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# Place, Partnership, Potential

## International Perspectives and Learnings on Business Improvement Districts in Cities and Regions

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# Acknowledgements

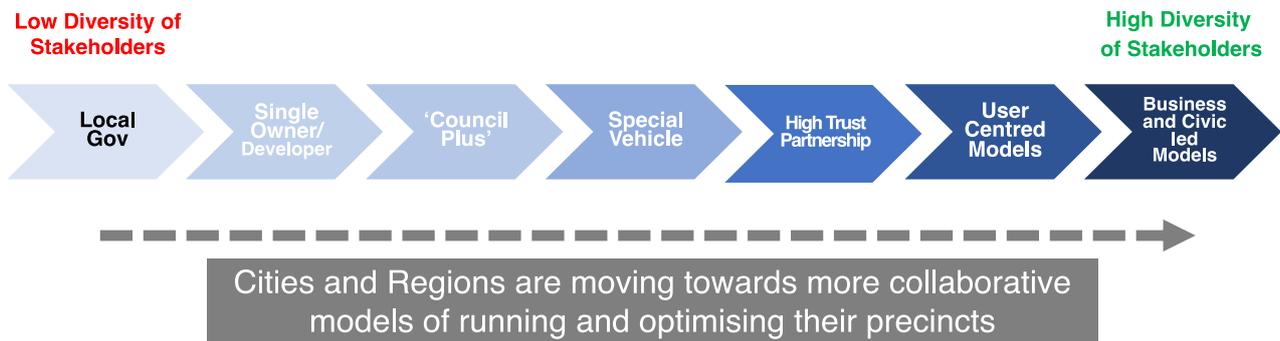
This paper has its origins in the background research for a UCL City Leadership Laboratory, FCO and SERCOTEC collaboration in support of the development of Barrios Comerciales in Chile. It benefits from significant experience working with city and place leaders in multiple countries where innovative partnership-led structures have been created and fostered. The authors of this adapted and updated paper are The Business of Cities. With thanks to Dr Julie Grail, Prof Greg Clark CBE, Prof Michele Acuto, Marco Trombetta, and Jonathan Couturier, for their guidance, drafting and input into parts of the content of this paper, which has since been adapted in light of Covid-19 and changing BID dynamics.

# Executive summary

More cities, regions and nations around the world are treating their precincts as partnership endeavours - places whose management and activation reflect the common interests and shared needs of residents, visitors, businesses and public goods and services. Over the last 50 years, and especially in the last 20, they have adopted versions of a *business improvement district* model as a mechanism to generate these collective benefits of managed environment.

The power and appeal of a Business Improvement District lies in the fact that it is a mechanism that possesses a legal force, to ensure that the regulation, management and financing of a given place is fair, broadly democratic, stable, long-term, and subject to regular agreement. It is a popular mechanism in locations that host a diverse range of owners and tenants, with at least some commercial uses, where place-based improvements have the potential to increase footfall and demand. A Business Improvement District is not interchangeable with a strategic place coalition, nor a substitute for it. In many cases a neighbourhood with an urban development corporation or a marketing alliance will also have a business improvement district to provide the legal mechanism to finance operational improvements and increase the level of co-investment.

Business improvement districts are now established and commonplace mechanisms through which collective custodianship of place is delivered and underpinned in cities such as New York, Greater Toronto, Greater London, Hamburg and Amsterdam, and numerous other smaller cities and town centres. These locations and the governments that serve them have recognised that there can be important advantages - financial, technical, motivational, implementational - of diversifying who is involved in the way precincts are cared for, promoted and financed. Requiring a legislative framework, business improvement districts provide the legal mechanism to start to do this.



This review explores the different journeys and the common threads of establishing BIDs in a variety of jurisdictions of relevance to New South Wales.

BIDs are sometimes regarded principally as a tool to manage the hygiene and security of a retail-rich environment. Yet the international evidence shows that both their purpose and location type can vary

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and evolve considerably. The case studies in this paper illustrate the role BIDs play in improving public space, cultural activation, ensuring capital improvements, destination development and the providing of innovative services. Business districts, town centres, transport hubs, innovation precincts, artistic enclaves and waterfront zones have all benefited from BIDs in other cities and regions.

BIDs are of course, an experiment in place management, and in every location where they have been tried, mistakes have been made and lessons learned. This paper details several of these. Over time BIDs have tended to become more oriented to the needs and buy-in of local residents, the importance of holistic rather than transactional placemaking, and the potential to drive more sustainable outcomes through pooled activities and procurement. Co-ordination between BIDs locally and beyond is also a feature of more established arrangements, helping to spread guidance, training, co-investment and confidence.

More emphasis on the experience of place has also elevated the potential of BIDs as place-shaping agents. The pandemic has accelerated the shift towards more BIDs playing facilitative and interface roles as local businesses look first to survive, and then embark on a digital transition and cater to altered patterns of demand. In many parts of the world BIDs are now viewed as indispensable to the renewal of atmosphere and purpose in the precincts they serve.

This review highlights different ways in which BIDs have been legislated, organised and funded. A common feature is the proactive role of government in the design and resilience of BIDs. Governments and private partners face choices about the formality of the structures, the character of the levies, and the decision-making and accountability processes. These reflect local dynamics, and need to build in flexibility to evolve from pilot stage to roll-out and then more mature setups. Clarity of membership, budgeting, resource allocation, and deliverable priorities, have consistently a feature of more successful BIDs.

For BIDs to deliver impacts on their physical and business environment, they rely on the permissions, the tools and the strategic leadership. BIDs have to negotiate, inspire, monitor, imagine, and promote effectively. Of course recessions, demand shocks and spikes all can impact the direction of BIDs. Government commitment to the durability of BIDs, their high standards of performance, their effective integration with existing public services and strategies, and support for creative revenue generation, is very often one of the most cited set of factors in BIDs' long-term success. At the same time, the roles and responsibilities of local businesses and real estate owners also emerge in a distinctive way.

Ultimately, the rise of BIDs internationally reflects a 21<sup>st</sup> century imperative for the proactive management and collaborative shaping of place. The aim and the opportunity is to deliver more footfall, dwell time, and revenue potential for businesses and owners. It is to improve the experience of streets and communities for local people. It can make public and private expenditure more efficient and integrated. And it also raises the brand and confidence of more places across the rich tapestry of our growing metropolises and regional centres.



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# **1. Introduction to Business Improvement Districts**

## 1.1 The past, present and future of Business Improvement Districts

District partnerships between local governments, business owners and operators, and land owners in cities are an established feature of our century of cities. For more than 30 years city centre, town centre and specialist precinct partnerships have been common in many federal and unitary countries. Such partnerships express the common interests between local governments, local businesses, investors and land owners that include the need to support such centres to be well managed, clean, safe, attractive and adaptable. This approach has drawn explicitly upon the influences of other kinds of managed commercial spaces and services, such as department stores, shopping malls, airlines and hotels, where a managed environment, with customer relationship systems and incentives are combined with concierge and information services to make a space really perform.

In recent decades, and now accelerated by Covid-19, the concept of business and government partnerships in commercial districts has evolved. Several countries have chosen to support a specific kind of development, to which this paper refers. We observe that in many nations and states such partnerships have a specifically voluntary dimension where businesses may join or leave as they please. In these cases the financial contributions that are made and the governance to be exercised are negotiated.

**Figure 1: Key figures and definitions of statutory partnership models for precincts<sup>1</sup>**

	Canada	Chile	Germany	New Zealand	South Africa	UK	USA
Entity Name	Business Improvement Areas	Barrios Comerciales	Business Improvement Districts	Business Improvement Districts	City Improvement District	Business Improvement District	Business Improvement District
Occupiers and owners	Mainly property owners	Partnership of councils, business, residents, and national gov.	Mainly property owners	Mainly property owners	Mainly property owners	Mainly business occupiers	Mainly property owners
Year of establishment	1969	2014	2005	1981 Mainstreet (as iprv progs)	1993 (in practice), 1997 in law.	2005	1975
Number of Districts as of 2022	500+	66 (target)	50+	140+	40+	325+	1200+

Business Improvement Areas (BIAs) originally emerged in Canada in the 1970s. They really took off in the US during the 1980s and 1990s, where they are known as Business Improvement Districts (BIDs). They were set up as responses to the perceived and real decline of inner-city commercial neighbourhoods, and were designed to address rising crime, increase the rate of funding and services (such as waste collection), and improve the quality of the public realm. The aim was often to compete effectively with suburban malls and other modes of retail.

