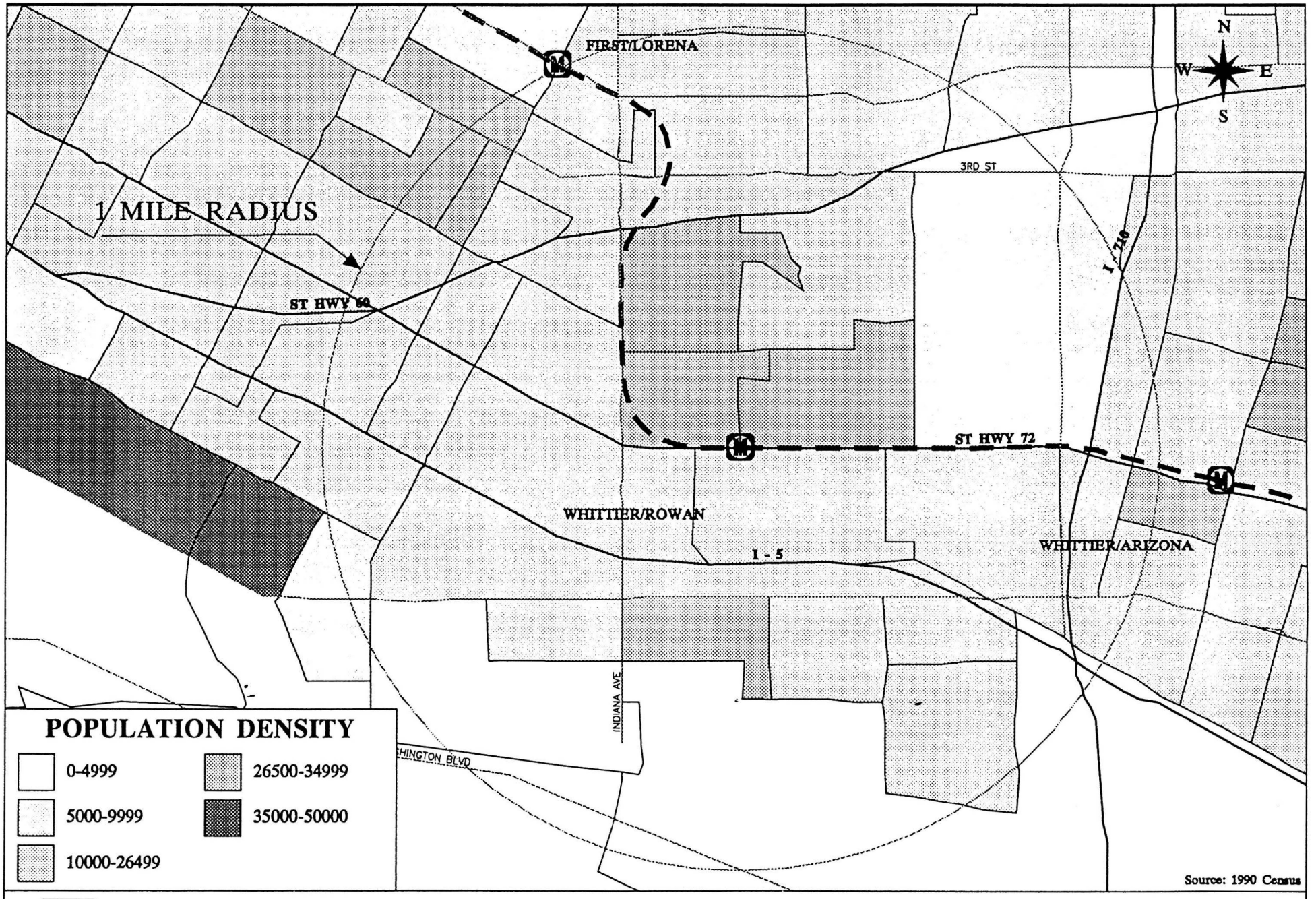
The vast majority of the population living near the station area is Hispanic (97%), more than double the Los Angeles County average. The remaining three percent of the population includes: White, Black, American Indian, Asian and other populations.

Per Capita Income/Average Household Income

Lower income levels can be attributed to high density areas and, also, lower education attainment. Income levels for the Whittier/Rowan station area are much lower than the Los Angeles County average. Per capita income levels are $5,800 per year for the station influence area and $6,500 per year for the primary market area. In comparison, the Los Angeles per capita income level is $16,100 per year. The average household income for the station influence area is $28,300 and $24,800 for the primary market area. (See Figure VI-3) Income levels are $6,700 to $10,200 less than the County annual average of $35,000.

Education

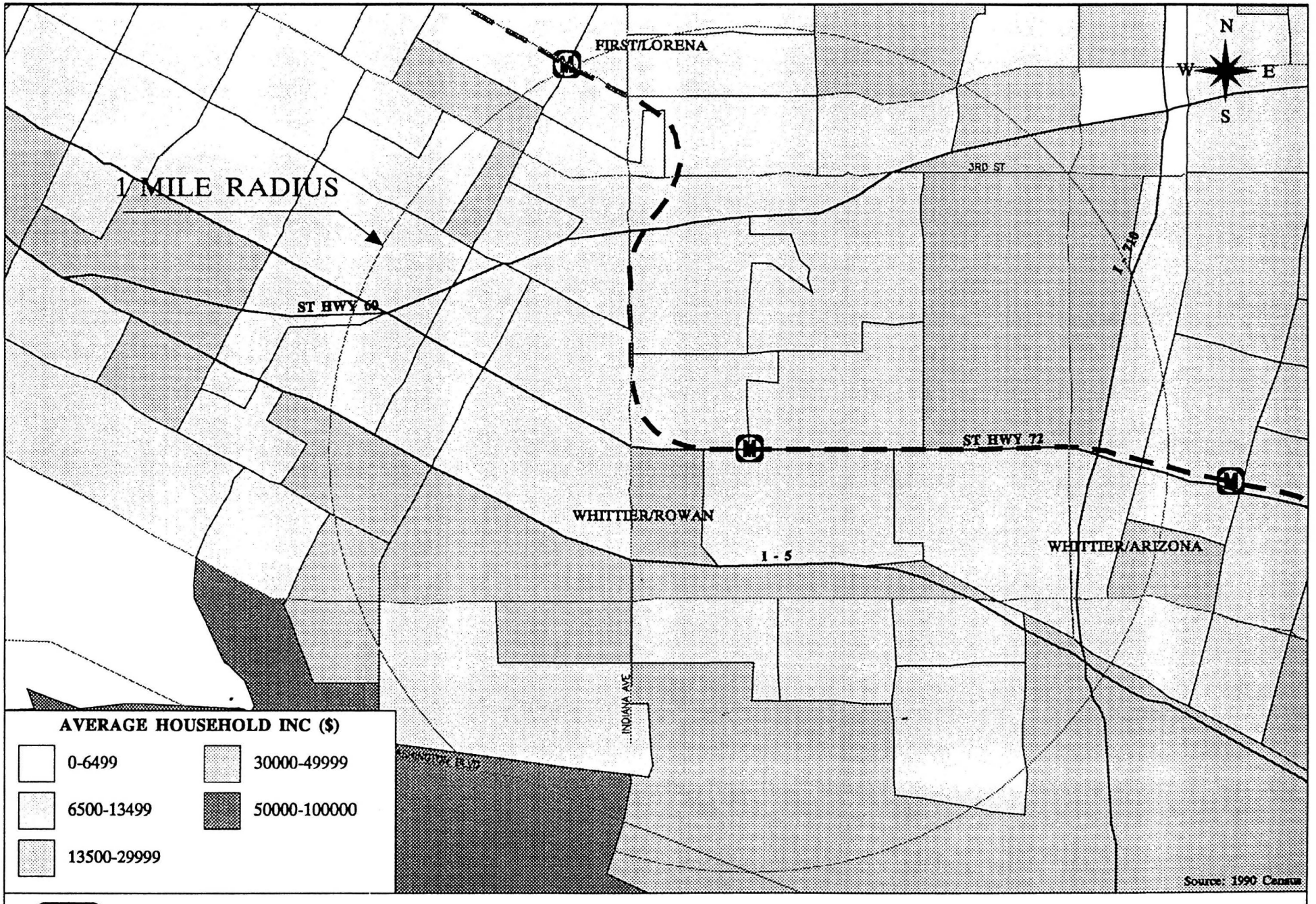
Education attainment levels within the Whittier/Rowan study area are less than half the Los Angeles County average. For the station area, 77 percent of the population over 25 years of age have not completed high school. In contrast, for Los Angeles County, 30 percent of the



WHITTIER/ROWAN STATION: POPULATION DENSITY

METRO RED LINE EAST SIDE EXTENSION

Figure VI-2



WHITTIER/ROWAN STATION: AVERAGE HOUSEHOLD INCOME

Figure VI-3

METRO RED LINE EAST SIDE EXTENSION

population who are over 25 years of age have not completed high school. For the station area, only 13 percent of the population have graduated from high school, while nine percent have had some college, and less than three percent have gone on to graduate school.

