

Liquor License Distribution in Boston: Exacerbating Economic Disenfranchisement

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Abstract

Massachusetts liquor license policy sets a cap on the number of liquor licenses available to businesses in Boston that is lower than the caps in other municipalities in the Commonwealth. Since demand is much higher than the cap, there are rarely any available directly from the City. Instead, many businesses must buy their licenses from other businesses on the secondary market for a much higher price. Some local politicians have argued that these exorbitant costs mean that restaurants and bars typically locate in White, wealthy, and gentrifying areas of the city in order to recoup this investment. As a result, commercial districts in Black and low-income neighborhoods have a more difficult time attracting restaurants, which play a key role in economic development. This project involves (1) a spatial analysis to determine if liquor licenses are clustering and whether this clustering is predicted by race, wealth, and redevelopment; and (2) three case studies involving interviews with Boston Main Streets executive directors about how bars and restaurants support commercial activity in their districts and whether current policies have stymied this dynamic.

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1. Introduction

From the speakeasies of the thirties to the fern bars of the seventies to the local craft breweries of today, public alcohol consumption has evolved considerably since the Prohibition era. However, Massachusetts' policy of licensing establishments serving alcohol has not evolved quite so significantly. Municipalities are still beholden to license quotas set forth at the repeal of Prohibition that limit the number of bars and restaurants that can open, although many have petitioned successfully for exceptions. In Boston, the rules were always more stringent; rather than being subject to a formula that allows a given amount of licenses based on population, the city was given a hard cap much lower than what other municipalities had, supposedly out of concern for the city's large Irish, working class population's drinking habits. Now, over eighty years later, the city's quota remains in place despite skyrocketing demand. As a result, most bars and restaurants are forced to buy licenses on the secondary market from other businesses for several hundred thousand dollars rather than from the city directly for much less. This enormous expense represents a significant barrier to entry for new businesses; favors larger restaurant groups over independent and perhaps more innovative restaurateurs; and, according to one councilor, has exacerbated economic disenfranchisement in certain communities.

Numerous state and city politicians have discussed the problems with a secondary licensing market in recent years, typically focusing on the idea that the quota is stifling economic development because it is a barrier to entry for entrepreneurs. Councilor-at-Large Ayanna Pressley, however, has made the argument that the liquor licensing policy has led to licenses clustering in White, wealthy neighborhoods of Boston, leaving others without the economic development potential that liquor licenses provide neighborhoods. As one journalist reports,

“The competitive angle... was not the main factor that drove Pressley to push her [2013 home-rule petition]. The glut of thriving bars and restaurants with liquor licenses in some Boston neighborhood and the lack of them in others was what really drove her. ‘A success that isn’t shared isn’t a success at all,’ said Pressley” (Quinn, March 2014). “The impetus for this [reform],” she said in a separate interview, “was neighborhoods that had been disenfranchised” (Hamilton, 2016). More recently, Boston Mayor Martin Walsh and other advocates for reform have echoed Pressley’s framing of the issue as one of economic disenfranchisement for certain neighborhoods (O’Sullivan, 2016).

This is not just a matter of residents having convenient access to dining; restaurants are uniquely effective economic development drivers, and a lack of them is a significant challenge for commercial districts to overcome. Retail has always clustered in hopes of drawing customers in with the convenience of one-stop shopping; both downtown commercial clusters and suburban malls are illustrations of these ambitions (Brueckner, 2011). If the idea is to draw customers into multiple shops during a single visit, restaurants are imperative to extending customers’ stays by providing a chance to sit and refuel before tackling more shopping. In scenarios where there is not yet a sustained commercial district, the arrival of a restaurant is an important first step because it signals to other retailers that there is enough of a market for additional businesses. Restaurants also serve as important social gathering places in their neighborhoods, tend to be a key method for drawing visitors into a neighborhood, and help establish the brand of the surrounding area. Despite their incredible importance to economic development, most restaurants cannot survive without a liquor license; alcohol offers higher-profit margins than most food items, so many independent restaurants find alcoholic beverages account for 20% or more of their sales, according to data from Technomic (Griswold, 2014).

This project takes up two basic objectives. First, I use GIS and quantitative methods to assess how liquor licenses are distributed through Boston now and whether license clusters appear to be predicted by wealth, race, and indicators of gentrification as Councilor Pressley suggests. Second, I interview three Boston Main Streets executive directors about the role that bars and restaurants play in their districts to better understand the impact of any distributional disparities. The next section provides the background for this effort, including the history of liquor licensing generally and in Boston specifically. It also reviews the current literature on how restaurants and bars function in their neighborhoods. Next, I describe the methods used for the analysis, followed by the results. The conclusion serves as a summary of the key findings and suggests policy interventions to improve liquor licensing policy in Boston.

2. Background

The goals of this project are to assess whether liquor licenses are disproportionately clustered in wealthy or gentrifying neighborhoods, as Pressley has argued, and to characterize the impact bars have on their surrounding neighborhoods. This background section first explores the role that bars and restaurants play in their neighborhoods as engines for economic development, social gathering places, and locations of community identity building. Next, it delves into the history of liquor licenses in general and in Boston specifically.

The Impact of Bars and Restaurants

Bars and restaurants offer a number of positive benefits to their host neighborhoods. For one, they are a key ingredient for a successful commercial district. Retail has always clustered in hopes of drawing customers in with the convenience of one-stop shopping; both downtown commercial clusters and suburban malls are illustrations of these ambitions (Brueckner, 2011). If the idea is to draw customers into multiple shops during a single visit, restaurants are imperative to extending customers' stays by providing a chance to sit and refuel before tackling more shopping. In scenarios where there is not yet a sustained commercial district, the arrival of a restaurant is an important first step because it signals to other retailers that there is enough of a market for additional businesses.

Restaurants, particularly those with bars, have also served as important social gathering places in their neighborhoods. In many neighborhoods, these venues are where young friends gather or meet new people. In some areas where there are no standard bars, the local liquor store becomes a de facto substitute by putting chairs out front; this is where gossip is spread and social connections are maintained (Block and Block, 1995). Although bars often conjure the image of

young singles mingling or of middle-age friends gathering for the game or a glass of wine, one small-scale study in Amsterdam suggests that urban bars are playing an increasing role in family leisure as well; the study finds that middle-income families are increasingly dining out at local restaurants and bars as “family time” (Karsten et al., 2013).

Beyond serving as a social gathering place for surrounding residents, restaurants and bars can also draw in visitors from afar. Restaurants serve as an introduction to certain neighborhoods, drawing people from throughout a city and beyond to explore different areas and different cuisines. As a result, restaurants and bars help produce and maintain the image of the neighborhoods they reside in; for outsiders, the identity of a place is strongly embedded in the kind of restaurants available there. Deener (2007) explores how commercial areas develop a brand through “spontaneous and gradual processes” and ultimately contribute to the overall identity of a neighborhood. This tourism is a powerful force for independent restaurants, particularly in conjunction with the rise of the “creative class.” The “creative class,” as articulated by Florida (2004), is an economic class made up of “knowledge workers, symbolic analysts and professional and technical workers” (p. 68) who play an increasingly important role in the post-industrial economy. He argues that they:

“equate authentic with being ‘real,’ as in a place that has real buildings, real people, real history. An authentic place also offers unique and original experiences. Thus a place full of chain stores, chain restaurants and nightclubs is not authentic: Not only do these venues look pretty much the same everywhere, they offer the same experience you could have anywhere” (Florida, 2004, p. 228).

As the creative class concentrates further in urban areas, independent restaurants find a stronger consumer base. Of course, this dynamic is problematic—the creative class often treats “ethnicity as a spice,” consuming “exotic” food as part of an ethnic tourism (May, 1996)—but these consumers typically play a role in these restaurants’ survival.

Because bars and restaurants can play such an important role in community life and draw visitors to a neighborhood, they become locations of particular tension in gentrifying areas. New restaurants and stores have worked as signals of gentrification since at least the 1970s, often serving as the most visible signs of neighborhood change (Zukin et al., 2009). This signaling, often deemed “boutiquing,” is part of broad urban revitalization that can both attract the commercial investment necessary to upgrade neighborhood services and polarize different socioeconomic groups by enhancing the quality of life for the urban middle class and putting lower-income families and businesses at risk for displacement (Zukin et al., 2009). This can challenge low-income residents’ “right to the city.” As Langegger points out, there are “complex tensions between economic development and neighbourhood soul, between practicing culture and consuming culture” (2015, p. 1804).

Any urban commercial endeavor will aim to draw consumer dollars from both nearby locals and outside visitors; in a gentrifying neighborhood, however, residents often feel that these restaurants and bars are overemphasizing outsiders and newcomers at the expense of long-time residents. In one study, residents and customers seem to feel that there is a dichotomy between stores and restaurants that cater to locals and those that cater to gentrifying classes and tourists (Zukin, 2008). One business owner in a gentrified neighborhood of Brooklyn explained, “We couldn’t reach [new residents] because we’re neighborhood girls,” and that even though they explicitly tried to attract younger patrons new to the area, they were unsuccessful (p. 731). Meanwhile, a blogger wrote that, when she visited an established working-class bar in the same neighborhood, she felt she was not wanted there, presumably because she was seen as a gentrifier (Zukin, 2008, p. 731). As more outsiders are drawn to restaurants and bars in a neighborhood, other policies in the area begin to cater to this demographic. Langegger (2015)

describes how, in the Highland neighborhood of Denver, Colorado, the heightened economic development caused parking policy to change in order to favor “customers over residents, intending to ‘change the parking habits of Highland residents’ in order to free up street parking space for restaurant customers” (p. 1811). Langeegger’s analysis pointed out that, not only did this policy place outsiders over residents, it also felt like a particular incursion for resident Latinos, who conceptualize parking spaces as an extension of private space.

Although “boutiquing” is a process that manifests itself in all kinds of commercial development, it can be particularly powerful—and painful—when restaurants and bars are involved because these venues play a role in establishing and maintaining the identity of their neighborhoods. Zukin et al.’s 2015 study on Yelp reviews for restaurants in gentrifying neighborhoods illustrates this clearly. The study explicitly explores the racial components of restaurants and neighborhood identity by comparing Yelp reviews for restaurants within Bed-Stuy (which has a large Black population) and Greenpoint (which is largely White and Polish), and finds that Bed-Stuy is framed as being in need of revitalization while Greenpoint is an imagined homeland in need of preservation. The authors posit that, “if gentrification is socially constructed by capital, state policy, media images, and consumers’ tastes, Yelp restaurant reviewers make discursive investments in two of its formative areas: media images and tastes” (p. 4). These reviews “continually redraw cognitive maps of consumer choice, which sets the stage for economic investment,” ultimately leading to a “discursive redlining of majority-Black districts” (p. 16-17).

In summary, bars and restaurants not only play an important economic role for neighborhoods and commercial districts, they also become the frontlines for gentrification, the sites of contested city “ownership.” It is particularly important to remember that these dynamics

are in play when considering the impact of bars and restaurants in struggling commercial districts with high vacancy rates or struggling business owners. Residents are likely to welcome new retail and dining where they have not had immediate access to these offerings previously, but if these institutions displace previous businesses, there will likely be ill-will. Maly (2005) studies this in his research into the Chicago neighborhood of Uptown; his study and others suggest that the displacement of established businesses inspires particular resentment from longtime residents (chap. 5, see also Sullivan and Shaw, 2011 and Deener, 2007). Presumably ownership also plays a role in this—Zukin et al., (2015) find in the Yelp research a desire to support black-owned businesses or longtime-resident-owned businesses in Bed-Stuy, but also frustration when these businesses don't seem to effectively compete with restaurants deemed as gentrifying forces (Zukin et al., 2015).

Resentment around gentrification is not the only reason that bars and restaurants can be contentious. In fact, most of the literature about restaurants' and in particular bars' effects on their neighborhoods is focused on negative externalities. There is an abundance of studies exploring the correlation between alcohol outlets and a variety of negative externalities like domestic violence (e.g., Livingston, 2010; Cunradi et al., 2011), child maltreatment (e.g., Fresithler, 2004; Freisthler et al., 2005), violent crime (e.g., Scribner et al., 1995; Gorman et al., 1998; Speer et al., 1998; Scribner et al., 1999; Peterson et al., 2000; Gorman et al., 2001; Pridemore et al., 2012), and other crimes (e.g., Roncek and Bell, 1981; Roncek and Pravatiner, 1989; Roncek and Maier, 1991). A full assessment of these studies is beyond the scope of this work, but it is worth noting that while some studies are able to establish a link between liquor stores and these negative externalities, some found that the correlation was statistically insignificant (Freisthler, 2004) or that there was no correlation at all (Block & Block, 1995;

Gorman, 1998). Cunradi et al. (2011), for example, found that while there was a correlation between liquor stores and domestic violence, there was no correlation between bars and domestic violence; not all studies explored these establishments separately. More recently, researchers in this field argue that the attributes of the specific establishments and their neighborhoods—including land use, demographics, and crime rates—are more predictive of crime patterns than the density of bars themselves (Block & Block, 1995; Pridemore et al., 2012; Eck and Weisburd, 2015).

Conflicting conclusions aside, these studies are framed very narrowly in terms of how bars interact with their surroundings; they are specifically focused on proving a relationship between bars and a negative externality, rather than taking a holistic view of the role these establishments play. In cases like Block & Block (1995), the studies are actually commissioned by concerned community groups who are only interested in the dangers bars present. As one researcher points out, many of these studies are based on an unspoken assumption that alcohol consumption “necessarily involves major risks to public order,” but alcohol is not associated with violence or accidents in all cultures (Valverde, 2003, p. 145). Regardless of the conflicting literature, many residents perceive that bars and restaurants affect their quality of life, and might also cite concerns about noise, aesthetics, community standards and property values as well. Therefore, they look to policies like liquor licensing to protect them from these local negative externalities.

Liquor Licensing Throughout History

Licensing has been used to regulate the sale and consumption of alcohol for centuries. The history of liquor licenses extends back to at least 1000 A.D. in England, but became a more

formal system in 1552 (Johnson and Kessler, 2010). American colonists derived their own liquor license regulation from the same legal tradition, and rewarded each liquor-licensed innkeeper the privilege of a monopoly in that area. Liquor licenses were seen as an economic stimulus as well as a safety regulation, as colonists expected that liquor sales would attract merchants and travelers (Johnson and Kessler, 2010). However, the purpose of these licenses was, at its core, to devolve the responsibility of regulating drinking from the state to landlords and bar staff (Levi and Valverde 2001); licensing was not focused solely on regulating alcohol as a commodity, but also the behavior surrounding its consumption (Nicholls 2009).

But liquor licenses are not neutral regulations; they ultimately police more than just intoxicated patrons. Hubbard, Matthews, and Scoular (2009) point out that licensing allows the state to control behavior, or at least promote certain norms, without seeming like they are directly attacking personal liberties. Because restaurants' continued operation is dependent on the licensee's ability to manage risks, these licensees become much more efficient at this task than any state official could be (Valverde 2003). The idea that this system of licensing is preferable to direct governmental intervention is so naturalized that it is taken for granted; Valverde (2003, p. 237) argues that this lends licensing a certain invisibility, and that "low-level administrative techniques" such as this often escape critical examination. Painter (2006, p. 760) refers to these invisible but influential state structures as the "prosaics of stateness." Although liquor licenses are still a manifestation of police powers, the lack of professionalism and science in their implementation makes them somewhat invisible within many critiques of state power (Ibid., 245).

A number of researchers have taken critical approaches to these "prosaics of stateness" and questioned how licensing systems ultimately police behaviors beyond alcohol consumption.