Today BIDs and their variations are commonly found across North America, the UK, New Zealand, South Africa, Germany, Chile and many other countries (see Figure 1). A new wave of interest in the

BID model has occurred due to strains on local government spending which have prompted interest in alternative financing mechanisms and sources of investment. It has also been accelerated as a result of the strains of the Covid-19 pandemic. The prolonged demand shocks and protracted recovery of the pandemic have added an element of urgency to the need to re-inject vibrancy into urban precincts and ensure that wider activity areas are safe, liveable and offer experiences that are worth coming into the city for.<sup>2</sup>

**Figure 2: Overview of development of the statutory partnership models for precincts<sup>3</sup>**

	Canada	Chile	Germany	New Zealand	South Africa	UK	USA
Legal Features	Provincial legislation, not-for-profit companies	Nat. legislation; districts identified at a regional level, managed via a nat. council formed as PPP.	State legislation, managed by appointed company on behalf of businesses.	National legislation, not-for-profit companies registered as 'Incorporated Societies'	Provincial legislation, local by-laws for some regions, not-for-profit companies	National legislation, not-for-profit companies limited by guarantee.	Legislation from state govt, not-for-profit companies
Period mandate between votes	4-7 years	2-3 years	3-5 years	3-5 years (strategy renewal)	3 years	5 years	3-5-10 years
% of private sector funding	70-95% Levy, remainder reserves, surpluses and public assistance.*	Initial stages 100% public sector funding. Potential for diversification and self-financing at later stages.	100% levy	80-95% Levy from events, sponsorship, donations, investments. Rest from grants.	95-100% levy, with remainder from contracts and returns on financial investments.	82% levy 7% other private sources Remainder public.	Varies significantly from district to district.**
Nature of public sector engagement.	-Limited role in BID instigation -Strong financial + admin support during start-up -Regular subsidies and partnerships with BIDs -Frequently consult BIDs on policy matters	-Strong role in BID instigation -Strong financial and admin support during start-up -Regular subsidies and partnerships with BIDs -Frequent two-way policy dialogue	-Strong role in BID instigation -Strong financial + admin support during start-up -Limited role later -Frequent two-way policy dialogue	-Strong role in BID Instigation -Strong financial + admin support during start-up -Regular subsidies and partnerships with BIDs -Consult BIDs on policy matters	-Strong role in BID Instigation -Strong financial + admin support during start-up -Regular subsidies and partnerships with BIDs -Consult BIDs on policy matters	-Strong role in BID instigation -Strong financial + admin support during start-up -Regular partnerships with BIDs -Consult BIDs on planning and policy matters	-Limited role in BID instigation -Strong financial + admin support during start-up -Regular subsidies and partnerships with BIDs -Frequently consult BIDs on policy matters
Main activities	-Cleaning -Streetscaping -Security -Activation & Marketing -Research -Capital investment - Business support & inclusion -Some policy involvement	Cleaning -Streetscaping -Security -Marketing/ promotion -Research	Mainly: -Cleaning -Streetscaping  Less security, marketing, policy involvement	-Cleaning -Streetscaping -Security -Marketing/ promotion	-Cleaning -Streetscaping -Security -Marketing/ promotion	-Cleaning Streetscaping -Security -Marketing/ promotion -Research -Leadership -Place shaping -Limited capital investment	-Cleaning -Streetscaping -Security -Marketing/ promotion -Research -Capital investment -Shape policy

## 1.2 What is a Business Improvement District?

**At the simplest level BIDs are private-public partnerships whereby property and/or business owners in a defined geographical neighbourhood propose and agree to make a collective contribution to the area's maintenance, development and promotion. Levies are collected, and funds returned to projects to make improvements to the local area.**

They are designed to supplement and enhance existing public services, and are not meant to replace them. Nor are they meant to spearhead whole regeneration projects. They are not a substitute for all wider place partnership activities.

In 2022 the roles of BIDs can include:

- Security and crime prevention
- Cleaning and greening
- Advertising
- Branding and marketing
- Place-making and public realm upgrades
- Advocacy and policy contributions.
- Social purpose, inclusivity and wellbeing.

The ultimate aims are not only to increase trade and reduce cost to businesses that are contributing to BIDs so that it becomes a true investment, not just an expenditure. It also aims to encourage a more satisfactory sense of place, to increase visitor flows and sales, to improve the customer and resident experience.

Because BIDs are generally small and in control of their own funds, they are capable of locally tailored problem solving, often drawing on the entrepreneurialism and pragmatism of the private sector. This can allow them to bypass administrative delays, and offer solutions supported by local businesses who best understand their local needs.

## 1.3 Different models

In terms of their founding, BIDs can be:

- **Established or encouraged by public authorities.** This is common in countries such as the UK, Germany and South Africa. In some countries local governments themselves can suggest BIDs in partnership with local businesses.<sup>4</sup>
- **Developed by local business community.** In the U.S., for example, some state governments have set up enabling legislation which outlines a specific procedure for BIDs to emerge. A petition (usually prepared by local businesses) to set up a BID is drawn up, and has to accumulate enough signatories from local businesses to be presented to the city authorities. These can then approve its creation subject to a positive vote of local businesses.

The voting procedure whether to establish a BID varies. It may rely on a “one business one vote” mechanism. Or it may count instead the total rateable value of businesses in favour and those against. In some locations, both are required. Local and state governments may also provide funds and advice to help with the preparatory process of proposing and establishing a BID.<sup>5</sup>

As we shall see in the case studies below, the model of BIDs varies a great deal. However they usually have the following common features:

- They are usually **not-for-profit companies**, neither part of a government jurisdiction nor entirely independent from it. Their steering committees and governing boards usually feature local business leaders such as the property and business owners of a precinct. Some locations assign voting rights on the boards based on their rateable value (the higher it is, the more votes). Others proceed on a one business, one vote basis.
- Their boards generally feature **some form of local government representation**, such as an elected representative. A local councillor is often elected alongside other local business representatives. Occasionally, although more rarely, residents and civil society representatives can sit on their boards (this is the case for example in the U.S. example of New Jersey and Washington D.C.).<sup>6</sup>
- BIDs are usually **accountable to governments** (usually local), which have the power to oversee, approve or veto BID budgets in most instances. They also offer a minimum-service commitment to BIDs to ensure that public authorities retain control of basic service delivery, and do not discharge these functions onto the districts. In addition, local governments can impose audits and progress reports as they perform a ‘custodian’ role to ensure value for money. They also provide a mechanism for ensuring renewal is democratically agreed: a “sunset clause” ensures that BIDs have limited terms (often 3 to 5 years), and cannot be automatically renewed without a vote.<sup>7</sup>

South African BIDs demonstrate an interesting example of accountability. Cape Town, among others, has “contractual performance” agreements with public sector service providers to ensure the BIDs perform according to expectations. There is ongoing discussion about how to ascertain the true costs and benefits of a BID, comparing their evolution with neighbourhoods which do not possess a BID over the same period, in order to properly analyse their different trajectories.<sup>8</sup>

### 1.4 Capabilities and powers

The capacities and influence of a BID vary from city to city. One of the striking elements of this variation is the size and scale of the BID itself.

Smaller BIDs usually:

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- Are focused on traditional tasks of **street cleaning, security and landscaping**. These types of BIDs have become more important in the wake of the pandemic as the mission to draw people back to city centres and other places becomes more urgent. Typical activities for these type of BIDs may involve new public furniture, cleaner and more inviting streets and re-worked public spaces. These key features evolve in mature phases, larger BIDs continue to perform these functions. Philadelphia's Port Richmond BID, for instance, undertook the wholesale clean-up, street-repair and securitisation of its district as its insalubrious state was deterring investments in the area.<sup>9</sup>

### Medium sized BIDS:

- Tend to add **promotion, events and marketing** functions to their range of interventions. Tourism Improvement Districts in California, for instance, mainly levy hotels to invest in mass tourism promotion. The bigger BIDs are capable of taking this to the next level, with large events such as New Years Eve on Times Square or "Broadway on Broadway" (both from the Times Square Alliance) as part of large branding and destination packages. Similarly, the annual arts festival is a signature event for the Manayunk Development Corporation (BID) in Philadelphia.<sup>10</sup>

### Larger or more mature BIDs:

- Also perform **capital improvements, lobbying, master-planning and business support functions**. For instance, in Toronto, the Toronto Downtown West Business Improvement Area (formerly Entertainment District) has been leading master planning in its area in partnership with the city, to help overcome the municipality's resource constraints. In Hamburg, BIDs have significant access to city and state government when it comes to issues of economic policy and planning, and even have representation in city government through a BID commissioner. In the US, some of San Diego's BIDs have taken an active role in small business promotion, support and training, and some planning advocacy.<sup>11</sup>

To date, there are limited examples of multiple BID coordination within cities. San Diego has been at the cutting edge of this, with its Business Improvement District Council which oversees and coordinates the activities of its BIDs, provides extra funding, lobbies city government, acts as a property developer, and offers capacity support to new and existing districts. Under the responsibility of the city's Office of Small Business, it forms an integral part of its small business promotion strategy. New York has similar capacity directly managed by its own small business department, however larger ones such as Los Angeles lack these tools. In the UK, the organisation British BIDS and its regional equivalents offer similar but less targeted BID support, with no tools as of yet for intra-city coordination.