Industries (Types and Number of Jobs)

The industry that generates the most employment for people living in the Whittier/Rowan station influence area and the primary market area is Manufacturing at 36 percent. In comparison, for Los Angeles County, Manufacturing provides the second highest number of jobs at (21%). Service industry is the second largest employment category for the primary market area (18%), followed by Retail Trade (17%). For the station influence area it is the opposite, the industry with the second highest number of employment is Retail Trade (20%), followed by the Service industry (17%). For Los Angeles County, the industry generating the most employment is the Services industry (33%), followed by Manufacturing (21%) and Retail Trade (15%).

Occupations

For the Whittier/Rowan station influence area and the primary market area, service occupations represent the top occupation of the local population (29%). This is similar to Los Angeles County where service occupations also represent the leading occupation (23%). The second leading occupation for the station area is machine operators at 22 percent, followed by administrative support at 14 percent. Machine operators represent only eight percent of the population for Los Angeles County. In comparison, the second leading occupation for Los Angeles County is administrative support (17%), followed by professional specialty, i.e. engineering, at 14 percent.

Major Employers (100 Employees+)

There are seven businesses within the primary market area of the Whittier/Rowan station which employ over 100 employees, as follows:

- Robert Louis Stevenson Junior High School
- Rowan Avenue Elementary
- Eastman Avenue Elementary
- Felbro, Inc.
- Los Angeles Community Hospital
- Pillowtex Corporation
- Somma Mattress Company

Unemployment Rate

The unemployment rate for the Whittier/Rowan station area is more than double the Los Angeles County average of five percent. According to the 1990 Census, the unemployment rate for the area was 12 percent.

Major Arterials, Freeways

The major arterial for the Whittier/Rowan station area is Whittier Boulevard. The Boulevard is a major gateway that leads west into Downtown Los Angeles and east to the Whittier Boulevard commercial corridor, east of Interstate 710. Whittier Boulevard is heavily used by both cars and bus lines. Another major arterial in the area includes Rowan Avenue. This street is used as a main connection for residents to travel both north and south to Whittier Boulevard. The Whittier/Rowan station area is situated in the center of a freeway network that includes: 60 Freeway to the north, Interstate 710 to the east and Interstate 5 to the south.

Means of Transportation

A little less than half of the residents (49%) travel alone to their place of employment. In comparison, for Los Angeles County, 70 percent of the population chooses to drive alone to work. The second most popular mode of transportation is carpooling at 24 percent, followed by bus transit at 16 percent. A higher percentage of the local community carpools and takes public transportation in comparison to the Los Angeles County averages of six percent and thirteen percent, respectively.

Travel Time to Work

Most people (61%) who live in the station area travel less than 30 minutes to work. About 38 percent of the population take between 15 and 29 minutes to get to work, while about 23 percent take less than 15 minutes. An additional 38 percent of the population takes more than 30 minutes, and the remaining one percent of the population chooses to work at home. Based on travel time, those taking more than 15 minutes to get to there place of employment usually work out of their local community and travel to neighboring communities to work.

Housing Stock

The Whittier/Rowan station influence area has 3,400 housing units and the primary market area has 10,600 housing units. Approximately 57 percent of the housing stock in the area consists of single-family units, while the remaining 43 percent are multi-family units. In the area, about 44 percent of the housing stock is owner-occupied, with renters occupying the remaining 66 percent of the housing stock. In 1990, the vacancy rate was two percent, indicating a high demand for available housing. The area has moderate overcrowding with an average of 1.10 persons per room. Most of the housing in the area, 52 percent, was built between 1940 and

1969, giving the area a relatively high number of old housing stock. In addition, 32 percent of the housing was built in 1939 or earlier. The average house value for the area is $136,500, and the average contract rent is about $446 per month.

Commercial Overview

Commercial Establishments

The commercial establishments within the Whittier/Rowan station influence area and the primary market area consists primarily of grocery/convenience store, restaurants, furniture store, apparel store and liquor store space. (See Figure VI-4) Based on square footage the largest type of commercial establishments along the Whittier Boulevard commercial corridor include:

Type of Commercial	Existing Square Footage
Grocery/Convenience Store	172,500
Restaurants	134,000
Furniture Store	110,000
Apparel Store	81,200
Liquor Store	19,900

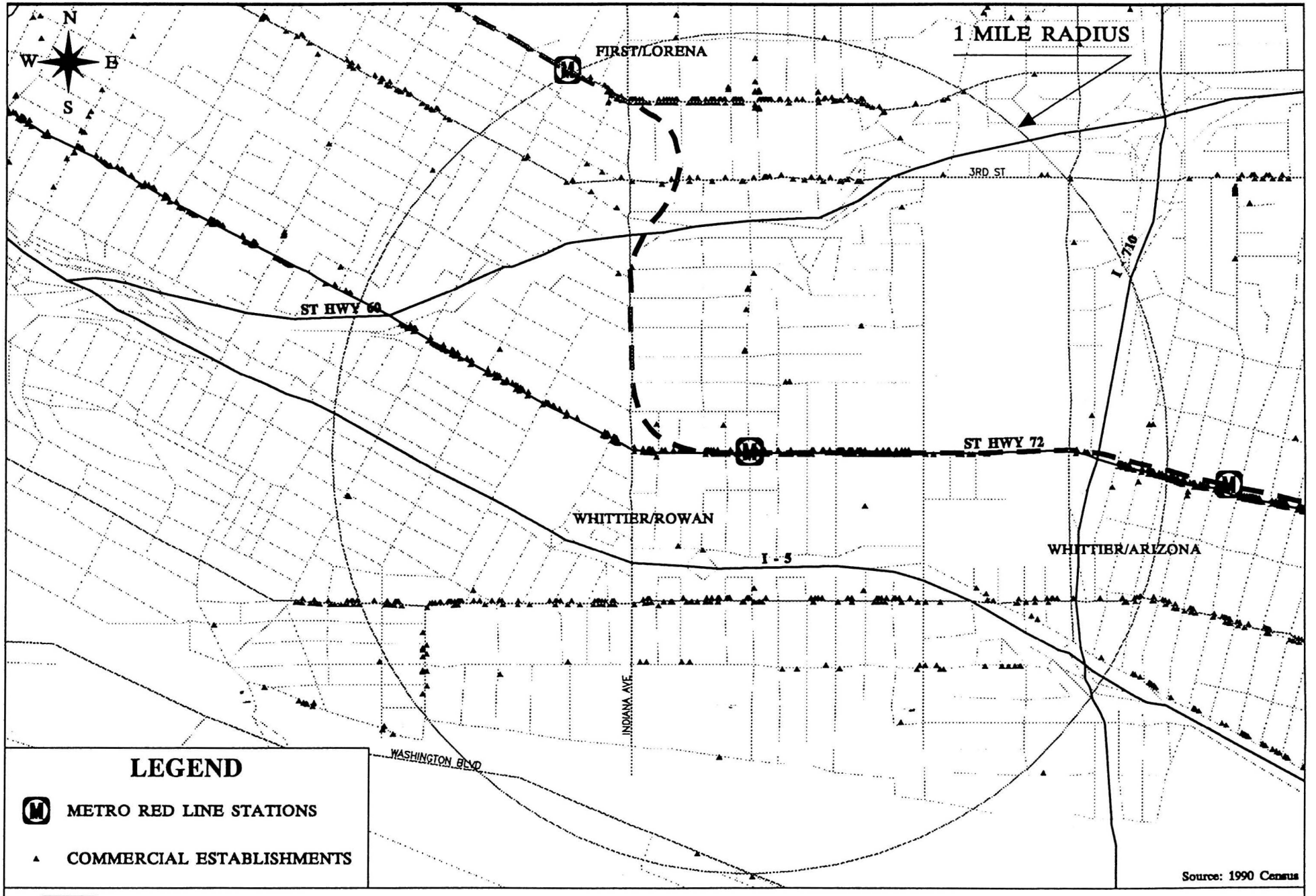
For some of these specific commercial establishments, there is an oversupply of space along Whittier Boulevard.

Recommendations

Market Retail Potential

The Whittier Boulevard corridor can support additional commercial space for certain types of establishments for the station area. The key type of commercial establishments that the Whittier/Rowan station area can support additional square footage includes: mass merchandiser stores, auto-aftermarket stores, home centers, department stores and drug stores. Currently, residents living in the area must go outside of the community to obtain these commercial services.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandiser Store	86,700
Auto-Aftermarket Store	61,100
Home Centers	57,700
Department Store	46,200
Drug Store	29,000



WHITTIER & ROWAN: COMMERCIAL ESTABLISHMENTS

Figure VI-4

METRO RED LINE EAST SIDE EXTENSION

Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. A summary of the cost components is presented below:

Item	Cost of Item Per Square Foot
Land	$10
Store Building	$75
Other Costs*	$35
Developer Profit (8%)	$9
Total:	$129

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $0.86 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions to finance a project, lease rates would have to be in the $1.00+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.

VII. WHITTIER AND ARIZONA MARKET ANALYSIS

VII. WHITTIER AND ARIZONA STATION MARKET ANALYSIS

Summary of Findings

The station at Whittier Boulevard and Arizona Avenue is located in East Los Angeles, in the neighborhood of Belvedere Gardens. Belvedere Gardens is situated east of Boyle Heights, west of Montebello, south of Monterey Park and north of the City of Commerce. (See Figure VII-1) The surrounding neighborhood is primarily residential, with a commercial corridor and some industrial land uses. The proposed station is the sixth of seven stations to be built for the Metro Red Line East Side Extension extending from Union Station to Atlantic Boulevard.

