A Complement, not a Competitor: How Public Markets Can Support Business Districts in Worcester

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A Complement, not a Competitor: How Public Markets Can Support Business Districts in Worcester

Ron M. Barron
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A RESEARCH PAPER

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And accepted on the recommendation of

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Chief Instructor
ABSTRACT

A Complement, not a Competitor:

How Public Markets Can Support Business Districts in Worcester

Ron M. Barron

The purpose of this paper is to examine the possible economic and community development impacts of entry-level public markets (e.g. fixed location markets, farmers markets, etc.) on the communities in which they operate. While there is extensive literature around their benefits to vendors, community health and public space, there is comparative little on the interplay between these markets and more traditional brick and mortar businesses. The background and definition of these markets, the basic common characteristics that define them, and some of the benefits they can offer for economic and community development are each explored. It then examines two different markets in two different cities, taking special focus on the interplay between these markets and their brick and mortar counter-parts. Finally, the question of how these lessons might be applied to economic development efforts in the city of Worcester is examined.

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Introduction

Public markets were once the lynchpin of local urban economies. Despite having lost much of their importance, market squares, farmers’ markets, swap meets and other
market types, still offer numerous benefits to urban communities. Cities across the country are seeking ways to develop spaces that allow low barrier to entry, or what could be called entry-level, public markets to establish themselves and flourish. The background and definition of these markets, the basic common characteristics that define them, and some of the benefits they can offer for economic and community development will be explored. Next, two different markets in two different cities, will be examined, taking special focus on the interplay between public markets and more established brick and mortar businesses. Finally, the third section will look at how promoting entry-level market spaces could benefit the city of Worcester.

The existing literature has demonstrated that these market types offer extensive benefits for place-making, economic development and opportunities for wealth-creation. What we are interested in here, is in examining the interplay between these markets and existing businesses. The placement of public markets in existing brick and mortar business districts can provide a level of flexibility and resilience to that district which may otherwise be absent. This benefit appears to be present whether the entry-level public market is permanent or semi-permanent, indoor or outdoor. What seems more important is the flexibility of the management structure, the existence of low-barriers to entry (characterized here by low startup and operating costs) and the proximity to brick and mortar businesses.
Methodology

Key Research Questions

Successful public markets are vibrant, dynamic places that can provide a wealth of economic opportunities for participants. The approaches herein are intended to better understand the mechanisms by which the benefits for economic and community development are realized and can be replicated. To this end, the following principal research questions have been developed and explored.

1. Can entry level markets provide a viable pathway for economic development?
2. What impact, if any, do these markets have on other community development outcomes?
3. How do these markets interact with traditional brick and mortar businesses?

The paper is divided into three sections in order to explore these questions in more depth. The first section examines these questions as reflected in the available literature. Section two explores the characteristics of two successful market models via two short case studies. Finally, the third section looks how the lessons gleaned from the case studies could be applicable in the Worcester economic development context.

Case Study Design – In order to better assess the impact of regulation on the development of markets, a multiple case study methodology is employed. Yin (Yin, 2003)
recommends the use of multiple case studies in instances where the existence of confounding variables would make it difficult to draw general inferences from a single case. Since the effects of regulations and market forces are influenced by innumerable variables which are often context dependent, it would be difficult to make any generalized, transferrable lessons from a single case study. The case study section therefore examines two different types of market spaces. First, a permanent indoor market and second, a semi-formal outdoor market supporting a brick and mortar commercial corridor. In each case, the section looks at the development of the market, its basic characteristics, the regulatory challenges faced by each and the methods used to overcome them.

The markets examined were selected for having similar characteristics while at the same time, operating in very different economic contexts. Each market operates within a constrained geographic space; each operates year round; each operates within a compact economic community; each is comprised of independent vendors who are free to tailor their offerings to market demand. The principal difference between these markets is in the economic context under which they operate. The first operates in a more upscale market, primarily serving tourists and upper income office workers. The second operates in a more informal context, servicing a low-moderate income customer base.
This was a conscious choice to help determine if there were characteristics common to both market types that are not dependent upon the affluence of the consumer base.

Another factor influencing the selection of the two markets was their applicability to the Worcester context. The city has been looking to attract new business investment to downtown and improve economic opportunities for its residents. Worcester currently lacks a year round public market. While there are currently a handful of farmers’ markets operating in the city, only one operates year round\(^1\). Space exists for an entry-level public market targeted at the downtown area. However, the city is unlikely to invest directly in such a market. Because of this, public market models which are either owned by or heavily subsidized by the city have been excluded.

Data on both markets was collected from publicly available documents, including organization websites, news archives, and existing reports, as well as by interviews with key stakeholders. Only information that could be corroborated by a third party source has been included.

\(^1\) The Crompton Collective Farmers’ Market operates year round on Saturdays in the Canal District - [http://www.canaldistrictfarmersmarket.com/](http://www.canaldistrictfarmersmarket.com/)
I. Entry Level Public Markets

Characteristics

The term “entry-level public market,” can be defined as a permanent or semi-permanent (e.g. seasonal) space wherein independent vendors gather to engage in trade. These market spaces can be permanent, or semi-permanent; indoor or outdoor. Morales (2011, p. 4) identified flea markets, swap meets, farmers’ markets and public markets as the principal models of the entry-level public market. However, for the purposes of this study, only markets that can be identified by certain shared characteristics have been considered.

Low barriers to entry - Only market models for which the independent vendors face low barriers for entry or market access have been considered here. This is defined as low initial capital outlays and typically lower operating costs. Rents are lower, operating cost per square foot is lower and often the associated licensing and regulatory costs are lower. In short, the type of market model for which the investment required to participate in lower, often substantially lower, than brick and mortar establishments in the same area.

