



SIDEWALK STIMULUS

Economic and Geographic Impact of Los Angeles Street Vendors
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Photo by Rudy Espinoza



**ECONOMIC
ROUNDTABLE**

Knowledge for the Greater Good

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I'm grateful to see the research in this report by the Economic Roundtable. The work here affirms what many Angelenos see every day: street vendors contributing a tremendous richness and economic vibrancy to the business corridors of Los Angeles. We see street vendors of all types complementing the products and services of vital brick-and-mortar businesses, and I hope that this research paves the way for City policies and economic development programs that support the important relationship between street vendors and brick-and-mortar businesses.

- Rudy Espinoza, Leadership for Urban Renewal Network (LURN)

To make the informal economy more formal requires innovative strategies to eliminate bad business practices, improve working conditions, and create better opportunities for mostly immigrant day laborers. One cannot happen before the other -- these strategies must take place simultaneously to ensure the integration of this workforce into a better economic situation. This report provides us with the detailed analysis of the informal construction industry for us to be able to engage in such an innovative process of strategy development.

- Victor Narro, UCLA Labor Center

According to the Kauffman Foundation, nearly all net new job creation in the past five years has come from entrepreneurs. At the Goldhirsh Foundation, we believe that lifting all entrepreneurs is one of the best ways to create shared prosperity for all Angelenos. Innovation across the economy benefits all of us. And these innovators are helping pave the way to make LA the best place to create jobs, now and into the future.

- Tara Roth, Goldhirsh Foundation

"Sidewalk Stimulus" brings important focus to the immense contributions that sidewalk vendors make to our local economy, including generating hundreds of millions in economic activity, creating and sustaining thousands of jobs, and attracting foot traffic and promoting safer streets along commercial corridors. But importantly, the Report also demonstrates the high economic costs that our City incurs by failing to provide any path to legalized vending. With this expert research and analysis in hand, policymakers should feel confident that a citywide sidewalk vending permit system will benefit not only thousands of entrepreneurs and their families, but will improve the economic health of our City.

- Doug Smith, Public Counsel

With the City of Los Angeles trying to reinvigorate the public realm and make streets catalysts for economic development and thriving neighborhoods, it is exciting to see evidence that sidewalk vendors play a crucial role in attracting shoppers and keeping streets safe. Vendors try to avoid conflict with brick and mortar businesses, and, by drawing people out walking and shopping, can contribute to the success of local stores. Sidewalk vendors and their customers also act as "eyes on the street," helping to deter crime. Street vendors have enlivened streets in LA for decades, and should be at the heart of efforts for safe, complete and great streets and community economic development.

- Mark Vallinatos, Occidental College

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Photo by Rudy Espinoza

INTRODUCTION

2 Los Angeles is a city of constant innovation, where new products and services are created, marketed and then sold locally and often around the world. Its retail economy is diverse, scaled from the sidewalk seller of fresh tamales to the third wave coffee labs downtown. Retail businesses and restaurants flourish in this rich ecosystem. However, a section of commercial activity is transacted in the shadows, street vending, because of Los Angeles' municipal ordinance prohibiting the sale of food or goods on sidewalks. As a result, an informal penalty is levied on the 50,000 microentrepreneurs operating every year.¹

This report estimates the impact of the informal penalty, that is, the cost of exclusion from the mainstream economy, for various stakeholders in the Angeleno ecosystem, from local businesses to neighborhood residents. We investigate three research questions:

1. What is the economic cost of excluding street vendors from the formal economy?
2. What consequences do sidewalk microentrepreneurs have on brick and mortar retail stores and restaurants operating on the same city block?
3. Is there likely to be more or less crime in areas where vendors are present?

To date, there is no comprehensive survey of Los Angeles street vendors. We relied on data from the Bureau of Street Services of street vending violations, supplemented with neighborhood surveys by the Street Vendor Project at University of California at Los Angeles and the East Los Angeles Community Corporation. We recognize the limitations of this data and also its concentration in certain geographies. Therefore, we narrowed our geographic scope to three case study locations: Boyle Heights, Downtown, and Hollywood.

¹ Los Angeles Bureau of Street Services estimates that 50,000 street vendors operate in the city annually. Cited in Tso, Sharon M. (Nov. 2014). City of Los Angeles Sidewalk Vending Status Report. Chief Legislative Analyst report to Economic Development Committee. Retrieved from http://clkrep.lacity.org/onlinedocs/2013/13-1493_rpt_cla_11-26-14.pdf



Photo by Rudy Espinoza

CHAPTER 1

ECONOMIC IMPACT OF STREET VENDORS

4 Street vending is a \$504 million industry in Los Angeles. Every year, 50,000 microbusinesses set up shop on the sidewalks of the city, according to the Bureau of Street Services. Three-quarters sell merchandise, such as clothing and cell phone accessories. The other 10,000 sell bacon-wrapped hot dogs, tamales, and ice cream, street food for which Los Angeles is famous. Our estimates of sidewalk sales are based on findings by the UCLA Street Vendor Project that vendors generate on average \$204 a week or \$10,098 a year in revenue.

Enterprise by Los Angeles street vendors has rippling effects across the local economy. As Los Angeles street vendors sell food and goods to passersby, the multiplier effects from the supplies they purchase and the income they spend accumulate and reverberate through the local economy, adding to the demand for goods and services from local suppliers. This translates into added sales and jobs for local stores, as well as other suppliers who help street vendors keep their carts in operation. These small purchases create jobs for workers in the upstream supplier chain, supporting still more sales and jobs when households of those workers spend their earnings, as well as more tax revenue for local, state and federal government.

The sequence of economic events is as follows:

1. *Vendors buy goods* needed to have a saleable product, for example, the ingredients to make food (*direct impact*). This stimulates additional economic activity in the upstream supplier chain (*indirect impact*), followed by additional economic activity when employees of those upstream suppliers spend their earnings (*induced impact*).
2. *Vendors expend effort* to produce saleable products and sell them to the public (*value added*).
3. *Revenue vendors receive* from selling their products goes partially to cover costs for goods they purchased, with the rest providing income that their households can spend on things they need, stimulating additional economic activity (*induced impact*).

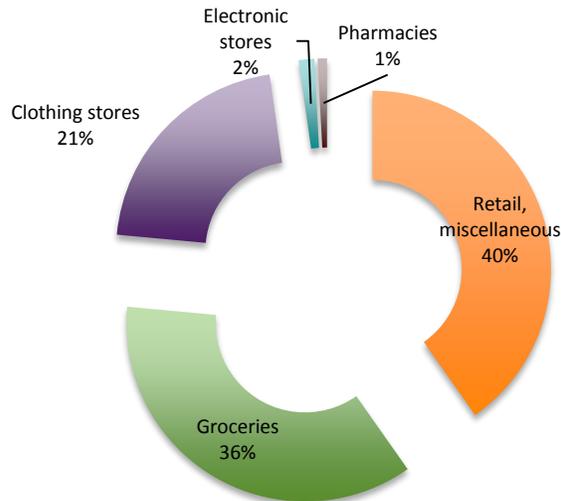
The combined *direct*, *indirect* and *induced* impacts from these transactions produce the total economic impact of street vendors. The impact include revenue from sales by all the parties in these transactions, employment, and taxes paid to all levels of government.²

Some brick and mortar businesses have expressed concern that this economic activity occurs at their expense. In addition to investigating the economic scope and impact street vending, this study examines its effect on mainstream retail businesses.

Sidewalk vendors have operating costs, just like any other business. Nearly three-quarters (71 percent) of the revenue vendors receive is spent on goods and services needed for their businesses. Four-fifths of these goods and services are produced within Los Angeles County. The beneficiaries of direct spending are brick and mortar businesses: Forty percent is spent at stores selling miscellaneous merchandise, such as a 99-cents store, 36 percent at food and beverage stores, and 21 percent at clothing stores (see Figure 1).

² An economic model of Los Angeles County (IMPLAN software version 3.1.1 with 2012 data for Los Angeles County) was used to simulate the impacts of each type of street vendor activity as well as to estimate how street vendors spend the revenue they receive. The regional purchase coefficient from the model was used to estimate the share of economic impacts that are within Los Angeles County.

Figure 1: Direct Purchases by Los Angeles Street Vendors, 2012



Economic Roundtable quantified the multiplier effects of vendor sales on three areas in the Los Angeles' economy: economic output, job creation, and public revenue. We found that expenditures by vendors generate \$517 million in economic stimulus, four-fifths of it in the local economy. In other words, for every \$1.00 earned by a sidewalk seller, \$1.02 in economic output is stimulated.

