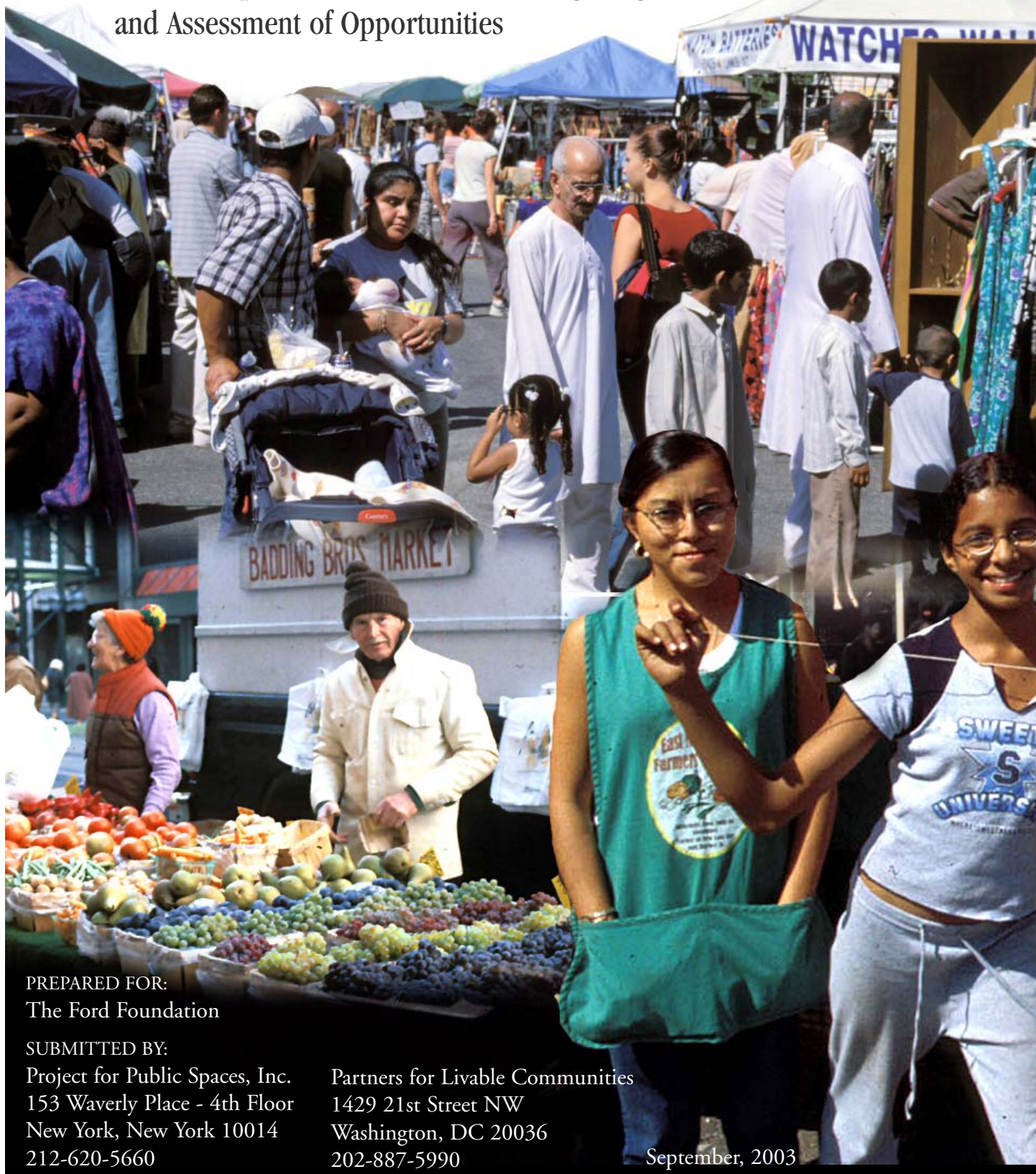


# Public Markets as a Vehicle for Social Integration and Upward Mobility

Phase I Report: An Overview of Existing Programs  
and Assessment of Opportunities



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# Introduction

## **Urban revitalization...economic development...progress.**

The billions of dollars in public and private investment justified by these catchwords – and by the jobs that presumably go with them – have produced pitifully little in all too many American cities. The financial rewards of the “big project” – whether it be highway construction, an office complex, or a convention center – have tended to produce more menial jobs than meaningful ones. Moreover, they have done serious damage to the urban fabric – its streets, parks, and public spaces – which, in turn, leads to further stagnation and even downward spiral.

