

### **SUMMARY**

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Public Markets are key elements to urban revitalization. The number of markets in the U.S. has increased from roughly 1,500 markets in 1994 to over 3,500 in 2004. Markets can improve districts in the following ways: act as a small business incubator, spur economic development around the market, connect local producers to consumers, provide vital social services to low-income citizens, provide access to healthy foods, offer affordable housing, and create a sense of place in the community. In order to achieve success, markets develop community partnerships that focus on different areas of improvement, such as historic preservation, retail development, a link between food producers and consumers, social services, and affordable housing. They then structure their leadership in such a way that is responsive to that area of improvement. The most successful markets establish a variety of community partnerships that focus on a range of improvements and community needs.

### **Markets as Small Business Incubators**

Sustainable employment growth comes from business creation, and public markets play a critical role as local business incubators. The markets provide attractive storefront space to entrepreneurs with built-in foot traffic, and low start up costs.

- ❖ Pike Place Market is home to over 300 small businesses, a majority of which got their start in the market:
  - Starbucks: Starbucks is the most famous example of successful business incubation in Pike Place. It opened in 1971 in the midst of the market's uncertain future at first, selling only high-quality coffee beans and equipment. By 1984 Starbucks had become a local success operating four Seattle stores. That same year, Starbucks decided to test the coffeehouse concept at one of their downtown stores. They began by selling cups of coffee and basic espresso drinks. The coffeehouse concept took off and by 1987, Starbucks had expanded to Chicago and Vancouver. Since its inception, Starbucks has expanded from the Pike Place store to over 6,500 retail locations worldwide, on-line sales and grocery sales.
  - Piroshky-Piroshky Bakery: The bakery was started by the Kotelnikov family in 1992 in Pike Place Market after moving to Seattle from Estonia in the 1980's. The store's specialties are savory, stuffed pies called piroshkies that originated as Russian street food. The location of the stand and the quality of the food led to instant success. By 1999 the business had expanded to three stores in the Seattle area.
  - Mick's Peppouri: Mick's started at Pike Place in 1982 and sells peppered jellies. Their product has gained such a following that the company has expanded to a wholesale business while keeping the original stand.

## Markets Spur Economic Development

Attractive markets anchor a business district and bring in a greater number of customers. This increase in activity often encourages new enterprises to develop around the market.

- ❖ Pike Place Market: According to the Pike Place Market Preservation and Development Authority (PDA), “the average daily pedestrian traffic through the market during the summer is 27,000 during the week and 40,000 on the weekend. Retailers, hotels, entertainment venues and conference centers cite the market's spillover effects on other businesses downtown.” This spillover effect has also led to the development of many new enterprises. For example, in the Pike Place Historic District, 20% of the buildings are not managed by the PDA. A majority of the businesses located in those privately owned buildings were formed after Pike Place Market's success was realized. They include a number of retail stores and restaurants. Many of the businesses grew from the market to include locations throughout the Seattle area. Pike Place established the Market Area Merchants Association, MAMA, which promotes the economic health of the merchants and assist and support the owners of the Market area businesses.
- ❖ Ann Arbor Farmers' Market: The farmers' market also spawned the creation of a vibrant retail district. The market inspired local developers to develop vacant warehouses in the Historic Kerrytown district into the Kerrytown shops that compliment the produce sold at the adjacent farmers' market. Kerrytown Market is privately owned and acts a business incubator for small businesses in Ann Arbor. The market houses 20 different local businesses that offer everything from meats, cheeses, and wines, to handcrafted jewelry and children's toys.

## Markets Connect Local Farmers to Consumers

This connection creates new markets for small, local farmers and the community. It indirectly educates the community about local/sustainable produce.

