

Do Liquor Stores Increase Crime and Urban Decay? Evidence from Los Angeles[†]

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Job Market Paper

This Version: December 11, 2007

Abstract

Liquor stores are a common sight in many distressed neighborhoods. But does the presence of liquor stores actually *cause* crime and urban decay – as suggested by situational models of criminal activity – or are liquor stores more likely to open in declining neighborhoods? In this paper, I use administrative data on the locations of alcohol outlets in the city of Los Angeles, merged with detailed incident crime reports and property transactions, to evaluate the effects of alcohol outlet openings and closings on local crime rates and property values. I specify an event-study framework to measure the changes in violent and property crimes just after the opening and closing of outlets. Both types of crime increase following an outlet opening, with larger effects in the immediate vicinity of the new outlet. The overall impact of new outlet openings is driven by effects in low socioeconomic status (SES) neighborhoods: openings in high-SES neighborhoods only have small effects on property crime. Outlet closings have smaller impacts, on average, although there is some indication that the closing of an outlet in a low-SES neighborhood reduces crime. A parallel analysis of residential property transaction values find that outlets located in low-SES neighborhoods are seen as a disamenity, whereas outlets located in high-SES neighborhoods are valued by homeowners. Overall, it appears that additional alcohol outlets – especially in lower-SES neighborhoods – contribute to both crime and urban decay.

[†] I am indebted to my advisor, David Card, for his invaluable advice and support. I also thank David Autor, Kenneth Chay, Robert Edelman, Chang-Tai Hsieh, Jed Kolko, Robert MacCoun, Andrey Pavlov, John Quigley, Stephen Raphael, Debbie Reed, Emmanuel Saez and seminar participants at UC Berkeley, MIT, PPIC and SOLE 2006 meetings for insightful comments. Stephen Cauley generously shared his housing transactions data. David Kurano, George Lamy, Carol McDonough and Scott Wiles were instrumental during the data collection process. Daniel Sheehan and Lisa Sweeney assisted with GIS programming. Financial support from the Center for Labor Economics, Institute of Business and Economic Research and the Public Policy Institute of California are gratefully acknowledged. The views expressed herein are those of the author alone and do not necessarily reflect those of the funding agencies. All errors are my own.

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