The population living near the proposed station area is relatively young, 38 percent between the ages of 19 and 39 and predominantly Hispanic (97%). The population's family income levels range from $7,000 to $13,000 less than the Los Angeles County annual average of $35,000. In addition, the unemployment rate for the area is almost three times higher than the Los Angeles County average of five percent. In terms of occupations, 28 percent of the population living in the study area are employed in service occupations, while 22 percent are employed as machine operators. The industry providing the highest number of jobs for people living in the area is Manufacturing (35%), followed by the Retail Trade and Service industries (17%). Furthermore, 75 percent of the population who are over 25 years of age have not completed their high school education.

Whittier Boulevard is a major arterial leading east, into suburban residential neighborhoods, and west, into Downtown Los Angeles. The Whittier/Arizona station is located in the center of the Whittier Boulevard commercial strip, a major shopping destination for many residents of East Los Angeles. Along Whittier Boulevard, there are variety stores, specialty shops, entertainment facilities and restaurants that are frequented by the residents. For many, the commercial corridor is a place for the community to come together to shop, eat and socialize. The commercial strip has the highest concentration of commercial activity beginning east of Interstate 710 to Atlantic Boulevard.

The Whittier Boulevard commercial corridor is comprised primarily of apparel stores and restaurant space. Other major types of commercial establishments that share space along the Whittier Boulevard commercial corridor include grocery/convenience stores, variety stores and furniture stores. For this particular station location, there is additional supportable space for mass merchandiser stores, department stores, home centers, auto-aftermarket stores and drug stores.

Figure VII-1

Economic/Market Analysis

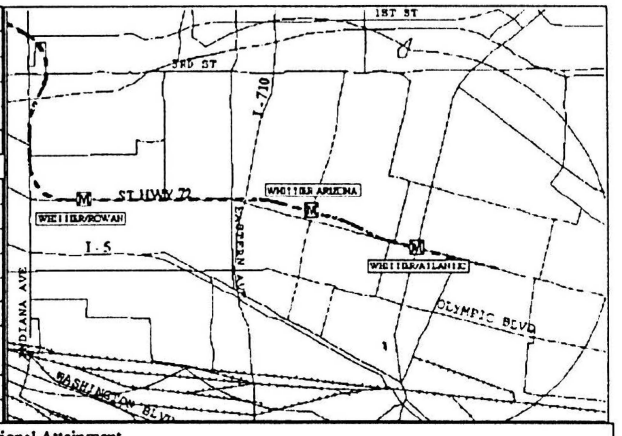
Whittier/Arizona Station

(Within one mile of proposed station)

General Demographics	
Population	45,900
Density (Persons/Acre)	32.00
Households	10,640
Housing Units	11,190

Ethnicity	Persons	%
Hispanic	44458	96.9%
White	840	1.8%
Other	330	0.7%
Asian	240	0.5%
Black	32	0.1%

Income	Per Capita	%	Average Household
Whittier/Arizona	$6,622	48.6%	$28,570
L.A. County	$16,149		



Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
Whittier/Arizona	16,662	72.2%	3,437	14.9%	2,359	10.2%	608	2.6%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Service	4,784	27.7%	Manufacturing	5,873	35.2%	East L.A. Sherriff Station
Machine Operators	2,727	22.3%	Services	2,892	17.3%	Southern California Gas Company
Admin Support	4,784	15.8%	Retail Trade	2,874	17.2%	Roybal Healthe Center
Handlers	1,491	8.6%	Finance/Insurance	1,604	9.6%	Ford Elementary
Sales	1,311	7.6%	Wholesale Trade	1,093	6.5%	Garfield High School

Existing and Market Potential Demand						
	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	8,553,000	9,593,000	39,800	44,640	185,848	146,048
Appliance Store	994,000	935,000	4,640	4,370	6,720	2,080
Auto-Aftermarket Store	13,572,000	13,960,000	88,880	91,420	44,999	-43,881
Department Store	9,234,000	9,964,000	65,600	70,790	0	-65,600
Drug Store	8,429,000	10,012,000	43,510	51,680	2,500	-41,010
Electronic & Video Stores	4,938,000	6,262,000	24,910	34,980	500	-24,410
Restaurants	12,966,000	14,243,000	59,060	64,730	159,167	100,107
Furniture Store	3,107,000	3,068,000	17,260	17,040	89,644	72,384
Grocery/Convenience Stores	52,643,000	57,699,000	141,380	155,280	146,507	5,127
Hardware Store	1,043,000	1,053,000	8,320	8,400	5,000	-3,320
Home Centers	6,177,000	6,253,000	55,320	56,010	0	-55,320
Jewelry Store	1,775,000	1,701,000	3,620	3,470	15,750	12,130
Liquor Store	2,281,000	1,984,000	9,160	7,970	20,950	11,790
Mass Merchandiser Store	11,244,000	12,246,000	89,270	97,220	0	-89,270
Photo Store	198,000	191,000	440	430	0	-440
Shoe Store	1,819,000	2,077,000	7,520	8,580	48,932	41,412
Sporting Goods Store	1,300,000	1,444,000	6,980	7,760	0	-6,980
Toy Store	714,000	668,000	3,550	3,320	3,000	-550
Variety Store	680,000	744,000	6,060	6,630	101,047	94,987

Local Characteristics

The proposed station will be located at the intersection of Whittier Boulevard and Arizona Avenue in an off-street east/west configuration, just north of Whittier Boulevard. The topography of the station area is primarily flat. The Whittier Boulevard commercial corridor is one of the most popular in the community and has been given special attention in recent years. Revitalization to the commercial corridor has been made through improvements in urban design that include street signage, designs and landscaping that are reflective of the prominent, residential Mexican-American community. One of the most famous landmarks in the community is the Whittier Boulevard arch located by Arizona Avenue and the Hispanic walk of fame located along Whittier Boulevard. For many in the community, Whittier Boulevard is viewed as an important place that plays a vital role in the growth of East Los Angeles and its history.

Businesses within the station influence area include retail, professional services and medical related offices. Specific commercial establishments include a large furniture warehouse, a dentist office, two public facilities and other professional offices. The majority of businesses in the area are made up of retail shops, specifically apparel stores. Also, located in the area is one of the only Hispanic owned banks in Los Angeles, the Pan American Bank. In addition, there are also various residential properties located near the proposed station location that consist of both single-family and multi-family units.

The small retail shops along the Whittier Boulevard commercial corridor depend upon foot traffic. The sidewalks fronting the commercial properties have high volumes of pedestrian traffic, especially during peak hours of the day. Most people either walk and/or take the bus along Whittier Boulevard to the commercial corridor. Parking for most commercial establishments is limited and consists only of one or two parking spaces fronting the commercial property, as a result streets become congested at peak hours of the day.

Community organizations and facilities in the area include a health care center, elementary schools, churches and a cemetery. These facilities are located within the primary market area (1 mile radius) of the Whittier/Arizona station. There is only one major public health care facility, the Edward R. Roybal Comprehensive Health Center. The local population uses the health care facility substantially and, in many cases, as a primary source of care. Schools in the area include Ford Boulevard Elementary and Humphreys Avenue Elementary. There are a number of churches of differing denominations in the area, including Church of Jesus Christ of Latter-Day Saints, East Los Angeles Church of Jehovah's Witnesses, Primera Iglesia Bautista Del Sur and the San Francisco Church. Also, located within a close proximity to the station is one cemetery, Home of Peace Memorial Park and Mausoleum.

Historic properties found to appear eligible for listing in the National Register as a result of a survey *(Myra L. Frank Associates)* and requiring a consensus determination from the State Historic Preservation Office, include the Boulevard Theatre, 4549 Whittier Boulevard, East Los Angeles, built in 1935.

Existing Conditions

Population

According to the 1990 Census, the population for the Whittier/Arizona station influence area (.4 mile radius) was 13,454. The population more than triples to 45,900 people when looking at the primary market area (1 mile radius).

Age

The majority of the population (74%) for the Whittier/Arizona station area is under the age of 40. For those under 40, 36 percent are under the age of 18 and 38 percent are between the ages of 19 and 39 years of age. The station area has a large younger population in comparison to those over 40 (18%). Senior citizens (over 65) comprise only eight percent of the population, making them the smallest age group.