- ❖ Pike Place provides 130 stalls for local producers year-round.
- ❖ Eastern Market in Detroit provides large, local growers a valuable wholesale market during the growing season from May-October. It is also promotes small to medium sized farms by collaborating with a number of organizations:
  - The C.S. Mott Group for Sustainable Resources at MSU: This group engages communities in applied research and outreach to promote sustainable food systems. Its goal is to improve access and availability of locally produced food by cultivating an awareness of the opportunities for food connections within a community. Eastern Market's retail market is just one of the many outlets for small farmers to sell directly to consumers and maximize their profits.
  - Garden Resource Program Collaborative: MSU, Earthworks Urban Farm, Greening of Detroit and 185 other organizations work together to provide urban gardens in vacant lots and farms in the Detroit area with the resources they need to grow food in the city. The resources include: seeds, soil testing, compost, mulch, tools, wood chips, volunteers and much more. Much of the food grown at these farms is sold directly to consumers at Eastern Market.
  - Greening of Detroit: The Greening of Detroit is a 501 (c)(3) not for profit organization, established in 1989 to guide and inspire the reforestation of Detroit. Establishing community gardens in vacant lots is one of the many programs they support. They are currently working with the Eastern Market Corporation to build a market garden in the Eastern Market Historical District.

## Markets Provide Social Services

Public markets can be a key interface between the low-income community and the social services they need.

- ❖ Pike Place Market provides a wide range of social services including a medical clinic, childcare, pre-school, a food bank, and a senior center. The services are all located inside the market district across the street from the market stands.
- ❖ Eastern Market in Detroit provides educational workshops that promote healthy choices for food use and consumption. They also collaborate with Gleaners Food Bank and Earthworks Urban Farm. Gleaners distributes over 30 million pounds of food to 430 soup kitchens in the Detroit area and Southeastern Michigan. Earthworks Urban Farms hosts youth programs related to agriculture at the Market.

## Markets Provide Affordable Housing

- ❖ Pike Place provides roughly 500 affordable units to seniors in the district. PDA provides the buildings, private contractors construct the buildings and a non-profit development firm provides the expertise. The PDA receives funding from many different sources:
  - Federal funding:
    - LIHTC: Subsidies that provide funding for the development costs of low-income housing by allowing a taxpayer (usually the partners of a partnership that owns the housing) to take a federal tax credit equal to a large percentage of the cost incurred for development of the low-income units in a rental housing project.
    - New Market Tax Credits: Provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities.
  - State Funding: All state funding comes from the Washington State Housing Trust Fund.
  - Local Funding: Seattle's Office of Economic Development provides construction loans guaranteed by Homestreet Capital. Homestreet Capital is the only Northwest Fannie Mae DUS lender. Delegated Underwriting and Servicing (DUS) product line has emerged as the multifamily loan product of choice, while gaining strength as the preferred financing option for other property types as well.
- ❖ Eastern Market district in Detroit has 80 affordable units with plans to develop 600 additional units.
  - Existing units: The 80 units are privately developed and privately owned. They offer a range of rents but no formal "affordable" housing units. Tax abatements and historic tax credits were used to lower development costs.

## Community Collaborations

Community collaborations are crucial to the success of markets and allow communities to locate assets and resources, identify and engage stakeholders, and develop and complete goals. Markets that are successfully tied into the community can act as a gathering point for residents, businesses and institutions interested in community development.

## Historic Preservation

Historic Preservation allows areas to preserve their character and sense of place. It also can work as an economic tool to attract tourists to the area, further stabilizing it.

- ❖ Pike Place Market has a Historical Commission that seeks to maintain the markets historic character. The Commission has authority over allowable design and use of space within the district.
- ❖ Eastern Market DC collaborates with the Capitol Hill Restoration Society (CHRS), which plays a key role in maintaining the integrity, history and appeal of the 200-year-old neighborhood. When the South Hall burned down in 2007, CHRS was instrumental in raising funds for the renovation.