Valverde is regularly cited as a leader in this field; she takes up how liquor licensing was ultimately used as a tool by the English government for a variety of different agendas (2003), but this occurred in a variety of geographies and time periods. For example, Beckingham (2012) examines how advocates used liquor licenses to regulate specifically female drinking in the context of anxieties about gender and sex in Victorian and Edwardian Liverpool; other research based in 19th-century Britain demonstrates that advocates for licensing were careful not to overregulate to the point that women would be drinking at home instead, “beyond the reach of police or licensing laws” (Kneale 1999, p. 333). One op-ed in the Boston Globe suggests that female drinking was something advocates were still concerned about in Boston in the late 1940s (“Unattached Females,” 1947). More recently, Brown and Knopp (2015) explored how liquor licensing was used to police gay bars by analyzing enforcement and hearing documentation from the Washington State Liquor Control Board between 1934 and 1971. Other similar explorations focused more specifically on class; in the eighteenth century, the English gentry renewed their interest in liquor licensing as a way of encouraging morals and managing the leisure activities of the working class (Valverde, 2003). Langeegger (2015) looks at more modern examples of gentrification and concludes the “small levers of city governance, largely ignored in gentrification literature, are in fact what dominate workaday city management” (p. 1810).

In Boston specifically, there is a legend that the origins of the Massachusetts liquor licensing system from 1906 was designed by the Yankee gentry specifically to police the working-class Irish. Politicians allegedly feared that “their Irish peers would lead the city into ‘unruly Catholic drunkenness’” (Griswold, 2014) and decided to implement hard caps on licenses as a result (Schwartz, 2009). In the sixties, the idea of liquor licensing’s connection to policing of races and ethnicities became a liability when Massachusetts wondered if licensing

bars and restaurants that discriminated against Black patrons might be putting the licensing structures at risk for Civil Rights violations (“ABCC invites discrimination complaints”, 1976).

Today, much of the research about how liquor licenses affect communities is interested specifically in gentrifying neighborhoods. Langegger (2015) talks about this at length in Denver:

“Along West 32nd Avenue and Tejon Street, dive bars such as the Mahogany Lounge, Pic’s Corner, The Dog House and The Junction were notorious for underage drinking, gambling, drug trafficking and fistfights that frequently spilled into the streets. During the 1980s, much neighbourhood organising in Highland worked to shut down these disreputable establishments by utilising small levers of city governance ... [and compelling] the city to enforce liquor codes and noise ordinances as well as any criminal laws these establishments had violated. Ironically, entrepreneurs are now busily repurposing these long-shuttered dive bars into trendy wine shops, coffee bars and eateries” (p. 1809).

In his analysis of liquor license hearing transcripts, Langegger identifies a preference on the part of the board for terms like “revitalisation,” “positive energy,” and “everyone” (seemingly used as a euphemism for the trendy middle-class) over ethnic character. “By 2007,” he argues, “Highland’s ethnic diversity had been semantically smoothed with touristic terms such as hip, diverse and eclectic” (p. 1811). These transcripts highlight how the rhetoric of “urban vibe, eclectic mix and diversity as profitable community asset” came to be prioritized over ethnic diversity (p. 1812). Langegger goes on to compare the experiences of new establishments to long-established Mexican restaurants as they applied for liquor licenses. In theory, every applicant needed to demonstrate neighborhood need and the ability to serve alcohol responsibly.

However, Langegger observed that the hearing regarding long-term Mexican restaurants were more confrontational:

“...The hearing officers demanded proof of economic necessity, essentially forcing applicants to argue for their ability to stay afloat in Highland’s rapidly expanding restaurant scene. ... [One] proceeding began with the hearing officer stating he did not ‘see a compelling reason to change this license’. Only after Rosa Linda’s demonstrated neighbourhood and economic need in addition to strong community involvement over the years evidenced by thousands of donated meals distributed over the holidays, did the hearing officer reluctantly grant the change (p. 1812).”

The differences of these relatively invisible processes ultimately have an effect on the city as a whole. As Langeegger puts it, “while the gears of municipal governance barely grind into alignment for longstanding establishments, they shift smoothly into motion for new restaurants that align with creative city discourses” (p. 1812). These differences in experiences at low-level government processes compound disparities in who gets access to liquor licenses. Given how much liquor licenses affect profitability and overall viability for restaurants, this can theoretically have an enormous impact on the restaurant offerings of a city.

Liquor Licenses in Boston

The liquor licensing rules of Massachusetts, though not the subject of any Valverde-inspired analyses yet, are no exception to this history of liquor licensing as a state tool for policing behavior and influencing neighborhoods. Its liquor licensing rules were established in 1933, as Prohibition was repealed nationally. Municipalities were offered ballot questions in 1933 wherein they could decide to stay dry or “go wet”; every municipality opted to bring back legal alcohol (“All wet,” 1933), and municipal leaders who seemed to favor minimizing access to alcohol received pushback from their residents (“Lawrence folk angry at mayor,” 1933). The state granted every municipality one liquor license for every one thousand people in the population (or fraction), with a minimum of fourteen licenses regardless of population and no need to decrease licenses if population decreased.

The only exception was Boston, for which the state set an arbitrary cap of 1,000 liquor licenses for bars and restaurants. As previously mentioned, the enduring myth is that the discrepancy between Boston’s license regulation and the rest of the Commonwealth was a result of feuds between “the city’s expanding Irish Catholic working class population and the

traditional blue-blooded Protestant Yankees that dominated the city's politics” (Quinn, 2013).

The original 1933 law also made the state Alcoholic Beverages Control commission (ABCC) the final authority on municipal liquor license decisions (Michelson, 1984), but for all municipalities—Boston included—it is possible to petition state legislatures for increases in the caps, and most existing licenses can be transferred to a different bar or restaurant, so long as there is a public hearing in the neighborhood of the bar receiving that license.

Since the initial 1933 law, there have been a number of critiques of the liquor license system and subsequent policy changes. The first question is about the number of liquor licenses allowed, particularly in Boston. Historically, there was periodic effort from the City of Boston to reduce the number of liquor licenses far below the initial 1,000 quota. For example, in the 1960s, the City explored whether it could purchase excess liquor licenses with public funds in order to lessen the number of liquor-serving establishments in the city. This was part of broader urban renewal efforts, which were expected to displace 230 barrooms; city officials did not want all of these establishments to re-establish themselves elsewhere, and instead hoped to reduce the number of all-alcoholic licenses from 757 to 700 (“Liquor License Purchase Ok’d,” 1965). In 1970, the Boston City Council passed a home rule petition to drop its liquor license quota to 600 (“City Council freezes,” 1970), and by 1970 the state legislature had decreased it to 650; although Boston had more liquor licenses at the time, politicians expected to see attrition as establishments closed or otherwise failed to renew their licenses (Stack, 1981). At around the same time, other municipalities were increasingly making use of home-rule petitions to request additional licenses from the state (Collins, 1984); there were so many requests that one representative referred to it as an “epidemic” (Michelson, 1984). Cambridge went as far as

opting out of the quota system altogether, a move that has recently attracted the envy of neighboring cities (Doyle, 2011).

Eventually, the City of Boston began pursuing increases rather than decreases to its liquor license quota. In 2006, the legislature added 55 additional licenses (twenty-five all alcohol licenses and thirty for wine and malt only) to Boston's quota, with some stipulations about how and where the licenses were used. Within four years of this increase, there were only one full license and six wine and malt licenses still available (Van der Pool, 2011). Despite the obvious demand, the infusion of licenses still felt hard-won to many politicians; it took two years of delicate politicking to get the law passed, and shortly after a state senator and city councilor were arrested for corruption relating to these licenses, tarnishing the victory (Schwartz, 2009). Nevertheless, there was enough energy for the state to add additional Boston licenses in 2014: seventy-five more non-transferable licenses to the zoning districts of Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Mission Hill and Roxbury.

Related to the question of simply how many establishments should be allowed to serve alcohol in Boston is how these caps affect the price of liquor licenses on the secondary market. Because historically all liquor licenses were transferable—recent cap increases have included non-transfer stipulations—there has been an active secondary market for an aspiring business owner to buy a license from another business owner. When the state limits the number of licenses available in Boston, it increases the prices on this secondary market, as transferring a license from somewhere else becomes the only feasible way of getting a license. As of 2011, a restaurant owner buying a license from another establishment could expect to pay \$50,000 for a wine and malt license in Boston, and \$245,000 for a full license. In Back Bay, a license can cost up to \$450,000 (Van der Pool, 2011). By comparison, in 2013, the price to obtain a full liquor

license from the City of Boston directly was \$400 in one-time application fees, plus \$2,800 annually, plus \$1 per seat in the establishment. For a wine and malt license, the annual fee is \$1,900 but otherwise the same cost (Quinn, 2013).

Another consequence of the high prices for these liquor licenses is the fact that the secondary market for them has become an important part of existing bars and restaurants. Many of these establishments use their licenses as collateral for business loans, so any policy that lowers the license values result in them losing their loans (Schoenberg, 2014). When debates around lifting the cap picked up, Massachusetts Restaurant Association President Bob Luz shared his concerns that a change in policy would affect existing owners who had already paid much steeper prices for their licenses due to the market restrictions when they were going through the process (Associated Press, 2014).

Another ongoing debate concerns questions about state, local, and citizen control over liquor licenses. Starting in the 1930s, the state liquor commission—the ABCC—had the final say on local liquor authorities’ decisions. In many instances, the local authorities would request to award a license to a specific applicant but the ABCC would decide to give the license to someone else. As a result, legislatures removed the ABCC’s power of these local boards and later voted against restoring this power (Michelson, 1984 and “At the State House,” 1955). More recently, an official at the Massachusetts Executive Office of Housing and Economic Development described the liquor licensing policy as an “arbitrary formula for what should be a local process,” and argued that in most other states, this would be a matter handled almost entirely at the municipal level (Griswold, 2014). The conflicts were not always between the state and local authorities; in many instances, residents and clergy would protest the arrival of a liquor license but the local licensing board would grant the license anyway (For example, “200 at

Dorchester Rally,” 1961). In the eighties, this came to a head with Grendel’s Den in Cambridge; the state had granted churches and schools within 500 feet of a bar or restaurant the right to veto that establishment’s liquor license application. When a church used this right against Grendel’s Den, the restaurant challenged the law in court, resulting in the Supreme Court striking the law down as unconstitutional (“Dukakis signs bill”, 1983 and “A day to decide,” 1983). This particularly historic case stands as only one example of a continuous struggle about resident and institutional rights within the process of licensing bars and restaurants.

The history of liquor licenses in Massachusetts is rife with corruption, both suspected and proven; the long list of politicians and business professionals who have had their reputations tarnished by perceived or actual misuse of the liquor license system is beyond the scope of this work. The convictions of State senator Dianne Wilkerson and city councilman Chuck Turner are recent, high-profile examples, as is a 2011 scandal regarding the overseer of the ABCC (who was also the state treasurer at the time) accepting \$45,000 in contributions from bar owners and distributors (Griswold, 2014). Without chronicling every instance of corruption, it is necessary to point out that there are a variety of individuals who benefit immensely from the current liquor licensing system. For example, two different articles, one written in 1977 (Surkin) and one written in 2009 (Schwartz) note that there are only a handful of lawyers who manage liquor license transfers. These lawyers charge a steep fee for these services. The 2009 article points out that, when the state provided the 2006 increase in licenses to Boston, two-thirds of these licenses went to the clients of a single, very well-connected law firm. In addition, anyone who sits on the Boston Liquor Commission holds a disconcerting amount of power over the process: “Because so few restaurants can make a profit without alcohol sales, the three [Boston] commissioners effectively decide which establishments will be able to survive, and which will not” (Schwartz,

2009). With so much power, these commissioners are natural targets for campaign contributions in exchange for favorable board outcomes.

Throughout the debates surrounding these policies, different perspectives on the issues have emerged. Many of the journalists who have covered this since the mid-2000s have focused on the license prices' impacts on Boston's culinary scene. Small restaurants are the most likely to provide innovative dining experiences, claims one journalist, "but they're also the least likely to afford a liquor license" (Schwartz, 2009). Another argues that Cambridge's decision to petition for the removal of its liquor license cap has caused it to become the envy of nearby Boston and Somerville with its "thriving, adventurous restaurant scene" (Doyle, 2011). For many politicians, this is a straightforward matter of economic development. A State Representative on the Committee on Consumer Protection and Professional Licensure, upon hearing Pressley's appeal for reform, framed the current licensing process as a "'barrier to entry' and said that there needs to be a way to lower the cost for prospective businesses that want to open" (Quinn, March 2014). When the 2014 cap increases were signed into law, Walsh said: "A lack of licenses has hindered further economic growth in our neighborhoods... Because of [the cap increase], the City of Boston will have the ability to support small and local businesses in neighborhoods that historically have had less access to licenses" (Quinn, August 2014). The fact that this increase bundled into a larger economic development bill is indicative of how legislators were framing this issue overall.

Pressley offers an additional argument, however. She claims that the liquor licensing policy had led to clustering in certain neighborhoods of Boston, leaving others without these economic development machines. As one journalist reports, "The competitive angle... was not the main factor that drove Pressley to push her [2013 home-rule petition]. The glut of thriving

bars and restaurants with liquor licenses in some Boston neighborhood and the lack of them in others was what really drove her. ‘A success that isn't shared isn't a success at all,’ said Pressley” (Quinn, March 2014). “The impetus for this [reform],” she said in a separate interview, “was neighborhoods that had been disenfranchised” (Hamilton, 2016). According to Pressley, 20% of all liquor licenses in 2014 were located in the North End and Back Bay. Meanwhile, Roxbury and Mattapan account for about 1% of liquor licenses together (Quinn, March 2014). There’s also a component of ownership to the disparities that Pressley is trying to address; only 10 of the current liquor licenses in Massachusetts, about 1%, are owned by Black Bostonians; this number has doubled since Pressley’s 2014 efforts (Hamilton, 2016). More recently, Walsh and other advocates for reform have echoed Pressley’s framing of the issue as one of economic disenfranchisement for certain neighborhoods (O’Sullivan, 2016).

It is with these different framings of the problem that liquor licenses have become a subject of regular debate in both the state and city legislatures. In late 2013, the Boston City Council passed a home rule petition sponsored by Pressley that would have eliminated the cap on Boston’s liquor licenses entirely, expanded the city liquor board from three people to five, and required that licenses issued after the home rule petition passed would stay with the initial business entity and not be eligible for resale. In the press, Pressley critiqued what she called “the fake market” around liquor license transfers (Quinn, 2013). This effort sparked a flurry of activity around the liquor licenses quotas the following summer. In June of 2014, seventeen mayors and city managers, including Walsh, signed a letter to state lawmakers requesting that they consider supporting a bill from Governor Deval Patrick, separate from Pressley’s efforts, that would relinquish state control of license quotas. According to coverage of the letter, the signatories argued restaurants and bars are a necessary part of neighborhood revitalization, and

that liquor licenses caps were an unnecessary obstacle. They argued, as quoted in press coverage of the letter, “Under current law ... restaurateurs, and the broader economic development which they unlock, are subject to the unpredictable, time-consuming process of petitioning the Legislature for a new license” (Associated Press, 2014).

Ultimately, the initiatives from the mayors and from the City Council were wrapped into a larger economic development bill. When the legislation was finally signed into law in 2014, it provided seventy-five new licenses to Boston and gave the City of Boston control over its own liquor licensing board, which the state had been involved with since 1906. These seventy-five licenses are not transferable on the secondary market and are restricted to neighborhoods currently underserved by bars and restaurants: Dorchester, Hyde Park, Jamaica Plain, Mattapan, and Roxbury.