Survey results by the UCLA Street Vendor Project confirm our estimates.³ Seventy percent of the sellers, they found, purchased supplies from local stores or supermarkets. The vendors UCLA surveyed sold food and merchandise in the Westlake neighborhood of Los Angeles, close to MacArthur Park. The vendors purchased their supplies at neighborhood stores or wholesalers in the Fashion District in the case of clothing vendors.

Sellers of food generated more economic stimulus in the local economy than nonfood vendors. We estimate that mobile sales of food generated over \$100 million in income for Los Angeles street vendors annually, which stimulated almost \$160 million in output within Los Angeles County. Operating costs for food vendors are lower than those selling merchandise. So for every dollar earned by a food vendor, almost \$1.60 in total economic impacts is generated.

This spending sustains 5,234 jobs in Los Angeles, created to meet the demand of vendors and their households' purchasing activities. The majority of jobs created are in response to direct spending by vendors and their households, more than 4,000 full-time employees. Close to 2,000 are hired by retail stores and more than 1,500 by groceries and supermarkets (see Figure 2).

³ Street Vendor project by UCLA urban planning graduate students, taught by Gaspar Rivera-Salgado, 2014.

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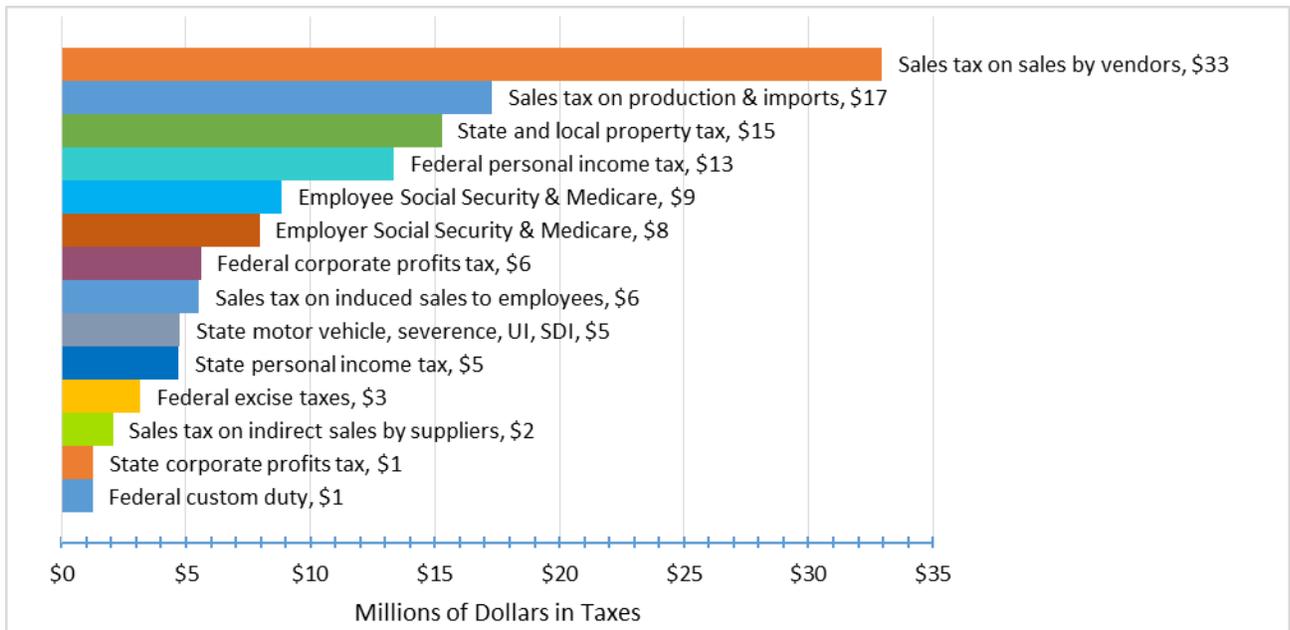
Figure 2: Jobs Directly Created by Los Angeles Street Vendors, 2012



Street vendors operate informally, so some public revenue is not collected on these transactions. Potential tax revenue is generated at every stage of vendor activity, including goods they purchase, sales to customers, social safety net payments to state and federal agencies, income taxes, and taxes at each stage of the supplier chain, both on business transactions and expenditure of employee earnings. The potential total annual direct, indirect and induced tax revenue generated by vendor sales is estimated to be \$124 million.⁴ See Figure 3 for a breakout of these taxes.

At a minimum, \$33 million in sales tax on direct sales by vendors is missing from public coffers. Both the public and street vendors are penalized by the marginalized status of street vendors.

Figure 3: Potential Annual Tax Revenue Generated by Los Angeles Street Vendor Sales, 2012



⁴ These estimates were produced using the IMPLAN economic model of Los Angeles County and are based on tax revenue generated by comparable retail sales in traditional business establishments.

Profile 1: Matthew Schodorf

Matt and his wife Anya moved to Highland Park, a neighborhood in northeast Los Angeles in 2000. Neither had a business background, both were employed in the film industry. But, both loved coffee. The couple found themselves leaving the neighborhood when they wanted a good cup of coffee. In 2008, Anya and Matt decided to open a coffee shop, expecting the process to be easy.



Photo by Andrew Gotch

“We took our life savings, our house, we put down everything we had to open up our shop,” said Matt. The couple called the shop Café de Leche, after a Nicaraguan drink from Anya’s birthplace. *LA Weekly* pronounced the shop the best coffee shop for musicians.⁵ “But, then the recession hit. It was really tough,” Matt remembered. “It was real touch and go for a number of years. We didn’t know if it was going to happen.”

Matt and Anya persisted and survived the economic downturn. A few years later, they expanded their business by adding a sandwich shop across the street from the café. Matt would like to experiment with the sidewalk space and offer mobile coffee vending. However, he ran into a lot of bureaucratic resistance from the county and city in the process of applying for permits to vend coffee.

This renewed the couple’s sympathy for street vendors, who Matt sees as the most fundamental type of small business owner, trying to get their enterprise off the ground. “It feels like Los Angeles doesn’t want you to start a business, that the city is anti-business,” said Matt. “It seems simple to me, legalize what people have already been doing for some time. Street vending is being done, have the vendors pay taxes on it. Then, simplify and regulate the permit system.”

⁵ Darling, Nikki. (2009). Best Coffee Shop for Musicians: Café de Leche. *LA Weekly*. <http://www.laweekly.com/best-of/2009/bars-and-clubs/best-coffee-shop-for-musicians-2202140>



Photo by Rudy Espinoza

CHAPTER 2

GEOGRAPHIC IMPACT ON BRICK AND MORTAR BUSINESSES

Over 15,700 brick and mortar retail and food-related establishments operated in Los Angeles City from 2007 to 2011, based on the Quarterly Census of Employment and Wages.⁶ Five out of ten establishments were in the business of food, operating as restaurants or grocery stores. Over 6,100 restaurants prepared and served meals to customers, in settings ranging from quick serve to fine dining. More than 1,300 groceries and specialty food stores operated in the city. The other half of establishments in the city sold nonfood merchandise, such as clothing or electronics.

SECTION 1: COMPETITION FOR CUSTOMERS

Our review of the literature yielded three perspectives on the relationship of street vendors to brick and mortar establishments. The first describes storeowners' perception that street vendors enjoy a competitive advantage to brick and mortar businesses.⁷ Vendors don't pay rent, taxes, and payroll, according to businesses interviewed in a 1980 study, and therefore threaten the livelihoods of stores, especially smaller ones.⁸ Street entrepreneurs are able to undermine brick and mortar stores by offering lower prices, because they bear less overhead. Larger retail operations were concerned that vendors discouraged walk-in customers by blocking the sidewalks and contributing to an overall degradation of the environment around the store.

In Los Angeles, a 2004 study by Gregg Kettles found that street vendors avoid direct competition with brick and mortar businesses.⁹ Vendors avoid selling in places in close proximity to retailers who offer similar products or services. Kettles noted that the street sellers endeavored to be "good neighbors" with the stores and restaurants in immediate vicinity. A Japanese restaurant across the street from MacArthur Park asked vendors to not sell food in front of the business. Kettles observed that of the ten vendors that setup in front of the restaurant, none sold food.

Few brick and mortar establishments were co-located on the same Census block as street vendors in our three case studies (see Figure 4). Data showing the geographic locations of street vendors was taken from 284 police arrest records.¹⁰ We used the Census city block as the metric for whether businesses were located near or far from vendors. Therefore, a retail store or restaurant *near* a vendor was collocated on the same city block. An establishment *far* from a vendor did not occupy the same city block. When we considered the universe of retail and restaurants in existence over five years, three-quarters of stores did not share a block with a vendor. This varied across neighborhood and the type of retail establishment.