## Leadership Structure

The leadership structure of successful markets can vary. The one thing that successful markets have in common is a leadership structure that is responsive to the areas of improvement on which the market focuses. Two types of successful leadership structures are:

- ❖ Leadership structures concerned with broad economic development: Pike Place is owned by the city and managed by the Pike Place Market Preservation and Development Authority (PDA). The PDA is a nonprofit, public corporation chartered by the City of Seattle to manage 80% of the properties in the nine-acre district. An all-volunteer, 12-member council governs the PDA with appointments split equally between the Mayor, the Market Constituency, and the PDA council. This council is made up of people from the public and private sectors as well as nonprofit agencies. It is effective because it represents the whole community and is better suited to speak for the many different stakeholders.
- ❖ Leadership structures with a more narrow focus:
  - Ann Arbor Farmers' Market is focused on capturing retail customers and fostering the economic health of the market area. It is owned by the city and managed by a market manager. The manager is heavily influenced by the Public Market Advisory Committee that is made up of five members appointed by the mayor to represent: annual vendors, daily vendors, Kerrytown retailers and frequent market shoppers (2 representatives).
  - Eastern Market in Detroit is mainly focused on developing community food systems. The leadership consists of 12 directors appointed by the mayor and city council. Five of the directors are involved in food production, two are council members that are involved with various urban farming initiatives, and one is from the C.S. Mott Group for Sustainable Food Systems.

## **CASE STUDY: Ann Arbor Farmers Market**

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The Ann Arbor Farmers Market serves as a gathering point for area farmers, artisans and the public, where producers of locally grown, raised, and prepared foods and plants can offer their goods for sale directly to consumers. Cultural and economic values of food and craft are further enhanced by related educational and promotional offerings. The market is located in the Bach district and is a 10 minute walk from downtown and just west of the University of Michigan and City Hall. It is surrounded by 19th century Victorian style homes, apartments that house a small student population and a majority of the city's cultural destinations. There are baseball diamonds, playgrounds, tennis and basketball courts, and picnic facilities. The area is inviting and walkable with its diverse uses and low crime. The area is also home to a vibrant retail district. A majority of the retail is located in the adjoining Kerrytown neighborhood that is predominately a retail district. The farmer's market inspired local developers to develop vacant warehouses in the historic Kerrytown District into the Kerrytown shops that compliment the seasonal produce sold at the market. The shops act as an incubator for small businesses that provide breads, wine, cheese, meat and fish, small crafts, and more produce. They are privately owned and modeled after European markets that encourage daily shopping from people in the community.

### **Market Information**

- ❖ All outdoor market
- ❖ Hours: May-December
  - Wednesday and Saturday; 7am-3pm
- ❖ Hours: January-April
  - Saturday; 8am-3pm
- ❖ Location: 315 Detroit Street, 10 minute walk north of downtown
- ❖ Transit access : served by 3 main bus routes
- ❖ 132 stalls for producers
- ❖ 12 stalls for artisans
- ❖ Accepts EBT: EBT stands for electronic benefit transfer and has been instituted by many states to facilitate the delivery of food purchase assistance to qualifying residents
- ❖ Accepts Project Fresh coupons (WIC): Project Fresh is an educational program providing participants with coupons to purchase locally grown fresh fruits and vegetables at participating farmer's markets
- ❖ 100% of produce grown in Michigan, Indiana, and Ohio.
- ❖ Rapid Market Assessments for Saturday, September 22, 2007 (typical weekend sales)
  - Market attendance estimate : 9,792
  - Market sales estimate : \$133,841
- ❖ Rapid Market Assessments for Wednesday, October 2009 (typical weekday sales)
  - Market attendance estimate : 3,792
  - Market sales estimate : \$43,431

### **Funding**

- ❖ 1/3 of the market's operating cost is covered by the Ann Arbor's enterprise funds. Enterprise funds are appropriated as part of the city's General Fund operating budget. All investment earning and any operating surplus are retained in the enterprise fund rather than closed to the General Fund at the fiscal year-end.
- ❖ 2/3 of budget is covered by vendors fees

## **Community Partnerships/Collaborations**

- ❖ Kerrytown District Association
- ❖ Michigan Department of Agriculture
- ❖ Michigan Farmers Market Association
- ❖ People’s Food Co-op in Kerrytown Historic District

## **Leadership structure**

The market is owned by the city of Ann Arbor and run by the parks and recreation department. It is managed by a market manager whose duties include: market finances, organizing festivals, recruiting vendors and other daily operations. Instead of having a board of directors, Ann Arbor market has a Public Market Advisory Committee. The committee is made up of five members appointed by the Mayor. It consists of an annual vendor, daily vendor, a Kerrytown retail representative, and 2 frequent market shoppers.