## 1.5 Financing and funding

Most BIDs around the world are funded through a compulsory levy charged to all businesses or property owners within the district. In the U.S., this “assessment” is mainly (but not always) based on a property’s value, and thus must be paid by the property owner. In the UK, the levy falls on to the actual occupants of a business property - in effect it is a “merchant fee” and largely akin to a supplement to local business rates. In San Diego, BIDs use a mix of both. The money is often directly raised by the local authority and transferred in its totality to the BID, which has discretion on what it wishes to spend it on (within local authority oversight).

Local levies are often supplemented by direct grants from local or higher tiers of government, as they sometimes are in the UK, US, New Zealand and Canada.

In addition, BIDs are generally authorised to pursue commercial ventures to top up their accounts. In New York for instance, the Times Square Alliance BID runs its own visitor centre and local museum to generate cash flows. Voluntary donations from businesses also assist BID financing, while cities such as San Diego have added parking meter revenue. The Times Square Alliance in New York also uses bonds a form of finance, while Tax Increment Financing schemes are frequent across US cities.

It has been suggested that property-based assessments generate more revenue than merchant fees. The New West End Company in London, for instance, has frequently raised 50% of its revenue through merchant fees.<sup>12</sup> Comparably sized efforts in the US based on property valuations, raise upwards of A\$15m. On average, a global study suggests that funding averages around AUD500,000 per year per district, with sums varying from A\$30,000 to A\$25 million in the case of the Times Square Alliance in New York.<sup>13</sup>

A UK-based study found that smaller BIDs are more dependent on levy and direct grant funding than the larger ones, but also that the maturity of a BID plays a role. For instance, recent (i.e. first term) BIDs saw up to 50% of their additional income deriving from local authority grants, while this drops to 25% for those which have already gone through a cycle of renewal. More established and experienced BIDs were found to be good at finding new funding sources, especially donations from property owners, sponsorship, raising money from events, as well as contributions from police and transport agencies. As a result, “second term” BIDs can raise 34% in extra funding for every £1 of levy, as opposed to just 9% for first cycle BIDs. Nonetheless, levies can represent up to 80% of income even with mature funding diversification strategies. The ability of BIDs to raise external investment in an area also depends on size and maturity. Younger BIDs in the UK were found to attract £0.07 of external investment for every £1 raised, but this rose to £1.56 for the more mature districts.<sup>14</sup> There are, however, currently few independent comprehensive global studies of BID returns on investment.

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## 1.6 Local and Higher-Level Government support for BIDs

As BIDs are usually publicly mandated, and often form part of revitalisation strategies for cities and precincts, they rely on close co-operation with different tiers of government, whether during their start-up or operation phases.

At the local level:

- City, or state / provincial governments act as key **points of contact for** business owners in the first place to set-up BIDs. Local administration play key roles in defining the rules of operation, modes of accountability and finance, and defining the co-operative framework. It is therefore crucial that business owners have a good idea of what they want to achieve to lobby the relevant local authority to include it in BID legal provisions. For instance in South Africa, Cape Town business organisations played a key role in lobbying for BIDs, and also in formulating their legal and operating framework in partnership with the City of Cape Town and the Western Cape Province.
- City and local governments are key actors when it comes to providing initial **guidance, expertise and finance** in the BID start-up phase. Defining boundaries, contacting property or business owners, and organising ballots are complex and staff-intensive activities which usually require public resources provided by city governments, such as maps, business registers, administrators, but also finance to organise elections and awareness, and advice on how to set up and run a BID. Almost all city governments provide this initial form of assistance. Auckland, for instance, is in the process of updating its BIDs policy and the guidance it offers to BIDs. Toronto has a whole website and online resources dedicated to the start-up and governance process. The lack of BIDs in Los Angeles' resource-scarce neighbourhoods underlines how important city support is in the start-up phase, as insufficient help in already deprived neighbourhoods has nipped several projects in their bud.
- City governments can provide crucial **top-up operating finance** to BIDs, especially in their early stages. This practice remains common in a number of US and UK locations. This can be negotiated on a project by project, or annual basis. In New York, for instance, various city grants are available to BIDs to improve street-scapes and plazas - on top of the levy. In London, TfL and the Metropolitan Police, as well as the Greater London Authority, all provide varying measures of assistance to fund projects or help BIDs in their early stages.
- When operational, local or higher level governments can provide or sponsor **training and networking services** to BID managers to give them new ideas to develop their districts as they mature - a common practice in New York, Toronto and Auckland.
- **Umbrella co-ordinating organisations** are often set-up or supported by city governments to manage the work of multiple BIDs across a city. In San Diego, for instance, the BID Council allows districts to borrow scale by centralising some resources, and helps

harmonise the work of the city's multiple BIDs with its wider economic development policies. In New York, it is the Small Business Services department which runs similar services. In the UK, Westminster, Lambeth, Birmingham and Cornwall have coordinated a network for all of their respective BIDs to come together.

- BIDs cannot achieve comprehensive neighbourhood rejuvenation without cooperating with the city's **planning, services or infrastructure** departments. Not only are they ultimately the guarantors of public services and the urban realm, they possess the technical expertise and resources to deliver public upgrades. As a result, neighbourhood master plans in Toronto, but also in Cape Town, are often drawn up as a collaboration between BIDs and city governments. In London and San Diego, there is also some evidence of joint service delivery between BIDs and city governments. This can help BIDs maximise their resources and fulfil their needs, while working towards city objectives.

At the state or national level:

- The higher tier government can have a strong **steering and implementational** role. In Chile, for instance, the Barrios Comerciales programme is nationally mandated. It was devised as a central government initiative to revitalise inner-city neighbourhoods, and is funded directly by national disbursements.
- While each BID is allowed to define its own priorities, the whole start-up process and the fundamental objectives of the policy are driven from the higher tier of government. In the UK, a unitary rather than federal nation, the policy governing the establishment and running of BID is largely a centralised effort, with England and Wales, and Scotland, defining the "rules of the game", even though local governments are left to manage them.

### 1.7 Challenges associated with BIDs

Whilst the BID model of stable and compulsory financing has proved to be very effective in making BIDs work, there are many possible challenges and barriers that they face.

- **Purpose and profile.** A lack of awareness of the potential of BIDs is a major obstacle to their adoption. Their purpose is often poorly understood, many suffer from a low profile, and do not communicate adequately what they do such as new parking, or street cleaning initiatives.
- **Public budgets.** The absence and/or retraction of public sector resources and funding has major implications as to how and when BIDs develop. This can sometimes drive a positive level of entrepreneurialism and resourcefulness if the conditions are right, but it also can cause a decline in confidence, capacity and certainty. Linked to this are the challenges of the weak baseline agreement leaving the basic premise of additionality for BIDs redundant.

- **Outreach and persuasion.** Some BIDs do not get off the ground because of a lack of advocacy. Local businesses are often unconvinced if other businesses themselves are not advocating for a BID. Outreach is best conducted by the organisations that are themselves most likely to have to finance - and benefit - from the BID.
- **Distrust of government.** Government support (usually local) is also a key feature, but there are risks associated with BIDs being perceived as wholly top-down initiatives. In poorer neighbourhoods with higher levels of ethnic diversity in Los Angeles, for instance, communities often distrust initiatives they perceive as government mandated (even when they are not). Such neighbourhoods were also found to have lower levels of pre-existing business organisation and cooperation. In the UK, it has been noted that tensions can arise in proposed districts between different types of businesses.
- **Divergent businesses.** Small and large, chains or independents, office or retail, all may not share the same agendas. Notwithstanding the perspectives of residents groups, this variation can curtail or constrain the BID mission. Solutions have been found to circumvent some of these hurdles, through a differential levy scheme. For instance, office occupiers may be absented from paying the levy, if a district is mainly focused on retail revitalisation. The type of commercial precinct may dictate the approach and agenda more than the scale and maturity.
- **Collaborative governance.** There are sometimes challenges of governance within BID boards. The attitude/skills of the private sector can make it difficult to get a genuinely representative group, and/or to adopt mutual collaboration models.
- **Upholding quality and standards.** BIDs need quality standards. The lack of real 'machinery' in place to safeguard quality is viewed as a deficit in a number of international jurisdictions.
- **How to evolve.** Taking on other objectives and missions for a place often becomes necessary as the demand issues change and new commercial imperatives arise. This evolution task has been discussed in the USA, Canada, and South Africa, BIDs have a need to evolve to take on the place shaping agenda in order to fulfil other objectives.