⁶ Economic Roundtable analysis of Quarterly Census of Employment and Wages (ES-202) for groceries and food specialty retail (NAICS 4451), nonfood retail (4532), and restaurants (7225), 2007-2011.

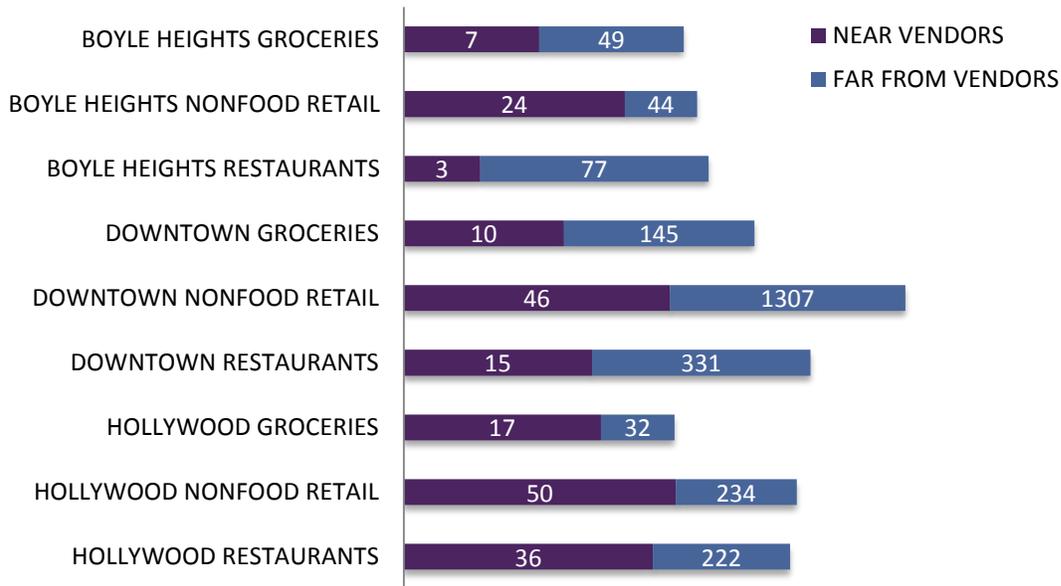
⁷ Wongtada, Nittaya. Jan./Feb. 2014. "Street Vending Phenomena: A Literature Review and Research Agenda." *Thunderbird International Business Review*. Vol. 56, No. 1, 55-75.

⁸ Greenberg, 1980

⁹ Kettles, Gregg. W. Spring 2004. "Regulating Vending in the Sidewalk Commons." *Temple Law Review*. Vol. 77, No. 1, 1-46.

¹⁰ City of Los Angeles, Street Services Investigation and Enforcement - Illegal Vending Arrests, 07-01-11 through 05-23-12, arrest type: LAMC 42.00B, LAMC 21.03A, 6071 RTC, 6452 RTC.

Figure 4: Proximity of Brick and Mortar Stores to Street Vendors, 2007-2011



Downtown had, on average, the fewest of retailers and restaurants near a vendor. Only five percent of Downtown businesses were near street vendors. Most striking was the number of nonfood retailers who operated far from vendors, over 1,300 businesses in Downtown.

Boyle Heights and Hollywood had 15 and 22 percent, respectively, of their brick and mortar businesses near street vendors. For the former, 35 percent of nonfood retailers operate in close proximity to a street vendor. That is, 24 stores are located on the same block as six vendors or four brick and mortar businesses for every vendor. Only four percent of restaurants in Boyle Heights were near a vendor and 13 percent of grocery stores.

We know the majority of vendors in Boyle Heights sell food, based on results of a neighborhood survey.¹¹ More information would be needed to substantiate whether street sellers of food are choosing to not sell near grocery stores and restaurants, similar to Kettles’ earlier findings. It would be informative for a future study to compare and contrast the effect of food vendors on community food security, particularly in neighborhoods where food outlets are scarce.

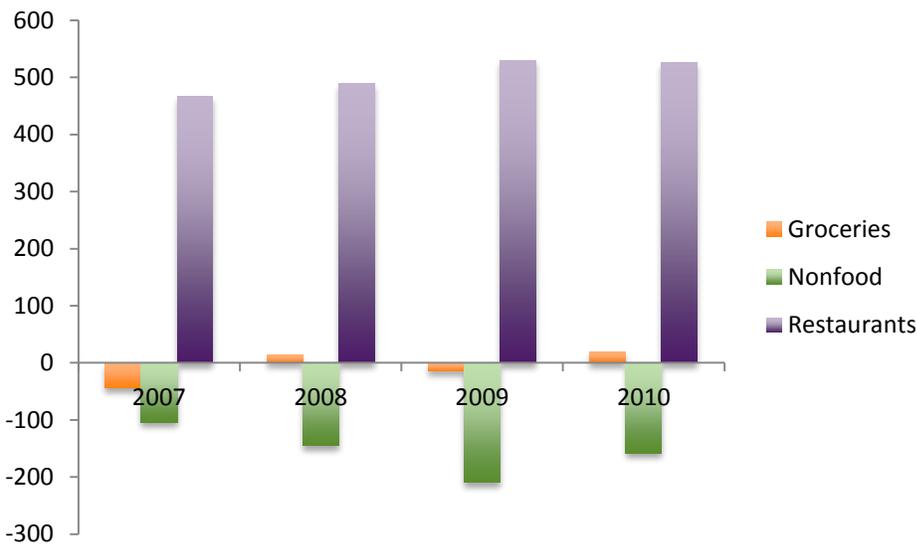
Hollywood had the greatest number of known vendors in the four case studies. The community is heavily zoned for commercial use and has fewer grocery stores than the other communities, with the exception of South Park. Therefore, the 17 grocery stores that share a block with street vendors comprise 35 percent of all brick and mortar establishments selling food. The community also had the greatest number of nonfood retail stores among the case studies, 284, of which 18 percent were co-located with vendors.

¹¹ ELACC survey, 2009

SECTION 2: SHARED PROSPERITY

The Great Recession challenged many businesses to stay afloat, particularly retail stores that faced competition with online and mobile commerce.¹² More than 1,500 brick and mortar establishments that operated in 2007 closed their doors the next year. The retail economy picked up in 2011, with the net impact of 594 firms closing doors over five years. The bite of the economic downturn was not experienced evenly across retail industries (see Figures 5 and 6). Nonfood retail stores were the hardest hit, with 617 firms going out of business in the five-year period. The greatest number of nonfood retail closed in 2009, a year after the official end of the recession.

Figure 5: Number of Establishment Openings and Closures by Industry, 2007-2011



However, the number of restaurants in operation in Los Angeles increased during the recession. The number of eating and drinking establishments increased on average by 500 stores from 2007 to 2011. By the end of five years, the city gained over 2,000 new restaurants despite the economic downturn.

Only six percent of the businesses that shut down in 2011 in our three case study locations operated near street vendors. The majority of retail and restaurants that closed were far from vendors. The small number of closures that were in proximity to street vending included: one grocery store in Boyle Heights that was near three street vendors. Downtown had nonfood retail stores close that were near vendors. And, Hollywood had one goods store close near one vendor. None of the three neighborhoods experienced a restaurant closure that was near a street vendor.

Maps showing the proximity of street vendors to business closures are provided in Figures 8, 11 and 14 in the appendices.

¹² Bogaisky, Jeremy. Feb. 2, 2014. "Retail in Crisis: These Are The Changes Brick-And-Mortar Stores Must Make." *Forbes*. <http://www.forbes.com/sites/jeremybogaisky/2014/02/12/retail-in-crisis-these-are-the-changes-brick-and-mortar-stores-must-make/> (accessed 12/17/14).

Figure 6: Closed Retail Stores and Restaurants in 2011

COMMUNITY	GROCERIES	NONFOOD RETAIL	RESTAURANTS
BOYLE HEIGHTS	11	5	2
DOWNTOWN	3	23	0
HOLLYWOOD	3	20	5

Studies find that street entrepreneurs play a complementary role to brick and mortar establishments in the retail ecosystem. These studies find that brick and mortar stores suffer when vendors leave the neighborhood. Chicago's Maxwell Street Market was one of the nation's largest and oldest open-air market of street vendors, having been established in the late nineteenth century. In 1994, the market was shuttered to make room for the expansion of a local university. As a result, economists estimated that there were \$49.3 million in total losses to the business ecosystem that evolved around the market, including the customers and the neighboring brick and mortar businesses.¹³ Many brick and mortar stores in the vicinity of the market went out of business because they lost the foot traffic attracted by the market. Wholesalers that supplied materials for the vendors also closed up shop.