## **CASE STUDY: Eastern Market Detroit**

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The Eastern Market District is the largest public market district in the United States. It is located just northeast of downtown and offers a unique building block to create a viable urban core at the heart of Detroit. The three neighborhoods surrounding the market are not walkable and contain little in the way of retail. They are: Elmwood, Lafayette Park, and Brush Park. Directly to the east of the market is Elmwood Park. This area was part of the historic Black Bottom neighborhood; much of which was razed during the late 1960's as part of an extensive urban renewal plan. It is now home to single-family brick houses, many vacant and dilapidated. Like much of central Detroit, the area has many empty lots and blighted structures. The Lafayette Park neighborhood is located to the south of the market. Lafayette Park is a 78-acre urban renewal project planned by Mies van der Rohe that contains a 19-acre park and low-rise housing. East of the market district is Brush Park. Brush Park is a Victorian era neighborhood located west of the market and less than a mile from downtown. The remaining houses are being refurbished and mixed-income condominiums are being erected. Brush Park has more redevelopment taking place than the other two neighborhoods.

### **Retail Market Information**

- ❖ Hours: Saturday 5am-5pm
- ❖ Location 2934 Russell St. (1 mile northeast of Downtown)
- ❖ 215 vendors May-October
- ❖ 100 vendors November-April
- ❖ Produce does not have to be grown locally
- ❖ 2 million people visit the market each year
- ❖ Transit access: served by three bus routes

### **Wholesale Market Information**

- ❖ Hours: 12am-5am, June-October
- ❖ All growers are local, large-scale growers

### **Funding**

- ❖ 70% of operational costs are covered by vendor's fees and the rest is covered by the city.
- ❖ Private funding: W.K. Kellogg Foundation awarded \$2.5 million in 2007 to establish a community-based food system to link food growers and providers to the community
- ❖ Public funding: USDA's Farmer's Market Promotion Program (FMPP) awarded \$25,941 in 2008 to train 180 vendors at the Eastern Market through a 10-month series of workshops in marketing, insurance, customer service, EBT, and safe food handling practices.

### **Community Partnerships/Collaborations**

- ❖ C.S. Mott Group for Sustainable Food Systems at MSU
- ❖ Downtown Detroit Partnership

- ❖ Detroit Garden Resource Collaborative: Supports community gardening and urban farming initiatives
- ❖ Earthworks Urban Farm: Promotes sustainable agricultural practices
- ❖ Edible WOW: Quarterly magazine that promotes local foods in Southeast Michigan
- ❖ Gleaners Community Food Bank
- ❖ Michigan Department of Agriculture
- ❖ Michigan Farmers Market Association

## **Leadership Structure**

A board of directors manages the daily market operations and plans for capital improvements. Directors serve three-year terms and are limited to a maximum of two terms. Currently there are 12 directors appointed by the mayor and city council. They come from the private, public and non-profit sectors of the economy.

- ❖ Private sector: 50%
- ❖ Public sector: 25%
- ❖ Non-profit: 25%



## **CASE STUDY: Eastern Market DC**

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The Eastern Market DC's oldest, continually operated public market. It consists of an indoor market and a farmer's market operating year round. It is located at 225 7th Street, in the Capitol Hill neighborhood. This neighborhood of tree-lined streets of town houses and apartments is largely populated by working adults, singles and families with young children. Capitol Hill has a diverse population of roughly 35,000 people. It is one of the most densely populated neighborhoods in D.C. and is a convenient, walkable city neighborhood. Residents often do their shopping on a daily basis, stopping at the neighborhood's bakeries, small grocery stores and the Eastern Market. In addition to the many residents and retailers, there is large number of restaurants, night clubs and live music venues.

