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LESSONS FROM BUSINESS IMPROVEMENT DISTRICTS: Building on Past Successes

ROBERT H. NELSON

*Professor, University of Maryland
School of Public Policy*

KYLE R. MCKENZIE

Research Fellow, Mercatus Center

EILEEN NORCROSS

Senior Research Fellow, Mercatus Center

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MERCATUS CENTER
GEORGE MASON UNIVERSITY



About Robert H. Nelson, author

Robert Nelson is an affiliated senior scholar at the Mercatus Center and a professor at the University of Maryland's School of Public Policy.

Dr. Nelson worked in the Office of Policy Analysis of the Office of the Secretary of the Interior from 1975 to 1993. He has served as the senior economist of the Congressionally chartered Commission on Fair Market Value Policy for Federal Coal Leasing (Linowes Commission) and as senior research manager of the President's Commission on Privatization. He has been a visiting scholar at the Brookings Institution, visiting senior fellow at the Woods Hole Oceanographic Institution, visiting scholar at the Political Economy Research Center, and visiting research associate at the Center for Applied Social Sciences of The University of Zimbabwe.

Dr. Nelson earned his PhD in economics from Princeton University.

About Kyle R. McKenzie, author

Kyle McKenzie is a research fellow with the Mercatus Center at George Mason University. He is also the managing editor of the Mercatus Policy Series. He works with the Regulatory Studies Program, the Government Accountability Project, and the Social Change Project. His issue areas include energy market regulation, homeland security, and urban policy.

Mr. McKenzie graduated from Beloit College in Wisconsin with degrees in economics and psychology. He resides in the District of Columbia.

About Eileen Norcross, author

Eileen Norcross is a senior research fellow at the Mercatus Center at George Mason University. Before joining Mercatus, Eileen was a Warren Brookes Fellow at the Competitive Enterprise Institute where she focused on trade and tax policies affecting the European Union and the United States. Previously, Eileen worked as a consultant for KPMG's transfer pricing division. Eileen holds a masters in economics and bachelor of arts in economics and U.S. history from Rutgers University. Her current research areas include economic development policy, urban economies, the U.S. budget, and tax and fiscal policy.

Senior Editor: Frederic Sautet
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Cover photo: A security guard stands watch in the Green Point District, Cape Town, South Africa. Photo by Dan Sacks

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**LESSONS FROM BUSINESS IMPROVEMENT DISTRICTS:
Building on Past Successes**

ROBERT H. NELSON, KYLE R. MCKENZIE, AND EILEEN NORCROSS

EXECUTIVE SUMMARY

Although most people probably have not heard of them, Business Improvement Districts (BIDs) have proliferated across the globe. Geographically defined zones authorized to collect taxes from businesses within their boundaries, BIDs have significantly changed urban governance and revived business areas. The property owners within a BID elect a board of directors who funnel the collected funds to various activities, which usually include sanitation, street cleaning, street improvements, additional security, and marketing for the business neighborhood. However, the BID model is very flexible and could be used to tackle other urban problems.

This Policy Primer provides basic background information on the history, legal framework, and past successes of BIDs, information that local governments interested in promoting BIDs within their jurisdictions might find useful. It further proposes alternative ways urban governments could give BIDs enhanced roles in local governance.

LESSONS FROM BUSINESS IMPROVEMENT DISTRICTS: Building on Past Successes

INTRODUCTION

DESPITE LITTLE ATTENTION from those outside urban policy circles, Business Improvement Districts (BIDs) have proliferated across the United States since the 1980s. Many credit BIDs with providing a new method of neighborhood-level governance, one that has the financial resources and administrative skills necessary to significantly improve the services and the environmental quality of many urban areas. Indeed, BIDs are one of the rare success stories in a long history of American urban policies that have mostly failed to achieve the purposes—however laudable—for which they were intended.

This Policy Primer has two purposes. First, it provides basic background information on the history, legal framework, and past successes of BIDs. This information might be useful to local governments interested in promoting a wider use of BIDs within their jurisdictions. Second, it proposes alternative ways of giving BIDs wider powers. Given recent successes, urban governments may wish to consider new authorizing legislation to provide for an enhanced BID role in local governance.

What exactly are Business Improvement Districts? The answer is complicated since the purpose and design of these districts, as well as their official names, can vary

from city to city, state to state, and country to country. Lorlene Hoyt, a leading scholar focusing on BIDs, among others, describes a few of the multiple labels given to such districts: “special improvement districts” in New Jersey; “public improvement districts” in Texas, and “city improvement districts” in South Africa.¹ However, the most common official designation is a “BID,” and even those districts designated otherwise have common elements that for practical purposes allow us to include them within the same category.

Whatever the exact official label, a BID can be defined as a sub-local district in which there is a compulsory assessment on local property owners or businesses to fund a privately directed organization that provides common services beyond those of the wider municipality and takes other steps to improve the neighborhood environment.² In a typical case, the business owners within a BID assess themselves to help provide neighborhood improvements such as better trash collection and additional security. BIDs are managed by a board of directors that is elected by the business and other property owners in the neighborhood.

The first section of this Policy Primer explains how BIDs started, what kinds of problems they were intended to address, and their proliferation across North America.

1. Lorlene Hoyt, *The Business Improvement District: An Internationally Diffused Approach to Revitalization* (Washington, DC: International Downtown Association, 2004).

2. This definition is simplified from the original definition garnered from Lorlene Hoyt and Devika Gopal-Agge, “The Business Improvement District Model: A Balanced Review of Contemporary Debates,” *Geography Compass* 1 (2007): 946-958. The original definition reads, “BIDs [are] privately directed and publicly sanctioned organizations that supplement public services within geographically defined boundaries by generating multiyear revenue through a compulsory assessment on local property owners and/or businesses.”

The second section examines the more recent spread of BIDs to other parts of the world. Then, focusing again on the United States, the third section describes some of the more innovative BID efforts today. In some cases there have been significant controversies relating to BIDs, as the fourth section examines. Finally, the fifth section proposes that, if BIDs have been a large policy success to date, perhaps their future governance role in America's cities should be enhanced, which might include the granting of additional powers to BIDs while devolving those powers away from higher forms of government.

I The Rise of BIDs

DURING THE MID-1960S, a group of small businessmen came together in Toronto, Canada and devised a new approach to collective action to improve their neighborhood. They wanted to eliminate the problem of free riders, namely, businesses that gained the benefits of the local voluntary association but did not contribute themselves. Hence, the local businessmen “explored the feasibility of an autonomous, privately managed entity with the power to impose an additional tax on commercial property owners to fund local revitalization efforts.”³ The legislation to create such a business district passed in 1969. The idea soon spread and by 1975, there were 150 “assessment-financed” BIDs in Ontario alone.⁴

Although the development of BIDs first occurred in Canada in the early 1970s, the subsequent proliferation of special business districts in the United States can be thought of as an extension of three previous concepts—the special purpose district, the special assessment district, and the special zoning district.⁵ State governments in each case had enacted specific authorizing legislation for these districts. However, whereas the earlier

special districts were most often involved in funding infrastructure, BIDs are usually designed to improve the common services and the environmental quality of a neighborhood.