Non-store vendors located inside shopping malls and airports are a big business, generating over \$12 billion in 2011.¹⁴ Malls see vendors as a strategy to add "color and variety," to lure more shoppers into stores.¹⁵ These vendors, also known as pushcarts or kiosks, were first introduced in 1976 when the renovated Faneuil Hall Marketplace in Boston had trouble finding brick and mortar tenants. To fill the empty space, the developers welcomed temporary tenants, mostly local artisans, who sold from historically appropriate carts. The results were such a success that shopping centers around the country replicated the Boston model. Malls with kiosks grew from 900 in 1997 to 1,800 in 2003.¹⁶

"The mall doesn't have to take a risk on a long-term lease," said Mark Schoifet, spokesman for the International Council of Shopping Centers. "For the retailer, there's access to a lot of customers that they would not have otherwise."¹⁷ Similar to their peers, indoor vendors offer wares different from brick and mortar stores. One tenant in an El Paso, Texas mall told a business reporter that the secret of success is to offer goods "the anchor stores are not offering." The European perfumes the cart vendor sells aren't available elsewhere in the mall.

SECTION 3: DIFFERENT STROKES

We found that retail stores and restaurants operating in geographic proximity to street vendors (who typically sold different products than the businesses they were near) enjoyed firm expansion and job growth. In our three case study locations – Boyle Heights, Downtown, and

¹³ Morales, Alfonso, Steven Balkin, and Joseph Persky. "The Value of Benefits of a Public Street Market: The Case of Maxwell Street." *Economic Development Quarterly*. Vol. 9, No. 4, November 1995, 304-320.

¹⁴ Weir, Duffy C. "Specialty Retail Report Retrospective." *Specialty Retail Report*. Spring 2011.

¹⁵ Applegate, Jane. "Mall carts allow vendors to test a market economically." *American City Business Journals*. Sept. 26, 1997.

¹⁶ Shartin, Emily. "Kiosk culture on the rise, independent carts provide flavor, revenue to shopping centers." *Boston Globe*. Dec. 18, 2005.

¹⁷ Applegate, Jane.

Hollywood – we found that brick and mortar businesses were more likely to experience job growth when street vendors were operating nearby.¹⁸ Across the three geographies of our case studies, we found that businesses located close to a vendor maintained higher levels of employment, on average, than those far from vendors. In 2007, the first year of the Great Recession, the average difference in employment between retailers close to vendors and those far was five workers. By 2011, two years after the official end of the recession, establishments near vendors employed twice as many workers than their counterparts not in geographic proximity to vendors.

Retail stores and restaurants that were further from vendors lost more of their employees over the course of five years. On average, businesses lost five percent of their jobs when they fell in Census blocks with no or few street vendors. On the other hand, businesses in close proximity to street vendors maintained employment levels from 2007 to 2011 and grew, on average, by five percent.

Brick and mortar businesses that provide goods and services similar to those of street vendors in Los Angeles include grocery stores, nonfood retail, and restaurants. Overall, across the four communities – Boyle Heights, Downtown, Hollywood– establishments of all types fared worse over the course of five years when farther away from street vendors. Grocery stores near vendors expanded their workforce by 23 jobs, while those far away gained 18 jobs. Nonfood retail expanded their workforce by 26 jobs in establishments within a vendor’s vicinity. Restaurants, near a street vendor, added one more job when compared to those far away.

Downtown experienced the most job growth in brick and mortar stores near vendors. Businesses in downtown Los Angeles operating on the same block as street vendors grew by 21 percent. Boyle Heights’ businesses near street vendors created 2 percent in jobs. Their peers who were far from vendors lost twice as many jobs.

Maps showing the proximity of street vendors to employment change at brick and mortar establishments are provided in Figures 9, 12 and 15 in the appendices.

The complementary relationship between street vendors and brick and mortar businesses is corroborated by other studies. One in 2010 of shoppers in Mexico City found shopping malls coexisted with street markets because each appealed to shoppers in different ways.¹⁹ Shopping malls offered aesthetically pleasing environments and known brands to the consumers. Street markets were embedded in the cultural history of the city and offered ethnically specific foods and traditional goods.

An earlier study in Sao Paulo, Brazil found that shoppers preferred to purchase produce from street vendors because they perceived vendors as offering “fresh” and “high quality” products

¹⁸ We measured proximity based on whether a brick and mortar establishment was located in the same 2010 Decennial Census block as a street vendor (based on coordinates from the Bureau of Street Services and various neighborhood surveys cited earlier). Census blocks are the smallest geographic units used by government agencies in gathering statistics about a place. In cities, a Census block roughly corresponds to an urban block.

¹⁹ Rajagopal 2010

14 that were hand-selected. The same consumers also shopped at supermarkets, which they saw as “practical,” because of extended store hours and wider variety of products.²⁰

Clearly, the health of retail or restaurants depend on more than proximity to street vendors. We tested the strength of correlation and found, across the three communities, the presence of vendors in a Census block had only slight significance in explaining brick and mortar employment changes. A multitude of factors contribute to business profit and loss, including but not solely the presence of street vendors. However, we can conclude that vendors are correlated with expansions of existing brick and mortar establishments.

²⁰ Zinkhan, George M., Suzana d M. Fontenelle, Anne L. Balazs. Summer 1999. “The Structure of Sao Paolo Street Markets: Evolving Patterns of Retail Institutions.” *Journal of Consumer Affairs*. Vol. 33, No. 1, 3-26.

Profile 2: Carmen Fuentes



Photo by East Los Angeles Community Corporation

Carmen Fuentes attributes her health to the fruits and vegetables she eats daily. Her doctor confirms that the vibrant 75-year old has no diabetes and a healthy cholesterol level after each visit. She buys platanos, nopales, and tomatoes every day from her friend Sylvia, a street vendor Carmen has patronized for over 15 years.

Sylvia is the main source of produce for Carmen and her 82-year old husband, who live in Boyle Heights. Both are retired factory workers who have lived in the neighborhood since 1973. Carmen's home is a half-hour walk to the closest supermarket, a trip that feels longer when she's holding heavy bags of groceries. Her husband suffers from diabetes and is not always fit enough to drive to the market. Carmen only purchases items from the supermarket that Sylvia doesn't sell, such as chicken or fish. The food Sylvia sells helps make up for the absence of a nearby grocery store.

“Supermarkets carry the same things as vendors, like chiles and avocados, but, not always,” said Carmen. “At the supermarket, food is more expensive than vendors. The products are also older. Take nopales, for example. I know that street vendors buy and peel the nopales and sell them the same day. The nopales in the supermarket are already turning yellow.”

Carmen became Sylvia's customer initially when the latter sold on a busy, commercial street in the neighborhood, in front of a pharmacy. The police moved Sylvia away from the supermarket and across the street. Carmen followed. Now, Sylvia walks through the neighborhood, selling freshly peeled nopales and the like. Sylvia makes sure to stop by Carmen's home on her route.

“I depend on Sylvia to eat healthy. My neighborhood depends on her and the culture of street vending. We all get our fresh fruit from vendors. Who doesn't want to eat fresh fruit?”

Lately, Sylvia and another vendor Martha have not been making the rounds through Carmen's neighborhood. Carmen will look for Sylvia, hoping to replenish her supply of produce. When she does find Sylvia, the vendor is far from her typical route. Sometimes, Carmen will find Sylvia in tears, because the police seized her merchandise. Carmen doesn't understand why the police harass street vendors.



Photo by Rudy Espinoza

CHAPTER 3

LOS ANGELES STREET VENDORS AND PUBLIC SAFETY

Street vending wasn't always a crime in Los Angeles. "In weird chorus the tinker, the chimney sweep, the rat-trap vendor, the milkmaid, the knife-sharpener, the fruit peddler and the flower-seller joined the clamor," wrote Arnold Jackson in the *Los Angeles Times* in 1936.²¹ Then, the sidewalks teemed with activity and bustle: newsboys hawking papers, fruit and vegetable vendors advertising their wares, and lunch wagons and tamale carts outside of factories. Street vendors served a social purpose, the provision of food and goods to people where both retail and refrigeration was lacking.