Evidence suggests that practical difficulties need to be overcome early on - for instance tracking down property owners (especially absentee owners), and generating resources and time for face to face lobbying. Los Angeles is one high profile case where public grants to cover these initiatives do not always cover the full costs of BID advocacy, and have seen several initiatives fail at the first hurdle as a result.

**Figure 3: Examples BID governance, funding and capacity models internationally<sup>15</sup>**

	Option 1	Option 2	Option 3	Option 4
Initiative	Local government-mandated	Business-mandated	Co-operative	State/national government mandated
Governance	Business-led	Business and local authority representation	Business, local authority and resident representation	-
Primary financing	Property levy	Merchant levy	Mixed property and merchant levy (depending on business size, composition)	Sponsorship, government grants, commercial activities, events, donations, parking fees
Common roles	Cleaning, security, streetscape maintenance	Marketing, branding events and	Localised infrastructure investments (e.g. new bus routes, bus stops, cycle infrastructure)	Policy interactions (lobbying, advocacy, planning)

### 1.8 The disruption and future of BIDs after Covid-19

Following the Covid-19 pandemic, the roles of BIDs have evolved and expanded. Most BIDs in the majority of city-regions saw a drastic decline in their revenues, as lower or no footfall and mandated closures meant that businesses were not able to pay levies. BIDs and their counterparts have had to grapple with multiple new dimensions of challenge. These include reviewing their budgets and revenue models, rethinking their priorities, focusing on digitisation, and adapting to the new normal of remote and hybrid working.

In general the pandemic has accelerated the trend towards BIDs becoming more involved in:

- **Open walkable streets and night-time economy.** Investment in people-friendly “open streets” and the co-ordination of the adjustments in order to improve walkable experience for people and retailers, has long been an important agenda item that BIDs across the world are leading on and managing. More places seek to enhance safety and create more appealing and compelling environments for visitors and residents to entice them back to the city. In Toronto, the newly renamed Toronto Downtown West BIA (formerly the Toronto Entertainment District) recently created a new framework for guiding physical development in a more coordinated and strategic manner. This new framework includes guidelines for pedestrian convenience, access to amenities, outdoor patios and tree lines, among others, to help set standards for developers and establish community priorities for pedestrian-friendly investment.<sup>16</sup>

- **Enhancing the civic experience and engagement in the place.** Ensuring more meaningful community-led experiences for residents, visitors and businesses is now a more important priority in many jurisdictions in order to re-attract customers and audiences who have moved online. Loyalty schemes are an important mechanism in this regard. Chile's Peninsula Commercial District QR code reward scheme is an example of a system created to retain customers to the area and support partnering businesses. 11 institutions allow customers to scan a QR code whilst checking out in order to gain loyalty points, which can be spent in any of the associated shops. The aim, as in other BIDs, is to make the area more connected and a larger attraction for visitors as the link of the code provides information on events and festivals taking place.<sup>17</sup> Another notable example is Greater Toronto. In Toronto BIDs are investing more in community development and orienting their targets to include heritage, arts, and revitalisation in ways that create stronger attachment to the local environment.<sup>18</sup>
- **Supporting local businesses to adapt to hybrid work and online retail.** As mandated closures forced many SMEs to move to digital service provision and selling goods online, it has become common for BIDs internationally to expand their remit and help tenants to adjust to less reliable patterns of patronage on the high street. Digital Main Street in Toronto is one of several initiatives to help SMEs access digital tools and resources necessary to adapt, survive and thrive, by providing them with educational information and support about how to shift activities online. The initiative was initially set up by the Toronto Association of Business Improvement Areas, with support from the City Government.<sup>19</sup> The success of the programme has been acknowledged by federal and provincial governments, both of whom decided to extend funding for the initiative, providing grants for 9,000 businesses.<sup>20</sup>
- **Ensuring greater equity and diversity in precincts.** This transition is noticeable in North American cities and regions, where ensuring diverse ownership and offer of high streets is viewed to be an important source of vibrancy and sustainability. BIDs in New York have become important intermediaries in the provision of grants and workshops to minority group-owned SMEs. The Small Businesses Services in New York provide workshops to BID boards and management on how to find and contract Minority Women owned Businesses for the services that they require.<sup>21</sup>
- **Pooling initiative to upgrade sustainability.** Several districts have begun to think more strategically about how to support local businesses while also reducing carbon footprint. In Chile's Barrio Ictimos, for example, cooperation between public and private sector firms to provide business grants in the form of solar panels and thermo heaters has helped businesses to cut costs while also raising awareness of sustainable practices and boosting the local economy. Due to this support, SMEs located in the area can now employ more people, increase output and invest more into the local community through their levies.<sup>22</sup> Meanwhile in 2021, BIDs served as a key lender of support in the passing of New York's City Cleanup Corps (CCC) - a New-Deal inspired economic recovery programme

designed to create 10,000 new jobs and help make the city one of the cleanest and greenest in the United States – by becoming job placement sites for CCC members.<sup>23</sup>

- **Enhancing well-being awareness and education.** Some BIDs such as Rosebank in Auckland have set up workshops for their workforce so that knowledge of good well-being practices across all aspects (workplace wellbeing, financial wellbeing, healthy living and active transport and integrating play into daily life) is more accessible, which is viewed to have positive effects in other areas of city life.<sup>24</sup>

Although it is too early to tell what the lasting effects of the pandemic will be on BIDs' character and mission, what is apparent is the role these partnerships are playing to problem-solve on both short-term and long-term issues for their precincts. In many cases BIDs have evolved to become trusted and credible fora for innovation and have some of the inter-organisational trust to galvanise commitment on agendas that require a lot of local 'heavy lifting'.

## Case Study: Comparative Learnings from London and UK<sup>25</sup>

The UK is a country that has undergone significant evolution in terms of partnership development and place management over the past three decades. A willingness of government to innovate and iterate has been a hallmark. There is much in this evolution that is of interest and relevance to New South Wales and its larger cities including metropolitan Sydney, Newcastle and Wollongong.

The UK's story broadly consists of four cycles: experimental partnership, then Government-led pilots in central London, national BID legislation, and then increased co-ordination.

The 1st cycle of new approaches to precinct management really began as an experiment with town centres in the mid-1980s. The public and private sectors came together in an informal partnership to investigate the potential for working together. Initially four locations across the UK were selected by business to put seconded staff into a new partnership vehicle working closely with their respective local government partners. There were limited, if any, formal objectives or measures but it was quickly recognised that this form of partnership had potential when applied at a local town centre scale. By 1991 there were 35 such partnerships. Generally these had informal structures and usually with funding on a 50:50 basis between public and private sector. By the late 1990s more than 250 locations had some form of Town Centre Management in place.<sup>26</sup>

The key motivation for these kind of partnerships was to take a whole-place perspective and to share knowledge and investment potential between the public and private sectors for mutual advantage. Over a 10 year period, while confidence grew in the ability to foster partnership working, it became increasingly clear that a more formalised equitable and sustainable approach was required to continue and enhance the model. Concern about 'free riders' benefitting from the combined activity was uppermost. In addition, the lack of stability and scale of funding to demonstrate power and clout meant that government tended to view many of the partnerships as ineffective or lacking credibility.

By the late 1990s the UK started to look more closely at the experience of Business Improvement Districts elsewhere in the world, in particular those in North America. The BID model was seen to enable a more equitable and sustainable funding model because it enabled the charge of a mandatory levy on all eligible businesses within a commercial precinct. Many in the UK were attracted by the way a successful ballot of businesses could trigger the ability to charge the BID levy. Therefore in essence the opportunity to leverage it as a 'self-help' mechanism was identified in the UK, with businesses having the option of whether to jointly invest in their particular area. The advantage of a successful ballot was that a given location could establish a clear mandate as well as start to consider what it could achieve with longer term investment.

### Government-led experimentation in a CBD

The UK's own BID model was tested via a 4-year government-funded programme called The Circle Initiative. This received £4.6m (A\$8m) of government regeneration funding to establish and take five partnerships across central London through to BID ballot.

In addition to the Initiative's five commercial partnerships, there was a central programme team whose role was to support the development of the five partnerships in terms of management, governance

and delivery. It also formally administered the regeneration fund, and started to actively contribute to the development and drafting of the enabling legislation.

The success of The Circle Initiative resulted in the establishment of five very strong BIDs across central London. Business representation grew over the lifetime of the programme. Some (such as Better Bankside) had over 50 businesses either on their Board or at sub group level, and the total levy generated by the 5 BIDs exceeded £2.6 million (A\$4 million). Many other locations admired the success at maintaining commercial activity, reducing fear of crime, making the access by public transport more seamless and efficient, and also establishing relationships with local communities.