In late 2015, Baker introduced his Municipal Modernization Bill which, among other things, proposed to relinquish state power to set liquor license quotas to all municipalities except Boston (Governor Charlie Baker, 2015). According to Baker’s aides, the only reason Boston was excluded was because they had received the seventy-five additional licenses in 2014 (O’Sullivan, 2016). Although there were numerous components to the Governor’s bill, the liquor licensing policy seemed to inspire the most public debate among lawmakers. The House and Senate each had their own edits to the policy, and journalists reported that Walsh and Representative Michael Moran of Brighton “dueled... for the support of Boston lawmakers and asked them to pick sides on Senate legislation that would include the capital in a broader proposal to unshackle cities and towns from having to petition lawmakers for additional liquor licenses” (O’Sullivan, 2016). At the center of the “face-off” were questions about who would best represent community interests in determining a municipality’s liquor license caps; Moran argued that the state should maintain

control over the cap because state representatives understood Boston's neighborhoods particularly well (O'Sullivan, 2016). The House and Senate had different takes on the liquor licensing portions of the bill, however, and when it was ultimately signed into law in July of 2016, there were no substantial changes to existent liquor licensing policies. However, there was still some reform for restaurants in 2016—the Boston Liquor Commission opted to allow restaurants to implement bring-your-own-booze (BYOB) policies. Many seemed to consider that BYOB would serve as relief for restaurants who were unable to obtain a liquor license; the Massachusetts Restaurant Association, which has been hesitant about any liquor license policy changes, fully supported this measure (Kane, 2016).

The battle over liquor license policy is far from over. Because Walsh had been so adamant about Boston being treated like other municipalities in the event that the state relinquished control over license quotas, the failure to include this policy at all in the final legislation was framed as “thwarting” his efforts (Dungca, 2016). When it became clear that the liquor licensing reforms would not make the final version of the bill, Walsh's spokeswoman said he “looks forward to working with the Legislature next year on reforming liquor license laws” (Dungca, 2016), indicating that he intended to continue the fight. In early 2017, Walsh and Pressley proposed legislation to the state which would add 152 more liquor licenses. All of these licenses are non-transferrable, although they are divided among many different kinds of businesses, including 30 for citywide use, 5 for Main Streets districts specifically, and 105 are neighborhood restricted to the Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Mission Hill, and Roxbury neighborhoods (City of Boston Licensing Board).

This Project

In the face of continued debate around liquor licensing policies in Boston, this project assesses the liquor licensing structure as an impediment to economic development in certain neighborhoods in the city. It closely aligns with Pressley's framing of the issue as one of economic disenfranchisement. There is a body of academic research that considers how licensing and other command-and-control tools like zoning affect the character and distribution of specific establishments, including sex-related businesses (Hubbard, et al., 2009; Hubbard, et al., 2008; Brown & Knopp, 2015) and drinking establishments (Beckingham, 2012). These efforts are broadly informed by a Foucauldian perspective of governmentality, and more recent pieces often cite Painter's (2006) argument that researchers should conceptualize the state in terms of its effects, not necessarily the individuals and institutions that are nominally understood to be the state. This brings into focus the mundane tasks of day-to-day governance and policy implementation, the "prosaics of stateness," which may be carried out by "officials, clerks, police officers, inspectors, teachers, social workers, doctors and so on" and often overlooked by theorists and researchers (p. 761). Valverde (2003) has been an important thinker in terms of implementing these frameworks in licensing policies specifically.

This project will not consider the motives or political, historical, and ideological context of licensing as these previous works have done, but rather assess the consequences of that licensing system. First, I will assess how liquor licenses are distributed through Boston now and whether license clusters appear to be predicted by wealth, race, and gentrification. Next, I will attempt to characterize the economic impact of this clustering by exploring the roles bars and restaurants played in three different commercial districts. Currently, so much of the literature and public policy about bars and alcohol-serving establishments attempts to connect these facilities to

crime through statistical analysis; this project will incorporate economic development practitioner knowledge to paint a more detailed, balanced view of the roles these establishments play in their communities.

3. Methodology

This chapter will detail the specific methods to achieve the two objectives identified in this thesis. First, the quantitative and spatial analysis for assessing how liquor licenses are currently distributed through Boston will be described. Next, the methods used to conduct qualitative interviews in exploration of the impact bars and restaurants have in their neighborhoods will be explained.

Assessing the Clustering of Liquor Licenses in Boston

In order to assess whether and to what extent liquor licenses are clustered in neighborhoods that are gentrifying or particularly White or wealthy, Oakley's 2008 analysis of the clustering of Low-Income Housing Tax Credit properties provides a useful template. First, a preliminary phase of exploratory spatial data analysis (ESDA) reviews basic patterns in liquor licenses; next, local indicators of spatial association (LISA) identify hot spots of liquor license clustering in 2016; and finally a spatial regression explores whether clusters appear to be correlated with income, race, ethnicity, and gentrification. Although these methods do not test causation, the analysis will help test Pressley's assessment of where bars and restaurants open up, and how these correlate with certain socioeconomic indicators.

Data Sources and Preparation

The data from this portion of the analysis is all collected from the City of Boston or the United States Census Bureau (see Table 1). The Boston liquor licenses dataset is dynamically updated, but does not contain historic information before 2014. This dataset required the most cleaning before analysis could begin; initially the dataset contained 1,109 licenses. Thirty-nine

licenses associated with Logan International Airport and one license on Thompson Island were removed from the analysis because these licenses do not support economic development in the way that bars and restaurants in urban neighborhoods do. Two additional licenses were removed because they did not contain enough information to geographically locate them within Boston. The remaining 1,067 licenses were located geographically using an Address Locator (which matched 88% of the data points) and XY coordinates (which matched an additional 11%).

Table 1: Data Sources

Dataset Name Source	Last Updated	Key Variables
Liquor Licenses <i>City of Boston</i>	2016	Restricted vs. unrestricted; full-alcohol vs. wine-and-malt.
TIGER Roads <i>U.S. Census Bureau</i>	2016	Assists with geolocating point data.
ACS S1901 (Income in the Past 12 Months) <i>American Community Survey</i>	2014 (5-Year Estimates)	Provides data on median income and poverty rates.
ACS B25001 (Housing Units) <i>American Community Survey</i>	2014 (5-Year Estimates)	Provides the number of housing units, which enables normalization of residential building permits.
US Census QTP3 <i>U.S. Census</i>	2010	Provides data on race and ethnicity.
Approved Building Permits (Residential permits from 2013-2016 only) <i>City of Boston</i>	2016	Date and location of permit; residential vs. commercial.
Active Food Establishments <i>City of Boston</i>	Dynamically Updated	Location.

Throughout this analysis, the number of liquor licenses in a tract are normalized by dividing into the number of eating establishments in that tract. This is because it is assumed that

a neighborhood like Downtown Boston, which is both tourist-friendly and a key employment center, will naturally have more eating establishments than a residential neighborhood like Jamaica Plain. If, however, Census Tract A has a liquor license for every restaurant (a 1:1 ratio, which equals a value of 1 for that tract's variable) and Census Tract B has only one liquor license for every five restaurants (a 1:5 ratio, which equals a value of 0.20 for that tract's variable), we can infer that liquor licenses may be clustering in Census Tract A, and that Census Tract B perhaps houses restaurants that would like a liquor license but are unable to receive one. This normalization technique is itself based on a number of assumptions, and does not account for a situation where, for example, Census Tract B has a lot of fast-casual lunch restaurants or cafes that have no need for a liquor license. However, because this normalization does take into account the fact that different tracts will be able to support different densities of restaurants and bars, this method is more effective than simply looking at the absolute value of liquor licenses per tract.

The eating establishment dataset also required a mix of address locating and XY coordinate placement, which resulted in 87% of the data points being mapped (see Appendix A for a map of these data points). Ultimately, this process of normalization is not perfect. Eating establishments are included in the dataset that are no longer open while others are missing, but to find these errors—and to place the additional 13% of data points that could not be geolocated—would be a laborious task. Since these data errors do not seem to be spatially related but rather a product of administrative errors, we can assume they are distributed relatively evenly throughout Boston. Even if every tract's ratio is not totally accurate, it should be reasonably comparable to other tracts.

To approximate gentrification, the number of approved residential building permits in the last three years is normalized by dividing it into the total number of housing units. This provides a proxy for gentrification because it approximates reinvestment in residential neighborhoods; gentrifying neighborhoods can expect that more of their buildings will be renovated and remodeled as money is invested in the area. This normalizing strategy is also used in Lusht (1992). Ninety-three percent of the residential permits from 2013-2016 were geocoded using an address locator. For reference, a map of this ratio is included in Appendix B.

U.S. Census data is used to explore variables around race and income. Because American Community Survey (ACS) data on race and ethnicity at the census tract level contained margins of error that were over 100% of the actual estimates in many instances, the Centennial Census was used for these variables instead of the more recent ACS data. However, the margins of error were not as large for income data or number of housing units at the census tract level, so the ACS data was used for these variables. All of this data was joined with the shapefiles of the census tracts in ArcGIS. Tracts with fewer than 100 people residing in them and those that contained only islands or Logan International Airport were clipped out of the analysis. By joining all of this data together, a dataset is created of all census tracts included in the analysis with fields regarding income, race, ethnicity, gentrification (the number of building permits divided by the number of housing units), and liquor licenses (both as an absolute value and divided into eating establishments).

Table 2: Variable Details

Variable	Mean	Standard Deviation
Median Income <i>In \$10,000s</i>	5.74	3.01
Family Poverty <i>Percentage of families living in poverty</i>	0.16	0.13
People Poverty <i>Percentage of individuals living in poverty</i>	0.23	0.14
Black <i>Percentage of individuals identifying as Black or African American</i>	0.24	0.26
Non-White <i>Percentage of individuals not identifying as White only</i>	0.45	0.29
Latino <i>Percentage of individuals identifying as Latino</i>	0.17	0.15
Ratio of Permits to Housing Units <i>2013-2016, a value between 0 – 1</i>	0.35	0.16
Ratio of Liquor Licenses to Eating Establishments <i>A value between 0 – 1</i>	0.35	0.29

Analysis

The first step in the data analysis is an exploratory analysis of spatial patterns. Using ArcGIS, the liquor licenses are mapped to facilitate visual assessment of clustering. Using Stata Version 14.1 and Microsoft Excel, tracts are divided into quartiles by income, percentage non-White, percentage Latino, and ratio of permits to housing units. For each quartile, the share of all liquor licenses located in that quartile of tracts is calculated. This provides a rough assessment of the direction of any relationships between these variables and liquor license distribution.

Next, local indicators of spatial analysis (LISA) are used to determine whether liquor licenses are clustered. I use both the global Moran's I, which is a test for global spatial autocorrelation and the local Moran's I, which "decomposes Moran's I into contributions for each location, I_i . The sum of I_i for all observations is proportional to Moran's I" (Oakley 2008, p. 609). Here, the observations are at the census tract level. The local Moran's I indicates census tracts which contain a high amount of liquor licenses. If such a tract is surrounded by other tracts with similarly high concentration, in rook's case, first-order contiguity, the tract is designated high-high. Tracts can also be designated high-low if a "high" tract is surrounded by tracts with a low concentration of liquor licenses. The Local Moran's I also indicates low-low and low-high tracts similarly. If there is no significant clustering, a tract is labeled insignificant. In this analysis, I am most interested in high-high clusters, and whether these clusters are in wealthy, White, or gentrifying neighborhoods. The global and local Moran's I is calculated in GeoDa for the ratio of all liquor licenses to eating establishments.

The final phase of analysis involves a spatial regression. A correlation report conducted in SPSS indicates that many of the variables of interest in this analysis—median income, family poverty rate, individual poverty rate, percentage of Black residents, percentage of non-White residents, percentage of Latino residents, and the ratio of permits to housing units—are all correlated to each other. See Appendix C for more detail. As a result, rather than using a multivariate regression, which would have incorporated all of these correlated variables into a single model, this analysis uses multiple univariate spatial error regressions for each independent variable. In each of these regressions, the income, race, and gentrification variables were the independent variables, and the ratio of liquor licenses to eating establishments was the dependent variable.

Exploring the Impact of Bars and Restaurants

The second portion of analysis for this project incorporates three case studies on how bars and restaurants have played a role in the economic development of three different Main Streets districts. As described in the background section, most of the research into bars and restaurants has focused on statistical analysis about the negative externalities these establishments cause or other studies considering how bars and restaurants factor into gentrification trends. The descriptive case studies presented in this thesis will help construct a more balanced, nuanced view of the role bars play in their neighborhoods, focusing on how they affect their neighborhoods and why. Yin (2003) suggests that this interest in “how” and “why” recommends case studies as a research strategy, because these are better equipped to trace operational links over time. In other words, case studies are more effective at surfacing how one thing lead to another, whereas other research strategies, including those undertaken in this project, are better at quantifying a measurable outcome.

The three case studies are Egleston Square Main Street (ESMS), Roslindale Village Main Street (RVMS), and Washington Gateway Main Street (WGMS); all are Main Street districts located in Boston. Initially, three case studies were selected based on the fact that I had contacts at each district and that all had seen positive economic development over recent times, and would serve as examples of success stories. However, ultimately case studies were selected to provide a mix of perspectives on liquor licenses: WGMS is seen as a historic dining destination while RVMS is a more up-and-coming restaurant scene. Both have multiple liquor licenses, although RVMS does not have quite as much as WGMS. In contrast, ESMS has very few licenses and offers more service-oriented businesses with fewer dining options. Ultimately, this

mix provides a more differentiated perspective on how liquor license policies affect economic development in Boston.

Each case study consists of an interview with a current or former executive director. The interviewees were Luis Cotto, Executive Director at ESMS since 2014; Christina DiLisio, Executive Director at RVMS from 2013 to 2016; and Jennifer Effron, Executive Director at WGMS since 2012. These interviews asked subjects about their district in general and how it had evolved over time; the role that bars and restaurants play in the social fabric, economy, and marketing of the district; and how liquor license policy affects these establishments and the district as a whole. For a complete list of case study questions, see Appendix D.

4. Results

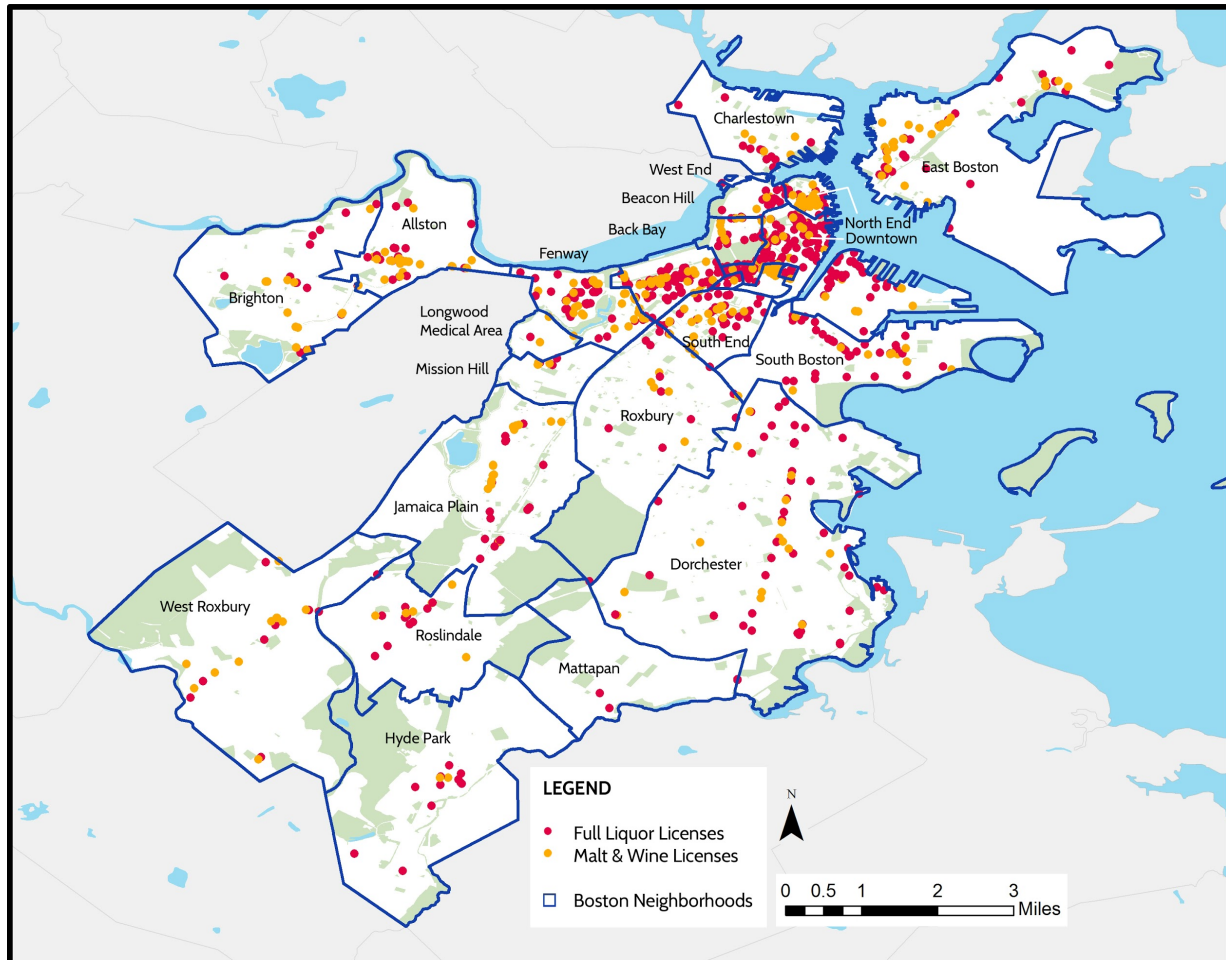
This chapter reviews the results of the analysis described in the previous section. In the first portion, the results from the spatial analysis of liquor licenses clustering is reviewed. Next, the results from the case study interviews are presented.