In the early twentieth century, urban planner Renia Ehrenfeucht documented the influx of brick and mortar businesses into Angeleno neighborhoods. Along with the advent of refrigeration and municipal sewage, wealthier residents no longer relied on street merchants for their goods.²² Sidewalks became public property and not the domain of the individual land owner. Therefore, because of the city's jurisdiction, shop owners petitioned Los Angeles city council to exclude street sellers from downtown neighborhoods. Retailers were successful in convincing the council to ban all sidewalk vending by the 1930s.

Over the course of the twentieth century, the ban stayed in place. When William Bratton became the Chief of the Los Angeles Police Department in 2002, the number of stops and arrests for minor infractions, including street vending, increased dramatically.²³ This was an intentional strategy Chief Bratton pursued, also known as "broken windows" policing, to crack down on minor crimes as precursors to more violent and serious ones.²⁴ In 2004, enforcement responsibility was extended to the Bureau of Street Services, in addition to the local police.²⁵

The public safety issue raised about street vendors, as stated by the Central City East Business Association, is that they may be "targets for crimes of opportunity because of the cash on hand."²⁶ The issue is that vendors may risk being victims of crime.

We analyzed whether there is a link between presence of street vendors and occurrence of Part I or Part II crimes. The former refers to serious crimes such as homicide and rape and the latter to arrests for lesser offenses, such as vandalism.²⁷ If the broken windows theory was applicable to street vendors, we'd expect that a strong correlation between vendors and incidence of Part I crimes. However, our analysis of crime records showed a negligible relationship between street vendors and serious crimes. Using a goodness of fit test, we found that the correlation between both Part I and II crimes with street vendors was less than one percent.²⁸

²¹ Cited in Ehrenfeucht, Renia. 2012. "Precursors to Planning: Regulating the Streets of Los Angeles, California, c 1880-1920." *Journal of Planning History*. 11(20), 107-123.

²² Ehrenfeucht.

²³ Stone, Christopher, Todd Foglesong, Christine M. Cole. May 2009. *Policing Los Angeles Under Consent Decree: The Dynamics of Change at the LAPD*. Program in Criminal Justice Policy and Management at the Harvard Kennedy School.

²⁴ Harcourt, Bernard E. Apr. 20, 1996. "Bratton's 'broken windows.'" *Los Angeles Times*.

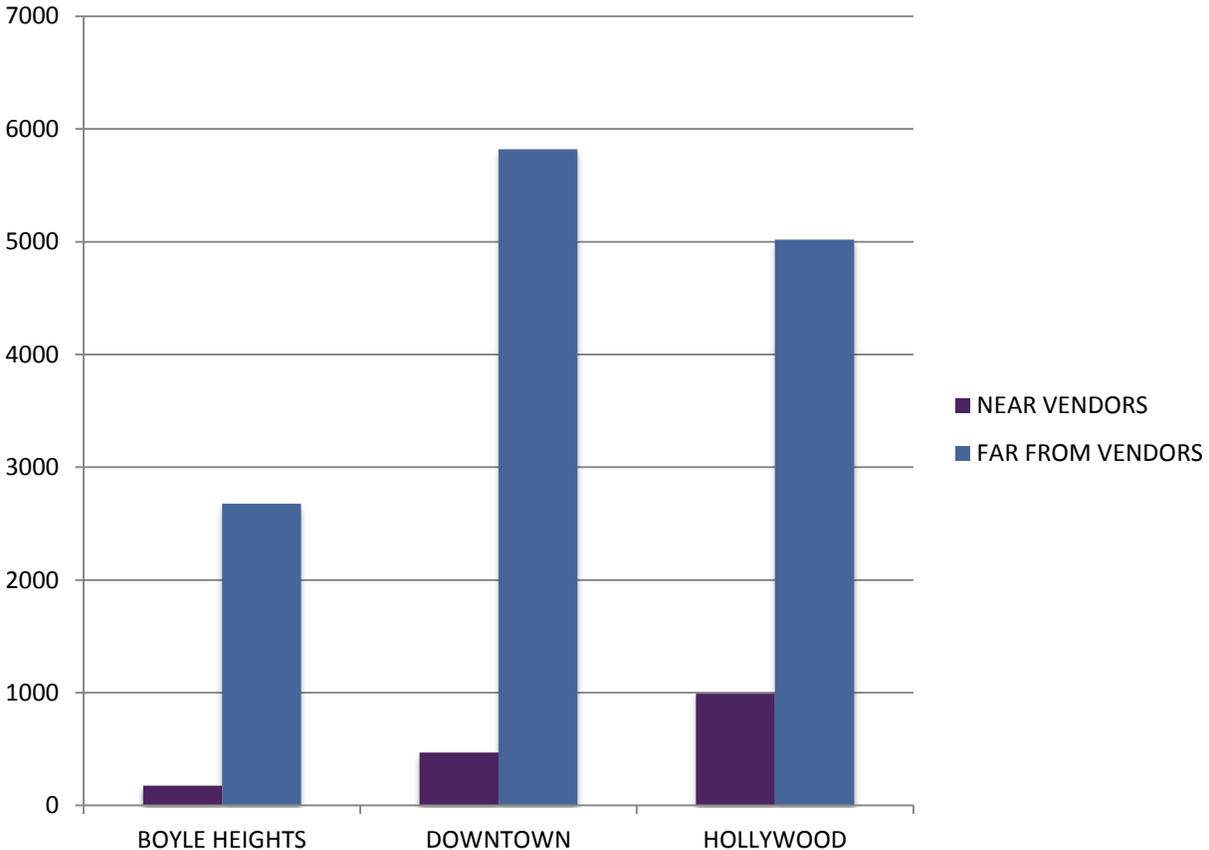
²⁵ Interview with Chief Gary Harris, Oct. 22, 2014.

²⁶ Central City East Association Business Improvement District, letter to the City of Los Angeles, "Subject: Street Vending", November 19, 2014.

²⁷ FBI. 2011. Crime in the United States. <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/offense-definitions> (accessed 1/26/15).

²⁸ We calculated R-squared tests on the correlation between Part I crimes and street vendors, as well as Part II and vendors. Both tests yielded results of less than one percent.

Figure 7: Part I Crime by Proximity to Street Vendors, 2013-2014



Hollywood had the highest number of Part I incidents occur on the same block as street vendors. However, 992 crimes in the community were proportional to the total number of Part I activities, which was 6,010 between 2013 and 2014. Therefore, only 17 percent of Part I crimes in Hollywood occurred in the proximity of a street vendor (see Figure 7).

Downtown had 471 incidents of Part I crimes in 2013 and 2014 occur near vendors. Most serious violations, 93 percent, occurred far away from vendors. Six percent of violent crimes in Boyle Heights occurred near a street vendor.

Maps showing the proximity of street vendors to incidents of crime are provided in Figures 10, 13 and 16 in the appendices.

The physical presence of purposeful and neighborly vendors on the street is associated with less frequent rather than more frequent incidents of crime. It is reasonable to conclude that the presence of vendors reduces conditions of anonymity that can encourage anti-social behavior, increases neighborhood stability, and contributes to community economic viability. When vendors are present in areas with higher incidence of crime, for example, on Hollywood Boulevard near Orange Drive, it is likely to be the case that their presence is helping to make that neighborhood safer.



Photo by Rudy Espinoza

CONCLUSION

20 Street vendors in Los Angeles comprise a \$504 million industry. From food to merchandise, 50,000 sidewalk entrepreneurs stimulate the local economy by generating \$434 million in economic activity. Their spending creates over 5,200 jobs in their brick and mortar counterparts, mostly in retail. However, street vendors and the larger ecosystem suffer a penalty from operating in the informal economy. \$83 million in revenue is lost, about half for federal government and the other half for state and local, because street vendors are not taxed for their enterprise.

Brick and mortar businesses benefit from the presence of street vendors. Few in Los Angeles shared the same city block as a sidewalk seller, but those that were collocated with vendors were less likely to close their business over the course of the recession. Retail stores and restaurants near vendors were also more likely to expand employment from 2007 to 2011. Not only do street vendors attract more foot traffic to brick and mortar shops, but their presence is linked with safer streets.

Legalize Los Angeles Street Vendors

We recommend that Los Angeles end punitive policies that criminalize these entrepreneurs and incorporate street vending into the mainstream economy. The first step is for the city to pass an ordinance making sales on sidewalks legal. This would be acknowledgement by the city that this commerce already exists and provides needed goods and services to Angeleno families. Legalization would remove the informal penalty that we all pay.