In the U.S., the oldest BID is the New Orleans Downtown Development District, which was established in 1975.⁶ The early BIDs were mostly in larger cities, although they have now spread to many smaller municipalities. In New York City, the first BID, as authorized by state and local legislation, was the 14th Street-Union Square District in 1984.⁷ There are now more than 55 BIDs in New York City alone.

The scope of individual BID responsibilities varies widely, as there is a broad range of potential services BIDs can provide for their members. The core functions of a typical BID are the provision of sanitation, security, and small-scale neighborhood physical improvements.⁸ The extent of these services depends on the needs of the neighborhood, the size of the BID, and the willingness of the members to assess themselves. Most BIDs, for example, provide street and sidewalk cleaning services, but for many larger, urban BIDs, such cleaning is a relatively greater part of the total expenditures.⁹

Many BIDs also emphasize security, including elements such as private supplementary security personnel; supplemental security paid for privately but provided by official police agencies; installation of closed circuit television cameras; and well-lighted sidewalks.¹⁰ Hoyt, in her extensive study of BIDs in Philadelphia, found that “lower property crime rates not only differentiate but also predict BID areas from Non-BID areas, and that the lower crime rates are not matched by higher crime in surrounding blocks.”¹¹ In the case of Philadelphia, the presence of BIDs thus has been shown to help decrease overall crime across the city.

3. Hoyt and Gopal-Agge, “The Business Improvement District Model,” 946-958.

4. Lorlene Hoyt, “Business Improvement Districts: Untold Stories and Substantiated Impacts” (dissertation in city and regional planning, University of Pennsylvania, 2001), 4.

5. Ibid.

6. Lawrence O. Houston Jr, *Business Improvement Districts* (Washington, DC: Urban Land Institute, 1997), cited in Lorlene Hoyt, “Business Improvement Districts,” 32.

7. Douglas Martin, “Districts to Improve Business Proliferate,” *New York Times*, March 25, 1994.

8. Hoyt and Gopal-Agge, “The Business Improvement District Model,” 946-958.

9. Lawrence O. Houston, *Business Improvement Districts*, 2nd ed. (Washington, DC: ULI-the Urban Land Institute in cooperation with the International Downtown Association, 2003).

10. Ibid.

11. Lorlene Hoyt, “Do Business Improvement District Organizations Make a Difference? Crime in and around Commercial Areas in Philadelphia,” *Journal of Planning Education and Research* 25, no. 2 (2005): 185-199.

2 BID Effectiveness

Although street and sidewalk cleaning and security provision are typically the leading budget items, almost all BIDs use some of their funds for the purpose of marketing their districts.¹² These marketing efforts can range from activities such as branding the BID as a definable geographic entity that store owners and restaurants can use in their advertising (such as “Copper Square in downtown Phoenix”) to traditional advertising such as billboards and commercials. BIDS sometimes place street signs to physically demarcate their boundaries for local business purposes. Often, these marketing campaigns are designed to attract people to downtown urban locations instead of suburban malls for shopping and entertainment.¹³

Despite their growing importance for American urban governance, so far BIDs have not received wide attention among urban researchers. One of the few nationwide surveys of BIDs, conducted in 1999, identified at least 1,000 BIDs. These BIDs were found in 42 states and the District of Columbia. Their sizes ranged from 100 blocks or more to as small as a single city block.¹⁴ Of the total BIDs in 1999, almost 60 percent were created after 1990 and nearly 28 percent after 1995,¹⁵ reflecting the short history of the BID movement. More recent estimates suggest that there are now at least 1,500 BIDs in North America as a whole.¹⁶

A survey focusing on adoption patterns of BIDs in California found that BIDs are “widespread among the larger cities in California, and prevalent but not extremely frequent among all cities in the four largest Southern California counties.” Overall, the survey reported that BID adoption in California has become an increasingly frequent mechanism for the provision of local public goods.¹⁷

BECAUSE BIDS ARE a comparatively recent policy innovation, measuring the precise effectiveness of BIDs has only just begun. Sometimes this measurement occurs in the context of BID members trying to determine whether they are receiving their money’s worth, while other times it takes place through more formal research. Richard Briffault, a leading law scholar writing about urban governance in the United States, found that while the evidence was mainly anecdotal, there was an abundance of positive testimonies from people who had had direct experience with BIDs:

BIDS are also popular because of the widespread belief that, unlike municipal government, “BIDs really work.” News stories regularly trumpet the successes of BIDs in tackling crime, grime, and social disorder. BIDs are “more effective than government,” efficient, “innovative,” and “trailblazers in solving . . . urban quality-of-life problems.” BIDs are credited with playing an important role in restoring urban morale and making older downtowns more attractive places to shop, visit, do business, and seek entertainment. There is actually little hard evidence that BIDs have caused property values to rise, or that property values have grown more rapidly in BIDs than in comparable areas without BIDs, but most landowners appear satisfied with BID services.¹⁸

The 1999 nationwide survey of BIDs, was equally positive. Jerry Mitchell, the first scholar to do a systematic survey of BIDs in the U.S., found that in many urban areas across the United States,

12. Richard Briffault, “A Government for Our Time? Business Improvement Districts and Urban Governance,” *Columbia Law Review* 99, no. 2 (1999): 365-477.

13. Houstoun, *Business Improvement Districts*, 2nd ed.

14. Jerry Mitchell, *Business Improvement Districts and Innovative Service Delivery*, a report prepared for the PricewaterhouseCooper’s Endowment for the Business of Government (Arlington, VA: PricewaterhouseCoopers, November 1999), <http://www.endowment.pwcglobal.com>.

15. *Ibid.*

16. Polly McMullen, “Attracting and Keeping Members,” in David Feehan and Marvin D. Feit, eds., *Making Business Districts Work: Leadership and Management of Downtown, Main Street, Business District, and Community Development Organizations* (Binghamton, NY: Haworth Press, 2006), 116.

17. Leah Brooks, “Unveiling Hidden Districts: Assessing the Adoption Patterns of Business Improvement Districts in California,” *National Tax Journal* 60, no. 1 (2007).

18. Richard Briffault, “A Government for Our Time? Business Improvement Districts and Urban Governance,” *Columbia Law Review* 99, no. 2 (1999): 370.

