USC University of Southern California
School of Policy, Planning, and Development

MILANO THE NEW SCHOOL FOR MANAGEMENT AND URBAN POLICY

Bodegas or Bagel Shops?

Neighborhood differences in retail activity

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Economic Development in Underserved Communities
Federal Reserve Bank of Kansas City

September 10, 2010

We gratefully acknowledge financial and data support from NYU's Furman Center and financial support from USC's ASHSS program.

Motivation & research questions

- Economic development policies intended to attract businesses, improve *employment* opportunities in underserved areas.
- We focus instead on *consumption* implications - retail access affects quality of life for residents.
- Do low-income and minority neighborhoods have less access to:
  - Retail goods and services in general?
  - "Quality of life" goods and services in particular?
  - "Healthy" food choices
- Does retail access improve as neighborhoods economically upgrade?
- What do disparities in retail access imply for design of economic development programs?

Empirical strategy

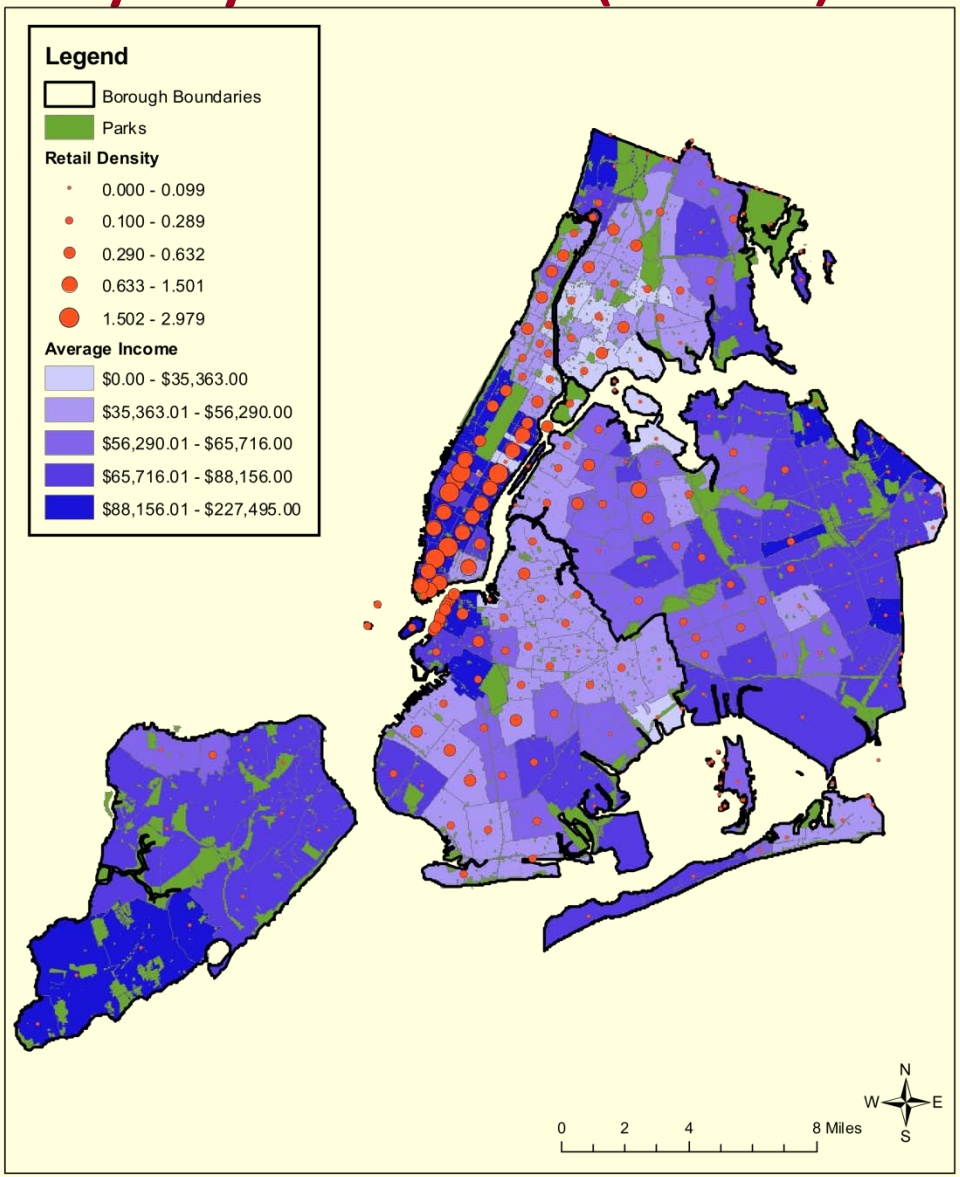
- Create diverse set of metrics measuring "retail access" at neighborhood (ZIP) level
- For all metrics, calculate difference of means between:
  - Low-income versus mid-high income neighborhoods
  - Predominately white, black and Hispanic neighborhoods
- Dynamic analysis
  - Compare % change in retail metrics for low-value but upgrading neighborhoods (based on relative housing prices)
  - Case study of upgrading neighborhood: Central Harlem

Metrics of "retail access"

- Baseline metrics of "retail access"
  - Density of establishments, employment by land area
  - Average establishment size: # employees
  - Diversity: Herfindahl index
  - Share of residential properties within ¼, ½ mile of commercial corridor
- Focus on types of retail that most immediately affects quality of life: supermarkets, drugstores, clothing and food service
- Additional metrics of "retail quality"
  - Number of chain stores, restaurants, grocery stores, gyms
  - "Unhealthy" fast food as % of chain restaurants

Data sources: Census ZIP Business Patterns (1998-2007); PLUTO Database, NYC Dept. of City Planning (2008); Census (2000); NYC Dept of Finance sales data; Center for an Urban Future chain database (2009); authors' web searches

Retail density by income (2007)



Do poor neighborhoods have less retail access?