Assessing the Clustering of Liquor Licenses in Boston

Exploratory Spatial Data Analysis (ESDA)

The preliminary mapping of liquor licenses in ArcGIS indicates that the distribution of liquor licenses is concentrated throughout the north of Boston. Liquor licenses seem sparser outside of Fenway, Back Bay, and the South End, although it is not clear whether full licenses are more clustered than malt and wine only licenses (See Figure 1). When mapping the ratio of liquor licenses to eating establishments, which will be the dependent variable for the regression portion of the analysis, a more complicated picture emerges. The northern neighborhoods of Boston still experience relatively high ratios of liquor licenses, but areas in West Roxbury, Hyde Park, and Dorchester also have higher ratios compared to neighborhoods like Roxbury, Mattapan, and Mission Hill (See Figure 2). To provide further detail on this ratio, two other figures are included: Figure 3 is a histogram of the distribution of the ratio of liquor licenses to eating establishments, which illustrates that most census tracts have a ratio under 0.6, but that some do approach 1.0. Figure 4 is a map of population density, which can be used as a reference to assess where licenses and the ratio of licenses correlate to high-density areas of the city, and where they do not.

Figure 1: Distribution of Liquor Licenses by Type



Note: Larger version available in Appendix E.

Figure 2: Ratio of Liquor Licenses to Eating Establishments

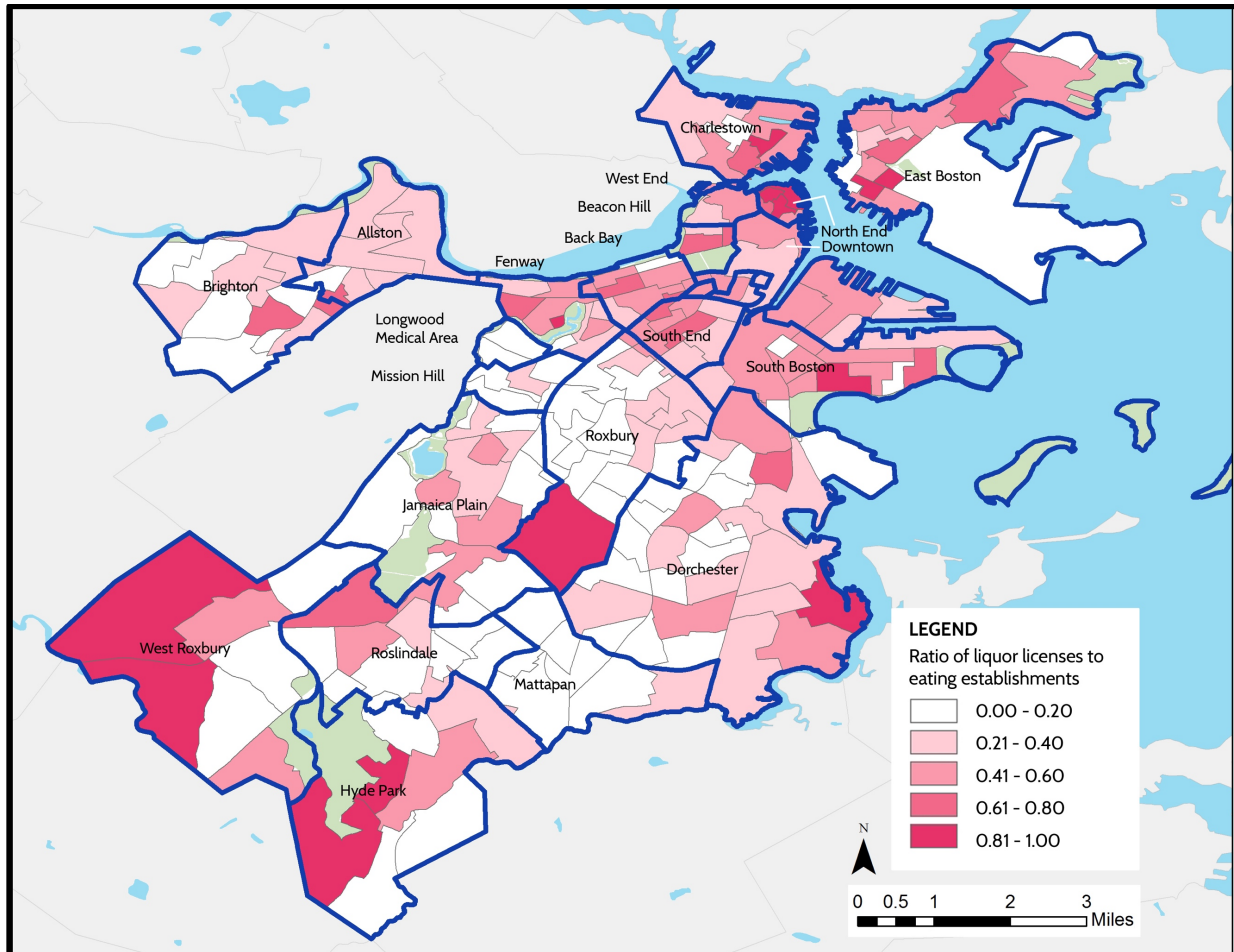


Figure 3: Histogram of Ratio of Liquor Licenses to Eating Establishments

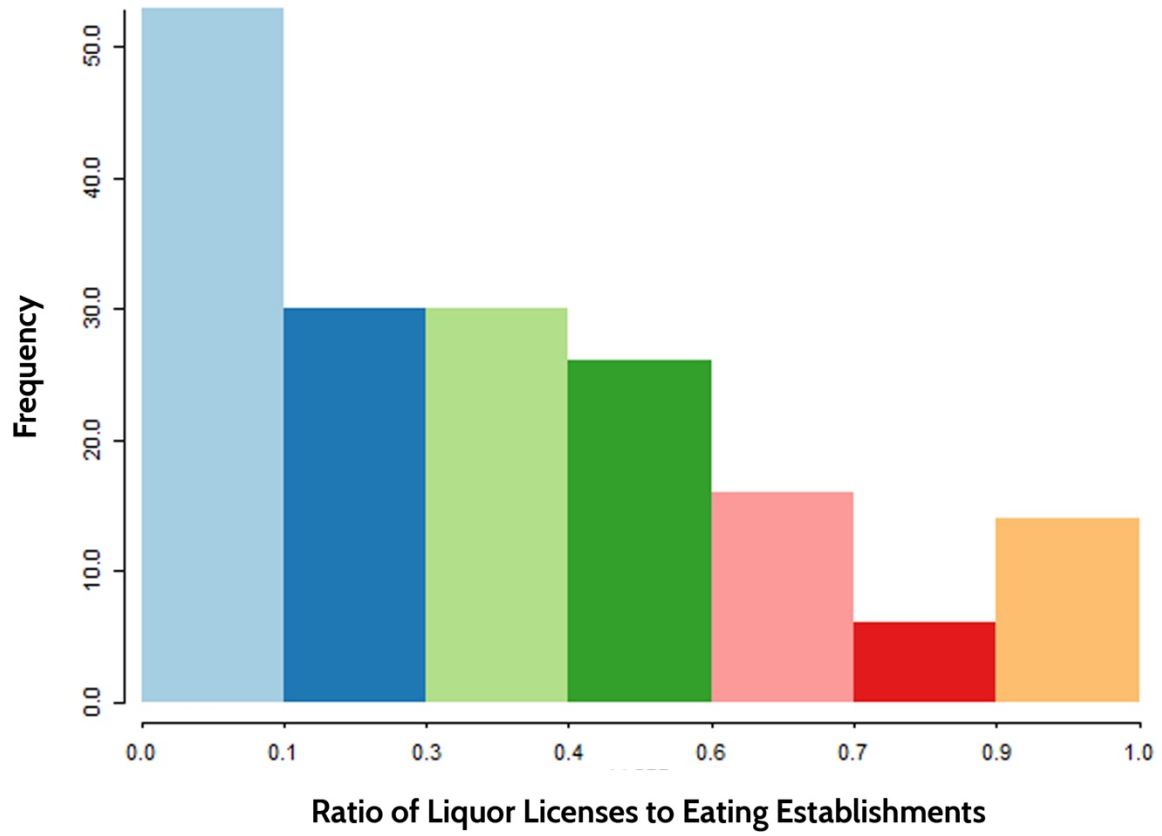
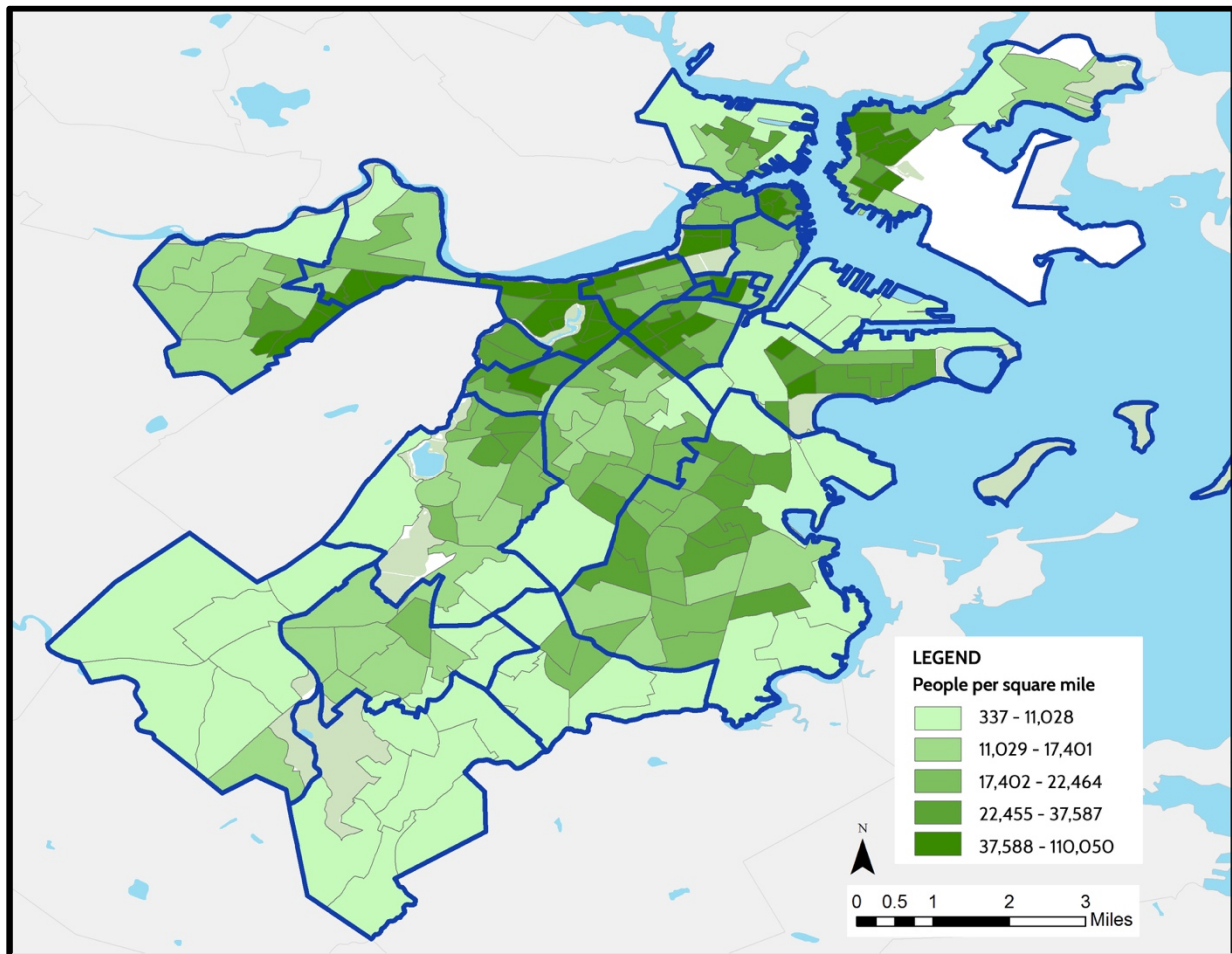


Figure 4: Population Density



When assessing the share of liquor licenses that belonged to each quartile of tracts based on income, racial makeup, and gentrification, Councilor Pressley’s predictions were mostly affirmed. As the percentage non-White population and percentage Latino rose, the share of liquor licenses decreased (See Table 4 and 5). The relationship between median income and liquor licenses decreased (See Table 4 and 5). The relationship between median income and liquor licenses was not quite as clear, as the first quartile had more than the second and third quartiles, but the highest-income quartile of tracts had over half of all liquor licenses (See Table 3). In terms of gentrification, there was no immediately discernible pattern (See Table 6).