Density

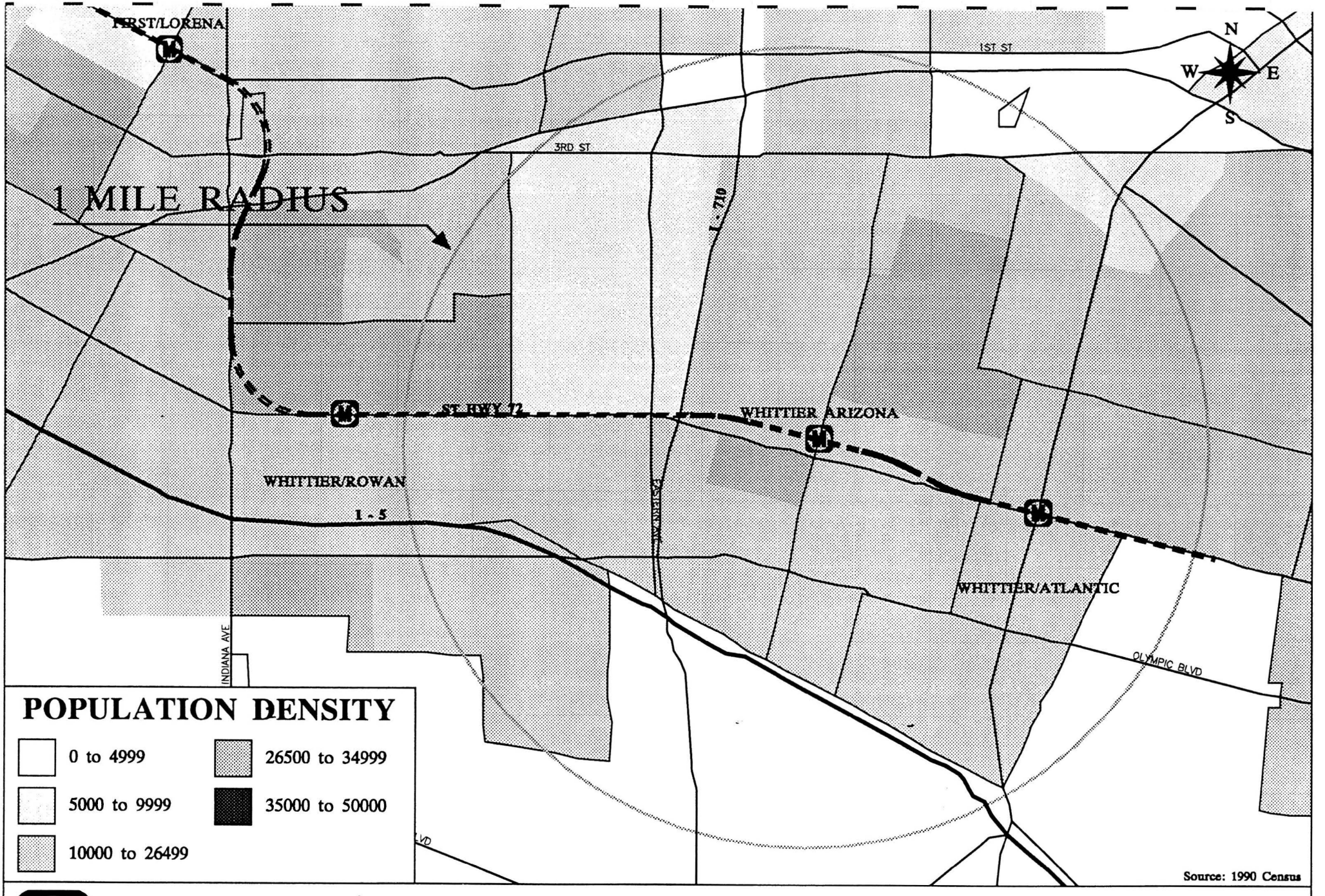
Population density for the Whittier/Arizona station influence area is relatively high at an average of 32 persons per acre. (See Figure VII-2) In the primary market area, the population density falls to 26 persons per acre. The areas with high densities are located south of Whittier Boulevard and west of Arizona Avenue, where population density can range from 35 to 78 persons per acre.

Ethnicity

Hispanics comprise 97 percent of the population that live around the Whittier/Arizona station influence area, the majority of which are Mexican-Americans. The remaining three percent of the population includes the White, Asian, American Indian, Black and other populations. In contrast, Los Angeles County is comprised of 37 percent Hispanic population.

Per Capita Income/Average Household Income

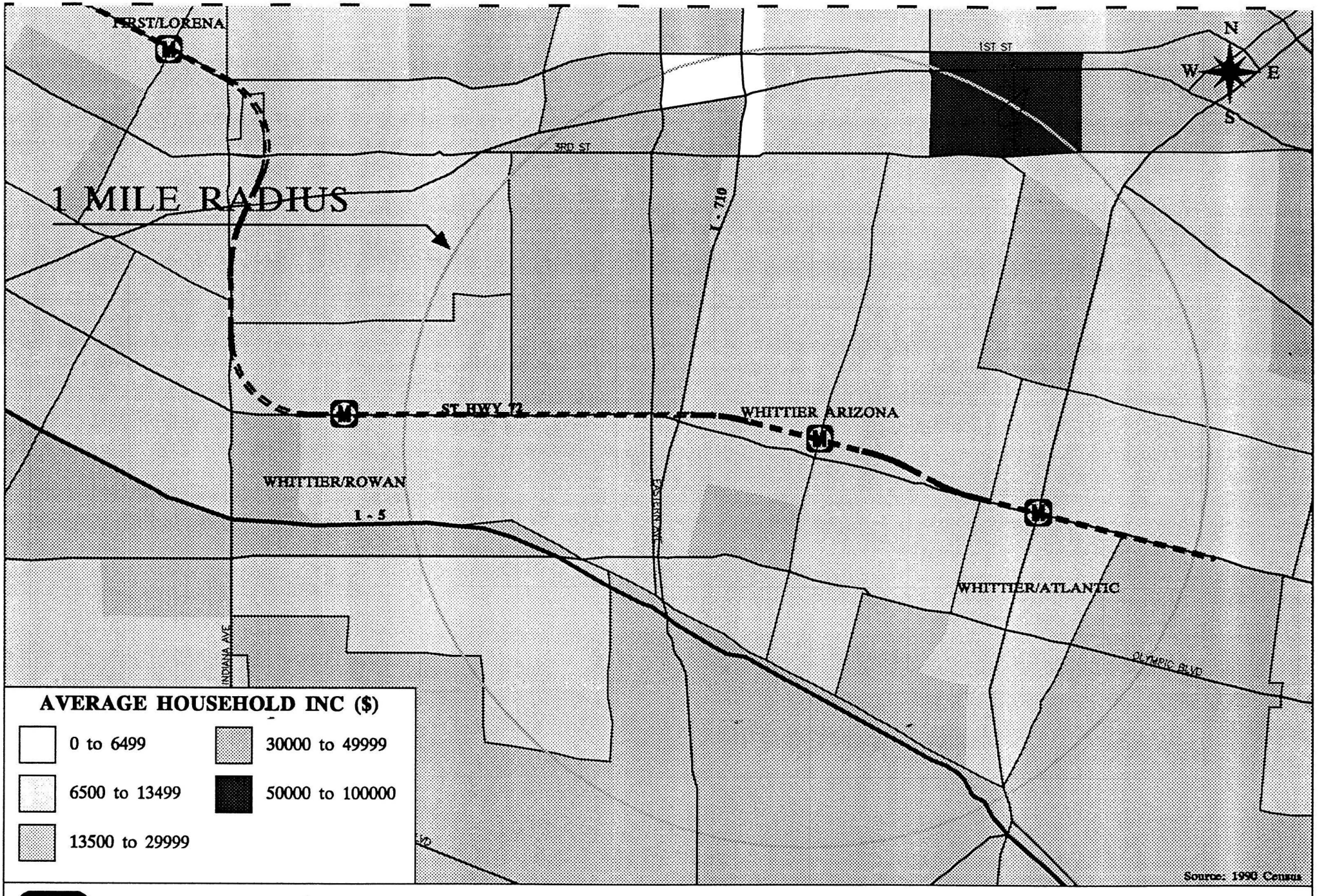
Income levels for the Whittier/Arizona station area are very low. The per capita income level for the station influence area is $6,300 per year. For the primary market area, the per capita income increases by $300, to $6,600 per year. In contrast, the Los Angeles County per capita income of $16,100 is more than double the local per capita level. Low per capita income levels may be, in part, due to the large population and higher density levels in the area. In some instances, lower income levels are linked to low educational attainment. The average household income levels for the area are also very low. (See Figure VII-3) The average household income for the station influence area is $22,000. In comparison, the average household income for the primary market area is $28,600. The local population's average income is $7,000 to $13,000 below the Los Angeles County annual average of $35,000.



WHITTIER/ARIZONA STATION: POPULATION DENSITY

Figure VII-2

Metro Red Line East Side Extension



WHITTIER/ARIZONA STATION: AVERAGE HOUSEHOLD INCOME

Metro Red Line East Side Extension

Figure VII-3

Education

In the Whittier/Arizona station influence area, the vast majority of the population (75%) have not completed their high school education, more than double the Los Angeles County average of 30 percent. These statistics remain the same within the primary market area. For the local population, only 15 percent have graduated from high school, 10 percent have had some college education and only three percent have graduated from college. In contrast, for Los Angeles County, 20 percent have graduated from high school, 20 percent have had some college education and 30 percent have gone on to graduate from college.

Industries (Type and Number of Jobs)

The industry that provides a relatively high number of jobs for people living in the Whittier/Arizona station influence area is Manufacturing, with 5,873 jobs (35%). In comparison, for Los Angeles County, Manufacturing provides the second highest number of jobs (21%). The two industries that employ the second highest number of people in the study area are the Service industry, which provides 2,892 jobs (17%), and Retail Trade, which provides 2,874 jobs (17%). For Los Angeles County, the industry providing the highest number of jobs is the Service industry with 34 percent of all jobs, followed by Manufacturing, and finally Retail Trade with 15 percent of all jobs.