	NYC	Middle-upper income	Low income	Difference
Emp/land				
Retail	3.278	3.671	1.878	1.793***
Groceries	0.434	0.453	0.364	0.089***
Clothing	0.772	0.923	0.252	0.672***
Food Service	3.239	3.959	0.673	3.287***
Emp/est				
Retail	9.516	9.879	8.224	1.655***
Groceries	13.422	14.785	8.528	6.257***
Clothing	11.067	11.601	9.239	2.362***
Food Service	12.283	13.221	8.972	4.250***
Share of housing within 1/2 mile of retail corridor	0.930	0.922	0.972	-0.050***
n =	178	139	39	

Notes: "Middle-upper income" defined as greater than 80% of NYC average household income. All numbers are average values for ZIP code. *, **, *** indicate statistical significance at the 10%, 5% and 1% levels.

Do poor neighborhoods have fewer healthy options?

	NYC	Middle-upper income	Low income	Difference
Chain Stores (#)	21.91	23.40	16.49	6.91***
Chain Restaurants (#)	14.98	16.04	11.18	4.86***
"Unhealthy" (%)	24.2	21.6	32.9	-11.3***
McDonalds (%)	6.7	6.0	9.4	-3.4***
Subway (%)	8.8	8.5	9.8	-1.3***
Gyms (#)	0.85	1.02	0.26	0.77***

Notes: "Middle-upper income" defined as greater than 80% of NYC average household income. All numbers are average values for ZIP code. *, **, *** indicate statistical significance at the 10%, 5% and 1% levels.

Do minority neighborhoods have fewer healthy options?

	White	Black	Hispanic	White - black	White - Hispanic
Chain Stores (#)	26.07	15.54	16.81	10.53***	9.25***
Chain Restaurants (#)	17.63	10.85	10.94	6.79***	6.69***
"Unhealthy" (%)	14.1	39.5	30.7	-25.4***	-16.6***
McDonalds (%)	4.9	7.4	10.8	-2.6***	-6.0***
Subway (%)	8.3	7.0	12.1	1.3***	-3.8***
Gyms (#)	1.38	0.38	0.38	1.00***	1.01***
n =	76	26	16		

Notes: Predominant racial/ethnic group defined as greater than 60% of population. All numbers are average values for ZIP code. *, **, *** indicate statistical significance at the 10%, 5% and 1% levels.

Has gentrification improved retail in Central Harlem?

	1998	2007	% change	% change NYC
Estab/land				
Retail (44)	0.15	0.19	33.8%	14.3%
Food service (72)	0.08	0.12	63.5%	40.6%
Grocery stores	0.04	0.05	39.5%	24.6%
Size (emp/est)				
Retail (44)	5.55	10.21	84.0%	19.2%
Food service (72)	10.21	12.01	17.6%	34.6%
Grocery stores	6.05	16.58	174.0%	30.8%
Herfindahl index				
Retail	0.35	0.37	5.3%	104.0%
Number of ZIPs	5	5		

Summary of results

- Low-income & minority neighborhoods have:
  - Lower density of retail establishments and employment
  - Smaller average retail establishments
  - Larger relative share of unhealthy fast food restaurants and fewer gyms
- Retail densities increased rapidly for low-value and economically upgrading neighborhoods
- Patterns broadly similar across types of retail, but vary in magnitude
  - Differences larger for all retail, food service than for grocery stores, pharmacies, clothing
  - Gap between white-black neighborhoods bigger than for white-Hispanic neighborhoods

NYC economic development policies

- NYC's current programs include:
  - Industrial and Commercial Abatement Program
  - Community Development Block Grants
  - Upper Manhattan Empowerment Zone
  - NYC Dept. of Small Business Services programs (BIDs, AvenueNYC)
- Are low-income neighborhoods being served?
  - 98% of low-value ZIPs have properties in ICAP
  - 56% of low-value ZIPs are served by AvenueNYC
  - 24% of low-value ZIPs have properties in BIDs

Questions for policy design

- Should eligibility for economic development programs be defined geographically?
- Should policies favor small, locally owned businesses?
  - Are mom-and-pops better for consumers? Potential employees?
- Should policies treat all commercial activity equally?
- Do policies address underlying causes of disparities?
  - Operating costs: security, insurance, transportation
  - Building size/structure type/quality
  - Purchasing power (real or perceived) and household preferences
- Could better retail be a positive externality of gentrification?

Conclusions & research agenda

- Find large and significant disparities in retail access in poor and minority neighborhoods
- Confirms prior findings that retail access could have negative health effects
  - Fewer, smaller, lower-quality supermarkets, fewer gyms, more unhealthy fast food restaurants
- Positive findings:
  - Gaps smaller for "necessities" than all retail
  - Retail access improves when poor neighborhoods upgrade
- Much still unknown about urban retail
  - What costs or barriers contribute to existing disparities?
  - Are retail access differences similar in other U.S. cities?
  - How long after upgrading begins does retail begin to change?