Table 3: Share of Liquor Licenses in Each Quartile of Census Tract by Median Income

Quartile - Break Point	Share of Liquor Licenses
1 - \$35,125	18.1%
2 - \$53,065	13.8%
3 - \$76,375	14.1%
4 - \$155,417	54.0%

Table 4: Share of Liquor Licenses in Each Quartile of Census Tract by % Non-White

Quartile - Break Point	Share of Liquor Licenses
1 - 20.4%	39.1%
2 - 37.3%	38.5%
3 - 69.1%	17.9%
4 - 97.8%	4.4%

Table 5: Share of Liquor Licenses in Each Quartile of Census Tract by % Latino

Quartile - Break Point	Share of Liquor Licenses
1 - 6.5%	58.6%
2 - 13.9%	21.6%
3 - 23.3%	11.1%
4 - 66.6%	8.7%

Table 6: Share of Liquor Licenses in Each Quartile of Census Tract by Ratio of Residential Building Permits to Number of Housing Units

Quartile - Break Point	Share of Liquor Licenses
1 - 23.5%	30.1%
2 - 33.7%	20.2%
3 - 44.6%	28.3%
4 - 95.1%	20.6%

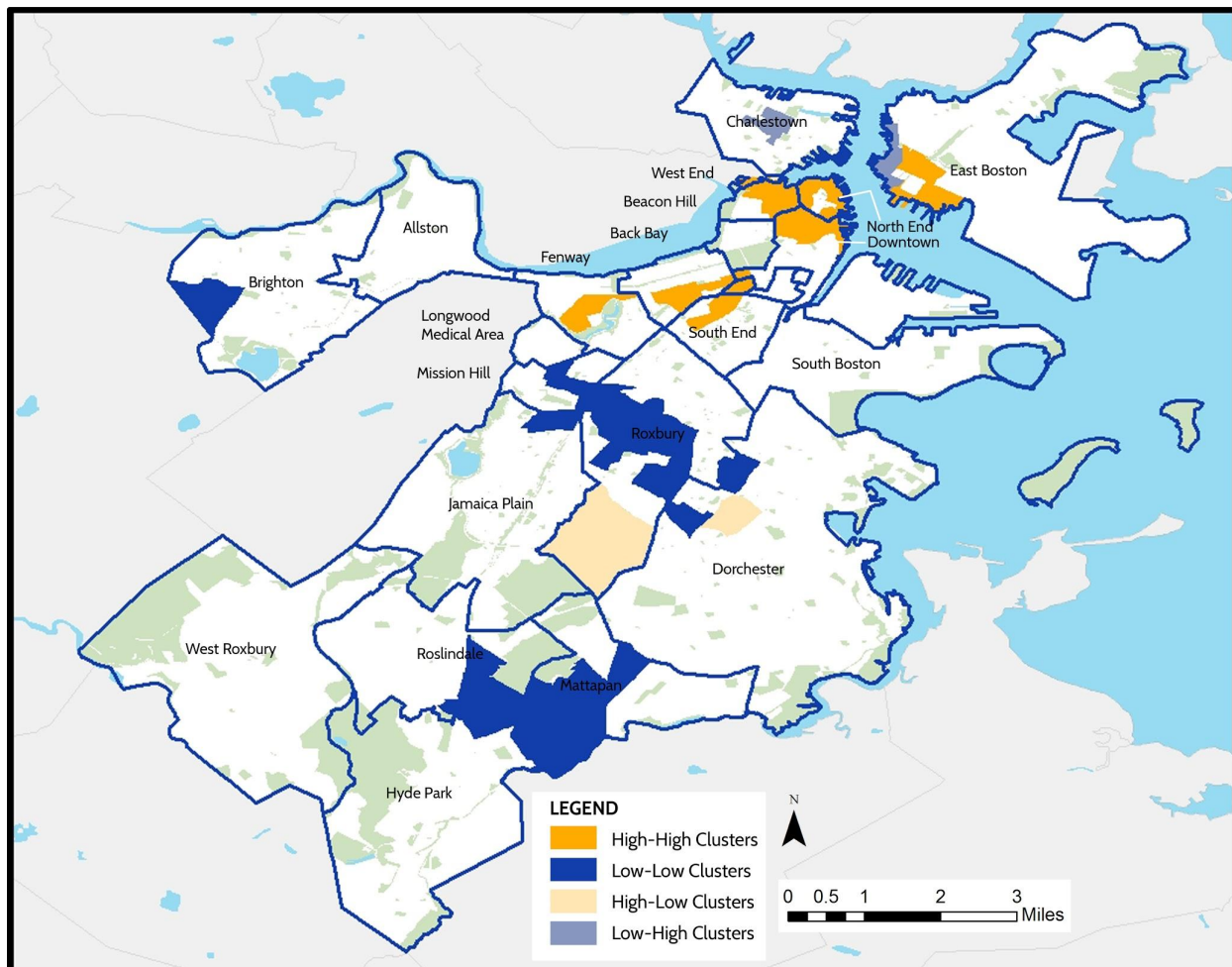
Local Indicators of Spatial Autocorrelation (LISA)

The next portion of analysis involved using Moran's I as a LISA for identifying clusters of liquor licenses. The global Moran's I was calculated in GeoDa using the ratio of liquor licenses to eating establishments as the dependent variable. The value of a global Moran's I is between -1 to 1; a value of 0 indicates a random spatial pattern, and positive or negative autocorrelation are indicated based on the sign of the number. The calculated global Moran's I was 0.272, which indicates a moderate spatial autocorrelation. By using a conditional permutation method, it is possible to calculate the pseudo-significance of these numbers; in both cases, 999 permutations indicate a significance under $p = 0.001$. See Zhang et al., 2007 (p. 213) for more detail about testing the significance of a Moran's I.

The local Moran's I analysis, which is what indicates which tracts are high-high, was then conducted, again using the ratio of liquor licenses to eating establishments. The results, mapped in Figure 5, highlight high-high census tracts that have a high ratio of liquor licenses to eating establishments and are surrounded by census tracts that also have a high ratio; these indicate clusters. There is a collection of high-high tracts in the Downtown, North End, and West End neighborhoods, another in East Boston, and another in Back Bay and Fenway. Figure 5 also shows low-low clusters, where neighborhoods with a low ratio of liquor licenses to eating

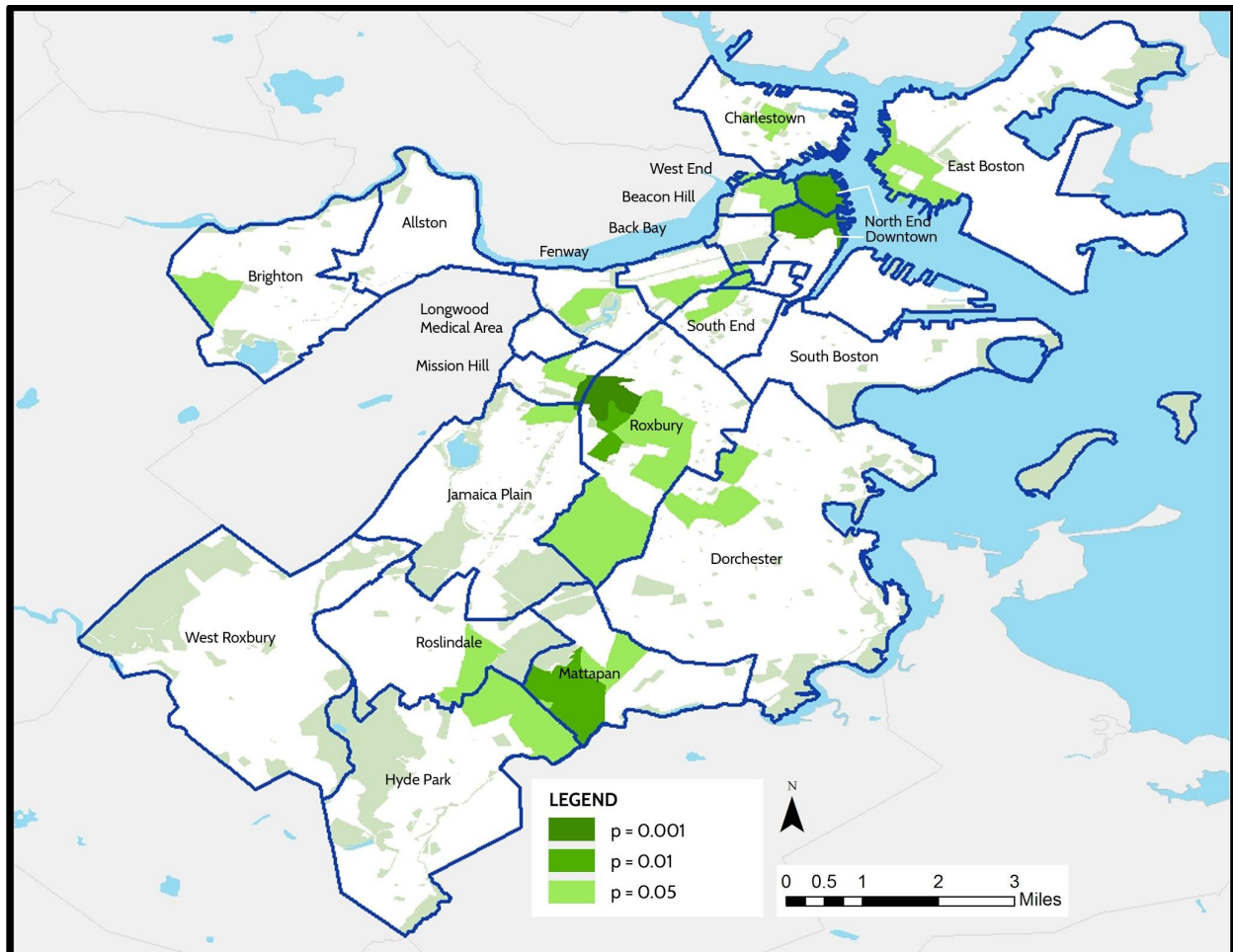
establishments are surrounded by other neighborhoods with a low ratio. Mattapan, Roxbury, Dorchester, and Mission Hill all host low-low clusters. All of the highlighted tracts in Figure 5 are significant, but Figure 6 indicates which level the clustering is significant.

Figure 5: Map of Local Moran's I Clusters



Note: Larger version available in Appendix E.

Figure 6: Map of Cluster Significance



Spatial Regression

The regression portion of this analysis considered numerous independent variables related to income, race, and gentrification: median income, family poverty rate, individual poverty rate, percentage of Black residents, percentage of non-White residents, percentage of Latino residents, and the ratio of building permits to housing units, which is used as a proxy for gentrification. Because so many of these variables are correlated with each other, a separate univariate spatial error regression is calculated for each. The ratio of liquor licenses to eating establishments is the dependent variable in each regression.

The results of this analysis are included in Table 7. In interpreting the values, it is important to remember that the dependent variable is a ratio between 0 and 1, which can be interpreted as a percentage of eating establishments that have a liquor license. In terms of income and poverty, family poverty rate was the strongest predictor with an R-squared value of 0.22. For every ten-percentage point increase in the poverty rate of a census tract, the predicted percentage of liquor licenses to eating establishments decreases by five percentage points. Similarly, for every ten percentage point increase in the non-White population predicted about a five percentage point decrease in the liquor license percentage; this variable was predictive of 27% of the dependent variable. The variable used to approximate gentrification was not a significant predictor of liquor license distribution. For each of the significant variables, the regression models predicted reasonable values for the dependent variable; for each independent variable, the mean and the mean plus and minus two standard deviations predicted a value for the dependent variable between 0 and 1.

In summary, the racial variables were the strongest predictors of liquor license distribution, but income was also a statistically significant predictor. The only variables without statistically significant predictive ability were individual poverty and the proxy for gentrification.

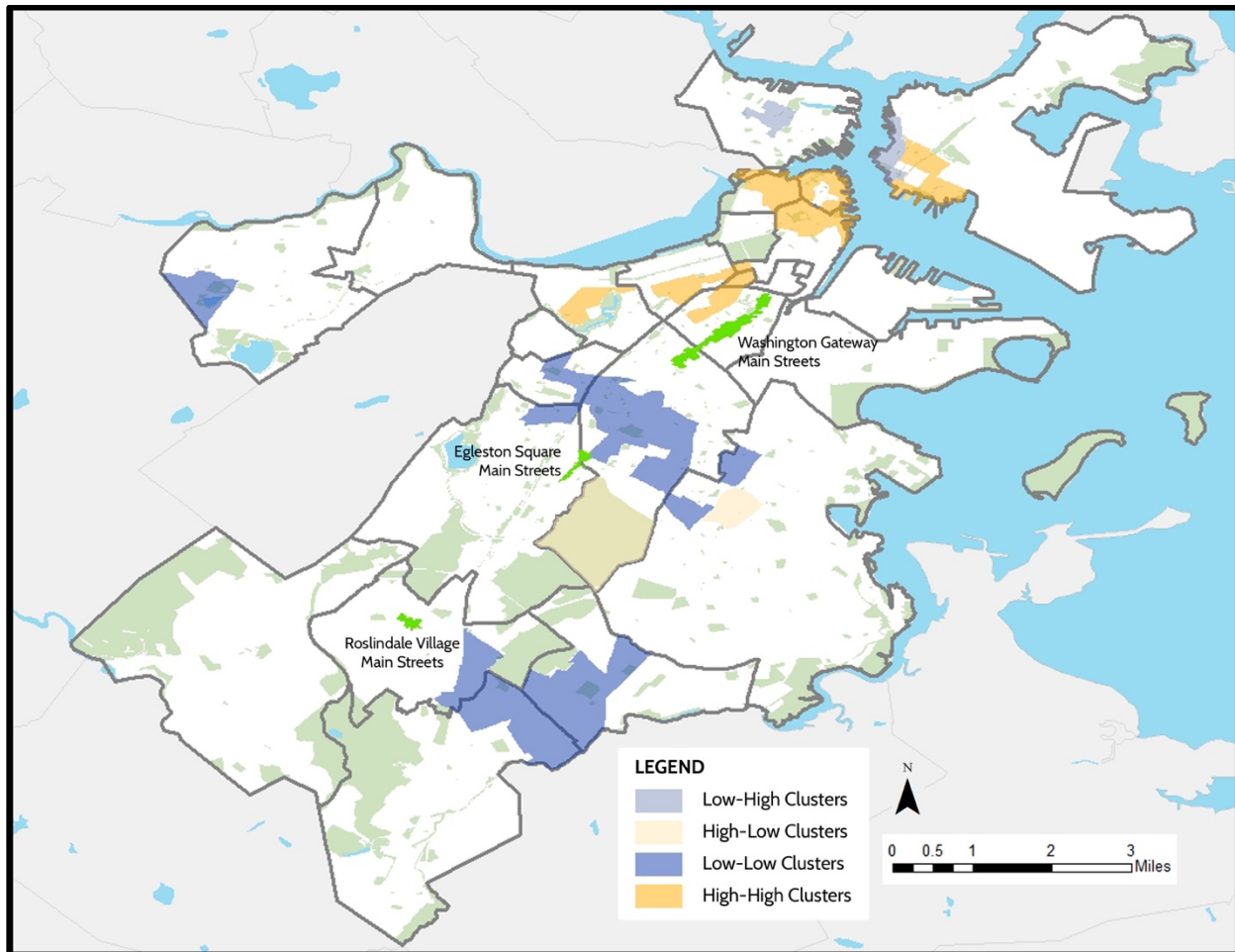
Table 7: Univariate Spatial Error Regression Results

	Independent Variable	Coefficient	R-Squared
Wealth	Median Income* <i>In \$10,000s</i>	0.0167	0.1939
	Family Poverty** <i>Percentage of families living in poverty</i>	-0.0051	0.2170
	People Poverty <i>Percentage of individuals living in poverty</i>	-0.0029	0.1913
Race	Black*** <i>Percentage of individuals identifying as Black or African American</i>	-0.0052	0.2576
	Non-White*** <i>Percentage of individuals not identifying as White only</i>	-0.0047	0.2734
	Latino* <i>Percentage of individuals identifying as Latino</i>	-0.0042	0.2085
Gentrification	Ratio of Permits to Housing Units <i>2013-2016, a value between 0 - 1</i>	0.0018	0.1952
<i>Dependent Variable: Ratio of Liquor Licenses to Eating Establishments</i>			
<i>* Significant at the $p < 0.05$ level</i>			
<i>** Significant at the $p < 0.01$ level</i>			
<i>*** Significant at the $p < 0.001$</i>			

Exploring the Impact of Bars and Restaurants

The three case studies aim to better understand the role that bars and restaurants played in three different Boston Main Street districts. This helps illustrate the impact that disparities in the liquor license distribution have on different commercial districts, and also serves as a contrast to the literature on bars and restaurants, which typically focuses on their proximity to crime and negative externalities. The three case study districts—Roslindale Village, Washington Gateway, and Egleston Square—are all districts located along Washington Street, a prominent historic street in Boston that has traditionally been considered a main thoroughfare; the elevated Orange Line used to follow a portion of it, but has since been replaced by the Silver Line rapid bus system. Figure 7 highlights the Main Street Districts in the context of the clusters of liquor licenses for reference. These maps use City of Boston open data to map the boundaries of each district, but it is worth noting that each interview subject discussed that these boundaries are contested and not official in the way that, for example, a zoning overlay is.