Occupations

There are over 1,000 people (27% of the workforce) within the Whittier/Arizona station influence area that are employed as machine operators. For the primary market area, the percentage of machinists falls to 22 percent. Although machine operating represents the leading occupation for the station influence area and the second leading occupation for the primary market area, for Los Angeles County machine operators represent only eight percent of the population. In the primary market area, it is service occupations (28%) that is the leading occupation, followed by machine operators (22%) and administrative support (16%). In Los Angeles County, the leading occupation is also service occupations which provides 23 percent of all jobs. The second leading occupation is administrative support (17%), followed by professional specialty, such as engineering (14%).

Major Employers (100 Employees+)

There are seven businesses within the primary market area of the Whittier/Arizona station which employ over 100 employees, as follows:

- Ford Elementary School
- Garfield High School
- East L.A. Sheriff Station
- Southern California Gas Company

- Roybal Health Center
- IMO Delaval, Inc.
- Pacific Direct Mail

Unemployment Rate

The unemployment rate for the Whittier/Arizona station influence area and the primary market area is considerably higher than that of the Los Angeles County average. The 1990 unemployment rate for the two study areas is about 12 percent, which is more than double the County's unemployment rate of five percent.

Major Arterials, Freeways

One of the major arterials for the Whittier/Arizona station area is Whittier Boulevard, which lies south of the proposed station location. Whittier Boulevard is used as a main nexus for transportation as it leads west into Downtown Los Angeles and east into suburban residential neighborhoods. As a result, this surface street is used heavily by both cars and bus lines. Other major arterials within the proposed station area include Arizona Avenue and Ford Boulevard. These streets are used as main connections for residents to travel both north and south to Whittier Boulevard. In addition, the Whittier/Arizona station area is situated in the center of a major freeway network that includes: 60 Freeway to the north, Interstate 710 to the west and Interstate 5 to the south.

Means of Transportation

Residents living around the Whittier/Arizona station area are high users of public transportation and carpooling. For Los Angeles County, 70 percent of people choose to drive alone to work, whereas only 53 percent of the local population drive alone. The second most popular mode of transportation is carpooling at 24 percent. A higher percentage of the local population carpool in comparison to the County average of 16 percent. The third most popular mode of transportation, traveling by bus, represents 13 percent of the local population, which is more than double the Los Angeles County average of six percent. The remaining 10 percent of people in the station area choose to walk, work at home, or find other means to get to their place of employment.

Travel Time to Work

The majority of the population (60%) who live in the station area take short trips (less than 30 minutes) to their place of employment. About 40 percent take between 15 and 29 minutes and 20 percent of the population take less than 15 minutes. An additional 24 percent take between 30 and 44 minutes to get to their place of employment. People traveling less than 15 minutes to their place of employment, for the most part, work within their local area. Normally, people traveling more than 15 minutes to their place of employment work out of the their community.

Housing Stock

The Whittier/Arizona station area is moderately dense in terms of housing. There are 3,200 housing units in the station influence area and 11,200 housing units located in the primary market area of the Whittier/Arizona station. About 50 percent of the housing stock in the area are single-family units, while the remaining 50 percent are multi-family units. Renters occupy roughly 66 percent of the housing stock in the community, with the remaining 34 percent of the housing being owner-occupied/other. In 1990, the vacancy rate was 2 percent, creating a high demand for available housing. The area has moderate overcrowding with an average number of 1.20 persons per room. The majority of the housing, 58 percent, was built between 1940 and 1969, giving the area a relatively high number of moderately old housing stock. About 27 percent of the housing stock was built in 1939 or earlier. The average housing value for the area is $143,300, and the average contract rent is $444 per month.

Commercial Overview

Commercial Establishments

The commercial establishments within the Whittier/Arizona station influence area and the primary market area consists primarily of apparel stores, restaurants, grocery/convenience stores, variety stores and furniture stores. (See Figure VII-4) Based on square footage the largest types of commercial establishments along the Whittier Boulevard commercial corridor include:

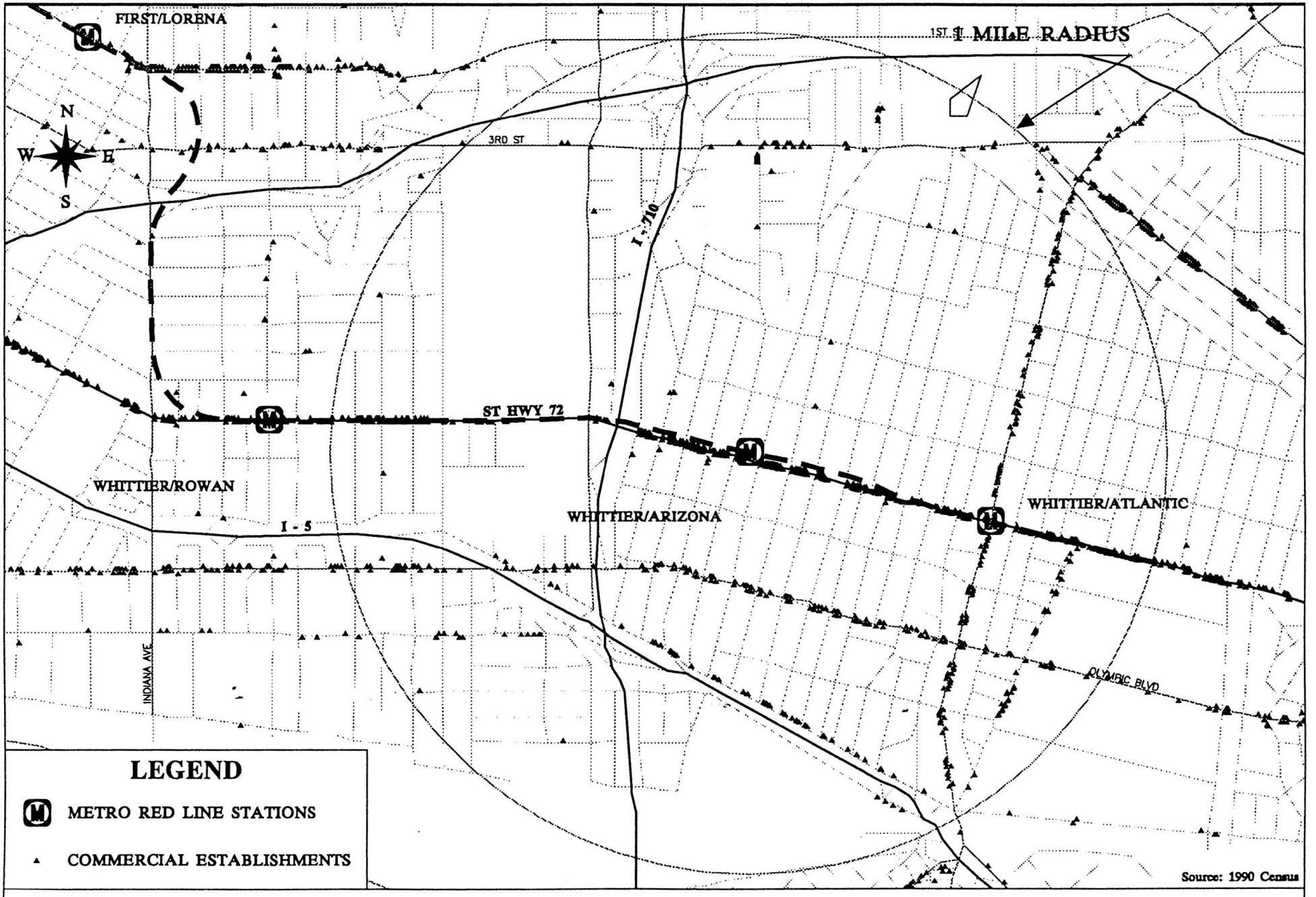
Type of Commercial	Existing Square Footage
Apparel Store	185,800
Restaurant	159,200
Grocery/Convenience Store	146,500
Variety Store	101,000
Furniture Store	89,600

For some of these specific commercial establishments, there is an oversupply of space along the Whittier Boulevard commercial corridor.

Recommendations

Market Retail Potential

The Whittier Boulevard corridor can support additional commercial space for certain types of establishments in the station area. The key type of commercial establishments that the Whittier/Arizona station area can support additional square footage include: mass merchandiser stores, department stores, home centers, auto-aftermarket stores and drug stores. Currently, local residents must go outside of their community to obtain these commercial services.



WHITTIER & ARIZONA: COMMERCIAL ESTABLISHMENTS

Figure VII-4

METRO RED LINE EAST SIDE EXTENSION

The following is a list of commercial uses which have the highest unmet demand in the primary market area surrounding the Whittier/Arizona station:

Type of Commercial	Additional Supportable Square Footage
Mass Merchandiser Store	89,300
Department Store	65,600
Home Centers	55,300
Auto-Aftermarket Store	43,900
Drug Store	41,000

Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. A summary of the cost components is presented below:

Item	Cost of Item Per Square Foot
Land	$10
Store Building	$75
Other Costs*	$35
Developer Profit (8%)	$9
Total:	$129

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $0.86 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions to finance a project, lease rates would have to be in the $1.00+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.