Important initial outcomes in London precincts included:

- Turning a professional services precinct such as Holborn<sup>27</sup> from a poor public realm and anti-social behaviour into a cleaner, safer and more customer-friendly area.
- Improving the profile of the entertainment/leisure precinct of the West End as a place of innovation and inspiration, while improving cleansing and safety which in turn would improve the ability to let property and hence raise values.
- Overseeing the transformation of a city fringe business district Paddington from a traditional declining high street and tourist hotel hub into an area that was properly integrated with new developments, with lower local crime, better maintenance and a reputation as a desirable and efficient place of work.

These effects created the appetite and interest in a legislated BID model across the UK.

### **Establishing legislation for BIDs**

Alongside the pilot programme, Government developed a White Paper (2001) followed by the requisite primary and secondary legislation to enable the formal establishment of BIDs in the UK. Primary legislation was passed, and regulations introduced and extended over the next 10 years.

The UK legislation was distinctive: it was based on an occupier levy, utilising the existing Business Rate legislation. The enabling legislation was non-prescriptive, providing broad parameters for places rather than specifying principles and structures. The model created a role for the local 'custodian' of legislation as the responsibility of the local government. It became required of local government to ensure that the BID operations were in line with the government legislation and to be first point of contact for businesses in the event of concerns. Meanwhile the key motivation for businesses became clear: to jointly invest in their trading locality in order to benefit from new and additional services that otherwise would not exist.

Meanwhile the successful programme in central London was being expanded throughout the city. A regional programme of support and best practice exchange was established, using entirely public funds, with delivery was outsourced to a private provider. The aim of the programme was to create peer networks for distinctive types and geography of BIDs, and consolidate best practice exchange via a website and monthly newsletter, with 'free to end-user' consultancy support to emerging locations. Effectively it operated as a catalyst to the further development of the concept at relatively low public cost. The programme provided the know how to ensure that mistakes were being learned from and successes replicated.

The types of intervention that BIDs started to deliver tended to depend on the scale and maturity of BID partnership.

**Typical pathway of a UK BID**

1 <sup>st</sup> Phase (2 years)	2 <sup>nd</sup> phase (2-4 years)	3 <sup>rd</sup> phase (4-6 years)
Provide essential 'clean-up' of the area. Ensure safety. Join up the businesses and the mission.	More coordinated promotion and branding Street life, activation and animation through events, festivals and activities. Advocacy and influence	Larger leadership roles in the whole precinct. Place making and place shaping. Deliver consistent, tangible and value-add services.

**Co-ordination of reliable standards**

The rapid proliferation of BIDs created demand for an organisation that could coordinate the quality and standards of all BIDs. In 2006, British BIDs was created to take on this role. It focused on industry networking, sharing of best practice, education and training, and initiatives to developed standards. Demand also grew from businesses as to how to contribute to and ensure good practice.

Initially, 'Industry Criteria'<sup>28</sup> were created that set out a framework guide to demonstrate the recommended route to BID set-up. This sought to interpret the BID legislation and fill in the gaps where the legislation detail was light. Many of the early BIDs had tried and tested various approaches and identified the best way forward.

This was followed by the development of an 'Industry Accreditation'<sup>29</sup> scheme that sought to educate and test the quality management systems of the BID company ensuring that the BIDs had robust and transparent systems in place. This was becoming increasingly important as the early BIDs experienced change of senior personnel and found many of their systems were insufficiently catalogued. Over a short space of time many of the national businesses that were contributing to multiple BIDs across the country saw Accreditation as a way of seeking to gain reassurance of quality when the numbers were too high for them to scrutinise each one in detail themselves.

As the scale of the BIDs network developed and there became career succession potential, there was a need and an appetite for formally training the staff of BIDs. The 'BID Academy' was therefore created which delivers a Certificate in BID Management,<sup>30</sup> providing a masters-level academic short course accredited by a London-based university. The Academy also created an academic alumni and an archive of research projects that underpins ongoing dialogue.

As in other jurisdictions, the UK also witnessed some locations perform badly and good practice ignored. In response a 'Guiding Principles' document<sup>31</sup> was published which was designed to act as a Voluntary Code of Conduct for the industry. This document set some guidelines to a 'well-managed BID' and enshrined the importance of effective delivery.

The reduction of public funds, the localisation of powers and responsibilities, and the decline in local government expertise and capacity, has shaped the progress of BIDs in the last decade. A consequence of this perceived 'success' of the BID model was that further levy models were introduced by government. The introduction of a TBID model (for Tourism investment) and introduction of the Late

Night Levy to resource funding gaps across the Police service were two such models. However, while the levy on businesses for BIDs had been largely supported by the private sector due to its locally managed and governed nature, proliferation of additional levies for other purposes on those same businesses were not well supported. Nevertheless BIDs became seen as essential for investment and place shaping in the absence of the traditional public sector leadership.

### **2020- BIDs as a mainstay of pandemic response and resilience**

There is still significant room for progress in integrating BIDs into government policy agendas and raising awareness of BIDs' activities and value among local governments.<sup>32</sup> UK BIDs played a critical interface and intelligence role in responding to the Covid-19 pandemic. Their accumulated track record as an ally of local businesses, empowering communities and championing town centres has given them the social license and credibility to provide hands-on support to affected businesses.<sup>33</sup> There has also been a higher requirement to ensure safety and security around temporarily closed businesses or permanently closed stretches of street. BIDs have been providing valuable intelligence to local and central government about the impacts of the pandemic on local economies, and have identified the differential impacts on certain industry sectors.<sup>34</sup> In some cases the pandemic has also accelerated demand for work that BIDs had already started undertaking more frequently – on secure waste, insurance and risk, and digitisation, for example. This has in turn led to a growing trend of BIDs recruiting external staff and specialists, especially in security and marketing. As of 2022, 60% of national BIDs now have some external staff who are not on the formal payroll.<sup>35</sup>

### **Success factors with relevance for NSW**

- **Successful cultivation of a culture of partnership.** This became strong in the UK after the early development of informal models over a period of time, and the BID model was viewed as the natural progression to formalise coordinated investment and delivery.
- **Recognised coordination mechanisms** with a central resource dedicated to driving the agenda, providing a route for rapid adoption and best practice exchange. The centralised and coordinated resource provided a trusted 'go to' support, in both London and then UK-wide. This is viewed to have given confidence and resources to emerging locations without commitment to an 'opt-in' decision or payment to benefit.
- **Initial public support and grant funding** was instrumental in the early years to act as the catalyst/enabler as well as providing a sense of 'legitimacy' to the process. However, it has been important for the public sector role not to be perceived as the sole instigator of change by the private sector, and therefore this needs to be handled with sensitivity.
- **Accredited quality, professionalism and innovation** was well-articulated and documented through 'formalised' but not mandatory routes (Accreditation; Academy; Awards; Nationwide BID Survey). This provided a sense of confidence and professionalism to a new and unusual concept, which helped to present it as an emerging mainstream initiative.
- **Flexible and non-prescriptive legislation** enabled 'fit for purpose' models (Variable Levy Rates; Thresholds; Caps; Exemptions etc) that supported the approach of local solutions for local places. For example, some BIDs recognise that due to differing needs of their locality in relation to sector or geography it is fair to charge variable levy rates, for example when nighttime management issues require dedicated effort in one part of the BID.

- **Options for SME involvement.** Many BIDs have chosen to use a threshold to exempt SMEs from being mandated to pay the levy while they still benefit from the services (and in some cases they offer a formal 'small business club' where businesses can opt to pay a small fee to actively engage).
- **Caps.** In some cases where there is a disproportionately high potential levy payer or number of levy payers, some BIDs have chosen to put a cap in place that ensures no individual business pays more than a capped figure annually. This has applied to large hotels or other commercial operators.
- **Culture of innovation.** Many BIDs across the UK have developed innovative initiatives including - cost-saving for businesses; town-wide wi-fi; green audits; on-street uniformed presence either in an environmental Ranger capacity and/or a customer service; public realm investment; and small business support; and community engagement.
- **Maintaining a formal citywide 'organisation' beyond the pilot** phase is viewed as beneficial to the ongoing development and evolution of the concept.<sup>36</sup> A roll-out programme ensured the momentum of the initial pilots was maintained, and that best practice was disseminated, and stronger means of advocacy were forged. and policy intervention and advocacy was evidenced and encouraged. It helped to achieve much better performance of BIDs in the ballot. London weighed up the merits of future organisational structures and where it should sit. It opted for a publicly-funded programme delivered through competitive tender by a private consulting firm commissioned and contract-managed by London's relatively new citywide government.