BIDs have definitely become an integral part of the service delivery system of municipalities. . . . They are engaged with a diverse set of programs and projects, and even though the evidence is limited, they seem to be doing very well. It is obvious when walking around these districts that most of them are more visually appealing. No longer plagued by trash and grime, garish facades, deteriorating sidewalks, rundown parks, and nefarious individuals, there is a sense that the commercial centers of small, medium and large size communities have come back to life.¹⁹

Still more recently, a 2003 report on BIDs in the United States observed that they “tend to fill gaps in municipal services or compensate for what municipalities do not do well.” Lawrence Houstoun argues that “large-city BIDs can provide more focused and flexible forms of place management and service provision than can the various departments of [large] municipal bureaucracies. Because they are close and accountable to their customers—those who pay the assessments—BIDs can adapt quickly and creatively to new opportunities, take calculated risks, and try new approaches.” While BIDs have traditionally focused much of their energy on small physical improvements and security, some BIDs more recently have also entered into solving more challenging problems such as the presence of large numbers of homeless people and others in need who are poorly served by existing big-city institutions. As Houstoun comments, by taking advantage of their greater flexibility and smaller scale of operation, “BID managers often find themselves at the helm of undertakings to coordinate the efforts of a fragmented world of social service agencies, advocates for the homeless, business leaders, and the police to deal with homeless people” present within the BID area.²⁰

In a more recent study that examined the impact of BIDs in Los Angeles, Leah Brooks, a leading authority on BIDs, examined their effect on crime specifically, finding that, using many methods of estimation, BIDs were associated with significant declines of 6 to 10 percent. Strikingly, these decreases were often greater for serious crimes

than for less serious ones. Brooks concluded that “roughly \$3,000 of BID spending is associated with a decline in one additional crime” of any kind and about \$21,000 per violent crime. This suggests that BIDs are a particularly cost-effective tool for reducing urban violence in that the public police spend an estimated \$20,000 to \$84,000 per violent crime reduction.²¹

Despite the positive testimonies, additional research is necessary to determine more fully and precisely the actual impact of BIDs on their business neighborhoods. There is much opportunity to study BIDs using control groups—neighborhoods that came close to forming a BID but failed to do so—in order to compare the results of both neighborhoods.²² Also, further studies should reveal more clearly what BIDs do best and what responsibilities might be better left to voluntary private market endeavors or to the wider city government.

Nevertheless, the rapid spread of BIDs across the United States since the 1980s strongly suggests that they have been meeting an important urban need. They have provided a new sub-local governing mechanism, enabling small groups of neighborhood business owners to act collectively to obtain better public services and enhance the quality of their surrounding environments, even as wider city governments were unwilling or unable to perform these basic functions well.²³ The business members of BIDs have strong private incentives to promote their effective operation because a successful BID works to increase property values throughout the area.

3 International Proliferation

FOLLOWING THEIR SUCCESS in North America, BIDs have been spreading throughout the world, often adapted in various ways to conform better to local laws and customs. A research project undertaken in 2002 found “more than 1,200 BIDs and BID-like organizations in Australia, New Zealand, Japan, South Africa, Canada, Belgium, Germany, the United Kingdom, the Netherlands, Norway, and

19. Mitchell, *Business Improvement Districts*, 27.

20. Houstoun, *Business Improvement Districts*, 2nd ed., 9, 13, 11.

21. Leah Brooks, “Volunteering to be Taxed: Business Improvement Districts and the Extra-governmental Provision of Public Safety,” *Journal of Public Economics* 92, no. 1-2 (2008).

22. For examples of this methodology see Leah Brooks, “Volunteering to be Taxed,” and Marlon G. Boarnet and William T. Bogart, “Enterprise Zones and Employment: Evidence From New Jersey,” *Journal of Urban Economics* 40, no. 2 (1996).

23. See Richard Briffault, “The Rise of Sublocal Structures in Urban Governance,” *Minnesota Law Review* 82 (December 1997).

elsewhere in Europe.”²⁴ These BIDs, admittedly, have structural and operational differences, providing different baskets of services and obtaining and spending their funds in varying ways. For example, only 27 percent of respondents in Canada said their BID was “very involved” in security, while 100 percent of BIDs in South Africa answered that question affirmatively.

In the United Kingdom, urban policy is currently shifting away from Town Center Management Partnerships (TCMPs)—local improvement organizations that are publicly funded through general tax revenues. Instead, following the example of BIDs in the United States, many local UK improvement districts in the future will be more narrowly targeted and will rely on property assessments of the surrounding neighborhood property owners. According to Kevin Ward, an expert on BIDs, “it is the US model of city and town centre management that caught the attention of UK policymakers . . .”²⁵

BID-like organizations have also become popular in South Africa, where they are called City Improvement Districts (CIDs). The first was started in Johannesburg in the 1990s. As noted above, BIDs in South Africa focus much of their efforts on safety and security, with this effort usually representing 60 to 70 percent of their budgets.²⁶ To further fill the gaps left by wider public governments, more than one third of BIDs in South Africa also have a high level of involvement in the provision of social services—a rarer feature in the U.S., Canada, and New Zealand.²⁷ For example, the Central Improvement District of Cape Town “confronts issues like homelessness and drug abuse among children. In the absence of effective interventions from other agencies, this BID strives to create social order by offering shelter and care to impoverished children.”²⁸

BIDs are also spreading to additional countries such as Ireland and Serbia. BIDs can function differently among countries and sometimes within countries, depending on the problems a BID is designed to face and its specific authorizing legislation. The potentially wide scope of BID operation is actually an asset because it enables BIDs

to tackle many different problems at the local neighborhood level in many different ways, corresponding to local needs and circumstances.

4 Innovative BIDs in the United States

IN THE UNITED STATES, features common to all BIDs include encompassing a sub-local area within a wider municipality or other governing jurisdiction, raising revenues by assessing business property owners in the neighborhood, and governance by a private board of directors. In other respects, there are many differences.

In some cases, BIDs have been resolving difficult urban problems, such as creating safer neighborhoods, that had long defied the best efforts of much larger—and often clumsier—big city governments.

Some have minimal staff capacity and perform only a few basic functions. Others have substantial administrative organizations that enable them to undertake wide-ranging efforts to improve their BID area.

In recent years, following up on past successes of BIDs in achieving narrower goals, increasing numbers of BIDs have been taking on wider governing functions. In some cases, BIDs have been resolving difficult urban problems, such as creating safer neighborhoods, that had long defied the best efforts of much larger—and often clumsier—big city governments. Moreover, as an innovation in urban governance, BIDs have the advantage of offering a fresh start. It is easier for them to discard old methods that have failed and devise novel approaches. They may be able to operate outside the rigid rules and procedures that stand as an obstacle to more effective

24. Houston, *Business Improvement Districts*, 2nd ed., 165, referencing <http://www.urbanrevitalization.net>.

25. Kevin Ward, “Policies in Motion, Urban Management and State Restructuring: The Trans-Local Expansion of Business Improvement Districts,” *International Journal of Urban and Regional Research* 30, no. 1 (March 2006).

26. Houston, *Business Improvement Districts*, 2nd ed., 172.

27. Lorlene Hoyt, “Planning Through Compulsory Commercial Clubs: Business Improvement Districts,” *Economic Affairs* 25, no. 4 (2005): 24-27.

28. *Ibid.*

governance in older municipal governments. Illustrative of these trends, some of the more innovative BID efforts in recent years include the following three cases.

