

# A BIDs Primer

AS MUNICIPAL BUDGETS SHRINK AND the demand for municipal services grows, business owners and governments are increasingly turning to business improvement districts (BIDs) to augment and even substitute for the role of government. Sometimes referred to as special service districts or special improvement districts, among other names, BIDs are public-private partnerships whereby local business owners and/or property owners agree to pay an extra tax to provide supplementary services for their community. These services include sidewalk cleaning, waste collection, policing, and marketing. In addition, BIDs often upgrade landscaping and street furnishings, including benches and seating, trash bins, and signs. Some BIDs even host free concerts, festivals, or movie screenings to attract visitors and, they hope, customers.

Rising competition from suburban shopping malls has been a major impetus for

the emergence of BIDs. Most shopping malls provide comprehensive branding and marketing strategies for hundreds of stores in addition to free and secure parking and consistent design standards. Shopping malls charge all stores a “common area maintenance” charge, or CAM, to fund these benefits. Before the existence of BIDs, shops along a main street or within a central business district had no comparable means to collectively market themselves. Voluntary merchant associations sought to fill this role, but limited participation naturally restricts such organizations’ budgets and power. BIDs were thus introduced to more effectively promote a district by essentially compelling participation in a consortium of property owners.

Bloor West Village in Toronto created the world’s first BID in 1970, but the trend was slow to catch on. In the late-’80s and early-’90s, central business districts in New York, Philadelphia, Minneapolis, and Denver all

created BIDs. Spurred by these cities’ successes, hundreds of downtown districts in the U.S. have since created BIDs. By some estimates, over ten thousand BIDs now exist across the globe. Today, smaller and more specialized business districts outside a city’s central core are creating BIDs as well.

Although they share common characteristics, each BID emphasizes different services, depending on the size of the district, real estate market, and political climate (see chart). Paul Levy, the President and CEO of Philadelphia’s Center City District, has consulted on the formation of over 50 BIDs across the country. “A BID is not a one-size-fits-all model,” he says. “You cannot copy a plan from one city to another.”

**Read more online** at [www.americancity.org](http://www.americancity.org) about how BIDs have worked in New York City, Birmingham, Des Moines, and San Diego; how BIDs are formed; criticisms of BIDs; and more!



The Next American City is now soliciting articles for Issue 14, which will feature green building. Legal, architectural, or other perspectives on green building are welcome. Visit our website at [www.americancity.org](http://www.americancity.org) for details about how to submit.



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