Disaggregation of economic benefits - The extent to which the economic benefits are disaggregated from the owner or central management agency, to the constituent vendors is the second principal characteristic being considered. Morales (2011) and
others have identified this disaggregation of benefits as a key aspect of successful public market types (Tangires, 2008; Yellow Wood Associates, 2004). Certain types, particularly flea markets and swap meets, offer the benefits of low barrier to entry, but exhibit only a limited capacity for growing vendor investment (Morales, 2011). Because of these market types tend to operate in the extreme low end of the market, profits tend to flow more to owners and organizers than to vendors (Project for Public Spaces, 2003). Since this phenomenon has been associated more strongly with some market types than with others, flea markets and swap meets have been excluded from consideration here. Therefore, for the purposes of this study, the term “entry-level public market,” only includes brick and mortar public market buildings (e.g. Redding Terminal in PA, West Side Market in Cleveland etc.), farmers’ markets and concentrated street vending corridors (e.g. South Market in Philadelphia, Fisherman’s Warf in San Francisco).

Centrality - The third important characteristic of the entry-level public market is their location. While an argument could be made that some types of swap meets or rural antique malls may certainly meet the low-barrier to entry qualification, for the purposes of this discussion, only markets that are located in central, heavily populated areas that encourage walking, transit or other mode of transit have been considered. Markets that set up in far flung areas may provide certain benefits for the vendors, or consumers. However, their impact on the wider community is often dependent on their proximity to
other community centers of activity. Examining interactions between vendors and larger commercial districts is one of the chief aims of this study. Thus, only markets that operate in an existing commercial district that already act as community nodes have been considered. Kevin Lynch (1960) described nodes as central points that aggregate urban activity. They are the central points around that urban life pivots (e.g. the New England style central Commons, a public square; etc.). This centrality maximizes the opportunities for market vendor activity to impact community development outcomes.

**Historic Context**

The public market had been the center of the economic life of cities for much of human history (Morales, 2009). Central markets, push carts and other kinds of formal and informal street vending approaches have been the principal mechanism for immigrants and other individuals with limited access to capital to attain self-employment and make a living (Dennis, 1998; Morales, Balkin, & Persky, 1995). Because barriers to entry are typically lower for central markets than traditional brick and mortar businesses, they can provide a means for generating wealth for individuals who would otherwise be cut off from more capital intensive enterprises (Morales, 2011). Despite their historical importance, suburban supermarkets largely supplanted the central public market as the model of choice for a large portion of the twentieth century.
This trend however, has begun to reverse itself in recent years. The economic development efforts of cities have, for decades, been focused on attracting large scale private sector investment in order to generate the largest possible labor-force impact for the lowest possible public outlay (Beitman, 2016). Recently, cities have begun showing increasing interest in nurturing entrepreneurial activity. Farmers’ markets, business incubators, community kitchens and other innovative programs designed to support business startups have sprung up in cities across the country. Likewise, public markets are being increasingly recognized as an important piece of the economic development puzzle.

Benefits of Public Markets

For entrepreneurs – Entry-level public markets can be powerful tools for creating economic opportunity. Minniti (2008) described entrepreneurship as the foundation of economic development. In recognition of this, communities across the country are beginning to retool their economic development efforts to prioritize nurturing entrepreneurship (Gerend, 2007). Public markets can serve as the first order of entrepreneurship to which an individual will have access. The low entry barriers provided by these market types allow individuals whose opportunities would otherwise be constrained by their limited access to capital to invest within their means. They provide opportunities for wealth creation and economic self-sufficiency which would otherwise
be extremely limited. Dennis (1998) showed that participation in public markets can provide a viable path for individuals on welfare or unemployment insurance to attain a measure of independence through self-employment. New immigrants and individuals on the economic fringes can likewise benefit from the low barriers-to-entry public markets provide (Kallick, 2015; Raijman, 2001).

For communities - Entry-level markets can serve “social, political, and economic,” purposes, (Morales, 2009, p. 426) allowing for opportunities to generate social as well as real capital. This expands their potential benefits beyond the economic realm and into the other areas of community development. One study (Knight Communities, 2010) found that the interactions that exist in markets, especially those markets that are permanent or semi-permanent, increase community members’ positive associations with the physical space the market occupies and to the surrounding community. Respondents in this study reported that community and the environment were often stronger motivators for participation in the market than economic gain (Project for Public Spaces, 2003, p. 35). This affinity for place can have a strong impact on communities, increasing personal investment in community space and contributing to positive development outcomes.

Markets, especially farmers’ markets, can also have a strong impact on community health as well. The Project for Public Spaces (2008) explored how the vital
linkages entry-level markets in general, and farmers markets in particular can improve community health and wellbeing. These linkages between producers and consumers can have powerful community development impacts (Gaber, 1994), especially in markets that have been transformed into so-called “food deserts” by the reluctance of traditional developers to invest in urban communities (Project for Public Spaces, 2008).

For the local economy – one aspect that has received less attention in the literature is the interplay between public markets and existing brick and mortar businesses. The general sense is that existing businesses have something of a love-hate relationship with public markets (Gaber, 1994). The lower entry and operating costs of public markets can be seen as a threat to more expensive brick and mortar businesses. The strong positive impact public markets can have on perceptions of place can attract more consumers to a district. The impact of positive perceptions of place may also contribute to the long term success of all participants in a local market. Creating strong community bonds, adding a sense of vitality, increasing consumers’ positive correlations with a district will all increase the likelihood of return patronage.