Figure 7: Map of Case Study Districts



This section starts with an introduction of each of the three districts and the subjects interviewed for each. Next, it compares and contrasts what each interviewee said about the role of bars and restaurants in their districts, and finally analyzes what each subject thought about liquor license policy in Boston specifically.

Introduction to Roslindale

The interview subject from Roslindale was Christina DiLisio, who served as the executive director of the Roslindale Village Main Street District (RVMS) from 2013 to 2015. Roslindale Village is located along a section of Washington Street in the northeast corner of

Roslindale, and is not near any statistically significant clusters of liquor licenses. It is serviced by a commuter rail station and contains a park and a few government buildings. Figure 8 provides the basic overview of the district using the boundary provided by the City of Boston.

Figure 8: Map of Roslindale Village Main Street



Imagery Source: Esri ArcGIS World Imagery

Christina had been working for the City of Boston’s Office of Food Initiatives prior to coming aboard at RVMS. During her time as executive director, Christina moved to Roslindale Village as well, which meant she was invested in the area as both an employee and a resident. Christina compared her role as executive director to the role of city councilor because she spent so much time away from her desk, working face-to-face with business owners in the

neighborhood. One of her key goals when she was hired was to manage the redevelopment of an old power transfer station into a restaurant, retail, and residential development. Beyond the time-consuming effort of keeping this project moving forward, Christina fundraised for RVMS, worked with business owners, built relationships, and ensured that the RVMS as a whole was efficiently running and financially sound.

Christina explained that, in 2006, RVMS relaunched their farmer's market, "and it was wildly popular and very successful." Christina identifies this as a point of rebranding for RVMS, which started positioning the neighborhood as a "foodie destination, as well as a community that was 'on the up and up' or 'up and coming.'" Between the years of 2006 and 2010, Christina said that there was a number of small retail businesses that arrived in the neighborhood, "either piggy backing on the farmer's market or [hoping] to get into Roslindale while it's hot." By the time she assumed the role of executive director in 2013, Christina felt that they were at the beginnings of a retail bubble. She described how, within her first week of employment, two of the eight businesses she would describe as retailers closed. "When I got there, I would say that Roslindale was a place that was considered thriving, on the up," she said, "but I was catching it right when it was sort of turning the corner." By the time she left the position in 2016, she said there were only three businesses she would describe as retail: "Almost all of the retail is gone."

However, Christina believes the vacancy rate is about the same today as it was when she started. During her time with RVMS, "we saw some of our most intractable problem properties turnover, which was really remarkable because to us it signaled that, even though retailers were not able to survive in the Roslindale market, there was nonetheless a demand for commercial property." The nature of this property turnover was also interesting to Christina, because it signaled that "people outside of Roslindale were really paying attention. ...We were seeing new

property owners coming into the area.” Christina described how in many Greater Boston neighborhoods there may be one person who owns many of the parcels in an area and ultimately feel like they own the neighborhood. She contrasted this with what she was seeing in Roslindale: “It wasn’t like that anymore. We were seeing investors from outside communities. It would sometimes be big development firms, it would sometimes be, [for example,] a brother-sister duo that came into money.” This assortment indicated a growing interest in Roslindale from outside parties.

Introduction to Washington Gateway Main Street

The interview subject from the Washington Gateway district was Jennifer Effron, who has served as the executive director of the Washington Gateway Main Street District (WGMS) since 2012. Like Roslindale Village, Washington Gateway is located along Washington Street, but further north. The Washington Gateway Main Street website identifies it as being in the South End and Lower Roxbury neighborhoods. The area has a reputation for restaurants, as Jennifer emphasized: “The South End has always been known as a place for restaurants, and it’s really pushing more and more towards that,” she said. “A lot of the new businesses that are opening up [in Washington Gateway] are restaurants, so it’s a restaurant-heavy district with some of the best dining in the city.” According to the cluster analysis, the district is located very close to several high-high clusters of licenses. In addition to the food scene, however, the neighborhood also has a smattering of schools, churches, and parks. See Figure 9 for a map of the area.

Figure 9: Map of Washington Gateway



Imagery Source: Esri ArcGIS World Imagery

More than the other executive directors interviewed, Jennifer emphasized the reactive nature of her role, saying that she and the WGMS organization “are along for the ride.” “We don’t really dictate or control the market or the developments that are chosen,” she pointed out, “We certainly have a voice in the development process, but we don’t control it in any way.” It was a similar situation for the individual businesses: “We try to advocate ... for the small, locally-owned businesses and do the best we can to help them stay or to come in, but we don’t have any control over the private transactions between landlords and tenants, or even purchase and sales.” This can be frustrating, she admitted, since “the retail-commercial mix matters so

much for us,” whereas the landlords are, for the most part, only thinking about how much money they can make from rent. However, some landlords do realize that a certain mix of tenants is needed to make the area vibrant, and some will consult Jennifer.

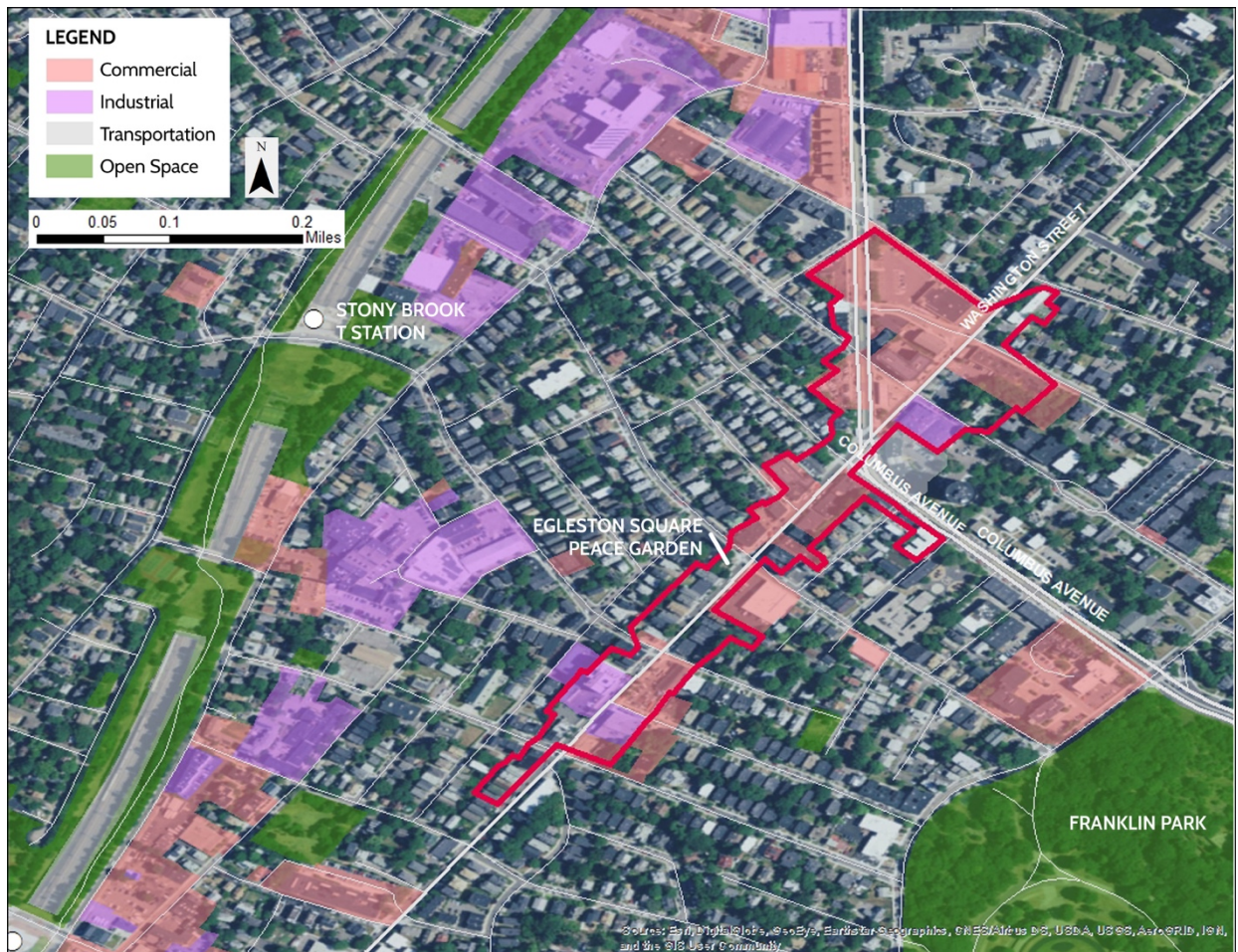
Jennifer believes that the neighborhood is on a similar path as it was when she arrived. “It was definitely fairly well-established as a Main Street District already,” she points out, but suspects that some people were still not sure if Washington Street is safe or not. “That’s becoming less and less the case as businesses spread,” into the area. “The housing market was already pretty tight,” when she arrived in 2012, after being somewhat “stalled out” during the recession. “But things started picking back up in 2012, and that’s when a lot more construction started happening. In the past couple of years, it’s really taken off.” She says there has been “a huge amount of development” since then, which was “at the precipice of new zoning and planning that had just gone into effect.” She characterizes the new development as “mostly high-end rental units.” Generally, the neighborhood is “getting higher-end businesses and higher-end residential,” and rents have been increasing.

Introduction to Egleston Square Main Street

The interview subject from Egleston was Luis Cotto, who has been the executive director of Egleston Square Main Street (ESMS) since 2014. Luis moved from Hartford, CT to Boston in 2012, which is when he became familiar with the Main Streets program. He had known the previous executive director of ESMS when they both lived in Connecticut, which is how he was introduced both to Egleston Square itself and to the opening for an executive director. The ESMS website explains the neighborhood as “that great neighborhood where [Jamaica Plain] and Roxbury shake hands.” It is, like the other districts, located along Washington Street, but such that it is adjacent to a low-low cluster of liquor licenses. It is in Roxbury, but right along the

border of Jamaica Plain. The area is not far from the Red Line. Figure 10 is a map of the neighborhood and some of its key landmarks.

Figure 10: Map of Egleston Square



Imagery Source: Esri ArcGIS World Imagery

Luis characterizes his position with ESMS as a “one-man show,” which has its pros and cons—he likens the role to a “city manager wannabe” because he can institute little changes and see how it affects the neighborhood. His background is in arts administration and creative placemaking, so much of what he does involves “intentional, destination-based, one-time events promoting the district, bringing more people there, and providing a quality-of-life service to residents.” There are also a few more small-scale efforts like cleanup, creating murals, increasing

recycling infrastructure. Luis also spoke fondly of the “Egleston Square Peace Garden,” which he freely admits is “hardly a garden, hardly peaceful,” and is actually “a private space owned by Clear Channel that has a big billboard. ... But that’s our only public space!” so Luis does what he can to improve the lot of land and make it function as a communal area.

Luis, who used to own a coffee shop/bookstore with his sister, also does some technical assistance with neighborhood businesses. As Egleston Square starts to gentrify, Luis sees a specific role for himself in helping prevent displacement of businesses. One example he offered is with the Dominican buffets in the neighborhood: “They do buffet style... so you say, I want this, this and this. But when you’re not from that culture and you don’t know what ‘this, this, and this’ *is*, and their English isn’t that great... It’s just too overwhelming. How much are you willing to take before you think it’s too much of a hassle?” Helping these businesses adapt to diversifying clientele is one aspect of Luis’s work supporting the neighborhood’s current establishments.

Unlike Washington Gateway and Roslindale Village, the Egleston Square area does not have a reputation for being a foodie destination; the retail mix is much more focused on barbershops, hair salons, and nail salons. Luis describes it as “hyper local,” and points out that their retail and restaurant mix is “your typical low-per-capita income neighborhood district. You’ll have a smattering of the ethnic food eatery of the local flavor; in this case it’s Dominican, so we have three or four Dominican restaurants. ... You have your pizza place, your Chinese takeout that’s open late.” One outlier, he admits, is the Star Fish Market, which is a regional destination for seafood. He describes this setup as “textbook,” a model that is replicated with different ethnic flavors in numerous neighborhoods. “But what feeds that is you have five or six barbers in a barbershop, and the people who come to see them. ... They also have to eat.” Luis

said that previous people involved with ESMS were frustrated by the high frequency of barbershops and lack of other retail, but he embraces it as “the engine that makes us run.”

When asked about changes in the area throughout Luis’s tenure as executive director, he’s quick to point out that “change is a gradual curve,” and that it has only been three years since he first got involved. “But when I first go there,” he said, “I saw a neighborhood on the cusp of further gentrification. Which for me was like, ‘*ugh*.’” However, Luis still believes there is a mixed perception of the neighborhood; there was “really bad gang drama” that came to a close in the years before Luis arrived, and although the area has much more infrequent shootings—Luis can remember two in the time that he’s been present—that reputation remains. “I mean, with us, any time there’s something negative it’s like five steps back... in the perception column,” Luis points out. “Because it’s one of those neighborhoods that earned its perception way back when... it’s now having a hard time getting away from it. And we don’t mind, right, because the people who want to be here want to be here,” he argues. The neighborhood has proved resilient, maintaining a consistent 98% occupancy rate through economic ups and downs. Luis believes that “a mixture of above-board and under-the-table” arrangements have made the neighborhood resilient, but with increasing speculation on “underdeveloped lots” along Washington Street, this may be tested. “You definitely see it in the rent prices in the surrounding neighborhoods; ...that blob of gentrification that comes up from JP proper is affecting those rent prices.”

Role of Restaurants and Bars

Of the districts researched, Washington Gateway’s restaurants played the most central role in the neighborhood’s economy. Although the area’s businesses are very “restaurant-heavy,” Jennifer points out that they have a great mix of dining options as a result: J.J. Foley’s, an

historic Irish pub; Morse Fish Company, a seafood dealer founded in 1903; Torro, a stylish and upscale tapas restaurant were three establishments she cited. She points out that many celebrity chefs, like Barbara Lynch and Joanne Chang, and local restaurant groups like The Aquitaine Group ensure that they have ventures located in the South End. Jennifer credits “pioneers” like Stella, Aquitaine, and Hammersmith Bistro—which closed down a few years ago—as the establishments that elevated cuisine in the neighborhood. At the same time, some restaurants like Gallows have enjoyed more of a neighborhood following than a widespread celebrity status. In general, most restaurants in the neighborhood seem to have two to seven other locations according to Jennifer, although there are many one-off, independent establishments as well. All of these establishments have liquor licenses.

Roslindale’s identity as a food scene might be a little less established than Washington Gateway’s, but Christina characterized the restaurants as “pretty stable” during her time there. “The restaurants were such a central part of the narrative of Roslindale,” she said, “that the non-food retailers were angry that they weren’t getting the same level of attention.” Christina identifies a period in the mid-nineties “when the area was no longer actively unsafe but was not gentrified.” At this point, several people connected with the Roslindale area opened up “fancy but approachable restaurants; bistros, Italian food, that kind of stuff. Where people in the area go to for a nice meal out, but there’s not going to be anything on the menu that you don’t recognize.” Next, according to Christina’s history, there was another wave of people with connections to the Roslindale area who opened up restaurants, but were able to purchase their building rather than rent, and perhaps provided offerings that were “getting ever so slightly a little more exotic. That’s when we started to get, like, a sushi restaurant,” or an Italian restaurant with a wood oven. “You could tell that they were taking advantage of Boston’s burgeoning food

scene.” The most recent wave of restaurants, Christina says, have typically been opened by more established entrepreneurs. They are, “restaurant owners that are still independent, local owners, but who have their first business in a different part of the city. ...That’s been still sort of similar, somewhat kind of approachable food, but slightly elevated.” Today, there are about ten to twelve restaurants in Roslindale Village, including cafes and bakeries. According to Christina, all of the full-service restaurants have liquor licenses, although some may have been beer and wine only. When asked why restaurants chose to open in Roslindale Village, Christina cited the reputation Roslindale had for drawing people who were interested in food; Roslindale’s perceived gentrification, which seemed to indicate it could support dining financially; and, in one business’s case, because the Main Streets program was strong in the area.