Legitimizing street vendors through a citywide comprehensive ordinance creating a permit system for sidewalk sales will bring vendors into the mainstream economy and contribute to local, state and federal tax revenue. Los Angeles will continue to lose public revenue if vending is not legalized and continues to operate informally.

Encourage Innovation

Legal vending will allow for expansion of new vending models and street vending community spaces in conjunction with small business corridors that will promote small business development, growth and vibrant streets.

Mobile street vendors benefit communities that lack supermarkets and healthy food options. Residents in those areas, especially the elderly, benefit from the convenience of having street vendors on their sidewalks offering the products they need.

Livable Streets

Cities thrive when sidewalks are public spaces for neighbors to gather and engage in activities. Los Angeles street vendors are an integral weaver of the fabric of city life. Sidewalk sales bring together neighborhood residents in communities that lack access to food or goods. These microentrepreneurs invest their profits back into the local economy, giving a boost to brick and mortar counterparts. Finally, street vendors watch over the streets, providing a purposeful and neighborly physical presence that improves public safety.

Appendix A: Geography of Street Vendors in Boyle Heights

Figure 8: Brick and Mortar Establishments Near Street Vendors in Boyle Heights



Figure 9: Employment Changes in Brick and Mortar Establishments in Boyle Heights

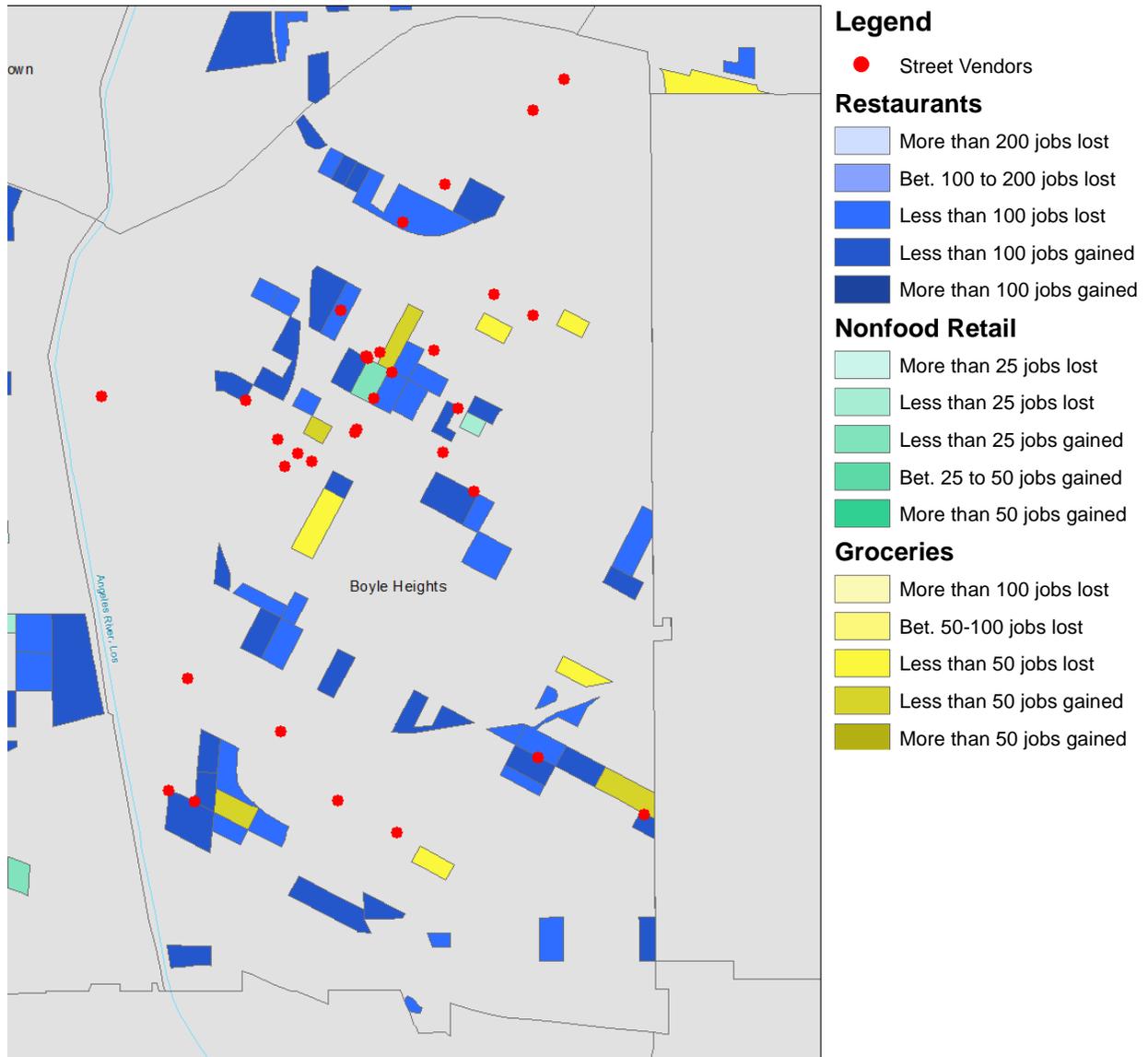
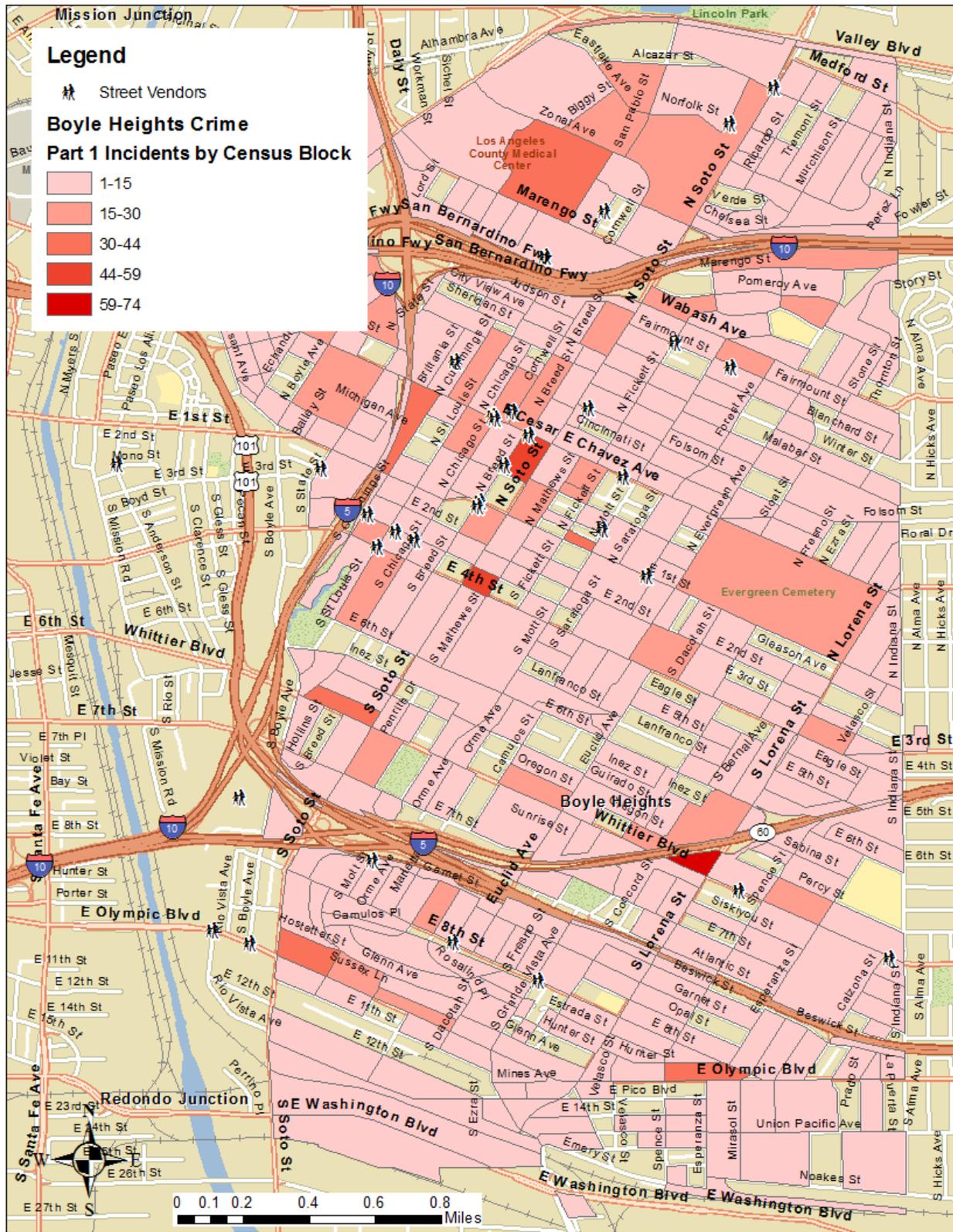