### Observed gaps and limitations

- **An absence of recognised success measures or reporting** has made it much harder to decisively prove evidential success or otherwise against initial objectives. The absence of a step-by-step analytical framework of what has been achieved and what the key metrics are has limited its strategic case. Clear thresholds and target outcomes are viewed to have been an advantage had they been rolled out across UK BIDs.
- **Legislative loopholes** have enabled irresponsible behaviours and poor performance in a small number of locations. This has been particularly noticeable in the areas of Consultation and Engagement; the Voting Process; the Annual Reporting; and in relation to general Transparency and Accountability. These shortcomings have largely been observed and managed through industry best practice exchange and voluntary quality targets.
- **Absence of an industry regulator in the UK** and this caused concern from both public and private sectors. Due to the non-prescriptive nature of the legislation there are insufficient quality measures and controls in some locations which is having a negative impact on the BID concept and increasingly there have been calls for a formalised government regulation.
- **Precinct-dependent management and governance** - outcomes have been very much shaped by the specific personalities and skill sets of BID leaders. This is exacerbated by limited legislative controls, which allowed mistrust and errors to occur in some locations particularly the smaller ones.
- **Baselines became outdated** in most locations due to public funding squeezes, which meant the *raison d'être* for the concept has moved beyond 'additionality' towards necessary coordinated investment.

## **2. Global case studies**

## Business Improvement Districts in Cities and Regions

This section details the evolution and roles of BIDs in six city-regions of relevance to NSW/Sydney, considering features such as city size, language, governance, and public/private relationships. Other regions have not been included – such as Hamburg and Berlin in Germany, or Greater Amsterdam and the Netherlands. Although there is much of interest about these latter cities and contexts to Sydney/NSW, their track record of BIDs is more recent and the legislative process is somewhat distinct.

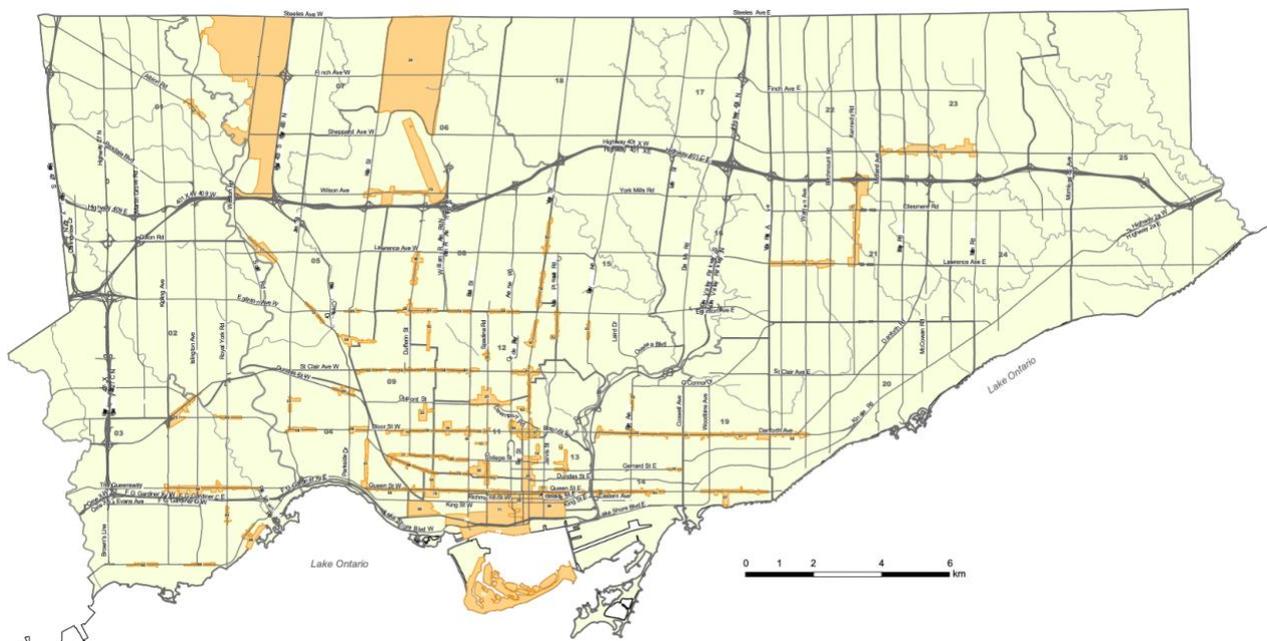
### Summary of Business Improvement Districts in six cities<sup>37</sup>

	Auckland	Cape Town	London	New York	Santiago	Toronto
No of Districts in 2022	50	23	70	76	11	85
Date of inception	1990s	1999	2005	1984	2014	1970
Rate of growth in BID numbers	Stable	Stable	Stable	Stable	Strong	Stable
Guidance	✓✓	✓	✓	✓✓*	✓✓	✓✓
Co-investment	✓	✓	✓✓	✓✓	✓✓	✓✓
Training	✓✓	x	✓*	✓✓	✓	✓
Awards	x	x	x	x	x	✓✓
Network	✓✓	✓	✓*	✓✓	✓✓	✓✓
Conferences & events	x	?	✓	✓✓	✓✓**	✓✓
Other		Limited provincial engagement	National support at start of programme	State Govts limited involvement	National support	Provincial support

✓ - some resources  
 ✓✓ - strong provision  
 ? - unclear  
 x - limited or absent  
 \*partially or wholly through third-party non-profit associations  
 \*\*At national level.

## Toronto: Business Improvement Areas (BIAs)

### Toronto's BIAs



Toronto is the birthplace of the Business Improvement Area (BIA). Its first one (Bloor Jane) was established in 1970, and created the template for others. Since then, its network of BIAs has expanded significantly - to 40 in 2001 and to 85 today.<sup>38</sup> It now has the highest concentration of BIAs in North America.

Its largest in terms of activity and financial capacity is the Duke Heights BIA (formerly Dufferin Finch) with an annual budget of C\$4.1m (approx.. A\$4.5m), one of Toronto's largest employment districts. The second largest BIA, in terms of budget, the Toronto Downtown West District, just recently expanded. With an annual budget of over C\$3.4m, it is proving key to regenerating parts of Toronto's cultural and entertainment quarter - notably through its capital investment and involvement in master-planning for the area.<sup>39</sup> Other large BIAs include the Financial District (at C\$1.9m), and St Lawrence Market neighbourhood, with a C\$1m budget. The former has recently run an assessment of its public realm to highlight the areas it needs to work with the city to upgrade, which complements its neighbourhood business and demographic intelligence offer to local businesses.<sup>40</sup> St Lawrence Market BIA is also involved in masterplanning for its neighbourhood, especially in terms of upgrading the physical quality of its district in partnership with the City. With most BIA budgets closer to C\$600,000, some are as small as C\$35,000. Together they invest over C\$30m across the city.<sup>41</sup>

Toronto's network of BIAs is today highly organised. The City facilitates their establishment and provides guidance to their operations through online resources. In addition, the Toronto Association of Business Improvement Areas (TABIA) coordinates the work of the BIAs and provides a common forum, networking and resource platform to promote their role in the city. On top of offering seminars,

## Business Improvement Districts in Cities and Regions

conferences and events, it also participates in city and provincial level consultations over small business regulations, and fosters collaboration and joint working among its member BIAs.<sup>42</sup>

Levies provide the main source of finance for Toronto's BIAs (around 90%). The remainder comes from public grants (especially for street investment). There is notably little non-levy private investment. Most funds go towards public realm management and promotion, including 160 street festivals and events a year. St Lawrence, for instance, had organised BBQs in parks and plays, while working on cycling and pedestrianisation projects. The Downtown West BIA has provided neighbourhood level retail and mixed-use development opportunity assessments, and has a comprehensive capital investment plan for its key arteries (e.g. King Street).<sup>43</sup> It has also rolled out more than 70 art installations in the district and curated an ArtWalk for people to highlight the artists' work.<sup>44</sup>

Post-Covid, Toronto's BIAs are re-prioritising arts and heritage, pedestrianisation, and community engagement. Recent expansion of the Toronto Downtown West BIA (formerly Toronto Entertainment District) has helped expand an already impressive collection of public art, funded by developer contributions. With over 70 art installations in the area, an interactive map of themed routes was designed in order to highlight fun facts and engagement questions to attract both art lovers and those new to the art world back to the city centre. Meanwhile a new pedestrian-focused framework is helping to drive a focus on accessibility and experience. Across Toronto, BIAs have become an important resource for communicating with the general public, sharing information and resources such as which businesses are open for contactless and curbside or in-person service (66% of all BIAs); guidelines on applying for government support (30%) and activities that involve member businesses (25%).<sup>45</sup>

## New York: Business Improvement Districts (BIDs)

### New York's BIDs



With 76 BIDs to date, New York City has the highest concentration of BIDs in the United States and one of the top 3 in the world.<sup>46</sup> It certainly is home to some of the most famous BIDs including the Times Square Alliance, the Downtown Alliance and the Grand Central Partnership. Collectively they raised \$175m in 2021, and spent over \$160m. The largest (by area), the Downtown Alliance, spent just over \$20m. The median BID spends more than \$500,000 each year.<sup>47</sup>

New York's BIDs are known for their diverse funding streams. While on average 81% of their 2021 income came from levies, revenue from contracts and commercial activities comprises about 8% (\$14.2m) and fundraising represents 7% (\$12.2m).<sup>48</sup> Grants (2%) enable BIDs to fund the pedestrianisation of streets as well as support small businesses affected by the pandemic. The largest BIDs, with budgets larger than \$8m, generate only 75% of their revenue through levies. Commercial activities are more lucrative, generating 13% of their funding, followed by 8% for fundraising. Among the second-largest BIDs (budgets between \$2.5m-\$8m) and the smaller BIDs (budgets up to \$500k), the levy accounts for a higher share of their revenue (c. 90%).