VIII. WHITTIER AND ATLANTIC MARKET ANALYSIS

VIII. WHITTIER AND ATLANTIC STATION MARKET ANALYSIS

Summary of Findings

The Whittier Boulevard and Atlantic Boulevard station is located in East Los Angeles, in the neighborhoods of Belvedere Gardens and Eastmont. These neighborhoods are situated east of Boyle Heights, west of Montebello, south of Monterey Park and north of the City of Commerce. (See Figure VIII-1) The surrounding neighborhood is primarily residential, with commercial corridors and industrial land uses. At this proposed location, the seventh and final station will be built for the Metro Red Line East Side Extension, extending from Union Station to Atlantic Boulevard.

The majority of the population living near the proposed Whittier/Atlantic station area is relatively young, 38 percent between the ages of 19 and 39 and predominantly Hispanic (96%). Income levels for the population in this area are very low in comparison to the Los Angeles County annual average. Family income levels range from $5,000 to $12,000 less than the County average of $35,000 per year. In addition, the unemployment rate for this area is more than twice the County average of five percent. For those who are employed, 27 percent are employed in service occupations, while 21 percent are machine operators. The industry providing the highest number of jobs for the local population is Manufacturing (34%), followed by the Service industry (18%) and Retail Trade (17%). In addition, the majority of the population (70%) who are over 25 years of age have not completed their high school education.

Atlantic and Whittier Boulevards are major arterials that run north/south and east/west, respectively. The Whittier/Atlantic station location is significant and a popular intersection in East Los Angeles, with the Whittier Boulevard commercial corridor to the west and the Commerce Center to the east, between Goodrich Boulevard and Sadler Street. There are a variety of small retail stores along Whittier Boulevard and a number of larger chain variety stores in the Commerce Center. Both of these commercial corridors are major shopping destinations for the residents.

The commercial establishments around the station area primarily consists of apparel stores and restaurant space. Other types of commercial establishments that share most of the space along the commercial corridor include grocery/convenience stores, variety stores and furniture stores. For this particular station location, there is additional supportable space for mass merchandiser stores, department stores, home centers, electronic/video stores and drug stores.

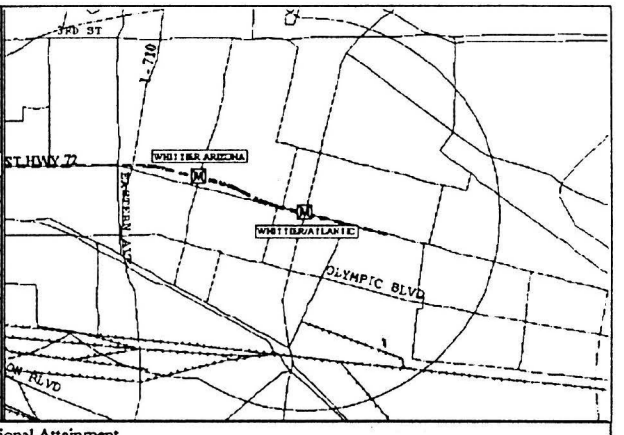
Figure VIII-1

Economic/Market Analysis

Whittier/Atlantic Station

(Within one mile of proposed station)

General Demographics	
Population	45,700
Density (Persons/Acre)	25.00
Households	11,264
Housing Units	11,765



Ethnicity	Persons	%
Hispanic	43790	95.8%
White	1225	2.7%
Asian	424	0.9%
Other	269	0.6%
Black	22	0.0%

Income	Per Capita	%	Average Household
Whittier/Atlantic	$7,484	48.6%	$30,363
L.A. County	$16,149		

Educational Attainment	Under 12th Grade	%	H.S. Graduate	%	Some College	%	Graduate	%
Whittier/Atlantic	16,229	68.9%	3,696	15.7%	2,777	11.8%	827	3.5%
L.A. County		30.0%		20.7%		19.7%		29.7%

Employment						
Occupation			Industry			Major
Type	Persons	%	Type	Persons	%	Employers
Services	4,728	26.8%	Manufacturing	5,748	33.9%	East L. A. Sheriff
Machine Operators	3,624	20.5%	Services	3,066	18.1%	So. California Gas Company
Administrative Support	2,937	16.6%	Retail Trade	2,875	16.9%	IMO Deleval Inc.
Sales	1,481	8.4%	Finance/Insurance	1,694	10.0%	Pacific Direct Mail
Handlers	1,472	8.3%	Wholesale Trade	1,152	6.8%	Garfield High School

Existing and Market Potential Demand	Market Potential				Existing	
	Sales		Square Feet		Square Feet	Difference
Category	1993	1998	1993	1998	1993	1993
Apparel Store	9,229,000	10,456,000	42,950	48,660	192,648	149,698
Appliance Store	1,062,000	1,008,000	4,960	4,710	8,320	3,360
Auto-Aftermarket Store	14,090,000	14,486,000	92,270	94,870	93,796	1,526
Department Store	9,930,000	10,815,000	70,550	76,830	0	-70,550
Drug Store	8,940,000	10,674,000	46,150	55,100	37,600	-8,550
Electronic & Video Stores	5,241,000	6,699,000	26,120	36,990	4,500	-21,620
Restaurants	14,225,000	15,793,000	64,830	71,810	208,560	143,730
Furniture Store	3,348,000	3,339,000	18,600	18,550	95,196	76,596
Grocery/Convenience Stores	54,108,000	59,574,000	145,320	160,360	143,229	-2,091
Hardware Store	1,122,000	1,139,000	8,950	9,090	7,960	-990
Home Centers	6,700,000	6,844,000	60,010	61,300	-	-
Jewelry Store	1,924,000	1,864,000	3,930	3,800	19,250	15,320
Liquor Store	2,470,000	2,169,000	9,920	8,710	35,910	25,990
Mass Merchandiser Store	11,944,000	13,115,000	94,820	104,120	-	-
Photo Store	212,000	206,000	480	460	0	-480
Shoe Store	1,950,000	2,250,000	8,060	9,300	58,932	50,872
Sporting Goods Store	1,394,000	1,555,000	7,490	8,350	0	-7,490
Toy Store	771,000	730,000	3,830	3,630	7,300	3,470
Variety Store	725,000	800,000	6,460	7,120	152,247	145,787

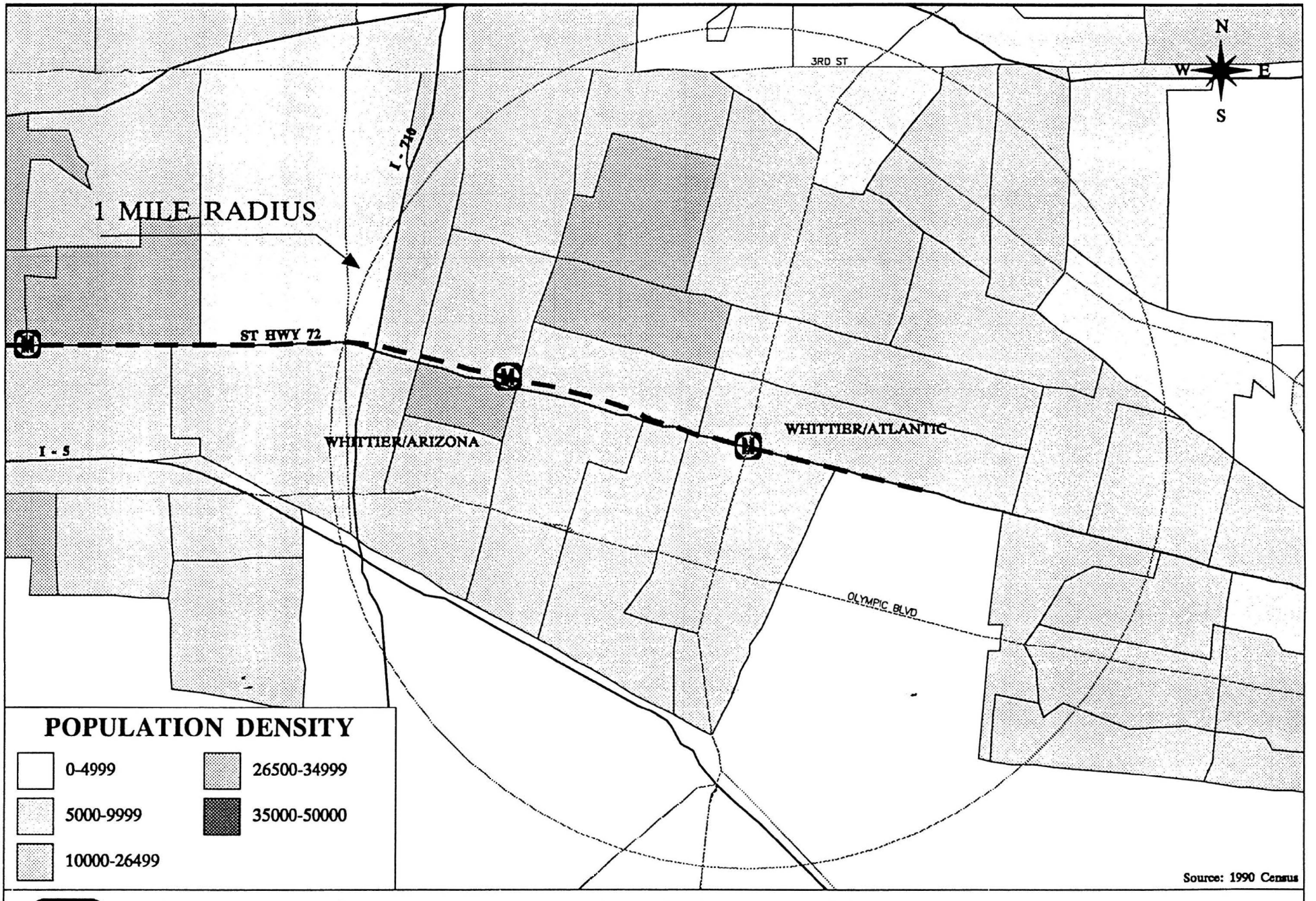
Local Characteristics

The proposed station will be located at the intersection of Whittier and Atlantic Boulevards in an on-street east/west configuration along Whittier Boulevard. The topography of the station area is primarily flat. The Whittier Boulevard commercial corridor has been given special attention in recent years. Improvements to the corridor have been made through urban design with street signage, designs, and landscaping that are reflective of the prominent, residential Mexican-American community. Located within the area is one of the most famous landmarks in East Los Angeles, the Whittier Boulevard arch and the Hispanic walk of fame. Whittier Boulevard is viewed as an important place that plays a vital role in the development of East Los Angeles and its history. Atlantic Boulevard is a major transportation gateway for East Los Angeles, as it brings people from the north and south to the commercial corridors along Whittier Boulevard.

