

Seminar Probes Business Improvement Districts

by David Domke

On October 1st the School hosted a seminar entitled "Business Improvement Districts: Public Service, or Private Government?" A business improvement district (BID) is a commercial area declared by city government to be worthy of special assessment. The district agrees to pay the city a supplementary tax and receives special and improved services in return. Typically a group of business and community leaders petition the city government to have their area designated as a BID. If the petition is successful, a plan is tailored to that specific area. At present there are thirty-three such districts in New York City.

The seminar was presented by Barbara Wolf, Assistant Commissioner for Neighborhood Development in the Department of Business Services and a coordinator of city services and BIDs and Nicholas Fish, Chairman of Community Board #5. Ms. Wolf, the first



Barbara Wolf



Nicholas Fish

to speak, began by giving some of the historical background behind the improvement districts. She then went into some detail describing the process by which an area becomes a BID. This process begins by establishing the boundaries of the proposed district and determining if there is a sufficient tax base to both sustain the supplemental assessment and generate the revenue necessary to run the district. No district, for instance, can assess more than 20% of its original property tax as its supplement. For areas with already low property taxes, 20% is usually not enough to qualify as a sustainable area. The additional assessment should be enough to pay for increased sanitation, security, landscaping, additional street lighting, capital improvements and—especially important for BIDs—promotion and marketing. BIDs that are just getting started often need to clean up the area's image. The usual media are newspaper ads, street fairs and advertising signs.

Ms. Wolf said that any formula for modelling a district "is left up to the community board and the business leaders themselves" as long as it is within the guidelines established by current state and city legislation. Then follows a (continued on back page)

BID Business...

(continued from page three) series of formal meetings between community boards, the planning commission, and the city council. The city council meeting allows a forum for objections that any other community members may have to the plan. If it is approved, the entire enterprise it is managed by a district management association whose board consists of property owners, residential tenants, and four city officials.

Ms. Wolf went on to list some of the more successful, and high-profile, neighborhoods that have lowered crime, beautified themselves and attracted business once they were BIDDed. Bryant Park, which was once a "drug and crime infested wasteland" behind the NY Public Library on 42nd street, is "now a focal point of the community, a beautiful and well-used park that hosts events like the recent Seventh on Sixth fashion show." Another success story is the Grand Central Partnership, which boasts a 50% drop in crime since it floodlighted the entrances to the Grand Central Terminal.

Not only are BIDs good for business, Ms. Wolf said, but they can enhance the quality of life for a whole community. She cited the Manhattan Bowery Corporation, which has programs for the homeless and the drug-addicted. Other BIDs are getting into the social services areas too, providing outreach programs for many of the troubled citizens of afflicted communities.

One of the complaints made against the BID concept is that communities are paying extra taxes to fund services that the city should already be providing. Some also say that communities with already established business areas reap an unfair advantage; these communities benefit most because they have a commercial tax base already in place, making them naturally better off than a poor neighborhood which has perhaps only one or two small grocery stores and a newspaper stand. Most likely, the latter community would not qualify in applying for BID status.

Nicholas Fish was up next. As Chairman of Community Board #5, Mr. Fish oversees seven BIDs in his area, including some of the most successful—those in the 42nd St. area that Ms. Wolf referred to. Mr. Fish covered three topics: the levels of consultation between community boards and the communities they represent, the tension between public and private interests and upcoming reform proposals of the BID system. Mr. Fish said his prime concern was in strengthening the relationship between BIDs and the neighborhoods they serve. To do this, he said, it is necessary to achieve a more equitable balance between public and

private interests, making sure "that the broader community has a voice in all decisions made regarding business interests and community interests." As it stands now, a community board has the right to review BID projects and present proposals, but actually have no voting rights. Mr. Fish mentioned time lags between which business interests are made and the subsequent informing of the community board. Many community boards are "precluded from full participation in the BID decision making process." Mr. Fish proposed mandating a greater period of "consultation time" between the two entities, allowing for fuller involvement by the entire community. "Sadly, in many BID cases, we cannot deliberate as a board because the presentation to us of a decision seems almost an afterthought." Mr. Fish concluded by saying that he fundamentally agrees with the concept of BIDs and recognizes their many successful implementations. However, he believes reforms are necessary to make the process more democratic. ❖