Sanitation is the biggest item of expenditure across the 76 BIDs - at 26% of the total. Street cleaning has been one of the main drivers of early BIDs in New York. Efforts to revitalise areas such as Times Square from littering and general neglect were among BIDs' first acts, at a time where inner-city retail

outlets were suffering from general urban decline. While today the acute need has declined, street cleaning is in a way part of New York's BID legacy, and the need to provide safe and pleasant shopping experiences in order to entice people to shop in person rather than online has again become more important as a result of the Covid-19 pandemic. Public safety accounts for 15% of total expenditure: although New York is today a lot safer than when BIDs were first introduced, crime reduction initiatives still attract significant investment - especially through a visible, uniformed presence with direct links to the police.<sup>49</sup>

Unlike many other BID programmes around the world, New York also funds significant social services and business development programmes, which account for 11% of spending - slightly below the \$29m (18%) spent on marketing and promotion activities that have become more prominent in light of the Covid-19 pandemic. Increasingly BIDs are running their own marketing programmes in order to promote the precinct and its businesses, and draw foot traffic to key corridors. District shopping guides, holiday light installations, street fairs, "taste of" events and cultural festivals are all becoming more common as the pandemic subsides.<sup>50</sup> Beautification and capital improvements stand at 8% and 2% of expenditure respectively.

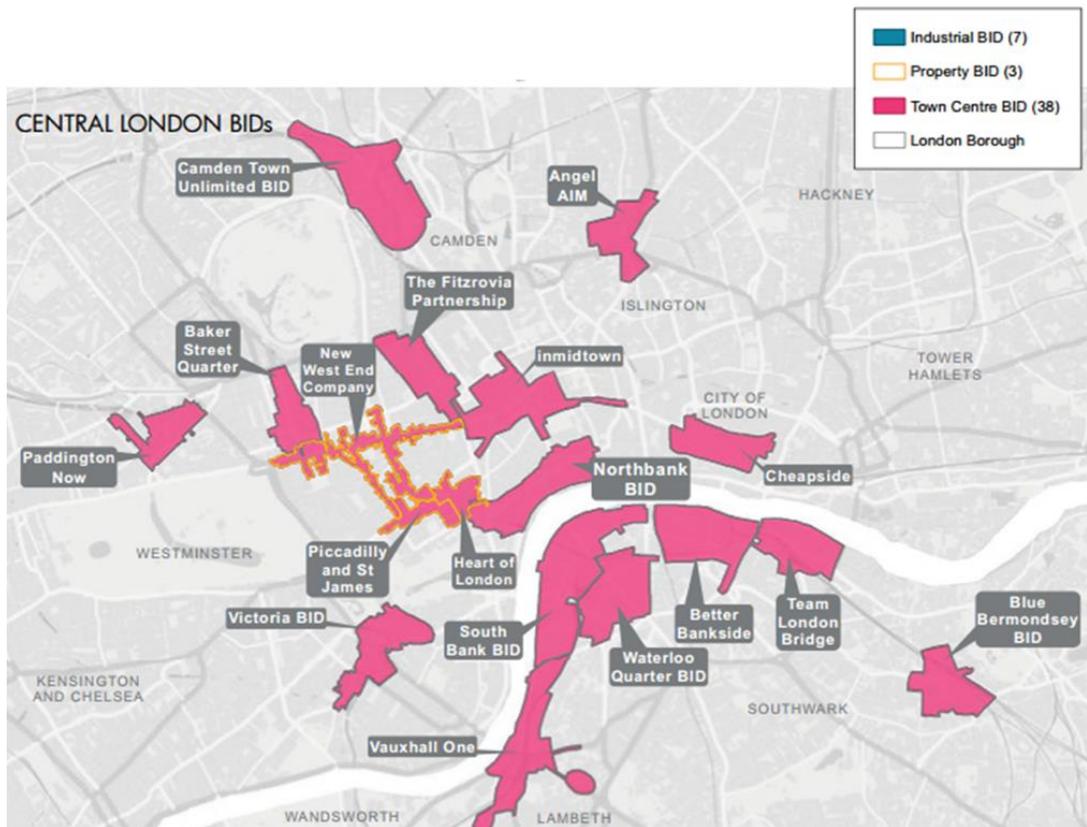
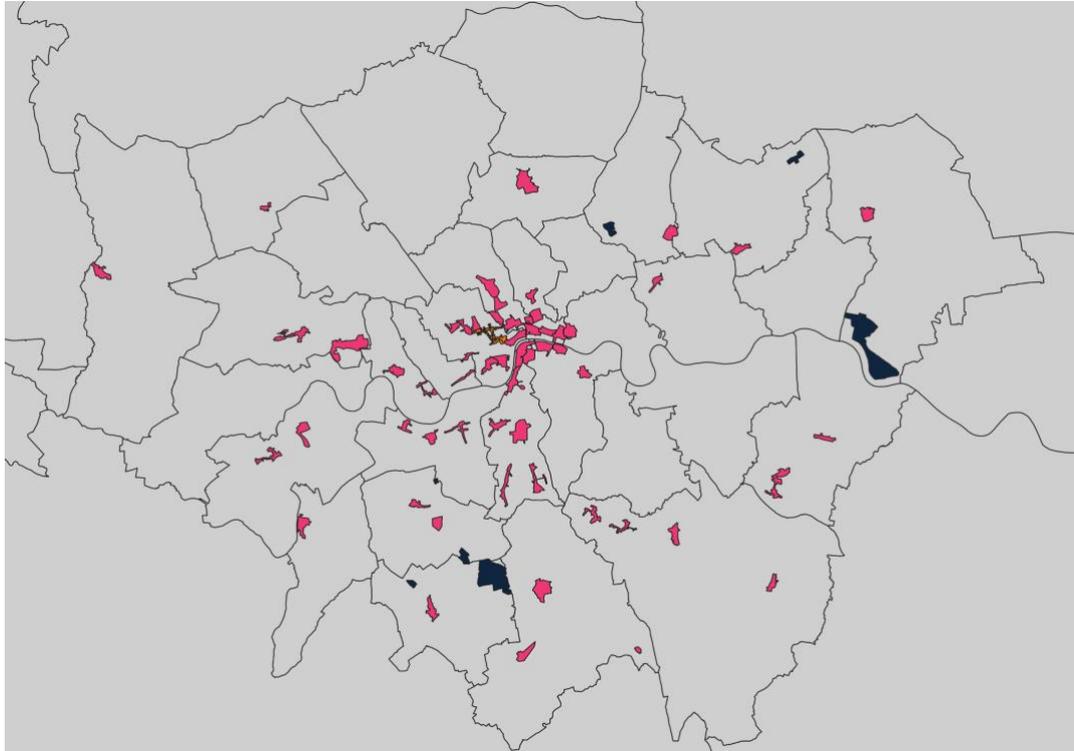
The Times Square Alliance has been a pioneer in marshalling diverse sources of funding for its activities, notably through its Museum and visitor centre but also through putting on large scale events such as the New Year's Eve countdown and "Broadway on Broadway". The Downtown Alliance runs "Nights at the Museum" events, runs a free bus services to connect consumers to local businesses, and has a "culture pass" to offer discounted access to cultural attractions. Most of New York's BIDs also run retail, residential and real estate market assessments for the benefits of their businesses and offer planning input to align city interventions with their vision for public realm upgrades.<sup>51</sup>

New York's BIDs involve 85,500 businesses in total, with nearly 90% of them linked in one way or another to the city's Small Business Services department which is a prolific provider of training, resources and financial assistance especially following the Covid-19 pandemic. It also assists in coordinating BID activities and neighbourhood development, channelling city funding to relevant BID needs, and acts as a point of contact between the Mayor and the BIDs by organising an annual BID conference. Its role is complemented by the NYC BID association, a not-for-profit umbrella group which promotes best practice sharing and networking among the city's BID leaders.<sup>52</sup>

For years, relationships between BIDs and government were tense - especially under Mayor Giuliani who sought to limit their autonomy at a time when the BIDs were taking into their own hands the response to the perceived decline of New York's urban realm. Under Mayors Bloomberg, De Blasio and now Adams, this relationship has improved considerably - with a big expansion in the number of districts and their funding.<sup>53</sup> BIDs have become an established part of the toolkit for a more polycentric New York City.