Contrary to these districts, Egleston Square’s central business is composed of barbershops and salons, not restaurants. Luis counts three Dominican eateries, one which has a beer and wine license and another that is in the process of getting one. There is also a Chinese takeout restaurant and a pizza joint. In addition, there was Coco’s, which shut down recently but will soon be replaced by an Irish pub called The Gate. Although this is one of the bigger happenings in the district’s restaurant scene at the moment, Luis confessed that, “I like Pauli [the owner of The Gate], he seems like a nice guy, but I’m bumming when it’s going from Dominican to Irish.” The youngest of all of these establishments is Millennium, one of the Dominican restaurants, which Luis believes opened five or six years ago and has a loyal following of BU students for their delivery; the rest have been more or less stable over the years. “Eventually with The Gate, it will be seven restaurants,” Luis points out. “Compared to Allston, which has seven in one block,” he laughed.

All interview subjects spoke about how the restaurants contributed to the vibrancy of their neighborhoods. “They’re great!” said Jennifer of her restaurants. “They’re great for the neighborhood, they get people out and about in the evening.” In Roslindale Village, restaurants are a key component to RVMS’s strategy to activate different areas within the district. The redevelopment of a substation involves housing and retail space, but the hope is that the restaurant that will be housed inside will expand the parts of the neighborhood that feel vibrant and exciting. In Egleston Square, the restaurants’ role in creating a more vibrant neighborhood was largely about how they served as community gathering spaces according to Luis. He described Millennium as a “wonderful third place” for the community. “Our merchant meetings are there, they allow me to use the walls for art shows, and they have let us do a couple of events there.” In a neighborhood without an abundance of public space, the value of having this sort of community-friendly commercial space is essential. This is not quite the same case in Roslindale; Christina mentioned how some retailers and RVMS board members expressed frustration at area restaurants’ perceived unwillingness to participate substantially in fundraisers and community events.

In addition to contributing generally to the vibrancy and atmosphere of their neighborhoods, restaurants in Roslindale Village and Washington Gateway help market these districts and attract outsiders to visit. This is generally understood to help other retail establishments in the neighborhood. Jennifer feels that “the advertising does itself” for her Washington Gateway: “I can go pick up a magazine and if there’s any sort of Best in Boston list, there will definitely be a few restaurants in this neighborhood on this list, so it’s very easy to piggy-back on that.” As a result of this hype, “People come here to dine.” However, Jennifer believes this supports other businesses: “Maybe they can’t get in at one place so they try

somewhere new, see a store.” She added, “It’s hard to actually quantify the snowballing impact it might have on retail,” unfortunately, “But I do think people come here for restaurant and see other places they might want to return to, and vice-versa.”

Christina explained how the ability of Roslindale’s “early pioneers” restaurants to attract outsiders was actually what encouraged further restaurants to set up shop in the neighborhood. These initial establishments had “transitioned from serving just people in the area to serving a lot of people in West Roxbury, a lot of people from Dedham,” so new restaurants felt they could stand to gain from this additional traffic. However, making the success of the food scene spread to other retail proved challenging. For example, the farmer’s market sparked a lot of excitement, and RVMS struggled to make that success work for nearby retailers, according to Christina. Food-related retail did try to latch onto the success of the foodie scene, but with mixed success. However, Christina is “100%” sure that broad commercial success in her district was still related to its restaurants. One particular example she provided was a florist that specifically set her hours based on when patrons would be waiting for a table at Delfino, the restaurant next door. This is also true for a gift shop that’s another storefront away.

For Egleston, the dynamic is different; restaurants are able to stay open in part because the barbershops, auto repair shops, and other employers in the area are patronizing them. In addition, Luis estimates that many of his restaurants make 40% of their sales from delivery alone. This can be a strong business model, but it does not bring in as many visitors into the area. As a result, the restaurant scene is not contributing to a “neighborhood brand” that other retailers can build off of, but rather supporting these retailers in their efforts to bring in new clients.

Restaurants and bars also affect the quality of life for neighborhood residents. According to Jennifer, “people move [to the South End], want to live here, because they’re near all these

great restaurants. Now, they don't always want to live directly above them all the time. But part of the reason this neighborhood is attractive to residents, I think, is because of the restaurants and bars around here." Christina reported a few minor instances of restaurants and residents coming into conflict; an Irish pub was not able to get an entertainment license due to an abutting residential property owner, and one restaurant may have caused a residential rat problem. "Old commercial districts are right up against houses," Christina pointed out, "so there's no buffer zone." That means issues with restaurants are almost always going to become issues with the neighbors. Fortunately, this seems to happen infrequently.

In all three districts, restaurants do face challenges. Throughout each, there are instances where would-be restaurateurs struggle to find the right space and the right price. Even with restaurants that do open up, there are classic struggles between entrepreneur and landlord; Christina mentioned that Roslindale lost one African restaurant as a result of such a conflict. According to Jennifer, foodie scenes can reach a point where there is too much competition and the market becomes too saturated for some ventures. Luis's main concern seems to be the threat of gentrification. Current Boston Planning & Development Agency processes mean that six new retail spaces could be opening in the Egleston area. "I'm fine with that," Luis says. "At the end of the day, I wish there was a little bit more diversity," like a coffee shop or Spanish bakery. However, he has seen gentrification in other districts where there is a clear geographical distinction between the "gentrifying" businesses and everything else. "I'm cool with stuff happening," he explained, "but I'm not itching [for it] because that infers displacement. ... My job is as much maintaining and preserving as much as it is visioning."

Liquor License Policy

All of the interview subjects said that they had helped at least one business navigate the process of securing a liquor license. Everyone mentioned how complicated the process was. All of the businesses Jennifer worked with were able to hire their own legal help to navigate the situation, but she emphasized that, regardless, “It’s an obstacle and it takes forever.” She described the “black market” for license transfers, where people whisper to each other about who might be selling their license. Luis confessed that, when he was trying to help Millennium get a beer and wine license they hit a procedural “snag” and were unsuccessful, in part because Luis was not able to understand the process himself. He described a several-page document provided to him by a former executive director that explained the process, but he was unable to make it work for Millennium because of all of the complexities. Christina worked with some organizations to help them navigate the system and described her role as a “translator” in an unpredictable, complicated process:

“One of the unfortunate criticisms of Boston, of cities in general, is that nobody gets a clear answer about how to navigate these very complicated and very archaic licensing processes. The one thing RVMS could always provide was clarity. Even if we were saying, “It might happen this way, but it might happen that way, here’s the person to call, if they answer do this.” We were the translators. So people were at least really grateful that there was someone they could pick up the phone or come into the office and be like “So-and-so just said this, do you know what that means?” And we could help sort of decode it for them.”

Christina felt her ability to help was complicated, however, by a rule from her board that said she could not provide letters of support for businesses pursuing a liquor license. In most cases, the liquor licensing board takes into account any statements of support from neighborhood groups, which “is a proper noun in the City of Boston, it’s a very specific thing,” Christina explained. Unfortunately, there are no neighborhood groups in Roslindale and Hyde Park—allegedly, Christina related, because the late Mayor Thomas Menino did not want anyone in

those neighborhoods complaining about him. “While it was never explicitly stated,” Christina said, “the expectation was that Roslindale Village Main Street was supposed to act as a neighborhood organization whenever these questions about liquor licenses came up.” However, because RVMS was traditionally a very political organization with strong ties to the mayor, the board had decided they would never formally support a restaurant’s pursuit of a license out of fear that they might accidentally support a bar the residents would ultimately dislike. In contrast, WGMS regularly write letters of support. Even with this strict stance from RVMS, the process remains politically motivated. Christina mentioned that an Indian restaurant that had struggled to get a license ultimately used their connections to the City to find someone who helped them secure a license from “some special pot of beer and wine licenses.” “I almost don’t want to know,” Christina admitted.

All of the interview subjects talked positively about the 2014 increase in liquor licenses, which are available to restaurants that are in a Main Street district or certain underserved neighborhoods, but also pointed to instances where there were disagreements about whether a business was, in fact, part of a Main Street district. Jennifer mentioned debate about whether a business is “really in our district if it’s not directly on Washington Street,” and Luis described one license holder as someone who was not in the commercial district but within the Google boundary of the district. Christina discussed this the most:

“The boundaries of Main Street districts are not set and not totally fixed. There are a lot of businesses that were opening up just outside of a Main Street district that were actually at a disadvantage. We had a business that was great, but that was technically outside of the boundary of Roslindale Village and he got totally shafted trying to get one of these newly-released liquor licenses. And he had fancy lawyers, and he had resources and he had English as first language, like he had many, many things that put him ahead of others that could be struggling for this and he was still banging his head on the wall trying to figure out what is it that the language of the ordinance is actually saying that makes it so my business is prohibited.”

In that instance, the owner ended up having to organize some sort of complicated swap with a restaurant in the South End to get a beer and wine license.

With each interview subject, I discussed Councilor Pressley's framing of Boston's liquor license policy: that the high cost of licenses on the secondary market had resulted in restaurants clustering in wealthy, predominantly White neighborhoods with a high rate of people of color. Each subject agreed that the price on the secondary market was too high, even with the 2014 infusion of additional licenses: Jennifer and Luis cited \$80,000 as the going rate for beer and wine licenses, and Jennifer cited \$400,000 for full liquor licenses. Christina said full licenses in her district were \$600,000, but that included legal fees. Christina was unsure about Councilor Pressley's overarching theory, however. "There are so many threads to pull on," she said. "I don't doubt that there's some connection, but I wonder if it could be the effect of something else... like the perception of different communities of where people want to set up business at all." Jennifer and Luis were both totally in agreement, however. "She's totally right," Jennifer replied.

I also reiterated to the interview subjects the argument that many current license holders make *against* lifting the quota; namely, that the licenses they had paid hundreds of thousands of dollars for would lose their value overnight. Jennifer had sympathies with this perspective, pointing out that smaller businesses "have mortgages out on these liquor licenses. They're assets and if the value of that drops then they are in real trouble." However, she stressed that this was no excuse "to keep these archaic laws around," and suggested that a tax credit might help lessen the burden on current license holders. Christina's reaction was more mixed. She described the loss of value for a license as an "understandable source of anxiety," but "most restaurants are making all of their money off the bar." She was curious how a suddenly-valueless license would

really change business models: “Does that mean they’re more profitable sooner? Or is the profitability just in a different form? ...I wonder if their horizon just changes in some ways. I don’t know.” Jennifer pointed out that, while establishments who purchase licenses directly from the city are charged based on how many people they seat, licenses on the secondary market are not related to capacity. Therefore, these expensive licenses can drastically change the quantities a business needs to sell before they can recoup that cost. Luis confessed that he wasn’t familiar with the financial details, but his take was clear: “Screw ‘em.” He elaborated: “The little that I know that has come out makes me say, screw it, just tear the bandage off.” By Luis’s take, these are people who have been able to work the bureaucracy to their advantage historically, who have already profited from the system, and who should not receive undue protections in support of what he deemed an archaic system.

When asked about what other policies had affected their district, Luis and Christina both mentioned Acoustic on Main, a city program to waive the fee for an entertainment permit when a business in the Main Street district has live acoustic music. “It was a tiny step but a really, really valuable one,” explained Christina. “A lot of businesses I worked with took advantage of it.” Another popular policy change was the introduction of Bring Your Own Booze (BYOB) in 2016. Christina and Luis both described small businesses like pizza joints that showed soccer games. “How awesome is it that you could go and bring a six-pack and sit on the couch and watch his flat-screen TV?” Christina asked. “There’s no way he can afford even the beer and wine license, but a BYOB license is so much more appropriate.” Luis was frustrated with how the BYOB policy turned out, however. He said that the license cost of \$400 was steeper than made sense for a place like Millennium, “that’s not looking to do BYOB every night, maybe three times a year or something.”

Ultimately, these three subjects representing very different districts all had consistent reactions to liquor licensing policy in Boston. All felt that restaurants played an enormous role in their neighborhood, whether it was because the district's success seemed to be founded on dining destinations or because the local eateries supported the most important retail in the area. In addition, all felt that liquor licenses were too expensive through the secondary market, and that the system overall was unpredictable and difficult to navigate.

5. Conclusion

The results of this project support Councilor Pressley's argument that liquor license policy in Massachusetts has exacerbated economic disenfranchisement in Boston by pushing licenses to cluster in White, wealthy neighborhoods. Although this research does not establish causality, it demonstrates that:

- **Liquor licenses are predominantly located in White and wealthy census tracts.** The wealthiest quartile of census tracts contains over half of all licenses, and the quartile of tracts with the largest percentages of White residents contain 40% of all licenses.
- **Neighborhoods like Mattapan, Roxbury, Dorchester, and Mission Hill have low clusters, where tracts with a low ratio of licenses to eating establishments are surrounded by other tracts with similarly low ratios.**
- **Race and wealth are statistically significant predictors of liquor license distribution.** The percentage of non-White residents was the strongest predictor of liquor license locations predicting 27% of values; a ten percentage point increase in the non-White population predicted a five percentage point decrease in the ratio of liquor licenses, while a ten percentage point increase in the family poverty rate predicted a five percentage point decrease in the ratio.
- **Liquor licenses are an immensely valuable component to economic development in urban commercial districts, even those that do not have a “foodie” brand.** Districts like Roslindale Village and Washington Gateway stake their reputation in the success of their restaurants, which must have liquor licenses to survive. But even a district like Egleston Square would appreciate more liquor licenses to draw more visitors into the area.

There have already been policy changes recommended to mitigate these conclusions. Lifting the quota on Boston entirely or adding more restricted licenses as proposed by Walsh and Pressley in March 2017 are two potential solutions. Ideally, such interventions would be paired with a degree of protectionism for businesses that did purchase a license for hundreds of thousands of dollars, particularly if they did this in recent years and have not had the chance to recoup that investment. This could take the form of a tax credit, or simply more incremental policy changes to depreciate the value of license transfers more gradually over time. It is worth noting that recent reports (Hoover, 2016) and one interviewee—Jennifer—suggest that prices for licenses on the secondary market are already declining, perhaps indicating that the 2014 influx of licenses and changes in which establishments need a liquor license at all may be working to meet current demand and that now further action may not be required as urgently.

The case studies of this project also surfaced a variety of other policy recommendations. One of the common themes throughout the interviews was that the liquor license policy was confusing, unpredictable, and inconsistent. Regardless of the changes that are made to the liquor license policy, there should be a concerted effort improve the customer service aspect of this process. The fact that businesses may have wildly different experiences in the project—based on whether they have access to expert advice, whether they have access to social networks that can help them find an available transfer license, whether they hired the one law firm that specializes in this, whether they called the right municipal employee on the right day, whether they have contacts within the City, whether they have an established place of business already—is a detriment to the small, innovative, locally-owned restaurants and bars that many restaurants and visitors and residents want to patronize.

This inconsistent implementation of policy seems as though it would negatively affect the ownership of liquor licenses. As Langegger (2015) observed in his liquor license research, the nature of public hearings seemed to vary depending on the race or ethnicity of the restaurant owner and his or her establishment. Given that fewer than 1% of Boston liquor licenses are held by people of color (Hamilton, 2016), it is feasible that a similar dynamic is at play here; that English-speaking, native-born, well-moneyed White applicants might find the process easier to navigate than others. Furthermore, these successful applicants may be more inclined to locate in neighborhoods full of other English-speaking, well-moneyed Whites, which would be a contributing factor to the clustering patterns researched herein. Equity in the ownership of licenses is beyond the scope of this work due to a lack of available data, but it is certainly part of the story of liquor license clustering and the result of a complicated, inconsistent process.