Urban revitalization practitioners – whether from government, the private sector, or from community-based organizations – are beginning to recognize that new definitions of “urban revitalization” and “economic development” are needed today. These strategies understand the importance of public spaces that connect everything together, and that public gathering places are inextricably related to the potential for economic opportunity and upward mobility of lower-income people.

One of the most obvious, but perhaps least understood, methods of enhancing social integration in public spaces and encouraging upward mobility are public markets. Increasingly, community leaders and local government see public markets as a means of addressing some of the more vexing problems of our cities: the need to bring people of different ethnic groups and incomes together; the need to make inviting and safe public spaces; the need to reinvigorate low- and moderate-income neighborhoods and to support small-scale economic activity; the need to provide fresh, high-quality produce to inner-city residents; and the need to protect open space and preserve farming around cities.

This report summarizes the results of a six-month research effort where Project for Public Spaces, Inc. (PPS) in association with Partners for Livable Communities (Partners), took a fresh look at the issue of public markets which serve low- and moderate-income, ethnically diverse communities. This research allowed us to address specifically how public markets enhance the potential for social integration in public spaces – attracting diverse income levels, ages, and ethnicities – and thereby create a sustainable vehicle for upward mobility and individual empowerment for low-income communities. For the purposes of this study, therefore, we defined a successful market as: one that succeeds in both its economic and social aspects and can sustain both over the long term.

The research began with a scan survey of over 100 markets. From this list, eight were selected for detailed case study research, which included customer and vendor surveys, interviews with market management, and, when possible, a focus group of vendors, customers, and other involved parties.



While it was important to better understand the current dynamics of public markets, it is perhaps more important to look to the future to create a new paradigm and approach for public spaces, markets, social integration and economic mobility – and to identify opportunities and potential implementation strategies. Four regional forums were conducted (in Los Angeles, Memphis, New York, and Washington) to address future opportunities for development of markets. Finally, PPS’s 5th International Public Market Conference, held in New York in November 2002 and partly sponsored by the Ford Foundation, provided an opportunity to raise many of the issues identified during the research and discuss them with other market operators and community development experts. Indeed, many of the conclusions of this report are derived from presentations and discussions at conference sessions.

It should be noted that a companion report, with additional case studies funded under a grant from the Kellogg Foundation, will supplement this report later in the spring. That research will specifically address public markets developed by community-based food system advocates.

## What is a Public Market?

The term public market has changed in meaning over time and still differs from place to place. In the United States, a public market has traditionally been defined as a municipally owned and operated building where vendors sell fresh food from open stalls. While some public markets still match this definition, public markets now come in many shapes and settings, offer a wide range of different products, and are owned and operated by various types of organizations, not just city governments. Besides the old-fashioned public market buildings, public markets also embrace many farmers, craft, and even some antique, markets. Public market districts that incorporate the elements of these types of markets, along with more traditional forms of food retailing, are among the best-loved places in the world.

At their most basic, markets include vendors or merchants who meet at the same location on a regular basis under the aegis of a sponsoring entity that has legal and

financial responsibility to oversee operations and, sometimes, structures or facilities to house the market activity. What distinguish public markets from other types of related retail activity are the following three characteristics:

Most important, public markets must have public goals. Public goals give a defined civic purpose to the market activity. Typically, these goals have included attracting shoppers to a downtown or neighborhood commercial district, providing affordable retailing opportunities to small businesses, preserving farming or farmland in the region, activating an underused public space, or displacing an undesirable use of a public space.

Second, public markets are located in and/or create a public space in the community. This is the visible aspect of a market – the creation of an inviting, safe, and lively place that attracts a wide range of people. As an effective place where people mix, public markets can become the heart and soul of a community, its common ground, a place where people interact easily, and a setting where other community activities take place.

Finally, public markets are made up of locally owned, independent businesses operated by their owners, unlike the ubiquitous franchises that dominate retailing today. This helps account for the local flavor of public markets and the uniqueness of the shopping experience. Public markets consciously seek out local entrepreneurs and businesses and therefore offer an alternative to common retail practices.

