



Downtown Economics

Ideas for Increasing Vitality in Community Business Districts

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Public Markets, Street Vendors and Downtowns

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Public markets and street vending can help communities revitalize their downtown. Street vending has historically been a large part of the American economy, but went into a period of relative decline following the 1920s. Street vending is now returning as a way to help entrepreneurs create viable businesses because of their low start-up and upkeep costs. Street vending also has positive spillover effects that can benefit existing storefront businesses.

Why Street Vending?

Encouraging public markets and street vending is an excellent way for both cities and small towns to foster dynamic social interactions, economic activities and tourism. Street vending takes the form of everything from food carts, farmer's market stalls, and stalls that sell specialized items or handicrafts. These stalls can be located within designated "market" areas or can exist on public sidewalks or within otherwise unused downtown spaces. Vendors tend to encourage healthy social interactions within communities. Those that frequent vendor's stalls tend to develop socio-economic relationships with both vendors and other customers.¹

University of Wisconsin-Madison Professor Alfonso Morales has studied markets and street vending extensively. He argues that vending not only encourages economic activity but also improves overall quality of life within many downtowns. Street vendors can serve important community policing roles as they "add life to streets often devoid of activity, discouraging antisocial behavior by acting as eyes on the street."² They can also be anchors for cultural events. Vending can be a mechanism for encouraging healthy eating choices and improve food security. It can also be an important means of incorporating new immigrants into local economies and in encouraging positive social and economic interactions between different ethnic and cultural groups. Finally, vending creates few barriers for those with limited resources.

Entrepreneurship

The re-emergence of street vending represents a new avenue for entrepreneurship in many cities and towns. In Portland, Oregon, many recent cooking school graduates are electing to open food carts as a low cost way of starting a business without having to deal with the high overhead costs associated with a brick and mortar restaurant.³ Some of these vendors eventually upgrade their carts to full restaurants. Athens, Georgia has also developed a vibrant downtown food culture centered upon street vending.⁴ Madison, Wisconsin's Dane County Farmer's Market is nationally recognized as one of the nation's top farmer's markets⁵ and allows customers to develop direct relationships with local agricultural producers. The revival of the Faneuil Hall Marketplace in Boston has been partially attributed to vendors selling from market stalls. Finally, Maxwell Street in Chicago, a traditional haven for street vending,⁶ continues to innovate new vending opportunities, including everything from food to clothing and electronics.

The economic interactions generated through street vending benefit both the vendors and nearby local storefront businesses. Numerous businesses have seen increases in sales as a result of proximity to street vendors because vendors draw customer to areas in which they operate.⁷ Because vendors tend to locate themselves near other complimentary businesses, they tend to encourage consumers to patronize multiple businesses at a time.



Street vending in New York City.
Photo source: <http://cityroom.blogs.nytimes.com>

Enabling Vending

Numerous cities have advanced initiatives to increase the number of active vendors by easing restrictions and through the creation or revitalization of public markets. These markets serve as mechanisms for community economic development. Historically, many markets, such as Maxwell Street in Chicago, were self-regulated by merchants. Vendors developed relationships with each other in respect to particular spaces without government intervention.

Today however, cities and towns have a great deal of power in regulating street or market vending. Some municipalities, such as Portland, Oregon have elected to allow street vending wherever an area is zoned "commercial". Other cities and towns have taken more restrictive approaches, limiting street vending to certain designated areas only. It can be very important for municipalities to update zoning codes if they wish to encourage vending as inflexible zoning is the factor most commonly hindering street vending. Additionally, some outdated local zoning codes place heavy restrictions on vendors, substantially limiting the number of vendors. Others charge fees that can make vending uneconomical. Updating these codes to enable or provide wider access for street vending can be an important tool in order to encourage vending within many towns and cities.

Placing some restrictions on vending can be justified to protect neighbors from potential negative spillover effects of market activity. However, there are many examples in which neighbors welcome street vendors or markets because of the positive economic benefits associated with them. Several cities, including Seattle, have developed a mechanism by which restrictions on street vending are waved as long as vendors obtain written permission from neighboring businesses.⁸

Restrictions on street vendors can include caps on certain types of goods or foods that can be sold. New York City has capped its number of new street vendors, but grants exceptions to stands that sell fresh fruits and vegetables. In this way, restrictions on street vending can be leveraged as a means of encouraging public health and nutrition goals.

1 Pendola, Rocco, Does "Main Street" Promote Sense of Community? A Comparison of San Francisco Neighborhoods

2 Morales, Alfonso and Kettles, Gregg "Zoning For Public Markets and Street Vendors", Zoning Practice, The American Planning Association, February 2009

3 Growing Crop of Vendors Hitting the Streets", San Francisco Chronicle, May 26, 2009

4 <http://www.preservationnation.org/travel-and-sites/sites/southern-region/athens-ga.html>

5 <http://www.dcfm.org/>

6 Morales, 2000, "Peddling Policy: Street Vending in Historical and Contemporary Contexts", International Journal of Sociology and Social Policy

7 Morales, Alfonso "Public Markets as Community Development Tools" Journal of Planning Education and Research, February 25, 2009

8 Morales and Kettles, 2009

9 Morales, 2009

Fees

One of the conceived problems with street vending is that communities often have trouble collecting sales taxes from street vendors. However, this is no different than with any business that deals predominantly in cash. To get around this, some cities and towns do not bother collecting taxes from street vendors or find an alternative means of collecting taxes such as fees in lieu or taxation on inventory. Despite problems collecting taxes from new vendors, these problems are often mitigated over time. As vendors become increasingly tied to the wider economy, many expand to a storefront business and thus become increasingly likely to pay taxes, with some even overpaying.⁹

Often many of the costs associated with administrating vending can be financed through market fees. These fees can also help municipalities "grow" new crops of vendors. Fees can help cities or towns provide higher degrees of service or assistance to new vendors, including basic business skills training courses. It is advantageous to support new vendors with services early on. This is because many new vendors lack general business experience and otherwise gain necessary business skills while on the job. Thus, municipal support services for vendors can help them to stay in business early on and to reduce the learning curve associated with starting a new business.

Conclusions

Public markets and street vending programs represent a low-cost mechanism to generate new economic activity. Street vending benefits both vendors and existing brick and mortar business within proximity of these vendors. Public markets can also be useful in fostering community social interactions and to some degree improve public health and safety. While street vending is an excellent way to integrate new immigrants into the wider economy, it is increasingly seen as a sound entrepreneurial activity across many different ethnic and socio-economic backgrounds.

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