



Best Practice: Business Improvement Districts

REPORT UPDATED: MAY 10, 2013

CITY: NEW YORK CITY

POLICY AREAS: ECONOMIC DEVELOPMENT; PUBLIC PRIVATE PARTNERSHIPS

BEST PRACTICE

For over thirty years, New York City has supported local organizations, property owners and businesses in the formation and management of **Business Improvement Districts** (BIDs). A Business Improvement District (BID) is a public /private partnership in which property and business owners elect to make a collective contribution to the maintenance, development and promotion of their commercial district. A City agency, the Department of Small Business Services (SBS), plays an advisory and supervisory role working closely with groups throughout the planning and approval process as well as after a BID is established.

ISSUE

The New York City BID movement began in the 1960s and 1970s as a response to limited public resources and deteriorating commercial districts. Since then, BIDs have been important partners in the economic development of the City.

GOALS AND OBJECTIVES

BIDs make valuable contributions to the life of New York City's neighborhoods by strengthening central business districts and local shopping areas. Specifically, BIDs provide a cleaner, safer and more attractive business district, a steady and reliable funding source for supplemental services and programs, the potential to increase property values and a district that is better able to compete with nearby retail and business centers.

Throughout the BID formation and management process, SBS provides capacity building opportunities to local organizations so they can better serve their neighborhoods.

IMPLEMENTATION

The process of establishing a BID in New York City consists of three phases.

First is the planning phase which involves forming a steering committee, conducting a needs assessment survey and preparing the district plan. The plan outlines the boundaries of the district, the scope of services and the budget and assessment formulas. SBS becomes part of the process at the start of the first phase.

The second phase involves extensive public outreach. During this time, property owners, merchants and residents within the proposed boundaries must be made aware of the proposed BID and be given ample opportunity to participate in the process. This phase ends once SBS is confident the district plan is appropriate for the area and the necessary outreach has been completed.

The third and last phase consists of legislative authorization. This phase consists of a formal approval process of nine to twelve months involving City Council and several City and State agencies. A BID is officially established once the Mayor approves and signs the BID into Local Law.



Best Practice: Business Improvement Districts

COST

Through its Avenue NYC program, SBS provides annual grants, typically from \$10,000-\$40,000, to local organizations to assist in off-setting the costs of BID formation efforts. The cost of forming a BID can vary dramatically but tends to cost between \$20,000 – \$50,000.

RESULTS AND EVALUATION

Sixty six (67) BIDs currently operate throughout the five boroughs. The most recent BID signed into law was the Westchester Square BID located in the Northwest Bronx in March, 2012.

Since its inception over thirty years ago, the City's BID program has contributed significant supplemental services and programs to invigorate New York City neighborhoods. Annually, the City's BIDs contribute over \$105 million worth of services to more than 20,000 retail businesses and have employed over 1,000 individuals. BIDs are also responsible for many of the marquee capital improvements that are working to make New York City more attractive for visitors and residents alike. Examples of capital projects include the Fashion Walk of Fame (Seventh Avenue, Manhattan), Canyon of Heroes (Broadway, Lower Manhattan), Pearl Street Plaza (DUMBO, Brooklyn) and Duffy Square (Times Square, Manhattan).

TIMELINE

1960s and 1970s: New York's BID movement began in response to limited public resources and deteriorating commercial districts.

1976: The City offered to make capital improvements within certain commercial districts on the condition that the property owners benefiting would maintain them. Local property owners agreed to provide the needed maintenance, and state legislation was passed to form the first Special Assessment District (SAD). Fulton Mall in Brooklyn, the first SAD, was formed in 1976.

1981/82: Legislation permitting property owners to define and self-fund similar districts, called Business Improvement Districts, was passed in New York State and City.

1984: Con Edison and other property owners around Union Square Park decided to take advantage of the new State and City legislation and formed the first New York City BID in the 14th Street-Union Square area.

1984-2013: 67 Business Improvement Districts have been established and currently provide services throughout the five boroughs of New York City.

LEGISLATION

- In 1981, legislation was signed that permitted cities throughout New York State to establish Business Improvement Districts. The City's local law to carry out that mandate was signed in 1982.
- Before this generic legislation was passed there were districts called Special Assessment Districts (SADs) that could only be established by individual State legislation. There were four Special Assessment Districts and two sub-districts established in New York City prior to the passage of BID legislation:
 - o Fulton Mall (Brooklyn)
 - o Nassau Street Mall (Manhattan)*
 - o John Street sub-district (Manhattan)*
 - o 165th Street Mall (Queens)
 - o Jamaica Center (Queens)
 - o Jamaica West sub-district (Queens)



Best Practice: Business Improvement Districts

- The legislation has been amended several times to streamline the process and correct minor inconsistencies; in 1989 the State law was amended to allow municipalities, not just cities, to establish BIDs.

* In 1997, Nassau Street Mall and John Street sub-district were merged with the Alliance for Downtown New York

LESSONS LEARNED

A successful BID program requires a dedicated support network within city government that assists and leads local organizations and property owners through the BID formation process. SBS not only serves this function, but also acts as a liaison between the local organizations and other government agencies.

TRANSFERABILITY

Successful BID programs can be found in municipalities across the United States and the world, including Toronto, Los Angeles, Chicago, Philadelphia, South Africa and Brazil among others.

CONTACTS

Commissioner Robert Walsh
Department of Small Business Services
110 William Street, 7th floor
New York, NY 10038

James Mettham, Assistant Commissioner – Neighborhood Development
Department of Small Business Services
110 William Street, 7th floor
New York, NY 10038
www.nyc.gov/sbs