4.A: Enhanced Security in Portland, Oregon

IN THE 1980s, Portland, Oregon was typical of many urban areas across the United States in that it faced “escalating problems from transient street people.” It was not unusual to find “individuals sleeping in doorways and loitering in groups, aggressively begging, or publicly intoxicated.” In many downtown neighborhoods, there was “evidence of public urination and defecation, litter, and graffiti [that] sent the message that these areas were less than safe.” Local businessmen demanded that the city government take action to address these problems, but the large municipal bureaucracies often failed to respond adequately. Eventually, some businessmen concluded that the problems were “beyond the control of municipal governments suffering from years of stagnating revenues and a series of court decisions that invalidated municipal ordinances designed to give the police tools to address these issues.”²⁹

For example, when business leaders went to the chief of police with a proposal to pay for ten additional policemen to patrol their downtown neighborhood, the chief “thanked the business leaders for their support, said he could really use the ten additional officers, but if he had the personnel, he would deploy them in seriously affected neighborhoods across the river from downtown.” Deciding that they had to resolve the downtown problem themselves, the Portland businessmen formed a BID that was given the descriptive name of “Downtown Safe and Clean.” As related by the former vice president of this BID, Rob DeGraff, subsequent surveys by the Portland government showed that “the number of respondents saying that they feel ‘safe’ or ‘very safe’ in downtown Portland has gradually increased since the BID has been put in place.”³⁰

To attack its security problem, the Portland BID implemented a multi-pronged approach. It established a program to clean the large amounts of litter from the streets on a daily basis. It also removed the widespread graffiti

in its neighborhood, including pressure washing buildings and sidewalks. The BID worked to identify the worst graffiti offenders and to threaten them with criminal prosecution. In order to add security patrols in the area, the BID “adopted a unique two-tiered approach—their security contractor employs retired police officers who are armed and outfitted in uniforms that project a strong law enforcement message.” At the same time, in order to maintain a more welcoming image, the BID deployed another group of people as “goodwill ambassadors, who dress in distinctive uniforms that do not send an authoritarian message, to provide information to tourists and other users of downtown.”³¹

Many of the problems in the Portland BID neighborhood stemmed from the presence of people with serious mental illnesses. To address this problem, the BID developed “Project Respond,” which supports a “mobile team of mental health outreach workers who respond to calls for service from the BID, the police, or other downtown businesses” seeking to arrange for the provision of existing city services for the mentally ill. To address the problem of panhandling, the Portland BID created an innovative program of “panhandling vouchers,” redeemable only for food and services.³² Giving these vouchers to tourists and other visitors to the BID area created an alternative to outright refusal of panhandler requests for money. The Portland BID also worked with the city government to rewrite rigid laws that—in the name of civil liberties—often hampered efforts to deal with people whose behavior was threatening or disruptive to visitors.

As DeGraff explains, this is a wider problem across the United States: “Many BIDs have identified problems with city codes designed to manage street disorder. . . . Some BIDs have gotten involved in efforts to rewrite these ordinances so that they conform to current judicial interpretations but still provide a tool for police to use when attempting to manage difficult behavior on the street.” For example, although it might not be legal to prohibit all begging, “ordinances have been [successfully] adopted, with BID support, regulating where individuals can beg, specifically banning such behavior proximate to automatic teller machines, at transit stops, or at other locations where the target of the request may not have the freedom to move away from the supplicant.” In Seattle,

29. Rob DeGraff, “Clean and Safe: Basic Requirements,” in Feehan and Feit, eds., *Making Business Districts Work*, 163.

30. *Ibid.*, 165, 170.

31. *Ibid.*, 165-166.

32. *Ibid.*, 168-169.

Washington, “the city . . . passed an ordinance against sitting and lying on the sidewalk in a commercial district during business hours.”³³

4.B: Reviving a Commercial District in New York City

AS HOWARD KOZLOFF, an urban redevelopment consultant, relates, for decades 34th Street in Manhattan was “the city’s premier shopping destination for locals and tourists alike.” In the 1970s and 1980s, however, 34th Street and its surrounding areas—like many other inner-city neighborhoods across the United States—encountered a litany of urban problems. The 34th Street neighborhood experienced a growing fear of crime, littered streets, widespread graffiti, poorly maintained city parks, ineffective city services, loss of key businesses, and other elements of “general urban decline.” By the early 1990s, the whole area was suffering from “retail flight, economic decline, and visual blight.”³⁴ Yet, centrally located in Manhattan, the area also had impressive assets, including the presence of the Empire State Building, Madison Square Garden, and Penn Station.

New York City has been a pioneer in using BIDs to improve urban neighborhoods. Observing the successes of earlier BIDs in New York, neighborhood businesses banded together to create a new BID, the 34th Street Partnership, that commenced operations in 1992. As of 2004, the 34th Street BID includes a total of 33 million square feet of space, with retail, office, and residential occupants. The administration of the BID is financed by an assessment of \$0.20 per square foot on the commercial occupants (30 million square feet), and the BID is governed by a 30-member board of directors. The BID employs its own staff of more than 50 sanitation workers who now do most of the street and sidewalk cleaning throughout the district, including removing graffiti and illegal posters, cleaning street signs, pressure washing sidewalks, and other general cleanup tasks. As a result, “graffiti and litter have been virtually eliminated.”³⁵ The 34th Street BID’s proposed operating budget to cover all its services and other activities totaled \$8.9 million for 2004.

Writing in 2003, Kozloff testified to the major successes the BID had achieved. “A walking tour of the district today reveals an impressive turnaround—a sophisticated and substantially upgraded streetscape, an absence of graffiti and litter, a distinctive and orderly appearance, many people on the sidewalks, and the presence of Greeley Square and Herald Square [parks] as oases of quiet.”³⁶ Left to management by the New York City government, they had become “neglected and barren plazas” that were “havens for drug sellers and muggers.” As one of its first efforts, the 34th Street BID undertook a two-year capital investment project to improve the state of the parks. It also took over from the City the responsibility for their future operation and maintenance. Kozloff describes the BID strategy for transforming these formerly dirty and deteriorating park areas into the attractive “oases for the district’s residents, workers, and visitors” that they have become.³⁷

The Herald and Greeley Squares project involved resurfacing the plazas and installing decorative wrought iron fences in the style of other New York City parks. The new 34th Street district style guided the design for the new decorative planters, trash receptacles, and light poles. Flower beds and shrubs were planted to make the plazas more park like and buffer them from traffic. Stadium style lights were installed on neighboring rooftops to illuminate the parks after dark. All of these elements plus movable chairs and tables in the style of Bryant Park, drinking fountains, and automated self-cleaning pay toilets—a first for the city—make for an urbane setting.³⁸

The 34th Street BID has installed 542 concrete planters, 150 elevated baskets, and 119 tree pits throughout the parks and streets of the district. It has worked to improve private parks in the BID area as well, including a new park adjacent to Penn Station that had formerly been used as a taxi stand. The BID has its own staff of urban designers who include industrial and graphic designers, architects, horticulturalists, and retail experts. Among their responsibilities, they act to coordinate “the branding of the district by the use of consistent, coordinated, and identifiable designs that unify the streetscape elements.”³⁹

33. *Ibid.*, 169-170.

34. Howard Kozloff, “34th Street Partnership,” a case study included in Houston, *Business Improvement Districts*, 2nd ed., 176.

35. *Ibid.*, 182.

36. *Ibid.*, 176.

37. *Ibid.*, 181.

38. *Ibid.*

39. *Ibid.*, 180.