### **Indoor Market Information**

- ❖ Hours: Tuesday-Friday 7am-7pm, Saturday 7am-6pm, Sunday 9am-5pm
- ❖ 225 7th Street in Capitol Hill neighborhood
- ❖ 16,5000 sq ft hall
- ❖ 14 vendors
- ❖ Accepts EBT
- ❖ Transit access: 1 block north of Metro and served by several bus routes
- ❖ Produce does not have to be grown locally

### **Farmers' Market Information**

- ❖ Hours: Saturday and Sunday 7am-4pm
- ❖ 21 farmers supply the market
- ❖ Roughly 80% of produce is grown locally/regionally
- ❖ Accepts EBT
- ❖ Operates year round

### **Funding**

- ❖ Public funding: In April 2009, The Economic Development Administration awarded a \$2million grant to Eastern Market to help with redevelopment.
- ❖ The Eastern Market's operational costs are covered by the vendors' fees. It is 100% self-supporting and does not rely on any government subsidies for operation

### **Community Partnerships/Collaborations**

- ❖ Capitol Hill Community Foundation: Participated in fundraising to rebuild South Hall market.
- ❖ Capitol Hill Restoration Society
- ❖ Barracks Row Main Street: The mission of Barracks Row Main Street is to revitalize 8th Street SE as a vibrant commercial corridor reconnecting Capitol Hill to the Anacostia River.
- ❖ Capitol Hill BID

## **Leadership Structure**

The Department of Real Estate Services (DRES) supervises the management of Eastern Market and is responsible for implementation of capital improvements to the building. The city is in the process of looking for a market manager to direct the daily operations of the market. DRES works closely with the Eastern Market Community Advisory Committee (EMCAC) to help coordinate the current rebuilding and renovation efforts, daily operation decisions and long term planning. Members of the EMCAC include representatives of the Capitol Hill Association of Merchants and Professionals, the Eastern Market's vendors, the Capitol Hill Restoration Society, the Eastern Market Tenants Council, the Stanton Park Neighborhood Association, the Eastern Market Preservation and Development Committee, Mayor Fenty's office, and Ward 6 Councilmember Tommy Wells.

## **CASE STUDY: Pike Place Market**

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Pike Place Market has been described as the quintessential public market and market district. An initiative was passed in 1971 that created a historic preservation zone and returned the Market to public hands. The Pike Place Market Preservation and Development Authority (PDA) was created by the city to run the Market. The Market district is located in downtown Seattle just north of the central-business district and southeast of the Belltown neighborhood. It is Seattle's main financial district, waterfront, and shopping area.

In recent decades the Belltown neighborhood has been transformed from a low-rent, semi-industrial arts district into a neighborhood of trendy restaurants, boutiques, nightclubs, and residential towers as well as warehouses and art galleries. The transformation can be linked to the success of the Pike Place Market. The Market is built on the edge of a steep hill, and consists of several lower levels located below the main level including but not limited to: antique dealers, comic book sellers, a head shop, and small family-owned restaurants. The upper street level contains fishmongers, fresh produce stands and craft stalls operating in the covered arcades.

The Historic Market District is the center of a strong neighborhood community that provides homes for nearly 500 residents. It also provides a wide range of social services including a medical clinic, childcare, a pre-school, a food bank, and a senior center. Of the 500 people living in the market district, approximately 90% are low-income seniors with subsidized rents. The Pike Market Medical Clinic provides primary care and ancillary services to 3,600 patients. Most of these are either elderly, HIV-positive, or working poor. One third of the population served are homeless, 30% are physically disabled, and 60% have severe mental illness and/or chemical addiction. The clinic provides basic medical care, subsidized prescriptions, lab work, mental health counseling, drug and alcohol counseling, connections to other community services, and sometimes even assistance in finding housing.

The Downtown Food Bank, located in the Public Market Parking Garage on Western Avenue provides groceries to approximately 1,000 people a week. About 265 bags of groceries are delivered weekly to homebound downtown residents. About 160 families receive infant milk, baby food and diapers. The child care and preschool serves 90-100 families with children ages 2-5 each year. 84% of families with children attending are low-income and receive tuition assistance.