For the larger economy – Markets provide for regional job creation and further economic benefits by creating important value-chain linkages (Kaplinsky & Morris, 2001). The value-chain describes all of the linkages in the process of bringing a product from raw material to consumer. Markets provide linkages in a variety of ways depending
on the market type. Farmers’ markets provide linkages from farmers to consumers through direct sales and through the value added production process. Other markets develop linkages from wholesalers and other retail links. A market space can help develop the link between local producers and consumers which may otherwise be difficult if not impossible to develop in other ways.
II. Case Studies

Public Market House, Portland Maine

*Figure 1 - Clockwise from Left: Customers outside the Portland Public Market House, Our Lady of Victories Monument in Monument Square, the Market House and Haymarket Row*
Market Background

The Portland Public Market House is a relatively new market in the heart of downtown Portland, Maine. The Market House came out of the collapse of an earlier attempt to create a public market in the city. This market, established in 1994 was an attempt to revitalize downtown using European market squares as the model (Quimby, 2009). The market was located at the corner of Preble Street and Cumberland Avenue just north of Monument Square. The Preble Street Market was founded by the philanthropist Elizabeth Noyce as a way to revitalize the monument square area (Turkel, 1996). The market operated for nearly a decade but never managed to become self-sustaining (Murphy, 2006). Two principal factors seemed to work against the market. First, its governance structure did not allow for vendors to shift in response to changes in customer demand. The market’s vision of a European style market emphasized produce over other types of fare that may have better appealed to tourists and office workers. The market’s location also may have worked against it. While only a block from monument square, the corner of Congress and Preble is dominated by a parking garage (see figure 2). Being tucked away in the back half of the district may have prevented the market from taking advantages of the benefits of the retail cluster around the Our Lady of Victories monument.
Upon the collapse of the Preble Street Market, five vendors reorganized as Market Vendors LLC to create the current Portland Public Market House. This market was founded in 2006 and expanded in 2009 to include 11 vendors, a seasonal outdoor market and a community kitchen intended to support the vendors and provide for additional revenue\(^2\). It began as an off-shoot of an older market, operating near its current site. This original Portland market was modeled on old European market squares, and emphasized

\(^2\) http://www.publicmarkethouse.com/kitchen-app.html
local produce over value-added goods (Quimby, 2009). This limited its appeal in a district dominated by office workers and tourists and as a result, the venture failed to make money (Murphy, 2006). In the wake of the old market’s collapse, four vendors organized a new market they hoped would be better equipped to respond to local consumer demand.

Economic Profile

Monument Square is a bustling commercial and business district in the heart of downtown Portland. The area is characterized by a combination of retail, food and service businesses, alongside institutional (e.g. The Maine College of Art, the US Bankruptcy Court and the Maine International Trade Center) and office space. Buildings in the district are predominately mixed use, with ground floor retail and upper-floor office space. The Portland Public Market House sits just off the square surround the Our Lady of Victories monument from which the square derives its name. The customer base for this district is composed primarily of tourists and workers from nearby offices. Vendors at the Market House occupy three floors of a building making up part of a building on the historic Haymarket Row, with each vendor taking up an average of 100 square feet\(^3\). The majority of businesses sell prepared foods, mostly using the market’s community kitchen that

\(^3\) http://www.publicmarkethouse.com/vendors-app.html
occupies the basement. This kitchen also provides a secondary revenue stream for the organization. It is available for rental to small businesses to produce and sell off premises or to produce value-added products at one of the market day-tables.

Space is also leased on Monument Square for up to twelve day tables that complement the market during the week and the Monument Square farmers market on Wednesdays during the summer and fall. Day table vendors are restricted to selling only Maine produce or locally sourced value-added product. These tables represent a substantial expansion of the Market House vendor space, having attracted more than a dozen new vendors. When operating at full capacity, the farmers market, day tables and Market House provide a vibrant, dynamic atmosphere around this historic district.

**Economic performance** – While data is not available on the individual vendors at the market, a review of the data for the Monument Square area indicates the resilience of the market model. Vacancy rates for commercial property in the Downtown area reached as high as 14% between 2006 and 2014 (PRCC, 2014), a substantial increase from a low of around 6% at the height of the boom and less 10% today. The bulk of this vacancy was in office space, which supports a major piece of the Market’s consumer base. During this same period the market expanded its operations from five to eleven vendors, adding the

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commercial kitchen and outdoor vendor space. This robust performance is remarkable given the impact the Great Recession had on both office workers and the tourism industry.

**Governance**

The market is run by an independent corporation comprised of the original five vendors who came together in the wake of the collapse of the old Public Market, seeking a new venue for their operations. Formed as an independent, for-profit, limited liability corporation, Market Vendors LLC operates as the principal leaseholder for the Market. Their business model is structured around a three tiered structure, with the building owner leasing to Market Vendors, and Market Vendors leasing space to additional vendors and day-table vendors. Market Vendors strives to place as few restrictions and impositions on their sub-tenants as possible, preferring instead to allow each vendor to adapt to customer demand. The only restriction they ask is that their vendors focus on providing locally or regionally sourced produce. Outside of this, all vendors are free to operate as they see fit.

This particular management style was deliberately chosen to correct some of the perceived short-comings of the Preble Street Market (Murphy, 2006). As was mentioned above, the Preble Street Market was characterized by a mission and management style which prevented its vendors from responding to customer need adequately. At the same time, the need to track the economic benefit of the market through performance metrics proved an added to the vendors’ cost burdens (Murphy, 2006). While, as a non-profit, the
Preble Street Market was not required to make money, the same was not true of the market’s vendors. The Portland Public Market House has attempted to correct this by minimizing Market Vendors’ influence on their subtenants.

**Regulatory Challenges/Changes**

*Land-use and zoning* – Since the Haymarket Row building was already zoned for commercial use, no changes needed to be made for the market begin operations. The market is operating in a B-3, Downtown Commercial District, which permits retail operations without specifying the form that retail should take. Provided that the retail operations occupy at least 75% of the ground floor space, it matters little how that retail is set up. There are no minimum square footage or parking requirements. There was less clarity regarding the outdoor day-tables. Outdoor vendors are already an allowed use under Chapter 19 of the municipal code, provided they are a) limiting their vending activities to food sales and b) taking up no more than 7 square ft. of space per vendor. According to the Economic Development Department of the City of Portland, there was some concern about overlap between the farmers’ market operating on Monument Square on Wednesdays. This was resolved by agreement between the two organizations.