The BID operates four taxi stands that serve Amtrak passengers, Madison Square Garden patrons, and district shoppers, making it “the nation’s largest operator of such [taxi] facilities.” As a result, visitors to the district “find their visits easier and less threatening because the partnership’s stands have discouraged the ‘bag hustlers’ who once plied their trade” in the area. The BID installed “300 new light poles and fixtures with bright-white metal halide lighting.”⁴⁰ An in-house security staff of more than 40 provides patrols on BID streets for 16 hours per day, 7 days per week, coordinating closely with the New York City police department. Partly reflecting wider declines throughout New York City, crime rates within the 34th Street BID area fell by more than 75 percent from 1992 to 2003.

BIDs also seek to define a commercial identity for their area in order to attract more visitors and to increase overall property values, partly in hopes of competing more effectively with suburban shopping malls. This branding can involve various efforts that go beyond simply improving the area’s physical environment and security. As Kozloff notes, the 34th Street BID

has established a retail services department that works to help existing retailers and to attract strong new retail tenants. Its professional staff provides store owners with assistance on marketing, promotion, the design of storefronts and signs, legal issues, and zoning regulations. A program to help the owners of small shops better merchandise their offerings through redesign of their show windows, awnings, and signs has resulted in the improvement of more than 40 storefronts. To recruit new retail tenants to the district, staff collects demographic data, conducts pedestrian counts, and distributes up-to-date real estate and retailing information to retailers, property owners, and leasing brokers.⁴¹

4.C: BIDS—Agents of Business Development

THE 34TH STREET BID in New York City is not alone in working with local businesses to formulate a business strategy or in seeking to attract compatible uses to the area that will complement existing businesses and

increase property values for all involved. Indeed, as BIDs take on more governing tasks and become more ambitious in their neighborhood improvement goals, some have begun actively promoting the wider economic development of the BID area. Gary Ferguson, a national expert in downtown redevelopment, comments that “BIDs have been late to embrace economic development as a core element of their work.” The traditional attitude was that a BID should be “silent” and “hands off” with respect to the numbers and types of businesses that might want to enter the district.⁴² But seeking greater influence over their future character, and in some cases hoping to establish a well-defined district identity, many BIDs in recent years have actively entered into the process of promoting and influencing the character of neighborhood business development.

One of the ways by which a BID can promote economic development is by “assembling and disseminating data to the key players in the economic development process.” These can include “real estate brokers, leasing agents, building managers, property owners, real estate appraisers, bankers, secondary and bond market representatives, and government officials. All play some role in business development and all have data requirements.” Such requirements may be more efficiently supplied by a BID than by many groups and individuals having to develop the data separately. Another role is “the BID [as] conduit or *facilitator*, linking the [business] prospect with private-sector individuals able to consummate deals. Such individuals are typically real estate brokers, building managers, or property owners.” In response to new expressions of business interest, BIDs may “screen . . . possible locations and spaces” within the neighborhood, thus helping to match up the needs of the prospective businesses with the economic assets present in the area.⁴³

A still more active form of encouraging economic development, as Ferguson reports, involves “the BID assuming a predevelopment and project formulation role.” For example, a BID in Ithaca, New York hired a national residential market research firm to undertake a study of the housing market within its area, showing that there was strong housing demand. The study saved private developers the cost of generating this data and attracted some of them to build within the BID area. Going still further into actual development activities themselves,

40. *Ibid.*, 182, 183.

41. *Ibid.*, 181.

42. Gary Ferguson, “Economic Development for BIDs,” in Feehan and Feit, eds., *Making Business Districts Work*, 270, 272.

43. *Ibid.*, 273-275.

“a small but growing number of BIDS have created subsidiary or separate local development corporations (LDCs) capable of undertaking any or all phases of normal development.”⁴⁴

The private business owners within the area of a BID will have a strong incentive to promote the BID’s economic success. If more businesses come in, their own private property values may rise substantially. Then, because a BID is focused on a smaller and more targeted area, and because it has a greater private flexibility of operation, BIDs may succeed in promoting economic development where wider city efforts would fail.

4.D: Addressing Homelessness in Los Angeles

KENT SMITH IS the executive director of the Los Angeles Fashion District, a BID in downtown Los Angeles that has succeeded in attracting more than 500 new stores and 800 new residences to the area since 2000. The success of this BID depended in part on mitigating the chronic, severe problem of homelessness. As Smith notes, “perhaps nowhere in North America are homeless people so concentrated than on the streets of downtown Los Angeles. In a county where an estimated 88,000 people are homeless on any given night, approximately 13,000 of those are downtown.”⁴⁵

Smith relates that, for many years, Los Angeles permitted “chronically homeless people with self-destructive lifestyles to live on the streets of downtown.” The result was street encampments, where homeless people lived in donated tents or cardboard boxes, often in front of downtown businesses. Lacking proper sanitation, these encampments are reservoirs of disease, sometimes fatal. The presence of the homeless is often threatening to tourists and other customers of neighborhood businesses. A further problem is disruptive behavior from mentally ill homeless, hampering “pedestrian activity that is so vital to commercial success.” Criminal activity—particularly due to recidivism—is also problematic, since the shortage of municipal facilities led to many homeless being sent to the area when released from prison.⁴⁶

The problems were so challenging that city government had essentially given up. Smith notes that even

the Los Angeles Police Department did not want to deal with them.⁴⁷ However, business owners in the area had incentives to try to resolve these problems. Improving the downtown environment would likely make it better for business. Consequently, they formed seven BIDs in downtown Los Angeles. The LA Fashion District BID was the first in 1996, followed by the Downtown Center BID in 1998, the Historic Core BID in 1999, the Toy District BID and the Downtown Industrial BID in 2000, the Chinatown BID in 2001, and the Little Tokyo BID in 2004.

One BID concern was the large amount of shopping carts, blankets, and other personal property homeless people often left on the streets. The American Civil Liberties Union was providing legal defense for the homeless; thus, the courts would not allow the BIDs to simply collect and dispose of the property. Under court order, the Toy District BID and the Downtown Industrial BID therefore established

a “check-in” facility for the homeless to store their possessions. Usually operated by the public sector in other cities, the Toy District/ID BIDs were compelled to establish the facility to address the large amount of personal property left by the homeless in their districts. A [BID] property owner donated 20,000 square feet in a warehouse building in which 150 donated containers were placed on the shelves. [Homeless] individuals could access their container on a daily basis. The facility is open seven days a week, from 8:00 a.m. to 8:00 p.m. and is used daily by over 250 people.

The effect of the Personal Possession Check-In Facility has been immediate. The sidewalks are now clear of possessions and shopping carts, and businesses have been able to function without interference.

Although this solution works well, it is costly. The Toy District/ID BIDs estimate that it costs \$50,000 per year to staff the facility.⁴⁸

As Smith describes, the downtown Los Angeles BIDs have stepped into the role of orchestrating the provision of city services for the homeless.