The Whittier/Atlantic station marks the eastern terminus of the LPA for the Metro Red Line East Side Extension. Businesses within the station area include retail, professional services and medical related offices. Of these establishments, small retail shops, specifically apparel stores, make up the largest group of commercial establishments. In addition, there are auto body repair shops, auto supply stores, several fast food restaurants, a dentist's office and several banks. Many banks currently serve the area, including Great Western Bank, California Federal Bank, Bank of America, First Interstate and American Savings Bank. More than half of the surrounding neighborhood is zoned for residential housing, the remaining land uses are commercial and industrial.

Most residents living in the Whittier/Atlantic station area shop at the Whittier Boulevard commercial strip or at the Commerce Center. The majority of the commercial establishments along Whittier Boulevard are small retail shops that depend upon pedestrian foot traffic. For the Whittier Boulevard commercial corridor, the sidewalks fronting the properties have high volumes of pedestrian traffic, especially during peak hours of the day. Most people either walk and/or take the bus line along Whittier Boulevard to the commercial corridor or to the Commerce Center. Parking for most commercial establishments is limited and consists only of one to two spaces fronting the commercial store property. As a result of limited parking, streets become congested at peak hours of the day. A large parking lot is available to serve customers shopping at the Commerce Center.

Community organizations and facilities in the area include health care centers, public facilities, schools, churches and parks. The facilities are located in the primary market area of the Whittier/Atlantic station. There is one major health care facility located in the area, the Edward R. Roybal Comprehensive Health Center. The local population uses the health care center extensively and, in many cases, it is used as s source of primary care. Many public and community facilities are located in the area, they include: the Children's Sexual Abuse Project, Cleland House, Department of Public Social Services, El Centro Human Services Corporation, Legal Aid Foundation and the State Department of Rehabilitation Employment. Schools in the area include James A. Garfield High School and Saint Alphonsus Elementary School. Churches



WHITTIER/ATLANTIC STATION: POPULATION DENSITY

METRO RED LINE EAST SIDE EXTENSION

Figure VIII-2

level of $16,100 is more than double the local per capita level. The average household income levels are also very low for the area. (See Figure VIII-3) The average household income level for the station influence area is $23,700. When looking at the average household income for the primary market area, the income level increases to $30,400. However, the local population's average income remains to be $5,000 to $12,000 less than the Los Angeles County average of $35,000 per year.

Education

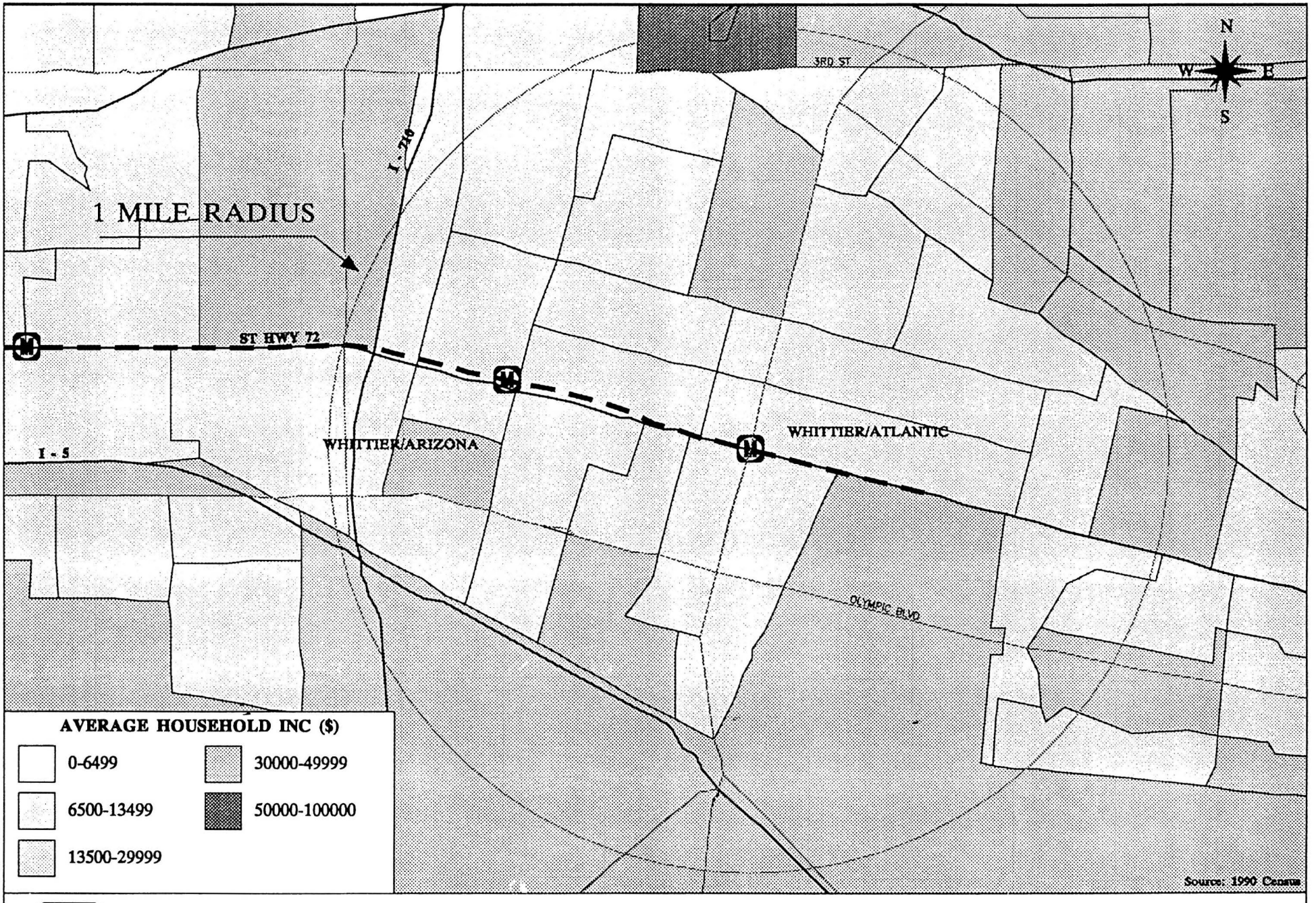
For the Whittier/Atlantic station area, the majority of the population (70%) who are over 25 years of age have not completed their high school education. This is more than double the Los Angeles County average of 30 percent. For the station area, 16 percent have graduated from high school, 12 percent have had some college education, and only four percent have gone on to graduate from college. In contrast, for Los Angeles County 20 percent have graduated from high school, 20 percent have had some college education and 30 percent have gone on to graduate from college.

Industries (Type and Number of Jobs)

The Manufacturing industry, provides 5,748 jobs (34%) for people that live in the area. The two industries that employ the second highest number local residents are the Service industry, which provides 3,066 jobs (18%), and Retail Trade, which provides 2,875 jobs (17%). In Los Angeles County, the industry providing the highest number of jobs is the Service industry with 34 percent of all jobs, followed by Manufacturing which provides 21 percent of all jobs. The industry which provides the third highest number of jobs is Retail Trade with 15 percent of all jobs. The industries that employ the local community are reflective, for the most part, of the County employment statistics.

Occupations

There are over 900 people (27%) of the workforce within the Whittier/Atlantic station influence area that are employed in service occupations. When looking at the primary market area, service occupations is also the leading occupation at 21 percent, representing over 4,700 jobs. For both study areas, machine operating is the second leading occupation at 21 percent, followed by administrative support at 17 percent. In Los Angeles County service occupations also represents the leading occupation at 23 percent. Following service occupations is administrative support at 17 percent and professional specialty, i.e. engineering, at 14 percent. Although machine operating is the second leading occupation in the Whittier/Arizona station area, in Los Angeles County machine operators represent only eight percent of the population. The number of local machine operators is extremely high in comparison to the County.