### **Market Information**

- ❖ Hours for upper level market: Monday – Saturday 10am-6pm
- ❖ Hours for lower level market: Monday – Sunday 11am-5pm
- ❖ Transit access: served by multiple bus routes; 2 min. walk from light rail stop
- ❖ All farmers are located within Washington state
- ❖ Market accepts EBT
- ❖ Total gross revenues generated by all PDA tenants in 2002: \$86,800,000\*
- ❖ Total state and local taxes generated by all PDA tenants in 2002: \$3,871,400\*
- ❖ Sales in 2002 totaled \$475 per square foot ranking it within the top 10% of commercial centers nationwide\*
- ❖ Market employment during Summer 2002: 2,400 jobs\*
- ❖ Market employment during Winter 2002: 1,500 jobs\*
- ❖ Pike Place provides roughly 500 affordable units to seniors in the district. PDA provides the buildings, private contractors construct the buildings and a non-profit development firm provides the expertise. The PDA receives funding from many different sources:

- Federal funding:
  - LIHTC: Subsidies that provide funding for the development costs of low-income housing by allowing a taxpayer (usually the partners of a partnership that owns the housing) to take a federal tax credit equal to a large percentage of the cost incurred for development of the low-income units in a rental housing project.
  - New Market Tax Credits: Provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities.
- State Funding: All state funding comes from the Washington State Housing Trust Fund.
- Local Funding: Seattle's Office of Economic Development provides construction loans guaranteed by Homestreet Capital. Homestreet Capital is the only Northwest Fannie Mae DUS lender. Delegated Underwriting and Servicing (DUS) product line has emerged as the multifamily loan product of choice, while gaining strength as the preferred financing option for other property types as well.

## Funding

Although Pike Place is a public market, the PDA does not receive any public money to own and operate the market. Revenues are derived from the Market's tenants through rent, utilities, and other property management activities.

## Community Partnerships/Collaborations

- ❖ Friends of the Market: Non-profit, voluntary group created in the 1960s when the city was threatening and planning to demolish the Market, in lieu of progress.
- ❖ Historical Commission: The Pike Place Market Historical Commission is an independent, quasi-judicial body under the jurisdiction of the City of Seattle. The Commission has authority over allowable design and use of space within the Market, in accordance with Historic Commission guidelines designed to maintain and preserve the Market's historic character. Commission members are appointed by the Mayor and represent property owners, merchants, and residents within the Historic District; Friends of The Market, the original grassroots organization that led the campaign to save the Market; and Allied Arts, a local arts advocacy group
- ❖ The Pike Place Merchants' Association: The Merchants' Association advocates for and serves its members by providing access to professional legal, accounting, bookkeeping and insurance services.
- ❖ The Market Area Merchant Association (MAMA): A nonprofit membership organization that was established to: promote the economic health of the merchants in the Market; assist and support the owners and operators of Market area businesses; and represent and advocate positions of MAMA members in the planning, development, political, and social processes of the Pike Place Market Area.
- ❖ The Daystall Tenants association: Formed to preserve the dignity and character of the Pike Place Market, specifically for the artists, farmers, agents, performers of the Market community.
- ❖ The Pike Market Performers Guild: Promotes buskers activities and coordinates the annual Pike Market Buskers Festival.
- ❖ The Market Foundation: Non-profit organization which supports the Market's human service agencies and works to preserve the traditions and diversity of the Pike Place Market neighborhood.

## Leadership Structure

The market is managed by the Pike Place Market Preservation & Development Authority (PDA). The PDA is a nonprofit, public corporation chartered by the City of Seattle in 1973 to manage 80% of the properties in the nine-acre Market Historical District. It is required to preserve, rehabilitate and protect the Market's buildings; increase opportunities for farm and food retailing in the Market; incubate and support small and marginal businesses; and provide services for low-income people. PDA activities are governed by an all-volunteer, 12-member PDA Council. Council members serve as volunteers and are not compensated. Of the 12 members, four are appointed by the Mayor, four are elected by the Constituency, and four are appointed by the PDA Council. All Council members must be confirmed by Seattle City Council and typically serve a four year term.

\*Pike Place Market and Preservation Authority "A Business, Economic and Public Policy Assessment of the PDA's properties" January 2004