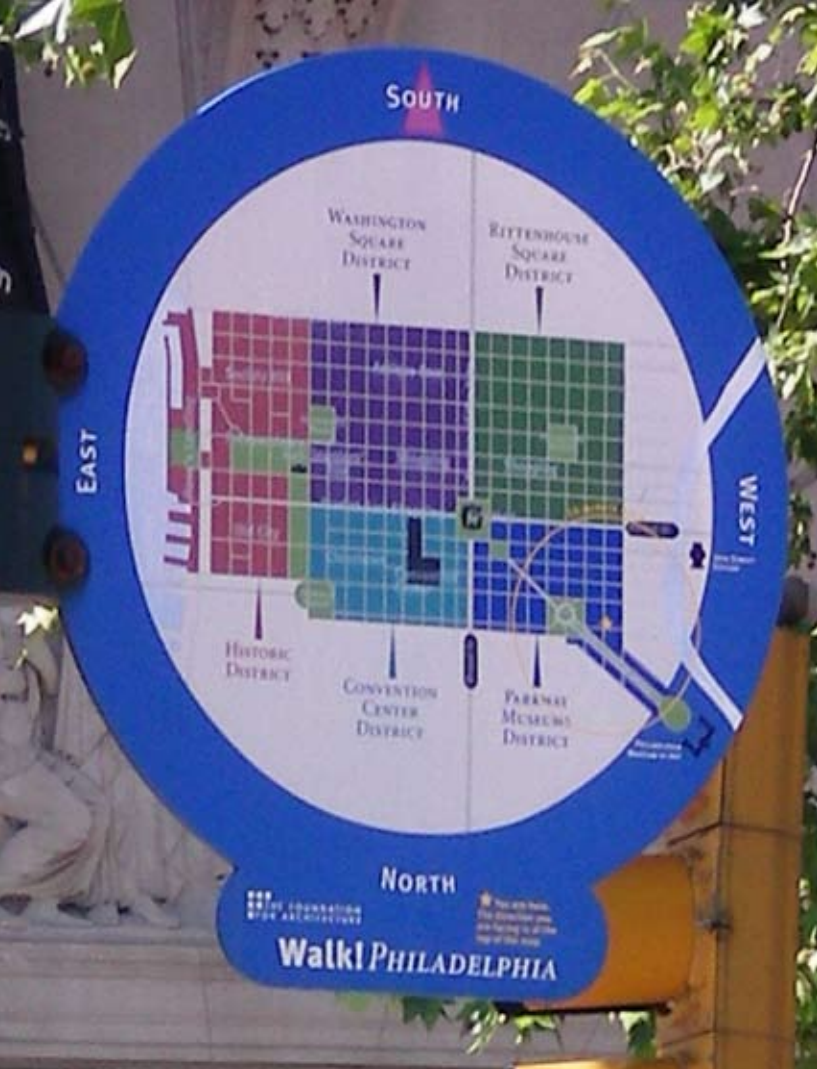
44. *Ibid.*, 280-281.

45. Kent Smith, “The Homeless Situation in Los Angeles and the BID Response,” in Feehan and Feit, eds., *Making Business Districts Work*, p. 403.

46. *Ibid.*, 404, 407.

47. *Ibid.*

48. *Ibid.*, 405-406.



Signs play an important role in BIDs. Signs help orient tourists, define the boundaries of the districts, provide historical and cultural information, and point the way to popular attractions. (From above in a clockwise direction: A walker's map, Center City District, Philadelphia, PA; A BID marketing sign, Central City Improvement District, Cape Town, South Africa; Historical and cultural information in Love Park, Center City/Parkway Museum District, Philadelphia, PA; Directions to popular attractions near the Museum of Art, Parkway Museum District, Philadelphia; A cultural attraction sign in the Newtown District, Johannesburg, South Africa; A marketing sign, the Golden Triangle BID, Washington, DC.

(Photo Credits: Jennifer Zambone (PA); Daniel Sacks (SA); and Joanna Andreasson (DC))





the Downtown Center BID . . . decided to set up a BID outreach team to address the mentally ill, shelter-resistant homeless, who are the most difficult to get into service programs.

The outreach team partnered with the psychiatric unit of one of the local hospitals and used the BID outreach teams as first contacts with these individuals. The teams are made up of one formerly homeless individual and a BID Safe Team member. The team members are given training in recognizing the signs of mental illness and are tutored in facilitating substantive yet compassionate interactions with homeless individuals. The BID Action Team is also linked with service providers who can address their various needs.

The LA Fashion District has also partnered with the local missions to ensure that emergency shelter beds are available in the event BID Safe Team members encounter encampments in the district during their patrols.⁴⁹

Given the magnitude and historic intractability of homelessness, it is not surprising that the BIDs have not entirely resolved the problem. “The county jail, hospitals, and other municipal police departments continue to dump people with no place to go into Skid Row.” Yet, the improvements in the BID areas, combined with the attractions of the downtown location, have been sufficient to sustain “the opening of major entertainment venues such as Disney Concert Hall, The Orpheum Theatre on Broadway, Staples Center, and innumerable restaurants [that] have led to much more evening activity in downtown.” These seven Los Angeles BIDs have demonstrated a new level of skill and resourcefulness in finding answers to the presence of many thousands of homeless people, previously ill-served by wider city service providers.⁵⁰

There are many other seemingly intractable urban problems that might yield to a similar level of innovation, flexibility, and effort, as demonstrated in recent

years by BIDs in Portland, Los Angeles, and other areas across the United States. Indeed, many of the big-city neighborhoods with the greatest problems today are not mainly populated by businesses but by residential property owners. Perhaps the institution of the urban BID could be extended to urban residential neighborhoods as well. It might be called a Residential Improvement District, or RID.⁵¹

5 BID Criticisms

NOT EVERY ASPECT of BIDs has met with universal approval. Indeed, BIDs have been criticized on various grounds: the supposed privatization of public space; the creation of inequalities in public service delivery within the wider city jurisdiction; the addition of an additional and unnecessary layer of government; and the role of BIDs as quasi-private bodies with, in effect, public taxing authority.

Many criticisms revolve around the concern that the use of public streets should not be subject to a large private influence. As noted above, BIDs frequently hire private security guards to patrol their streets. They put up signs that are designed to give the neighborhood a specific identity, much in the manner of a private shopping mall. They attempt to minimize the visibility of homeless people and others who might seem to be threatening to visitors. In these and other respects, there is an element of privatization of the neighborhood and its streets. This may seem to violate the clear separation between “public” and “private.”

This separation is of concern because in the private sector, the ability to command goods and services depends on the financial resources of the purchaser. In private markets, rich people can buy more and better items of consumption than poor people. While not nearly as drastic, the creation of BIDs extends this private feature into urban governance. Neighborhoods with a BID may have the financial resources to purchase better services than

49. *Ibid.*, 406.

50. *Ibid.*, 409.

51. See Robert H. Nelson, Kyle McKenzie, and Eileen Norcross, *From BIDs to RIDs: Creating Residential Improvement Districts*, Mercatus Policy Series, Policy Comment No. 20 (Arlington, VA: Mercatus Center at George Mason University, May 2008). See also Sanford Ikeda and Peter Gordon, *Power to the Neighborhoods: The Devolution of Authority in Post-Katrina New Orleans*, Mercatus Policy Series, Policy Comment No. 12 (Arlington, VA: Mercatus Center at George Mason University, August 2007).

are available to other neighborhoods in the same urban jurisdiction. Thus, it might be said that BID presence introduces an element of suburbanization into the governance of America's large central cities. In fact, there is a long history in the United States of fragmented metropolitan governance. Since the early twentieth century, small municipal jurisdictions with greater financial resources have been able to purchase more and better services than other small municipal jurisdictions with fewer resources. Critics have objected to the supposed inequality of these suburban patterns of governance. Similar criticisms are now sometimes extended to the alleged fragmenting and privatizing effect of the spread of BIDs in inner-city areas.