WHITTIER/ATLANTIC STATION: AVERAGE HOUSHOLD INCOME

METRO RED LINE EAST SIDE EXTENSION

Figure VIII-3

Major Employers (100 Employees+)

There are nine businesses within the primary market area of the Whittier/Atlantic station which employ over 100 employees, as follows:

- Garfield High School
- East L.A. Sheriff Station
- Southern California Gas Company
- IMO Delaval, Inc.
- Pacific Direct Mail
- Downey Glass Company, Inc.
- MGM Transformer Company
- Pacific Tube Company
- Law/Crandall, Inc.

Unemployment Rate

In 1990, the unemployment rate for the Whittier/Atlantic station area was higher than the Los Angeles County average. The unemployment for the station area is 11 percent compared to the County's five percent, more than double the County's.

Major Arterials, Freeways

The major arterials for the Whittier/Atlantic station area are Whittier and Atlantic Boulevards. Whittier Boulevard is used as a main arterial for transportation as it extends west into Downtown Los Angeles and east into suburban residential neighborhoods, toward Atlantic Boulevard. Whittier Boulevard is used heavily by both cars and bus lines. Atlantic Boulevard is a major arterial that crosses Whittier Boulevard and leads north into Monterey Park and south into the City of Commerce. The Whittier/Atlantic intersection is a major transfer point for buses and cars traveling along Atlantic Boulevard wishing to go east into residential neighborhoods, westbound to the Whittier commercial corridor or into Downtown Los Angeles. The Whittier/Atlantic station area is situated in the center of a major freeway network which includes: 60 Freeway to the north, Interstate 710 to the west and Interstate 5 to the south.

Means of Transportation

The most common form of transportation for the majority of the population in the Whittier/Atlantic station is traveling alone in a car. More than half, 55 percent, who live within one-mile of the station drive alone to work. In contrast, for Los Angeles County 70 percent of people choose to drive alone to their place of employment. The second most popular mode of transportation for people living around the station area is carpooling at 24 percent, in comparison to the County average for carpooling which is currently 16 percent. The third most popular mode of transportation for people in the station area is by bus at 12 percent. This is higher than the

Los Angeles County average of six percent. The remaining five percent of the population in the station area choose to walk, work at home or find other means to get to their place of employment.

Travel Time to Work

The majority of the population, 60 percent, in the station influence area and the primary market area take short trips to their place of employment. About 41 percent of the population take between 15 and 29 minutes to get to work. An additional 24 percent take between 30 and 44 minutes to get to their place of employment. Individuals traveling 15 minutes or more to work normally travel out of their community to their place of employment. In comparison, 19 percent of the population take less than 15 minutes to get to work. People traveling less than 15 minutes to their place of employment, usually work in the local area.

Housing Stock

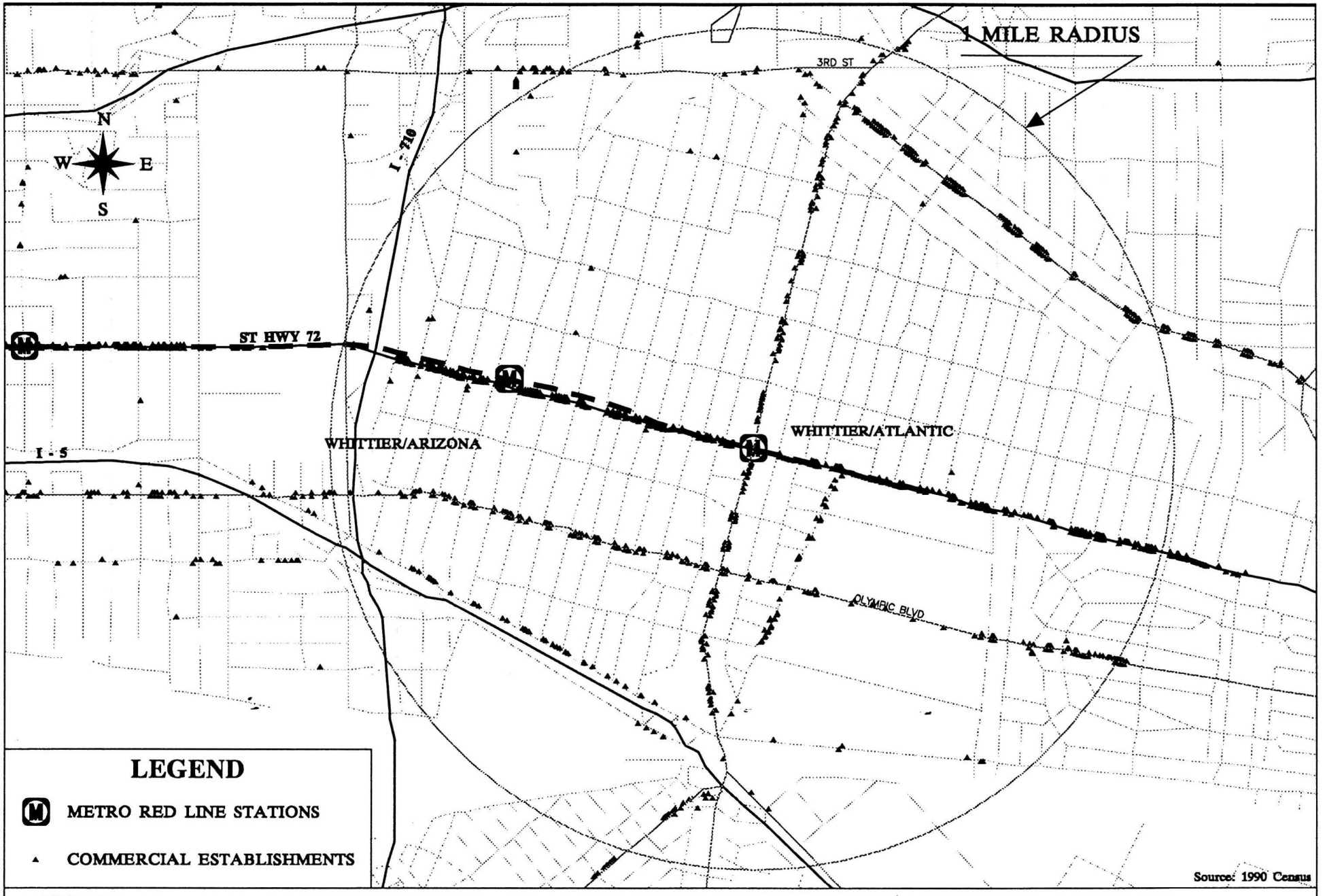
Located in a moderately dense area, the Whittier/Atlantic station influence area has 3,000 housing units and the primary market area has 11,800 housing units. About 51 percent of the housing stock in the area are single-family units and 49 percent are multi-family units. Renters occupy 63 percent of the housing stock and the remaining 37 percent of the housing stock is owner-occupied. Vacant housing units account for two percent of the housing stock, indicating a low vacancy rate and a high demand for available housing. The area has an average of 1.10 persons per room, showing moderate overcrowding of the housing supply. The area has a relatively high number of moderate to older housing, with 62 percent being built between 1940 and 1969. About 25 percent of the housing stock was built in 1939 or earlier. The average housing value is $153,100, with the average contract rent being $450 per month.

Commercial Overview

Commercial Establishments

The commercial establishments within the Whittier/Atlantic station area consist primarily of restaurants, apparel stores, variety stores, grocery/convenience stores and furniture stores. (See Figure VIII-4) Based on square footage the largest type of commercial establishments along the Whittier Boulevard commercial corridor and the Commerce Center include:

Type of Commercial	Existing Square Footage
Restaurant	208,600
Apparel Store	192,600
Variety Store	152,200
Grocery/Convenience Store	143,300
Furniture Store	89,600



WHITTIER & ATLANTIC: COMMERCIAL ESTABLISHMENTS

METRO RED LINE EAST SIDE EXTENSION

Figure VIII-4

For some of these specific establishments, there is an oversupply of space along the Whittier Boulevard commercial corridor.

Recommendations

Market Retail Potential

The Whittier Boulevard corridor and Commerce Center area can support additional commercial space for certain types of commercial establishments. The key type of commercial establishments that can be supported by additional square footage include: mass merchandiser stores, department stores, home centers, electronic/video stores and drug stores.

Type of Commercial	Additional Supportable Square Footage
Mass Merchandiser Store	94,800
Department Store	70,600
Home Centers	60,000
Electronic/Video Store	21,600
Drug Store	8,600

Financing Feasibility

The current cost of building commercial structures, coupled with the cost of land and cost of operating the structure makes it prohibitively expensive to develop the above recommendations. A summary of the cost components is presented below:

Item	Cost of Item Per Square Foot
Land	$35
Store Building	$75
Other Costs*	$35
Developer Profit (8%)	$12
Total:	$157

*** "Other Costs" refer to the cost of assembling land, escrow fees, legal fees, property taxes, demolition, storm drains, land planning, fixtures, equipment purchases, yard improvements, signage, landscaping, utilities hook-up fees, and marketing costs.**

Assuming that the expected rate of return is 12%, lease rates would have to be $1.57 per square foot per month, with the tenant paying all operating expenses. In order for financial institutions

to finance a project, lease rates would have to be in the $1.80+ range. On most recent deals, financial institutions are requiring significant pre-leasing (75%+), prior to lending the funds for construction of the premises. However, current lease rates in this area are not sufficient, according to financial institutions. In order for the recommendations to be developed some form of subsidy will need to be given.