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6 City of Portland, Maine, Code of Ordinances Chapter 14, Land Use, Sec. 14-1, Div. 12, Rev. 9-15-2014  
7 City of Portland Code of Ordinances, Chapter 19, Peddlers & Solicitors, Sec. 19-17 ss. (b), Rev. 3-7-2016
Other Challenges – One hurdle that did arise centered on the development of the commercial kitchen. In 2015, the Portland Department of Public Works passed an ordinance requiring all food producers in the city to install grease traps to manage the flow of fat and grease into the city sewer system (Portland DPW, 2015). At this time, it is unclear how the regulations will apply to the business model of the public market. It is unclear at this time whether the ordinance will apply to the market as a whole or to the vendors individually. If it is the former, then the market will be able to install a single trap for all vendors and business will not be impacted. However, if the latter, then the market will face a serious challenge going forward.
52nd St Street Vendors' Corridor, Philadelphia, PA

Figure 3 - Map of 52nd St Corridor, Vendors on the 52nd Street Corridor

Market Background

The 52nd street Vendors’ Corridor in the neighborhood of West Philadelphia, runs along a crucial central roadway that has been called the Main Street of West Philly (Gambacorta, 2015). This vital commercial corridor has serviced the predominately Afro-American and immigrant communities to the west and the hinterlands of University City to the east for many years. The corridor stretches nearly 1600 linear feet from Arch Street in the north to Walnut Street in the south. It is characterized by a combination of brick
and mortar shops and semi-formal street vendors that line the sidewalks at the curbside opposite the fixed shops. These vendors predominately sell retail goods that are geared toward a low to moderate income consumer base (Philadelphia City Planning Commission, 2013). These are typically new wares of the type available in dollar stores or other discount retailers. Hats, sunglasses and cell phone accessories are common items on vendor tables. Often these goods appear to be complementary to those sold in the nearby brick and mortar businesses, however this is not always the case. It is possible that some of the shop owners have cooperative agreements with vendors, however considering such arrangements are of dubious legality, it is difficult to accurately ascertain the relationship between the vendors and the brick and mortar firms.

Traditionally the relationship between vendors and the city has been fairly hostile. There are a few records of instances where the city attempted to shut down the street vendors (e.g. in response to complaints regarding the sale of bootleg media) only to have them return sometime later (Gordon, 1995; Rubin, 2005). This seems to have been a fixture of life in the corridor for some time. However, after the brick and mortar businesses in the neighborhood were negatively impacted by the drawn out re-development of the Market-Frankford EL train line, street vending became an increasingly attractive alternative for entrepreneurs with limited capital access (Freemark, 2009; Goodman, 2009). Recently, the city has abandoned its adversarial approach and
undertaken efforts to create a licensing and planning scheme to legalize the street vendors and allow them to better develop their investment and contribute to the tax base (Gambacorta, 2015).

**Economic Profile**

Market serves a predominately low-moderate income consumer base. The majority of the vendors sell low cost retail goods that are often complimentary to the brick and mortar shops they interact with. The corridor acts as the principal market corridor for the West Philadelphia neighborhood. Drawing on a consumer base from the low-moderate income neighborhoods directly around it, the corridor also draws from the more affluent single-family neighborhoods of far West Philly as well as students and faculty from nearby University City. With the completion of the 52nd Street El train station, the corridor now also has the opportunity to draw from a wider area.

**Governance**

The 52nd Street vendors have exhibited what Morales (2010) refers to as “bottom up” governance model (pg. 188). Vendors have “self-created a system of governance suited to their needs and resources.” The relationship among vendors and between vendors and shop owners has been self-regulated until recently. The city has attempted
to introduce a certain measure of organization through regulation, however the management of the vendors is still largely left to market participants.

**Regulatory Challenges/Changes**

Since the early 2000’s the city has undertaken a number of interventions to improve the market environment in the district. These efforts include the creation of community partnerships to promote communication with vendors and business owners; neighborhood cleanup activities; funding technical assistance programs targeted specifically at vendors and new entrepreneurs and updated city ordinances to allow for a wider variety of market activities.

*Cleanup Program* - For many years, one of the dominant features of the market corridor were the awnings that extended from the front of the buildings, stretching across the sidewalks (Lucas, 2012). These awnings had been neglected over the years and were in desperate need of repair. Rather than force the business owners and vendors to shoulder the burden of removing them, the city funded a removal program.

*Community Partnerships* - In order to improve communications between the city and business owners, the city forged partnerships with a number of independent community based organizations (Kallick, 2015). Groups like the Enterprise Center contracted with the city to provide technical assistance to new and emerging business owners, while the Philadelphia Welcoming Center was set up to provide assistance
immigrant entrepreneurs. In all nearly a half dozen programs have been set up to assist
the success and development of small business owners in the corridor. provided resources
to brick and mortar businesses to develop storefronts; provided grants;

Legal Changes - In 2011, Philadelphia updated its ordinance to convert 52nd St
to a business corridor (Campisi, 2011). This move made street vending a legal, permitted
activity. This small change has allowed the sixty vendors currently operating in the
corridor to become fully licensed, tax contributing small business owners. This
designation creates a simplified business licensing process, provides standardization for
the size and location of vendor stalls and establishes a legal framework for the dispute
resolution between the vendors, shop owners and residents.