Because of their efforts to keep homeless and other disruptive people in minimal public view, some BIDs are accused of violating the civil rights of these people. Yet, as noted in the examples above, wider city governments have often failed such vulnerable citizens (who are not likely to be voters). As long as courts and other advocates for the homeless are present to defend their interests, the greater administrative capacities and flexibility of BIDs can be put to work to the advantage of the homeless. BIDs have their own strong private incentives to aid homeless individuals, seeking to place them in better facilities than the open streets.⁵² Some BIDs have been at the forefront of hiring formerly homeless individuals.⁵³ Currently one of the major tasks of BIDs in South Africa is to provide social services to people on the streets who are often in a dire state of need.⁵⁴

Another criticism is that BIDs simply add another layer of coercive government that may not use tax dollars effectively. BIDs are usually created by some kind of supermajority petition or vote. Hence, most BIDs will have at least some members who were opposed to the district's creation. Others may object to the outcomes of the BID political process, as reflected in the decisions of the BID board of directors. Commonly asked questions include: Are BIDs responsible to their constituents? Do they have the power to increase taxes without creating sufficient additional benefits?

Fortunately, unlike most other forms of government, many BIDs have a sunset clause in their founding charters. After a certain amount of time, such as every five years, the future existence of a BID can be put to a vote.

The idea is that if the constituents of a BID have become dissatisfied with the services provided, or if the services have not lived up to their expectations, it should be easy to dissolve the BID.

BIDs do have the coercive authority to assess their members—an element potentially objectionable in a quasi-private organization that includes at least some people who did not give their voluntary consent. The level of authority exercised by a BID, however, pales before that of big city municipal governments. The taxes and the regulations of the wider city exert an omnipresent influence on the actions of people everywhere in the jurisdiction, including people in BID neighborhoods. To the extent that BIDs may partially substitute for some wider city roles, it will at least be the property owners in the immediate neighborhood who represent the relevant body for collective decision making, not some distant city council or other legislature that may be unresponsive to neighborhood concerns.

BIDs are admittedly a hybrid of “the public” and “the private” that do not readily conform to leading legal and economic theories often seeking to make clear distinctions between these two categories. Whatever intellectual confusions they might introduce, the case for BIDs is first that they are a pragmatic quasi-public, quasi-private adaptation that have often demonstrated their ability to successfully solve some previously almost intractable urban problems in the United States. Second, in the modern state, the distinction between public and private has never been as clear as many people might suggest. For instance, when “public” zoning can rule out 80 percent of the “private” uses of some business or residential land, it is not clear in what meaningful sense the land can be described as either “public” or “private.”

6 Alternatives for New BID Powers

GIVEN THE PAST successes of BIDs, giving them an enhanced role in American urban governance may further improve urban neighborhoods. One way to do this would be simply to create more BIDs under existing BID authorizing legislation. A second possibility would be to pass new authorizing legislation that might provide for new or expanded powers for BIDs.

52. Paul R. Levy, “Paying For the Public Life,” *Economic Development Quarterly* 15 (2001): 124-131.

53. *Ibid.*

54. Hoyt and Gopal-Agge, “The Business Improvement District Model,” 946-958.

This section describes some alternatives for the latter. Each authorizing jurisdiction could review a menu of possible BID powers and make its own decisions about which powers to adopt. One of the reasons for the past success of BIDs is the flexibility that has allowed them to be tailored to specific neighborhood needs and circumstances.

6.A: BID Regulatory Authority

CITY LAND USE regulations might be divided into two categories—those that affect broader matters of inter-neighborhood significance and those that affect matters of only intra-neighborhood significance. The city would necessarily retain responsibility for the former, but at least some of the latter regulations might be devolved to the level of the BID.

A partial model for this might be a historic district. BIDs and historic districts are similar in that they both involve sub-local units of government, typically of neighborhood size. But in other ways historic districts and BIDs are quite different. The historic district usually has strong regulatory powers but no taxing authority. By contrast, a BID usually has taxing authority but no regulatory powers. Perhaps it is time to consider forming new “super-BIDs” that would combine the regulatory authority of a historical district with the taxing authority of a traditional BID.

In many cases, urban neighborhoods assert historic significance, however real or fictional, because they want the neighborhood-level regulatory powers of a historic district. Or, as Carol Rose, an expert on property law, explains, “Another motive that leads cities to designate historic districts is attracting taxpaying businesses and middle-class residents to the city. . . . Cities hope that historic district designation of a decaying residential or commercial area will call attention to the underlying quality of the structures of the area” and will provide a new security of investment.⁵⁵ Without going as far as a historic district in asserting comprehensive powers over every aspect of the exterior of buildings, BIDs might be given a new regulatory role in maintaining the quality of the neighborhood environment.

As long as a land use issue is of concern only to the immediate neighborhood, BIDs might also prove to be more flexible and effective administrators of neighborhood land use regulations, just as they have shown themselves to be in other tasks. As one urban commentator has put it, “Among the most trying problems for businessmen around the country are the difficulties of contending with a mass of overlapping and sometimes conflicting local regulations. . . . Reducing unproductive regulations promises to be of special benefit to small businesses and property owners, who often lack the professional skills of larger businesses to deal effectively with city hall.”⁵⁶

The devolution of some city zoning and other regulatory powers to the BID might result in some cases in cutting back on, or simplifying, existing regulations, or in other cases perhaps tightening (somewhat in the manner of historic districts) the regulations. The point is that BIDs are small, local, flexible administrative organizations that, compared with the alternative of state or citywide bureaucracies, will often be better equipped to determine the best regulatory policies for the immediate neighborhood. Moreover, the members of BIDs will have a strong financial incentive to make sure that no offensive or otherwise inappropriate land uses are introduced into their immediate neighborhood environment.

The business of daycare, for example, is a highly regulated industry and provided on an extremely local basis. If the rights for regulating such activities were devolved to the local BID level, there would be fewer layers of government dealing with such issues and there would be a better chance that the amount of regulation would be found that best fits the needs of the residents of each individual neighborhood. Different states, cities, and even neighborhoods are filled with heterogeneous assortments of people who frequently have different demands and capacities, such as differences with respect to how they like their daycare run. Blanket regulations impose large costs due to the fact that overarching regulations impose serious tangible costs on some residents, but not on others. BIDs could be instrumental in decreasing these costs by reviewing the current regulations and then modifying them for the specific needs of the property owners of each neighborhood.

55. Carol M. Rose, “Preservation and Community: New Directions in the Law of Historic Preservation,” *Stanford Law Review* 33 (February 1981), 512, 524.

56. “A City-Planning Official on the Benefits of Enterprise Zones, 1982,” in Howard P. Chudacoff, ed., *Major Problems in American Urban History* (Lexington, MA: D.C. Heath and Company, 1994): 403.

