

Number of NYC street fairs
in 2006 **367**

Expected attendance **2 million**

Percentage of all food
permits held by 20 largest
street fair vendors **46%**

Number of the 20 largest
vendors that are based
outside of NYC **9**

Percentage of all
merchandise vendors
based outside of NYC **24%**

New York's street fairs would have more character, and provide greater concrete benefits to the city's economy, if they included a more diverse mix of city businesses and artists. The opportunity seems ripe given that the five boroughs are home to more than 200,000 businesses, thousands of artists and countless entrepreneurs and pushcart vendors.

RETHINKING NEW YORK'S STREET FAIRS

City Street Fairs are Bland and Generic, and Dominated by a Handful of the Same Vendors. Including a Greater Share of City Businesses and Artists Could Make The Fairs More Unique and Boost New York's Economy

NEW YORK CITY WILL PLAY HOST TO 367 STREET FAIRS THIS YEAR.

To many New Yorkers, that's about 300 too many.

Street fairs, once a source of local color, now mostly exasperate New Yorkers. There are so many of them that any sense of novelty is gone, and they create clogged streets and unbearable traffic. The worst part, however, is that they are uniformly bland. Though the five boroughs are filled with an incredible diversity of businesses and artists, the overwhelming majority of street fairs seem to have the same few items for sale, such as tube socks, knockoff purses and gyros. That's not a coincidence: as this report reveals, a small number of vendors hold a significant share of all permits to sell food and merchandise at street fairs, and a surprisingly high percentage of the vendors aren't even based in the five boroughs.

New York's street fairs could be a wonderful showcase for unique products from city businesses, entrepreneurs and artists, simultaneously making street fairs more distinctive and providing a new outlet for goods and art made in New York. Indeed, for some companies that manufacture niche products—from empanadas to organic dog biscuits—street fairs could provide an important boost at a time when many of them are struggling with low profit margins and increasing competition.

Unfortunately, the three large production companies, that run most New York City street fairs have no incentive to diversify the mix of vendors. Meanwhile, many local businesses have no clue how to participate in street fairs, and those that do are often stymied by bureaucratic hurdles when applying for a city permit.

WHAT'S WRONG WITH NEW YORK'S STREET FAIRS

Street fairs are expected to generate roughly \$1.5 million in revenue for the city this year. They'll attract up to 2 million visitors overall and show off many New York neighborhoods in the process. They also bring in funds to community-based organizations, which sponsor a majority of the fairs. And in many cases, they benefit retail businesses located along the fair's route.

Yet, they could be so much more.

The heart of the problem is that the street fairs are almost all alike and reflect little of what's unique about

than food) at this year's street fairs come from outside the city, according to records from the Department of Consumer Affairs (DCA).

Interviews with vendors at recent street fairs suggest that many of the vendors selling art and jewelry are based outside the city, even though the five boroughs have a surplus of designers and artists. At a recent street fair in Queens, a New Jersey company was selling arepas from several booths even though the borough is home to at least three successful arepas manufacturers. At another fair, a pickle vendor from Long Island had the most popular booth.

The biggest reason why New York's street fairs are so generic is that many of the same vendors appear at numerous fairs. In fact, in 2005, a mere 20 vendors held 46 percent of all the permits to sell food at city street fairs, according to DOHMH data. Seven vendors each had more than 200 food permits, with one of them—Queens-based Nick Maliagos/Athens Delite Concessions—possessing

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New York. For instance, one recent Manhattan fair that spanned nine blocks had more than 20 vendors hawking inexpensive purses. Another recent fair had four gyro vendors on just two blocks, while a separate ten-block-long fair featured more than two dozen clothing vendors, most of whom were selling inexpensive items imported from overseas. At the Forest Hills Festival of the Arts in May, vendors selling funnel cakes, crepes, t-shirts and makeup vastly outnumbered artists.