## Methodology

The core of this research was based on an analysis of eight existing public markets to understand how they serve low and moderate income communities with regard to the specific issues of social integration and upward mobility. Because this is not intended to be an exhaustive survey of all potential aspects of these issues, PPS used a case study approach which involved:

- Interviews with market management.
- Collecting market budget and background information.
- Surveys of customers, with a goal of 100 per market. In all, 671 customer surveys were completed.
- Surveys of market vendors, with a goal of 50% of all vendors. In all, 157 vendor surveys were completed.
- Activity mapping at selected markets, recording the types and volumes of customers at different times of the day.

- When possible, a focus group of market vendors, customers, and other involved parties.

At the outset, specific criteria for selecting sites (geographic/ethnic diversity, local partner to help coordinate, etc.) were developed. PPS made an extensive effort to identify potential examples through internet research, requesting suggestions from a variety of list serves, and interviews with market management in different parts of the country. It was from this master list (included in the appendices) that we selected the eight case studies.



# Challenges of Public Markets in Low-Income Communities

**Public markets are making a comeback.** Cities that preserved their public markets, from Seattle to Cleveland to Buffalo to Philadelphia, have brought new life and vitality to them. New public market halls have been developed from Lynchburg, VA to Little Rock, AR to Toledo, OH to Asheville, NC. Thousands of farmers markets and craft markets have sprung up in cities throughout the country, attracting people back to the public spaces of their downtown and neighborhoods.

Yet, despite their potential, many markets – especially markets that serve low-income communities – have failed or are experiencing problems with sustainability. Southland Farmers’ Market Association in Los Angeles found that 30% of new farmers markets failed in California, and those established in low-income areas were even more likely to fail. They also found great disparity in gross revenues in markets in low-income communities versus middle-income communities: a South Central LA market grosses \$200,000 a year (and declining) compared with over \$3.7 million (and increasing) in Santa Monica.

As noted, PPS defined a successful market for the purposes of this study as one that succeeds in both its economic and social aspects and can sustain both over the long term. Needless to say, creating a public market that meets our definition of success is a considerable task in a low-income neighborhood - exactly where such a market is most needed, but also where it is most difficult to achieve. Several formidable challenges are clear.

## Challenge 1 Economic Failure

As with any commercial enterprise, simple economic failure is always a possibility. Inadequate capitalization, poor understanding of the customer and the market, and poor management can plague any start-up retail enterprise. However, a market that is conceived and funded as a public market can experience economic failure for several other reasons as well, related to the good intentions of the sponsors and to the use of subsidy funds.

For example, due to the presence of public or philanthropic partners that seek to “make a statement” or create a symbol of renewal as one of their objectives, the market may incur unnecessarily high operating costs by having funding for a more elaborate and expensive-to-operate facility than it can support over the long term.

The Haitian Market in Miami was a handsome structure architecturally, but the operations of the market were never seriously considered and the project went bankrupt. Failures of this kind can occur even in open-air markets, however. For example, a foundation-supported series of markets in low-income housing projects in Philadelphia failed as soon as foundation support was withdrawn – there was virtually no other source of income and the sponsoring organization, a food security group, could not sustain them.

Over-dependence on unreliable volunteers is another common shortcoming in an enterprise identified as a “good cause,” which substitutes well-intentioned amateurs for the professional administration or market management that is really needed. The Troost Market in Kansas City, located on the street which has historically been the dividing line between black and white Kansas City, MO, has been hailed as a success and is now in its fourth season. However, it relies heavily on volunteers who are getting increasingly difficult to recruit.

A poor location is another plague that seems more common in public markets than in those that depend on the entrepreneurial instincts of a private operator, who would choose (and pay for) the “100% corner” where the market can succeed. More likely with a public market is the “in-kind” contribution of a readily available, city-owned lot, or the vacant highway right-of-way under the interstate, which is chosen regardless of its suitability for the economic success of the market. This is obviously more likely to happen if government, philanthropic, or underfunded nonprofits are in decision making roles.

## Challenge 2 Failure as a “Public” Market

An opposite concern is failure of the public aspect of the market. In this case, the market may be an economic success, but ends up with no overt public purpose (i.e. being part of a coordinated neighborhood economic development plan), other than what any business might contribute through the creation of jobs and tax revenue. Privately operated flea markets, including one case study presented in this report, fall into this category. Even though these markets can be hugely profitable for management, there is minimal public benefit to the surrounding community.