Ultimately, Massachusetts liquor license policy—which was established over eighty years ago to protect quality of life and minimize the negative externalities of drinking in public—has become a tool that has stymied economic development and Boston’s burgeoning food scene while simultaneously exacerbating economic disenfranchisement for low-income and minority communities. Modernizing the policy will help urban neighborhoods add jobs, establish dining destinations, and jumpstart economic development in communities across the city.

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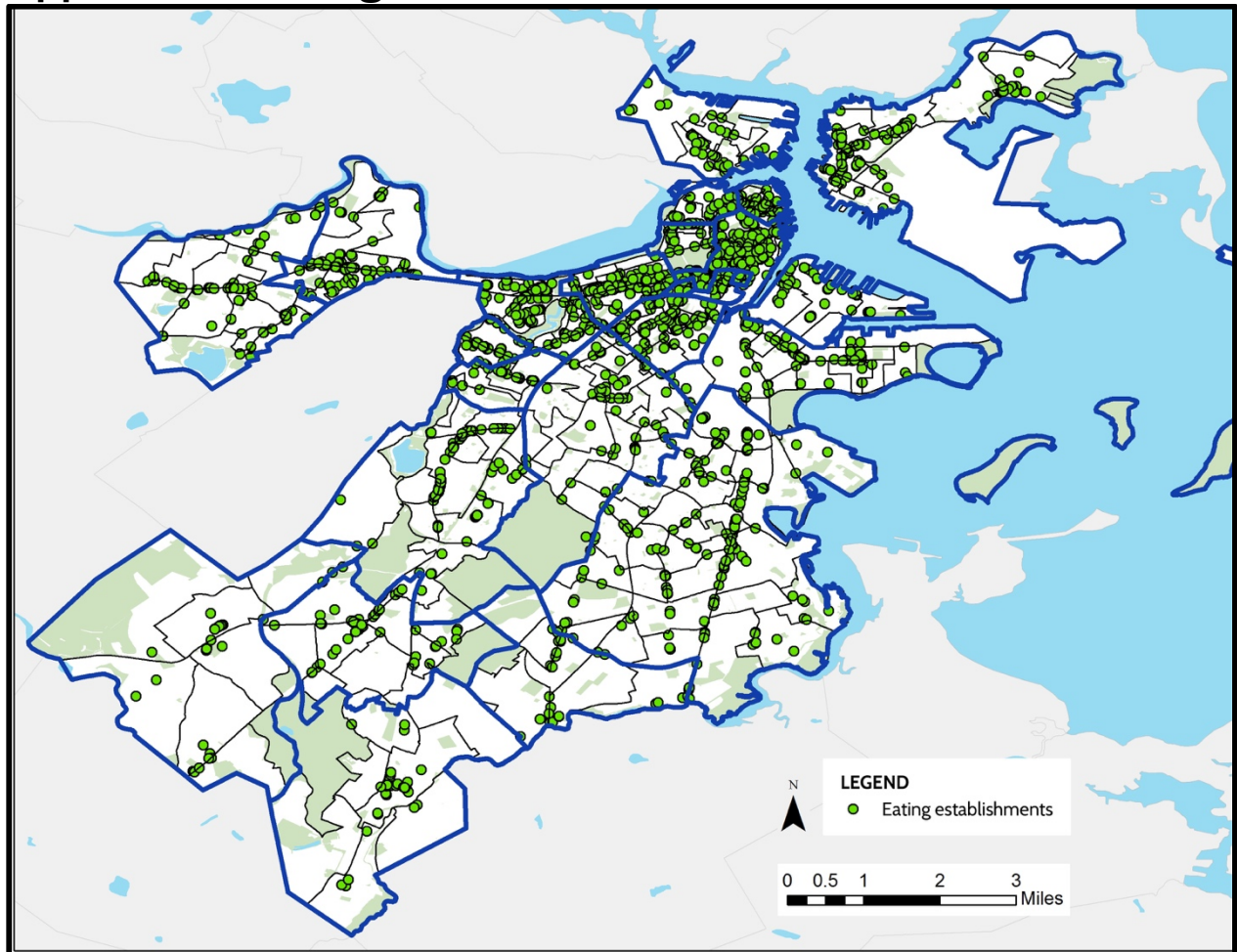
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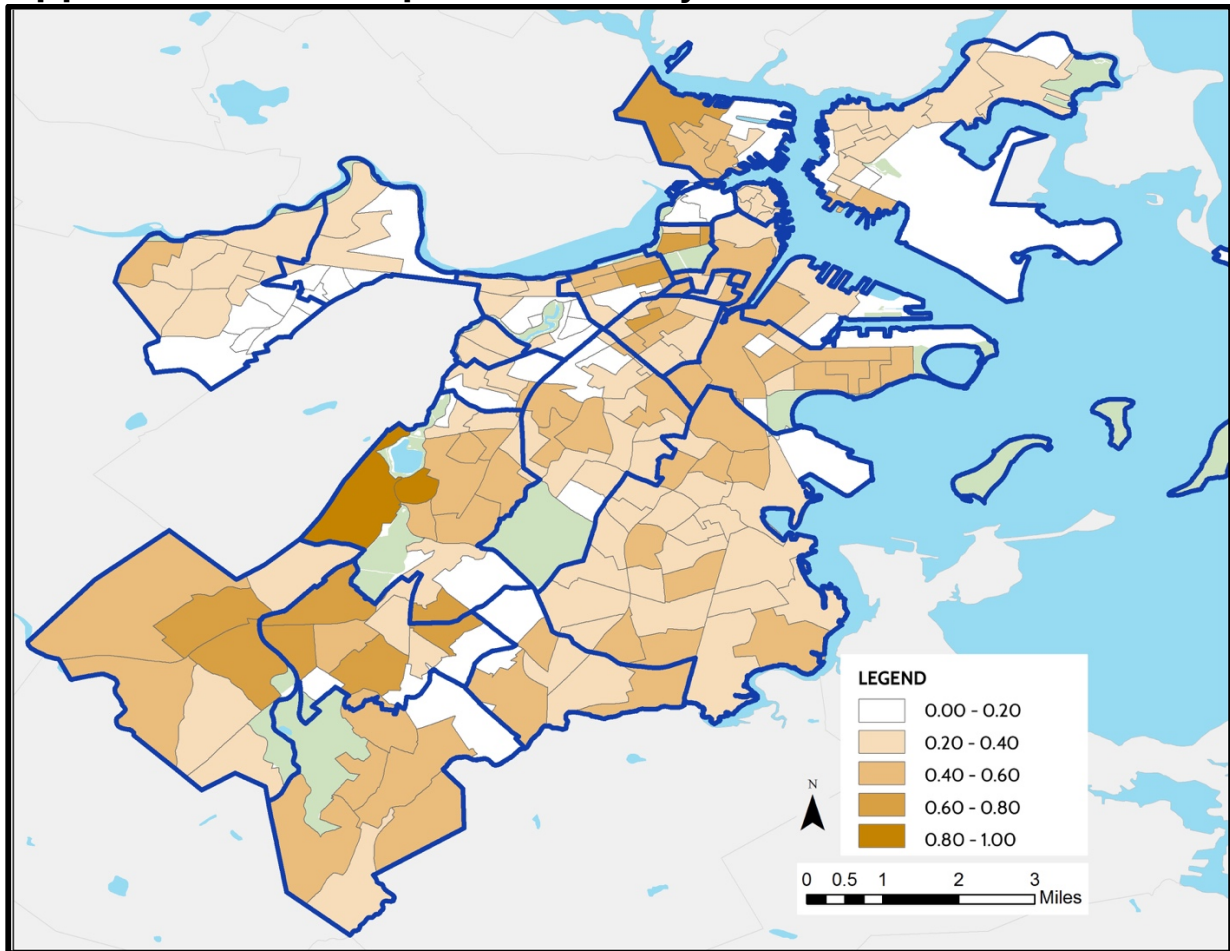
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Appendix A: Eating Establishments in Boston



Appendix B: Development Density in Boston



Appendix C: Variable Correlation Report

	Fam Pov	Peop Pov	Med Income	Per Black	Per NW	Per Lat	LL2 EE	Perms2 HU
FamPov <i>Family poverty.</i>	1	.723**	-.676**	.448**	.605**	.437**	-.295**	-.500**
PeopPov <i>Individual poverty.</i>	.723**	1	-.773**	.273**	.433**	.250**	-.198**	-.655**
MedIncome <i>Median income of households.</i>	-.676**	-.773**	1	-.462**	-.614**	-.423**	.288**	.672**
PerBlack <i>Percent Black households.</i>	.448**	.273**	-.462**	1	.915**	.262**	-.408**	-0.095
PerNW <i>Percent non-White households.</i>	.614**	.433**	-.614**	.915**	1	.423**	-.415**	-.240**
PerLat <i>Percent Latino households.</i>	.437**	.250**	-.423**	.262**	.423**	1	-0.121	-.240**
LL2EE <i>Ratio of Liquor Licenses to eating est.</i>	-.295**	-.198**	.288**	-.408**	-.415**	-0.121	1	0.082
Perm2HU <i>Ratio of residential permits to housing units.</i>	-.500**	-.655**	.672**	-0.095	-.240**	-.240**	0.082	1
** Correlation is significant at the 0.01 level (2-tailed). Source: SPSS								

Appendix D: Case Study Questions

Background of the District

- What is your personal history with [Main Street District]? When did you become involved?
- How would you characterize [Main Street District] when you arrived?
- How would you characterize [Main Street District] now?
- Can you describe how the district evolved over that time period?

General Interventions

- Can you describe what you did in your role to affect change in your district? It'd be helpful to know both about actual actions taken as well as aspirations you were unable to pursue.
- Is there anything you wish you had done differently or in addition?
- What particular interventions do you think affected, for good or not, this change?
- Were there any policy changes at the city or state levels that affected the [Main Street District] during this time?
- Are there any policies that would have increased or accelerated positive change in your district?

Role of Restaurants and Bars

- Tell me about the bars and restaurants in your district.
 - When did each open?
 - Can you tell me about the owners of each?
 - Why did they choose your district to open their endeavor?
 - What kind of clientele do you think they serve? Locals? Outsiders?
 - Do they have a liquor license? Is it beer and wine or full? Is it transferable?
- How do you think the bars and restaurants affected your district? Economically, socially, and in terms of marketing or identity?
- Do you see a connection between commercial success in your district and these restaurants and bars? Would revitalization in your district been possible without these establishments?
 - How do bars and restaurants affect other businesses nearby?
 - How do bars and restaurants affect residential life nearby?
- Did you ever work with aspiring restaurateurs that did not ultimately open up an establishment in your neighborhood?
 - If so, why do you know why it didn't work?

- Is there any policy change that would have made that establishment more likely to open in your neighborhood?

Liquor License Policy

- Did you interact with the liquor licensing process in Boston at all in your role at [Main Street District]? Can you share your experiences?
- Do you have a sense for how expensive liquor licenses were for the bars and restaurants in your district?
- Was liquor licensing an obstacle for restaurant and bar owners?
- How could the state or city change liquor licensing policy in a way that would benefit your district?
- If the state removed the liquor license quotas tomorrow, and the price of liquor license transfers dropped as a result, how would that affect the bars and restaurants in your neighborhood?

Open-Ended Discussion

- City Councilor Ayanna Pressley has argued that the liquor licensing policy in Boston has disenfranchised Black and low-income neighborhoods by preventing bars and restaurants from opening up there. Does this theory resonate with you?
- Do you see any way that we could drastically change liquor license policy today without financially harming the bars and restaurants in your district that are currently licensees?

Appendix E: Larger Versions of Select Figures

Figure 1: Distribution of Liquor Licenses by Type

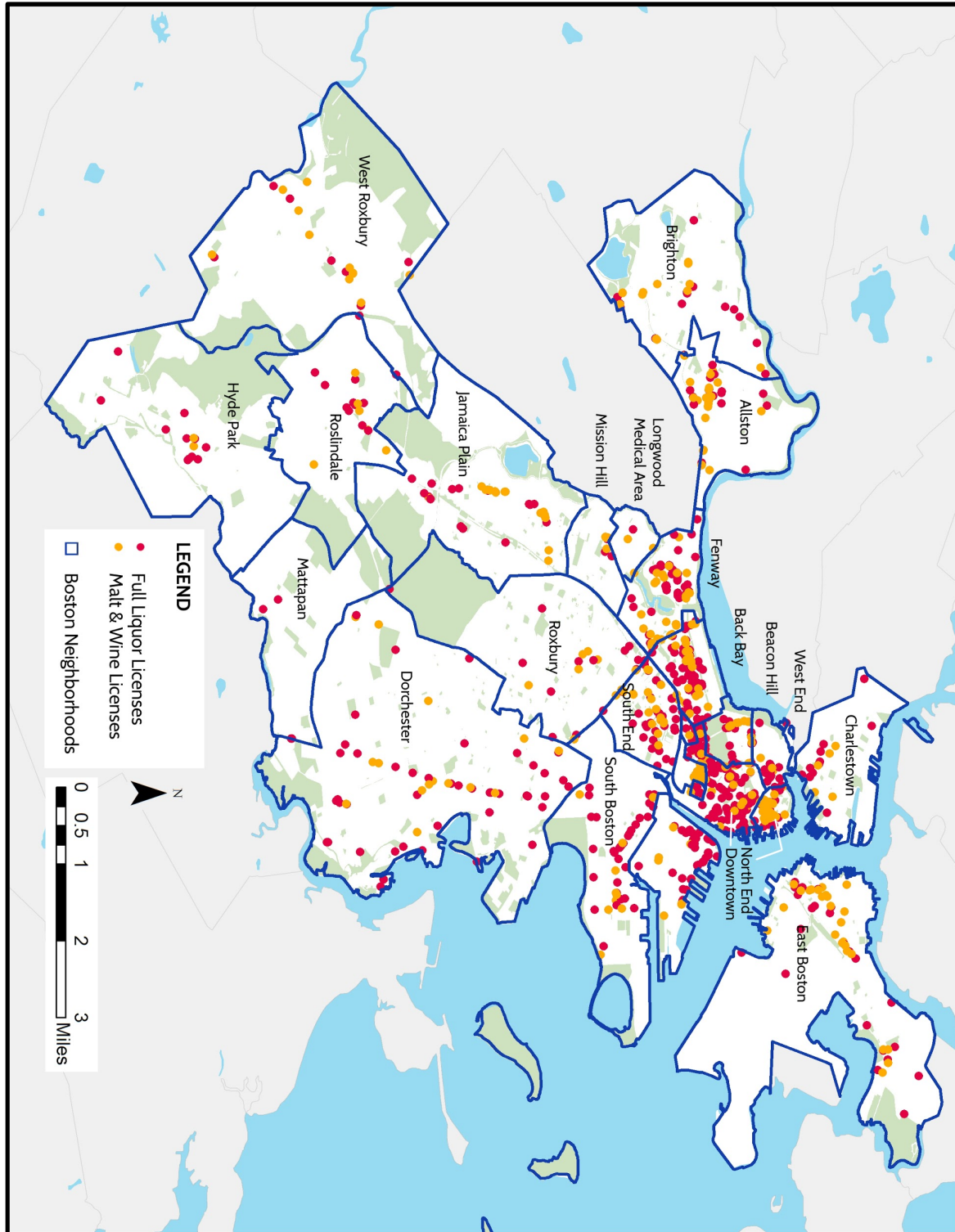


Figure 5: Map of Local Moran's I Clusters