Figure 10: Part I Crime in Boyle Heights



24 Appendix B: Geography of Street Vendors in Downtown Los Angeles

Figure 11: Brick and Mortar Establishments by Industry in Downtown Los Angeles



Figure 12: Employment Changes in Brick and Mortar Businesses, Downtown Los Angeles

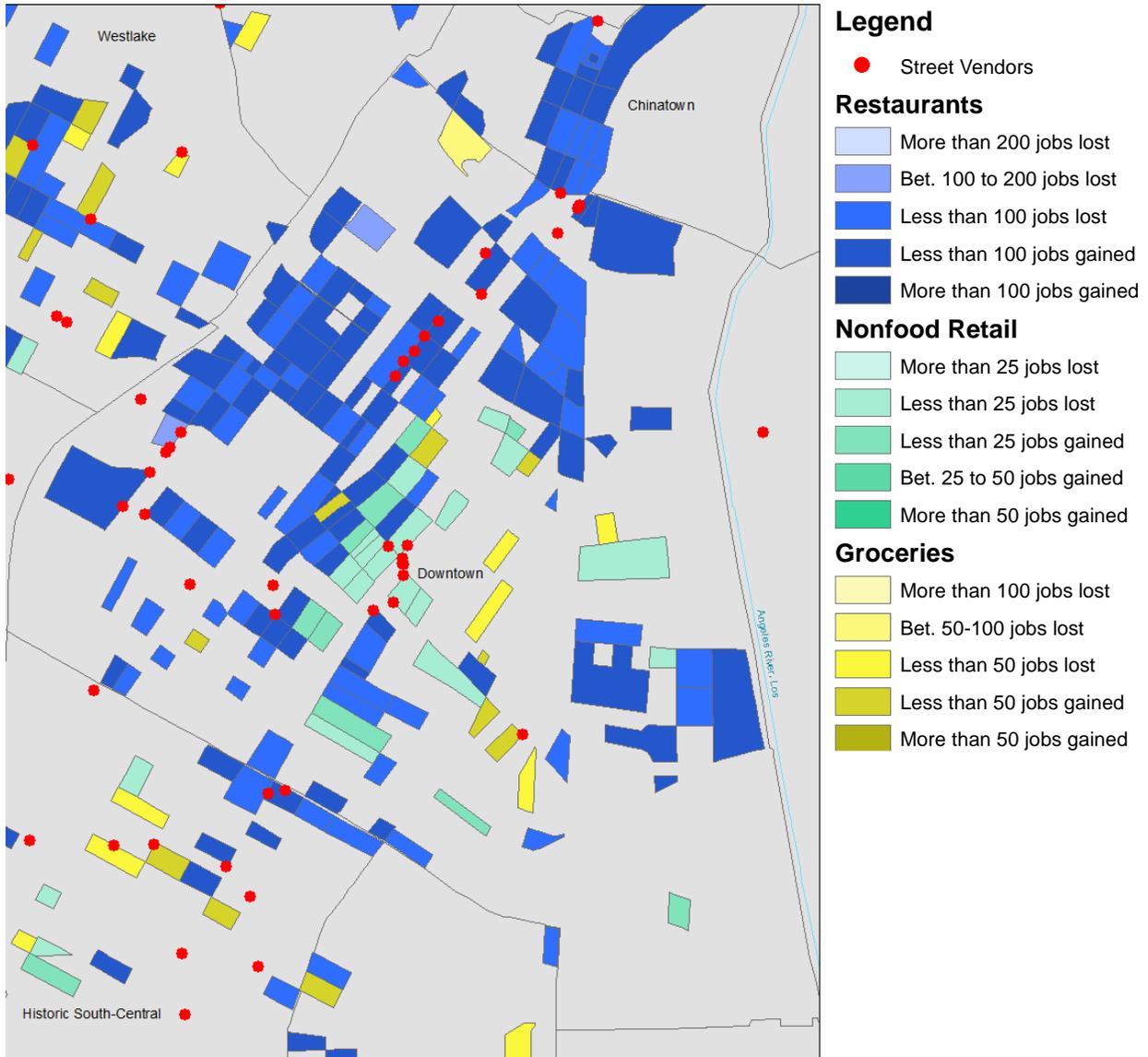
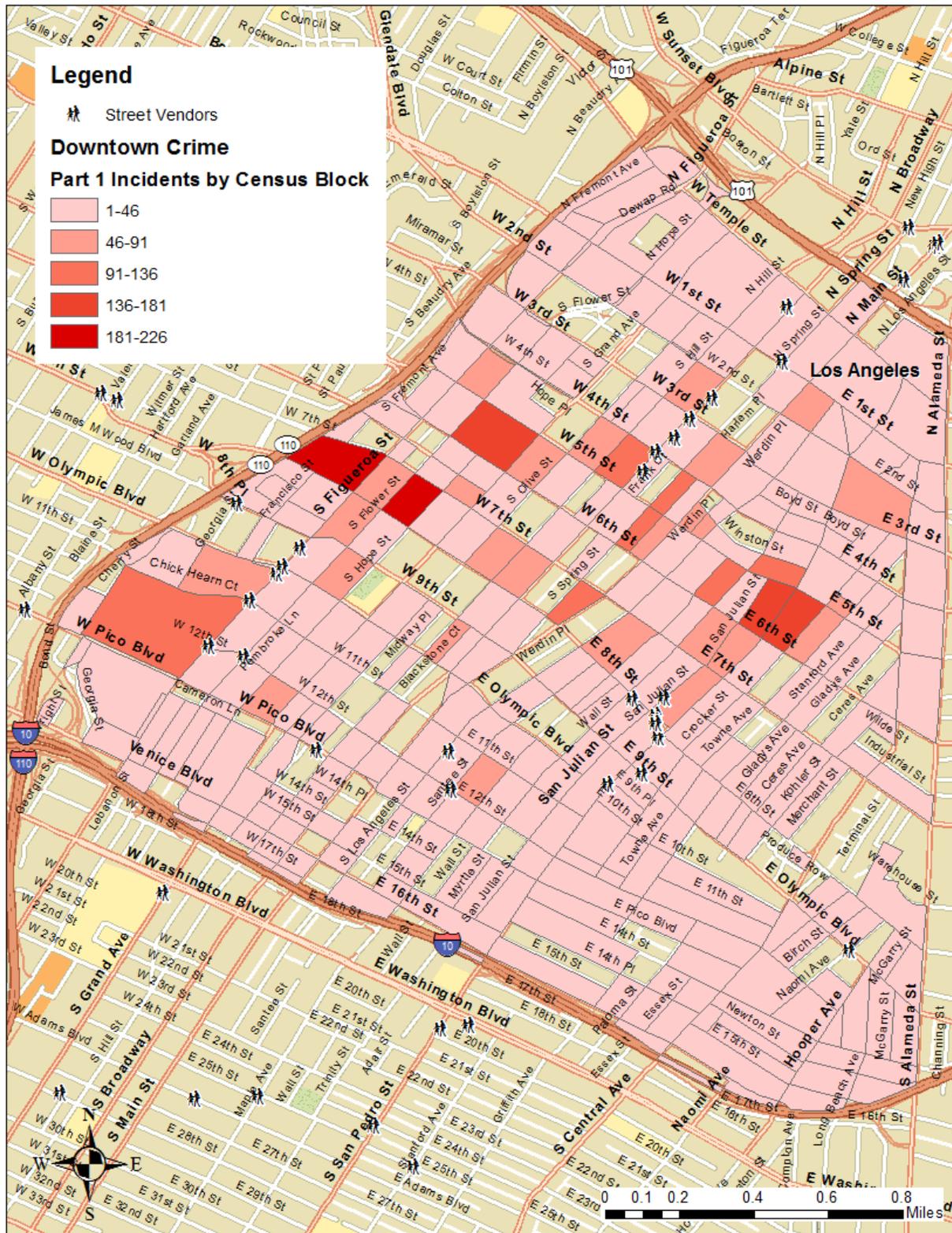
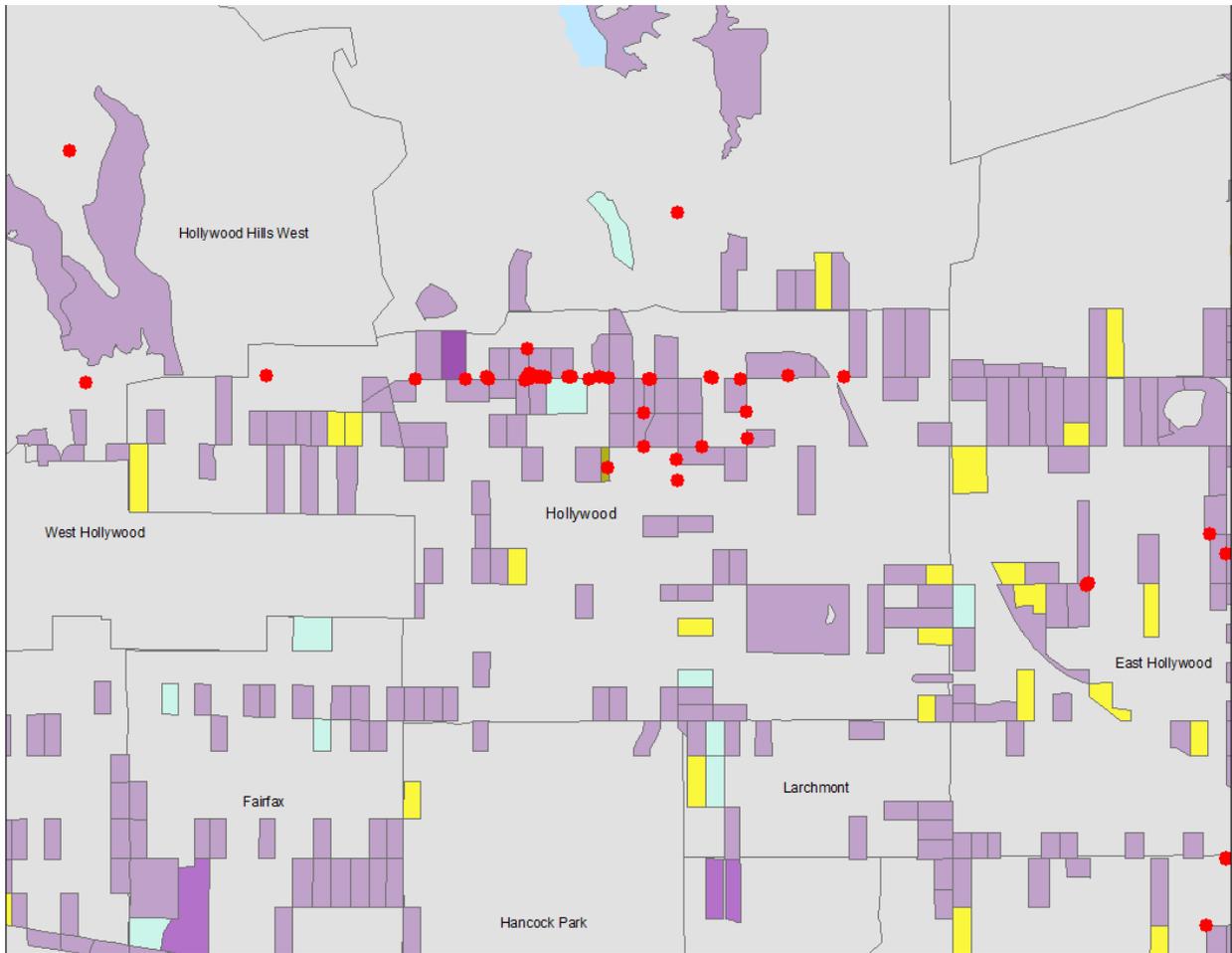