Key Findings from the Case Studies

Economic Resilience and Flexibility – One of the most powerful themes to emerge
from the case study data is that the presence of the market vendors seems to provide a
layer of resilience and flexibility that allows the entry-level public market to better
weather economic hardships. Resilience can be defined here as an object’s ability to
respond positively to external challenges – not merely to bounce back, but to become
stronger (Jabareen, 2013). Both the Portland Public Market House and the 52nd street
Vendors Corridor seem to have weathered the economic downturns they suffered better
than other business types in their respective cities. On 52nd street, the negative impacts of
the re-construction of the Market-Frankfurt EL line, from 1999-2009 and the economic hardships created by the Great Recession in 2008, forced a number of brick and mortar businesses in the corridor to close (Lucas, 2012). The vendors’ corridor seems to have been able to absorb at least some of that shift, allowing vendors to remain in business who might otherwise have left the district. Similarly, the Portland Public Market House was able to weather the Great Recession and was even able to expand by 2010. This was at a time when vacancy rates in the downtown region were at more than seven percentage points up from their 2007 low. While the number of vendors has not much increased since that expansion, it is likely more a limitation on space than on the economics of the market. This suggests a degree of flexibility that may not be available in areas where public market types are prohibited.

This observation does raise at least one additional question. Which aspect of the market type accounts for this resilience and flexibility? While the data presented in the case studies is by no means exhaustive, at least two areas suggest themselves as worthy of further research. First, the decentralized nature of the market may allow the model to weather economic shocks that a brick and mortar business could not endure. The disaggregation of risk inherent in the public market type might allow the market to whether economic conditions that might otherwise be devastating. By having the impacts
fall on the constituent parts of the market rather than on the market as a whole, this model may be able to avoid collapsing entirely.

In the case of the 52nd Street Corridor, the ability of the market to transition from a reliance on high cost brick and mortar shops to low cost street vending allowed the district to remain vibrant even as other similar districts were suffering. Individual vendors may need to close up shop, but the low cost and disaggregation of risk inherent in the model encourages new vendors to come in. In this way, particular vendors would feel the effects, but the market, in aggregate would not. In light of this experience, the city has embraced the vendors as a model and even have begun offering them financial support.

A second area of interest might be the flexibility of the management structure. The management structure of the Public Market House has been deliberately designed to correct the failings of the old public market, allowing its vendors a degree of flexibility which, according to some sources, was not present in the older market (Murphy, 2006). By refocusing its efforts to better target the existing customer base, the new market has capitalized on its advantages. Market Vendors LLC has also tried to limit the amount of interference with market vendors. One complaint about the old market was that management had too much input into how vendors would operate, going so far as to mandate what types of products they could and could not sell. Management at the Market House has made a conscious effort to avoid these pit falls.
The 52nd Street Corridor has no formal management structure to speak of, however it may still be illustrative in comparison to the Portland case. Failing as it did at the height of the economic boom in 2006, the rigidity of the old Portland market’s management structure may have prevented the market from responding to changes in customer demand. The more flexible the governance structure of a market is, the better it may be at responding to such changes, and thus, the more resilient it should be.

*Regulatory Opportunities and Pitfalls* – Both of the cases demonstrated the power of the regulatory environment to impact the growth of these markets. First, negative, or restrictive regulations have had an impact on both markets. In Philadelphia, the historic prohibition on street vendors forced entrepreneurs on 52nd street to operate in a gray market, removed from city protection. In the Portland case, new regulations surrounding the handling of food waste are threatening to derail that market. The regulatory flexibility of new regulations, on the other hand allowed the vendors along the 52nd Street Corridor to flourish. It is important to note, that regulatory flexibility, rather than the absence of regulations seems to be most important. Philadelphia has made a concerted effort to craft regulations that reflect the realities of the vendors and shop owners in the district. In the Portland case, the lack of a specifically tailored regulatory environment has led to a number of significant challenges.
Positive impact on place – The addition of the vendors has maintained a sense of vibrancy that would not have possible had the struggling shop owners had no alternative but to leave the district. At the same time, the decentralized model of the market and low barriers to entry encourage growth, even in the face of downward economic pressures. This allows for a higher concentration of market activity than what would be possible in the absence of market vendors. The sixty street vendors currently operating in the 52nd Street Corridor and the eleven vendors operating in the Market House, are both a powerful compliment to the brick and mortar businesses, allowing for more variety and more options for economic activity.

Challenges and Best Practices

It is perhaps important to note that nothing herein has been intended to suggest that the public market model should be seen an alternative to more common brick and mortar businesses. Many public markets fail for a variety of reasons, despite the obvious benefits of low start-up and operating costs and the disaggregation of risk (Project for Public Spaces, 2003). Rather, the markets profiled in the above sections both seemed to benefit from existing as a complement to, rather than a replacement for, more traditional models. In order to better understand how the benefits of this market type can be realized, the following section will review some best practices derived from the cases.
Market Governance

Governance models of public markets is especially important. Here “governance model,” is taken to mean the organizational/managerial model of the organization. Both of the cases examined were governed under extremely limited management structures. The Portland case has a three tiered structure with subtenant vendors subordinate to the five vendors comprising Market Ventures, LLC. However, Market Vendors’ has made a point of not interfering with individual vending operations. The one exception to this rule applies to day-table vendors. These vendors are required to sell products that are locally produced, although this was done as part of a compromise with the city to limit the day-tablers’ interference with the existing Monument Square farmers’ market.

In the West Philadelphia case, the management structure is all but non-existent. Arrangements are made informally among vendors and with the brick and mortar firms. This is extremely limited, allowing for the maximum flexibility. Both governance models prioritize the ability of vendors to respond affirmatively to consumer demand. In setting up a public market, ensuring the governance model allows for this type of responsiveness is paramount.

For-Profit, v. Nonprofit Governance – Broadly speaking, public markets typically operate under two types of governance models; non-profit or for-profit. The Portland case illustrates benefits an independent, for-profit model can offer over those of a non-profit
organizational model. That is not to say that the non-profit model has no value. However, the cases make clear that a for-profit, loosely governed model can better provide the flexibility necessary to produce economic development benefits on a wider level. The difference lies in the respective missions of these types of organizations. A for-profit organization is typically concerned with little more than generating a return on investment. Non-profit organizations are formed in response to very different needs, that may or may not allow them to respond effectively to changing conditions.