"They're all so similar. You walk through and you have absolutely no sense that you're in New York City. You could just be anywhere," says Suzanne Wasserman, director of the Gotham Center for New York City History at the CUNY Graduate Center, who has written extensively about the city's street fairs. "It's Manhattan, it's not Dutchess County. That's what's so weird, that it has this kind of Dutchess County Fair feel to it."

Perhaps one reason many of the fairs don't feel like New York is that many of the vendors hail from outside the five boroughs. An analysis of the most recent data available from the city's Department of Health and Mental Hygiene (DOHMH) shows that of the 20 vendors who had the most permits to sell food at street fairs in 2005, nine were based outside the city. Similarly, a quarter of all vendors who have a permit to sell merchandise (other

a whopping 384 permits.

In many ways, the structure of New York's street fair program encourages this kind of uniformity.

Three large production companies—Clearview Festival Productions, Mardi Gras Festival Productions, and Mort & Ray Productions—organize more than 200 of the fairs. Vendors pay \$100 to \$400 to participate in each event, with profits split between the production company and the nonprofit sponsor. The city receives 20 percent of the total vendor fees, which is used for police overtime and other expenses.

The problem is that the production companies have no incentive to reach out to city businesses or ensure that the fairs don't attract a lot of the same vendors. "The production companies don't care what you sell. They just want their money," says Jane Bell, owner of Pet Portables, who participated in more than 40 street fairs in 2005. "The merchandise this year is the same as it was last year."

One of the production companies—Mardi Gras Festival Productions—offers a "buy five, get one free" discount package to vendors who participate in multiple events. Additionally, vendors interested in participating in some of the larger and more lucrative fairs that Mardi Gras puts on, such as those on Manhattan's West Side, can't do so unless they also purchase space at other fairs.

While these policies may help the event organizer secure profits, it also ensures that the fairs feature many of the same businesses week after week.

TAPPING A MORE DIVERSE MIX OF CITY ENTREPRENEURS

New York's street fairs would have more character, and provide greater concrete benefits to the city's economy, if they included a more diverse mix of city businesses and artists. The opportunity seems ripe given that the five boroughs are home to more than 200,000 businesses, thousands of artists and countless entrepreneurs and pushcart vendors—many of whom would jump at the chance to generate additional income, find a new outlet for their products or simply use the fairs as a marketing opportunity.

To be sure, street fairs wouldn't make sense for a number of businesses and artists. Some products don't lend themselves to street fairs, and some businesses don't have the resources to staff these events. But there are plenty of entrepreneurs and artisans who would take advantage of the opportunity. "If we get more New York City businesses involved [in street fairs], then they are the ones who are going to ben-

efit from it, they are the ones who are going to make money," says Jonathan Lachance, director of economic development for the Union Square Partnership. "That's going to enhance what they do in the city and create more jobs and can help the companies grow. It makes total sense. It's almost a no-brainer."

Mort Berkowitz, president of Mort & Ray Productions, believes that more local vendors are unlikely to get involved under the current system. "The bureaucracy is such that they won't do it. A lot of people find they don't want to spend three or four hours at the Health Department [DOHMH] to get a permit. You should be able to do a lot of this stuff online."

Manufacturing and wholesaling companies in the five boroughs that make and import niche products might be particularly well suited to street fairs. Local economic development officials say that many of these companies have been facing increasingly intense competition in today's global economy, and could benefit from the additional income and exposure. "Manufacturers are always looking for new outlets for their products," says Adam Friedman, executive director of the New York Industrial Retention Network. "If people saw them on the street, they might go into the supermarket and ask for the products."

Unfortunately, few of them have tapped into this

opportunity. A number of local manufacturers we spoke with expressed interest in participating in street fairs, but didn't know how to move toward that goal. "Believe me, that is something that I have thought about. But I didn't have the resources, the people to let me know how that works and how to apply," said Ramon Acevedo, owner of Rasol Food, a Bronx-based company that makes empanadas. "The profits would be very good. It would be a way to promote the products."