Figure 13: Part I Crime in Downtown Los Angeles



Appendix C: Geography of Street Vendors in Hollywood

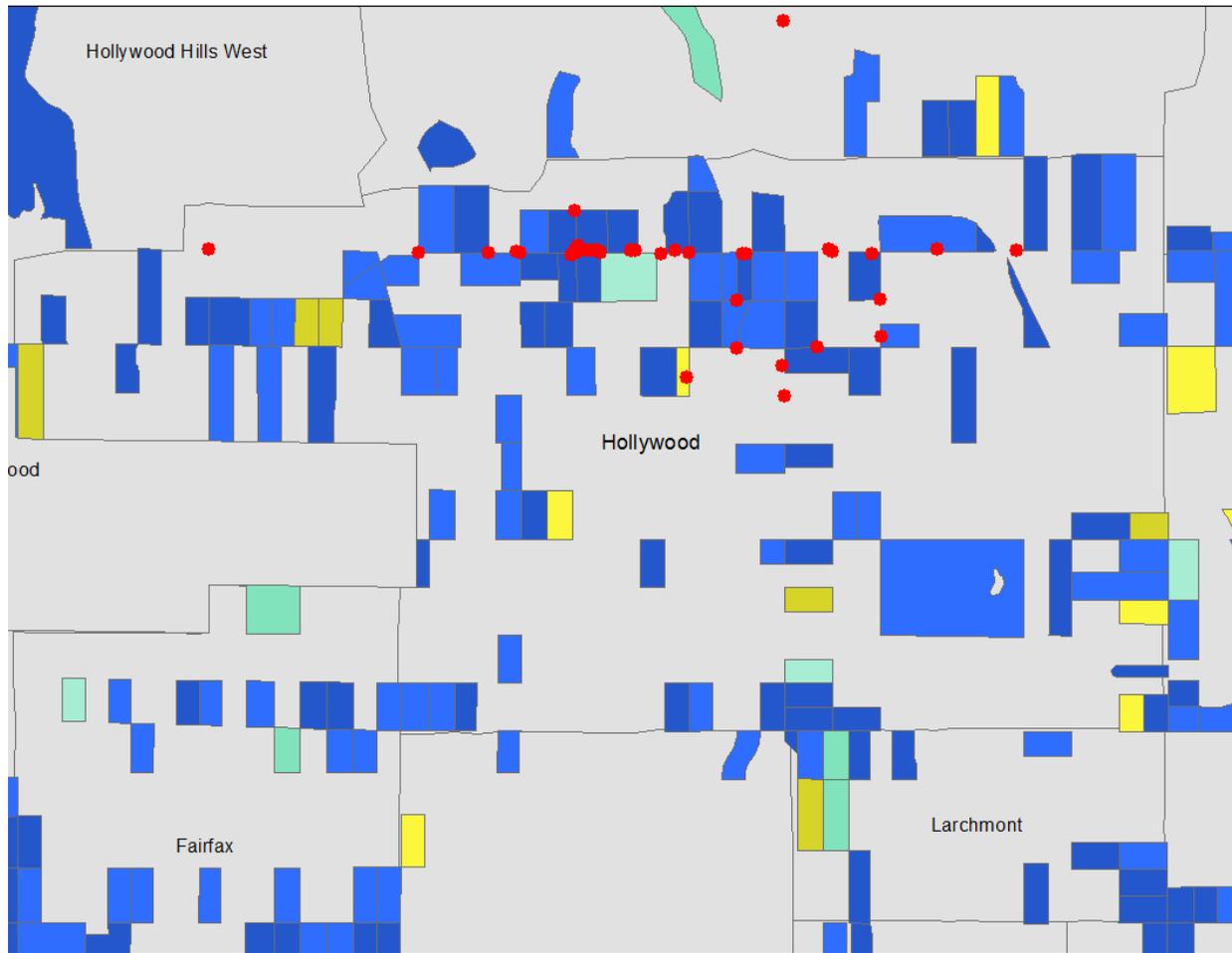
Figure 14: Brick and Mortar Establishments Near Street Vendors, Hollywood



Legend

- Street Vendors
- 5 or less restaurants
- Bet 5 to 10 restaurants
- Bet 10 to 15 restaurants
- More than 15 restaurants
- Less than 3 nonfood stores
- Bet 3 to 6 nonfood stores
- One grocery
- More than one grocery

Figure 15: Employment Change in Brick and Mortar Establishments, Hollywood



Legend

● Street Vendors

Restaurants

- More than 200 jobs lost
- Bet. 100 to 200 jobs lost
- Less than 100 jobs lost
- Less than 100 jobs gained
- More than 100 jobs gained

Nonfood Retail

- More than 25 jobs lost
- Less than 25 jobs lost
- Less than 25 jobs gained
- Bet. 25 to 50 jobs gained
- More than 50 jobs gained

Groceries

- More than 100 jobs lost
- Bet. 50-100 jobs lost
- Less than 50 jobs lost
- Less than 50 jobs gained
- More than 50 jobs gained

Figure 16: Part I Crime in Hollywood