The Portland case provides an illustrative lesson in how such a mission can conflict with the successful operation of a public market. As was noted in the above case, the original market that spawned the current Market House was founded with a mission to provide fresh produce in a European style market setting. This mission was manifested by a number of strict limitations placed on what vendors could and could not sell. While these limitations fit the organization’s mission perfectly, it did not allow vendors to respond to consumer demand. The efficiency and responsiveness of a for-profit market is something that is often very difficult to replicate in a non-profit model. If a non-profit governance model is to be considered, the city would do well to pay close attention to the mission of the governance organization and ensure it aligns with economic development goals of the city.
Challenges – While for-profit models are generally more flexible and may offer more benefits to the wider business community, encouraging a for-profit market is no easy feat for a city. For instance, it is not clear if most cities even have mechanisms in place to proactively produce such a market type. On the other hand, nonprofits are more of a known quantity to most cities. Many cities already have a number of partnerships and relationships with nonprofit organizations and has mechanism in place to produce an RFP or otherwise encourage the creation of a viable public market space. Also, with the right development goals in mind there is no specific reason why a non-profit market cannot be flexible enough to generate the kind of market activity that can produce positive economic development outcomes. However, a city would need to be careful to ensure that any effort had stated outcomes in mind when developing any kind of mechanism for encouraging the creation of a public market.

Regulation

The need for clear regulation – The Portland and West Philadelphia cases both illustrate the promise and the peril of a city operating without clearly defined regulations around public markets. On the one hand, the Portland case showed that the lack of specific restrictions allowed for the easy development of the market when it first opened. Similarly, in the West Philadelphia case, street vendors were not acknowledged in the city code and the market was allowed to grow and operate in a legal gray zone. In both
cases the absence of a specific regulatory prohibition allowed for the market’s creation. However, the lack of clear regulation was also a detriment to both markets. Portland suffered from a lack of clarity between state and local regulatory agencies. Indeed, as the situation surrounding recent changes to the city’s food waste management rules suggest, the lack of clarity may yet undo the progress of the market. The simple fact that the city has never expressly articulated the rules governing these types of markets opens up the possibility for more unforeseen problems to arise in the future.

In West Philadelphia the question was less a lack of legal clarity and more a question of enforcement. The vending in the district was not a permissible activity until very recently. However, the city was inconsistent in its code enforcement and thus vendors were allowed to operate subject to little oversight and not contributing to the tax base. In response the city has established clear rules for market vendors. If a city were to pursue public markets as a model for commercial activity it would do well to identify the forms it finds appropriate, define them and work out how they are to be regulated. By acknowledging entry-level markets as an acceptable market type, it not only provides for the means to control such markets, but also injects the kind of certainty and legal predictability that allows these markets to grow. The West Philadelphia case illustrates that vendors will not shrink from a regulated market, but rather tend to thrive on the certainty well-crafted rules can provide.
Challenges – Crafting regulation is all about balance. The interests of all key stakeholders need to be considered in order to minimize the potential impact, intended or not, of any new rule. As such, “right-sizing,” regulations should be a principal goal for the city. The city must ensure a positive balance between the needs of existing businesses owners and new markets. Business owners need to be reassured that public markets are intended to complement their businesses, not compete with them. Philadelphia employed a robust strategy of developing community partnerships to ensure stakeholder concerns are heard and addressed. Creating such partnerships (see the following section) is important for getting this balance right.

Community Partnerships

The biggest threat to the establishment of entry-level market types is most often community resistance. This resistance can come in many forms – from businesses concerned about competition; from consumers who do not understand the value of the model; from neighbors concerned about changes it might bring to the neighborhood, or fear the loss of parking or other public space. One response to this challenge is for the city to develop relationships with organizations already trusted by stakeholders the community. In West Philadelphia, the city engaged a wide coalition including community development agencies, immigrant groups and business associations. By soliciting the input of organizations the community already has an investment in, the city has been able
to strengthen the position of the market. For a city to develop a strong market, many groups would need to be brought together. For instance, organizations that already partner with the city servicing other needs could provide outreach to immigrants or financing for entrepreneurs.

Challenges – Creating community buy-in for a public market would require extensive effort on the part of city and community leaders. Often building lasting, effective community partnerships is easier said than done. For Philadelphia, there were already numerous organizations working to support a market that had existed for years despite the city’s efforts. Creating one from whole cloth would require a city to first create the regulatory space and then solicit input from existing community organizations.

III. Applicability to Worcester

Economic Profile

Public markets, especially those with below average startup costs can be especially attractive to individuals with limited economic opportunities such as new immigrants, and the under-educated. As a “gateway city,” (Muro, 2007) – that is, the main entry route for immigrants into the state of Massachusetts - with a relatively young population, Worcester is well situated to create a strong, sustainable public market space.
Employment – While the city of Worcester is home to a fairly sizable population of middle-class families, it also contains a highly concentrated population of low-moderate income residents (WRRB, 2013). In the late-nineteenth and early twentieth century, Worcester was a booming industrial center (WRRB, 2015). The collapse of the industrial manufacturing that defined the last quarter of that century left an indelible mark on the city. The downtown especially is characterized by high concentrations of urban poverty with limited access to local economic opportunity or connections to regional jobs centers (WRRB, 2012). As of 2014, the unemployment rate in Worcester was just over 5% making it only slightly above the state average. However, poverty rates among African-American and Hispanic communities is significantly higher than for the white population (WRRB, 2013).