None of the economic development experts interviewed for this report knew of any current programs in the city—by nonprofits, government agencies or event organizers—to make local manufacturers aware of street fair opportunities and help them with the application process. Given their missions, it would seem logical for the city's Department of Small Business Services and local development corporations around the five boroughs to take on this task. For now, though, businesses interested in learning about street fairs would have to know to go to the Community Assistance Unit (CAU), a division within the Mayor's office that oversees and regulates street fairs. "Unless you go to the Community Assistance Unit website, I don't think you have any sense of what the schedule is for street fairs," says Joan Bartolomeo, president of the Brooklyn Economic Development Corporation.

Of course, going to the CAU doesn't always provide the best information. In early August, a recorded message on the main number of the CAU's Street Activities Permit Office provided information about "this week's" street fairs, but only listed events for the weekend of June 3rd.

BUREAUCRATIC HURDLES

While additional outreach would go a long way towards widening the pool of interested vendors, companies that do try to participate in city street fairs often face maddening bureaucratic obstacles. Vendors interested in submitting an application for a street fair permit with the city cannot do so online. Those applying for a merchandise permit from DCA can print out the form online, but they must either mail it in or visit the agency. Vendors applying for a food permit from DOHMH don't even have the option of mailing in the forms; they must go in person to the agency's offices in Lower Manhattan. That process is

painfully slow, often eating up an entire workday, according to interviews with vendors and visits the Center made to the agencies' offices. Not surprisingly, the process deters many firms from even trying.

Mort Berkowitz, president of Mort & Ray Productions, believes that more local vendors are unlikely to get involved under the current system. "The bureaucracy is such that they won't do it," says Berkowitz. "A lot of people find they don't want to spend three or four hours at the Health Department [DOHMH] to get a permit. You should be able to do a lot of this stuff online."

RECOMMENDATIONS

There are several things the Bloomberg administration could do to improve and enliven the street fairs that fill New York's neighborhoods nearly every weekend between April and November.

For starters, the city should do more to inform local businesses and artists about the opportunities that street fairs present, the schedule of events and how to participate. The Department of Small Business Services should include this information on its website, in the newsletters it sends out to community-based organizations that provide business assistance services around the five boroughs, and at the Business Solutions Centers it runs in each borough. The agency could also conduct an outreach campaign about street fairs each spring, as the events begin to take shape. The Mayor's Office of Industrial and Manufacturing Businesses and the Department of Cultural Affairs, as well as chambers of commerce and

local development corporations, should be partners in these outreach efforts.

It would also be wise to simplify the application process. The Bloomberg administration has already made it possible for individuals and businesses to apply for a host of licenses and contracting opportunities over the Internet, such as bidding on city government contracts, paying parking tickets and registering for a dog license. Vendors ought to be able to apply for street fair permits online as well, eliminating the need for entrepreneurs and business owners to waste hours dealing with the bureaucracy.

Over the long run, the city should consider reexamining its entire approach to street fairs. Currently, the city has no creative control over the types of businesses that spill onto dozens of New York streets every weekend. Instead, they yield all decision-making power about the mix of vendors and businesses to the production companies and the nonprofit sponsors. These organizers are understandably focused on their own bottom line and have no incentive to work with vendors based in the city.

In 2003, the city's Community Assistance Unit demonstrated that it could flex its oversight muscles when it imposed a cap on the number of street fair permits it would issue each year. Going forward, the city might consider negotiating with the production companies to charge lower fees for vendors from the five boroughs or limit the number of non-city-based vendors. Other possible reforms include consolidating the fairs into larger, less frequent events and increasing the power of community boards in the permitting process.

CREDITS

The Center for an Urban Future is a New York City-based think tank dedicated to independent, fact-based research about critical issues affecting New York's future including economic development, workforce development, higher education and the arts. For more information or to sign up for our monthly e-mail bulletin, visit www.nycfuture.org.

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