Another example of the way in which neighborhoods could benefit from devolving some regulatory power to BIDs is the time-consuming and unpredictable process of permitting businesses and enforcing codes. Some city building codes are manifestly unrealistic given the age and history of a building. In these cases, codes encourage corruption and other forms of evasion of the law. With fire, health, and building code inspectors entrenched in the formalities of city governments and often strapped for resources, they can be inaccessible at critical moments. If these responsibilities were placed on the more local neighborhood level of the BID, the process for making these critical decisions might be sped up and handled in a more flexible, yet accountable, fashion.

These are no small concerns, as an example from post-Katrina New Orleans illustrates. Alice Craft-Kerney, a trauma nurse from New Orleans, attempted to open a health care clinic because she was acutely aware of the critical shortage of health care facilities after the storm. The clinic was set to open its doors, but was prevented from doing so by zoning officials who considered her clinic to be a commercial enterprise, conflicting with the ostensible “residential” zoning of her particular neighborhood.⁵⁷ If this neighborhood had been a BID—or perhaps a RID—the issue might have been handled in a much more expeditious fashion.⁵⁸

Other forms of regulation might also be devolved to the BID level. Again, New Orleans provides an example. In the months after Hurricane Katrina hit the Gulf Coast, rules on debris removal vastly complicated the cleanup process faced by both homeowners and businesses. If BIDs had been in place and had been in charge of the regulations surrounding debris removal, they would have been able to manage these rules more flexibly, lightening the regulatory load and speeding up the recovery process. Instead, in the absence of neighborhood responsibility, long delays occurred.

6.B: Devolution of Municipal Service and Other Administrative Responsibilities

ANOTHER POSSIBILITY FOR enhancing the governing role of BIDs would be the assumption of greater existing public service responsibilities—taking responsibil-

ity for the services instead of supplementing the current level of services. The types of services assumed might vary greatly from BID to BID, potentially covering a wide range of existing “micro” city services such as garbage collection, street maintenance, snow removal, park maintenance, and still others. Because of their decentralized quasi-private organization and greater administrative flexibility, BIDs might be able to provide many of these existing services at both a higher level of quality and a lower cost. These lower costs are, at least in part, due to competition between contractors bidding for the ability to perform the services.

Because of their decentralized quasi-private organization and greater administrative flexibility, BIDs might be able to provide many of these existing services at both a higher level of quality and a lower cost.

A service contract with the wider city would address a potential equity problem that some supporters of BIDs have raised. At present, the BID collects assessments from its members to provide services within the BID area. Some part of these services may duplicate or replace the current city provision of services in the area, reducing cost burdens for the city. Yet, BID members continue to pay their normal city taxes. This double taxation would disappear if the city contracted with the BID to return tax dollars for those services that replaced previous city provision.

Some BIDs have significant numbers of residential occupants along with their commercial members (and residential occupancy in special districts could expand significantly if cities authorize the creation of RIDs as well). In such cases, one example of a city service that could be provided on a more local level is that of school maintenance or even of schooling itself—whether that be one school, one level of schooling in a neighborhood (i.e., elementary schools), or all levels of schooling if the BID is large enough.

Interest in such an arrangement has already materialized in the Broadmoor district of New Orleans. In a

57. Dan Rothschild, “Nursing the Ninth Ward,” *Wall Street Journal*, August 11, 2007.

58. See Nelson, McKenzie, and Norcross, “From BIDs to RIDs.”

2007 *Gambit Weekly* article, Hal Roark, a member of the Broadmoor Charter School Board, said of the process to determine which schools to open in the clean-up aftermath of Hurricane Katrina, “The whole policy is screwed up.”⁵⁹ Latoya Cantrell, the president of a local improvement association, said that “millions of dollars are being spent on studies and planning, and nothing is happening. What are neighborhoods supposed to do, especially those that have picked themselves up and been proactive?” Roark, addressing why a certain school in the Broadmoor neighborhood—his pet project—has not been slated for reopening, said, “So what’s the mystery as to why Wilson is not on the list? . . . No one can produce the criteria because it’s all about politics.”⁶⁰ This example highlights how conflicts between local neighborhood initiatives and state mandated boards (in this case the RSD, a state-created board to take over New Orleans’ most troubled schools) can lead to large problems. Devolving this city service—school building recovery and to some extent the schooling itself—to BIDs (and potentially Residential Improvement Districts as well) could result in faster decision making and perhaps lower-cost ways of dealing with such problems.

6.C: Revenue-Raising Authority

MANY BIDs AT present raise their revenues through BID-wide assessments of property taxes. In some cases this is appropriate (although any existing limits on the level of taxes might have to be modified if BIDs are to take on more service responsibilities). But there are cases where other taxing approaches are more appropriate. Some BIDs might be authorized to impose a small sales tax, reflecting the possibility that the benefits of the BID might be more closely correlated with levels of sales than with the value of property ownership.

Some BIDs collect assessments on the basis of some physical measure such as square feet of floor space, rather than a monetary measure of property value. This method would probably work best where existing BID uses and facilities are fairly homogeneous.

Wider cities in the public sector seek to employ their tax systems in part for broad redistribution, but few BIDs have redistribution objectives as a main reason for their existence. Thus, they might wish to adopt taxing methods that assign payment responsibilities as closely as possible to the level of benefits realized from the BID presence.

7 Conclusion

FOR AT LEAST 50 years, most new local governments in the United States have been created on a scale much smaller than the typical large central city of nineteenth-century or earlier origin. Many American suburban municipalities are the size of a single urban neighborhood, and others are the size of only two or three urban neighborhoods. More recently, private community associations have proliferated across the United States, again showing a strong desire among many Americans for small-scale neighborhood governance—even if now private.⁶¹ It is possible for government at a smaller scale to tailor the types and levels of local services to the great diversity of America’s neighborhoods, allowing residents and property owners to more easily observe the quality of the governance they receive within their own neighborhoods and take steps to resolve any problems that may arise. Small-scale governments—both public and private—have proven more flexible and otherwise more adept than centralized city governments at meeting the needs of the property owners and residents of neighborhoods.

The spread of BIDs in many large central cities of the United States since the 1980s represents a step in a similar direction. BIDs have been one of the few success stories in what has otherwise been a bleak history of American urban policy. The role of BIDs in American urban governance, therefore, should be increased. More BIDs should be created, and the general governing role of BIDs, supported by appropriate legislation authorizing increases in their powers, should be enhanced.

59. Ariane Wiltse, “At Risk Schools: Broadmoor Residents are Anxious to Reopen a Neighborhood Public School, But So Far They Have Encountered Only Frustration and Delay. Is That a Sign of Things to Come?” *Gambit Weekly*, May 1, 2007.

60. *Ibid.*

61. See Robert H. Nelson, *Private Neighborhoods and the Transformation of Local Government* (Washington, DC: Urban Institute Press, 2005)



No longer "Filthydelphia": the Center City District's sidewalk sweepers clean up the area around Logan Circle, Philadelphia, PA.



Assuring the safety of BIDs: Public safety officers walk the streets of the the Center City Improvement District, Cape Town, South Africa.



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MERCATUS CENTER

GEORGE MASON UNIVERSITY

3301 North Fairfax Drive, Suite 450
Arlington, Virginia 22201
Tel: (703) 993-4930
Fax: (703) 993-4935