Demographics – The median age in the city is 33.6, six years younger than Massachusetts as a whole and three years younger than the national median age (WRRB, 2015). Additionally, around 20% of the population in 2015 was foreign born (WRRB, 2015, p. 18). These characteristics combined align well with those that scholars have identified as being associated with participation in public markets, especially those with low initial capital outlays (Project for Public Spaces, 2003). One study conducted in a Mexican immigrant neighborhood in Chicago, found that 51% of self-employed residents cited participation in public and informal markets as their principle source of employment.
(Raijman, 2001). In fact, the author argues that rates of self-employment are often widely underestimated in immigrant communities because of the informal nature of much of the work. Providing a legal outlet for such work can be a vital step for improving economic outcomes for these communities. The sheer size of the foreign born population in Worcester also presents another potential opportunity for the city. The Project for Public Spaces (2008) found that markets, especially street markets with a particular ethnic character were more likely to succeed than more generally oriented markets. Developing a market model that draws on the strength of Worcester’s foreign born community could be a highly effective strategy for the city.

Education – Despite the important position of higher education in the city, the levels of educational attainment are more in line with the economic characteristics of the population. Drop-out rates among the area high schools are significantly higher than the state average\(^8\). This trend is even more pronounced for the foreign born population\(^9\). This trend is troubling as the employment prospects for youth without at least a high school education are slim. Indeed, Venkatesh (2006) and others have shown that this lack of economic opportunity is a prime motivation for participation in informal and black

\(^8\) In 2015 the Worcester dropout rate was recorded as 7.2% against 5.1% for the state as a whole. (http://profiles.doe.mass.edu/grad/grad_report.aspx?orgcode=03480000&orgtypecode=5&fycode=2015)

\(^9\) 2015 dropout rate in 2015 for English language learners was listed as 8.3% (http://profiles.doe.mass.edu/grad/grad_report.aspx?orgcode=03480000&orgtypecode=5&fycode=2015)
markets. Increasing opportunities for entrepreneurship, while not a panacea, can be a partial solution to this problem.

**Opportunities for the City**

In both of the cases examined above, the existence of a decentralized market model presented participants with an apparent advantage over their brick and mortar counter-parts. At the same time, the economic resilience of these market types seem to have bolstered the economic prospects of all participants – pubic market vendors and brick and mortar business owners alike – in both of these districts. Worcester has a number of highly concentrated, struggling commercial districts that could benefit from the strategic creation of public market spaces.

*Entrepreneurial opportunities* – The city needs to improve the economic options of a large portion of its population. Creating space for low-cost investment opportunities can be a powerful tool for helping marginal populations become economically self-reliant. Public markets can create spaces where individuals can develop real, social and human capital. At the same time, the placement of these markets can draw new consumers into a district to support existing brick and mortar business, or even provide a low cost means for those businesses to expand their operations.

*Support existing efforts to develop new local businesses* – Worcester is home to a number of organizations that are working to develop community kitchens, business
incubators and other innovative interventions to support and promote entrepreneurship in the city. A public market can provide a powerful linkage between the products produced and local consumer base.

*Supply vital linkages between local and regional products and consumers* – Public markets can also provide important linkages to products produced locally and regionally by more established producers. Farmers’ markets already provide linkages between regional produce and urban consumers. A public market could create similar linkages for locally and regionally produced value-added products.

*Improve perceptions of communities, neighborhoods and places* – Finally, a well place and well run public market could have a powerful influence on public perception. Worcester has long suffered from the negative perceptions associated with suburbanization and de-industrialization. Many of the city’s efforts to revitalize its downtown have centered on drawing in more residents to improve perceptions of safety and vitality (Worcester, 2010). The positive effect of a well-run public market on these kinds of perceptions would only strengthen such efforts.

**Possible Implementation Scenarios**

The previous sections examined the general opportunities that currently exist in Worcester for developing a public market. They have also examined some of the transferable lessons gleaned from the case studies. This section will now look briefly at
the strengths and weaknesses of a few potential sites in Worcester for such a market. Simply creating the legal and regulatory space for entrepreneurs with limited capital resources to operate in the formal market may not be sufficient for realizing all of the potential benefits of this market type. Indeed, the correct placement of public markets can be a strong determinant of their success or failure (Kallick, 2015). Strategic site selection can also provide a boost to the reputation of targeted neighborhoods, bring vitality and potentially attract new investment.

This presents possible criteria for determining the placement of market spaces in a city such as Worcester. First, the location must be easily accessible by multiple transit modes. Simply having access to ample parking is not sufficient to develop a market space or district Second, the market should be adjacent to existing commercial activity. Third, the existing commercial activity in those sites should be diverse. Markets require a critical mass of diverse vendor types and a dense, engaging environment in order to be sustainable (Project for Public Spaces, 2003). Based on this criteria, appropriate sites in Worcester include:
Downtown/Worcester Common

Figure 4- Map of Worcester Common, Worcester City Hall as seen from the Common

Downtown/the Common is one of the chief targets for economic development in the city. This area represents the political, economic and geographic heart of Worcester. The Commons is large park sitting adjacent to Worcester City Hall. It is in the middle of a dense district of retail and office space. Recent economic development and planning documents have highlighted the need to bring in new businesses and support existing businesses in this district (Smallridge, 2012; Worcester, 2010). The city has expressed a desire to reinvent this area has an “18 hour” district, focused on new restaurants, bars and other service areas. Adding a dedicated, permanent or semi-permanent public market
would attract more activity to the district, increase the visibility of its profile and bring new visitors to the Common. At the same time, such a market could service many of the needs of the low-moderate income residents the district now served, as well as provide a market outlet for products developed as part one of Worcester’s existing incubator programs, community kitchens, or other regional food producers.