## Challenge 3 Failure to Produce Wider Effects in its Neighborhood

And last, the market can fail to produce the “spin-off” benefits that multiply its effects by stimulating activity in the larger physical and economic environment. It might succeed or fail as an economic enterprise; either way has little larger impact.

Perhaps the market is in an isolated location where it has neither a good retail location nor a sense of place. The Mercado La Paloma, in South Central Los Angeles, is experiencing a difficult start-up process for the market, in part because of a poor location and over-spending on the market facility, which forced the market to obtain a loan which must now be repaid.

Or perhaps a market has a good retail location, but nothing more. And especially, perhaps it is not part of a broader strategy that has anticipated and provided for nearby activity, whether economic, civic, or recreational and that knits it more closely to its community. Usually a symptom of this problem is the lack of partners within the broader community.

To avoid any of these failures – whether partial or total – is a major challenge of the low-income neighborhood. “Success” as we have defined it is a tricky and subtle result that does not happen by accident.



# Overview of Case Studies

Eight case studies were selected for this research, and each is described briefly in this section. In order to provide a broad look at various types of public markets, case studies were selected to represent the following criteria:

- Markets that have started up in the past ten years, compared with established, older markets;
- Markets that have failed and closed, or failed to live up to expectations, compared with those that have sustained themselves economically;
- Markets that are operated by non-profits compared with those operated privately
- Markets that are located within low-income neighborhoods, serving primarily that neighborhood, compared with markets that are located such that they serve both low-and middle- income communities;
- Markets that have actively pursued emerging trends (such as helping develop home-based businesses, working with new immigrants, micro-lending, and community-based production facilities) compared with markets that do not have such programs.

## CASE STUDY OVERVIEW

MARKET	LOCATION	SPONSOR/OWNER	TYPE OF MARKET	YEAR EST.
Berkeley Flea Market	Berkeley, CA	Community Services United	open-air flea market	1977
Chinatown Night Market Fair	San Francisco, CA	Chinatown Neighborhood Association	open-air night market	1999
East New York Farms!	Brooklyn, NY	ENY Planning Group	open-air farmers market	1999
El Faro Swap Meet	Los Angeles, CA	S&S Partnership	indoor/outdoor flea market	1989
El Mercado - Norris Square	Philadelphia, PA	Norris Square Civic Association	indoor market hall	1997
Findlay Market	Cincinnati, OH	Corporation for Findlay Market/ City of Cincinnati	indoor market hall with adjacent farmers market	1852
RFK Stadium Farmers Market	Washington, DC	DC Federation of Farmers & Consumers	open-air farmers market with adjacent flea market	1980
VEND at McArthur Park	Los Angeles, CA	Institute for Urban Research & Development	open-air vending district	1999

# El Faro Swap Meet

## LOS ANGELES, CA

Located in a sprawling former factory in South Central LA, El Faro, “the Lighthouse,” is a massive indoor/outdoor swap meet with authentic Mexican food, music, and a vast array of clothing, auto parts, and “productos tradicionales”. During the week, people come mainly to shop, but on weekends, El Faro turns into a major social center for its overwhelmingly Latino customers. A huge mariachi band sets up under a tree to play, and families pour in to eat, dance, listen to the music, socialize and, of course, shop the day away.

The previous tenant of the space, a furniture manufacturer, moved out in 1988 and a new tenant soon came in with the idea of starting a swap meet there. Though he got the market off the ground, the organizer failed to arrange a successful lease structure and ultimately asked the property owners to take over. Using private investment dollars, they added some buildings, bought additional property for parking lots, arranged the leases, and have been running the market at a profit ever since.

Over the last 12 years, El Faro has maintained a strong identity at its location, as it effectively replicates the atmosphere of similar markets in Mexico. A nearby transit stop and bus lines, and over 500 parking spaces ensure a steady stream of customers from Latino communities around LA. While there is not much other retail nearby, the very successful Alameda Swap Meet sits across the street, and the two businesses seem to feed off one another’s customers.

Economically speaking, El Faro is an extremely stable market, with around 200 vendors, 700-1,000 jobs, and profitable operations. The vast majority of vendors are “full time,” but many work other jobs while a family member runs the business. It has a low vendor attrition rate, and when businesses do decide to leave, they often “sell” their space for a hefty sum. As testament to the success of El Faro and its unique sense of place, the owner simply says, “When the economy slows, we don’t.”