**Strengths** – The greatest strength of the Worcester Common is its central location. The Commons is a central nexus point for all of the city’s neighborhoods. It is serviced by all city bus routes and is within close walking distance of the city’s MBTA, Amtrak and bus terminals. It is surrounded by many existing and struggling brick and mortar businesses that have suffered from the lack of permanent residents and a poor neighborhood reputation. Physically, the Common is a large outdoor area that is well shaded in the summer time and often under-utilized. It is flanked by wide roads and sidewalks that make the site especially well-suited for a semi-permanent outdoor market. Such a market could easily expand onto sidewalks, or even into the street should the city decide to close down some streets to weekend traffic.

**Weaknesses** - As a public park it is poorly suited to a year round market. Being public land it would be difficult, if not impossible to bring in even semi-permanent structures to allow for winter time markets. The city may be unable or unwilling to allow for week-day use, which would negatively impact the effectiveness of the location. The
city would need to be proactive about developing strategies to suit the market, even if it did not manage it outright. Leasing out space, closing down streets, and giving up parking spots are all activities that require long-term investment of time, energy and perhaps even money from the city. This threatens long term viability of the site if and when city governance priorities change.

Alternatives – One downtown alternative to the Common could be the Worcester Market Building, at 831 Main Street. This historic building was once the site of the city’s public market, which was closed in the 2014 (Nicodemus, 2014). Since then it has been used for a variety of purposes. At the time of this writing, the Market Building was available for lease, though it’s suitability for use as a market is not currently known.
The SWIP is the site of a former industrial development, located in the South Main area of the city. Several years ago the city invested in clean up efforts to prepare the property for redevelopment. However, these efforts have not yet been successful. To date, the site consists only a few large vacant lots.

**Strengths** – The SWIP sits at the far end of dense neighborhood and is adjacent to many low-moderate income households. It is very close to Clark University and its student base. The adjacent neighborhoods also house an elementary school and a regional chapter of the Boys and Girls club. These factors alone increase its potential market base.
dramatically. Installing permanent or semi-permanent structures would be comparatively easy for this site. The sites are empty and have gone unused for a number of years. Any one of the five lots would be more than large enough to support semi-permanent structures for a year round market. Also, as these lots are currently owned by the city, the risk of any one of them being suddenly sold out from under a successful market is somewhat lessened.

**Weaknesses** – While the lots are near many commercial establishments there is not nearly as much in the way of existing commercial activity to support. Many of the businesses in the neighborhood are closed, and those which are closest to the SWIP parcels are occupied by light industrial, as opposed to retail businesses (City of Worcester, 2014). The site is also tucked between two railroad bridges, giving the area more of the feeling of an enclave than an integral part of the surrounding community. This low visibility could prove a serious barrier, though, as one of the main routes from 146 to Clark and Main South, this could be overcome. Finally, the amount of investment it would take to get even semi-permanent structures up and running (to say nothing of where it would come from) is a serious question.
The Canal District, just south-east of Downtown, is a vibrant commercial district that has evolved into one of the main nightlife districts for the city. A former industrial neighborhood, the Canal District is characterized by historic industrial structures and commercial buildings that follow the old Blackstone Canal. The central node of the district lies at Kelley Square, a notorious five-way intersection connecting to the 290 highway.

**Strengths** – The neighborhood is possessed of a few large open lots around Kelly Square. These lots are close enough to the vibrant commercial district for the existence of a market to provide a much needed injection of economic diversification. This district already attracts many visitors, especially in the summer. Kelley Square, despite its
deservedly bad reputation among drivers, is the natural hub of the neighborhood that connects the Canal District to Downtown. More pedestrian activity in the district could actually improve traffic conditions and drive more business to the district. In addition to the open space, the Canal District is currently home to an indoor farmers’ market. This market is open Saturdays from 9:00am – 12:00 noon and features a variety of farmers and regional produce. It could serve as a starting point for incorporating an entry-level market deeper into the district.

Weaknesses – None of the open areas around Kelley Square are truly central to the district. This lack of centrality could negatively impact the interplay between a vendor market and the brick and mortar vendors. Also, unlike the lots in the SWIP, many of the more suitable lots are privately owned. This factor alone might make the long term viability of a public market less certain. Should the area begin to attract new investment, these lots might quickly be taken out of play. Also, the narrow streets and sidewalks of the district are ill-suited for sidewalk vending. The Canal District Farmers Market has its own short-comings as well. While the market is attempting to bring the benefits of an entry-level market to the district, it may be too far removed from the center of the district to be effective. At the same time, its limited operating hours may restrict its impact on the district.

http://www.canaldistrictfarmersmarket.com/about-us.html
IV. Conclusions

This paper was intended to examine the question of what impacts, if any, entry-level public markets can provide to individual participants and to the wider community. The literature has demonstrated that urban public markets provide numerous benefits to the communities in which they operate. Public markets provide opportunities for social mobility to economically and socially marginal communities, while also providing low cost opportunities for existing businesses to expand into new markets. Additionally, the strategic placement of markets can actually provide a simulative effect for area businesses by creating a destination for residents and tourists while adding vibrancy to their communities. Such vibrancy can improve the optics of an area and increase demand among traditional brick and mortar business owners as well as for other types of development.

The city of Worcester is in a prime position to capitalize on the kinds of economic benefits these markets can create. The city has a young population, in need of increased access to economic opportunities. At the same time, Worcester is possessed of a dynamic population of foreign born residents. The literature and case studies have demonstrated that the benefits of public markets land squarely at the intersection of these populations. Further, the markets themselves can have a strong impact on existing commercial corridors. A successful market can add a level of flexibility and economic resilience that
benefit both vendors and brick and mortar businesses. Regulatory mechanisms that will encourage growth of entry-level public markets, including incentives for their strategic placement can be crafted by the city to encourage their growth.

Some interesting areas for further research were also suggested. A robust analysis of the economic performance of these market-types could greatly illuminate the symbiotic relationship between public markets and traditional shop owners. Being able to prove and quantify this phenomenon could provide cities with a powerful tool for developing otherwise moribund commercial districts.
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