## London: Business Improvement Districts (BIDs)

### London and Central London's BIDs



## Business Improvement Districts in Cities and Regions

London now has 69 BID's - a rapid growth considering that they were only introduced in the UK in 2005. Put together, they raise just under £48m (A\$80m) in levies a year, and host 61,000 firms.<sup>54</sup> London's largest BID, the New West End Company, raises over £3.8m (A\$6.5m) in annual business levy income, complemented by nearly £100,000 in additional revenue - mostly private sector donations or commercial income.<sup>55</sup> Alternative income sources account for on average around 1/5 of income, with nearly 70% of BID's reporting help from local government grants (especially among smaller BID's), and just over half citing voluntary business contributions (among others). Property owners and sponsorship are also significant sources, with some additional funding from for example metropolitan agencies like Transport for London and the Metropolitan Police.

Ten years into the introduction of BID's, a report released by the Greater London Authority ran a SWOT analysis of London's BID's. It noted the following strengths:

- a reliable income stream
- nimble responses to local issues
- funding diversification
- strong investment promotion activities

Its main weaknesses were viewed to be:

- a lack of public profile and support
- tensions between property and business owners in terms of the levy
- lack of funds relative to the ambitions for the precinct.<sup>56</sup>

Over half of London's BID's have run events, engaged in place marketing (e.g. events, street markets), run lobbying and advocacy, community safety and environmental management. Many offer employment initiatives, and have regeneration schemes in place. Their involvement in policy affairs is more limited than in the US and Canada.

In addition to more traditional commercial BID's, there are two other types of BID's in London:

1. Industrial BID's are located in outer London and tend to be smaller than other BID's. They cover industrial estates and business parks. The levy payers are more varied and include head offices of large multinational companies, utilities, as well as businesses in trade and professional services sector.
2. Property owner BID's only exist in London and differ in that local property owners are the ones who pay the levy instead of property occupiers (or businesses). When introducing a property owner levy, the BID company or proposer determine who should be liable for the levy, allowing local discretion and flexibility in their creation. This model enables property owners to have a say and vote on the proposals.

Cooperation between BID's and London local governments (boroughs) has proven to vary from location to location. Some engage in particularly close-knit collaborations on project and service delivery (such as Lambeth, which runs bi-monthly liaison and co-operation meetings with its BID's). Although City Hall has been strongly supportive of the establishment of BID's and has been willing to

## Business Improvement Districts in Cities and Regions

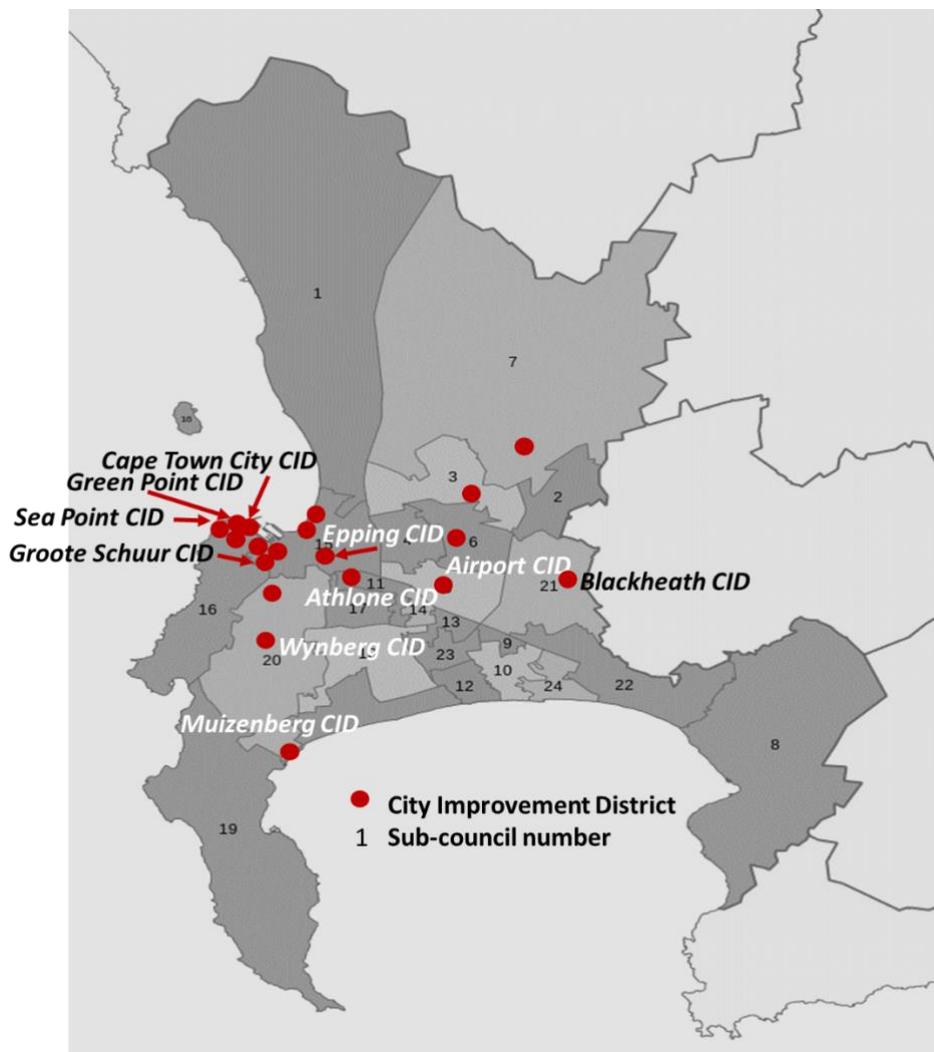
co-finance start-up costs with boroughs, wider and more institutionally rooted collaboration mechanisms have been more patchy.

At a sub-regional level, a Cross River Partnership has been set up with 17 BIDs and 9 boroughs covering many of central London's key districts. This collaborates on pilot programmes to achieve economies of scale in service delivery. The umbrella organisation to coordinate the BID network has been national rather than citywide. Much ad-hoc collaboration is negotiated through the national BIDs organisation and the Association of Town Centre Management. BIDs also mentor each other informally. After the pandemic, neighbouring districts are also attempting collaboration arrangements by sharing services and generating economies of scale.

Mayoral leadership has in general been a strong supporter of BIDs, and through the business-led London Enterprise Panel, has marshalled funding for start-ups and programme support, as well as learning and networking events. These have included local authorities, BIDs and other public service representatives (e.g. police, transport) to deepen learning and awareness. Discussions are ongoing as to how both BIDs and local authorities can strengthen their collaboration over service funding, institutional linkages, best practice learning, and regeneration. On the whole, London's BID architecture is dynamic but less well organised than that of New York or Toronto which have had a longer history of maturity.

## Cape Town: City Improvement Districts (CIDs)

### A selection of Cape Town's City Improvement Districts



Note: not an exhaustive list.

City Improvement Districts (CID), as they are called in South Africa, emerged in Cape Town in 1999. A concerted effort by the city's Chamber of Commerce and the Property Owners Association – responding to the business sector's concern about a declining CBD and perceived issues of "crime and grime" – led to their formal creation and the introduction of a compulsory property-owner levy.<sup>57</sup>

In the central city, they were for a long time linked to the Cape Town Partnership (CTP) – a non-profit forum and advocacy organisation, subsidised by city authorities, which has been an active player in influencing and elaborating policy in the region. The CTP incubated Cape Town's most famous CID, the Central City Improvement District (CCID). The latter continues to act as the CTP's "implementation" body in the city, providing traditional BID services such as streetscaping, cleaning, security and promotion. Following successes in reducing central city crime rates, the CCID's initial focus on crime has now shifted to a broader agenda around urban regeneration and supporting the night-

## Business Improvement Districts in Cities and Regions

time economy, with strong partnerships with the city government over public realm upgrades, and with NGOs and businesses over poverty and homelessness. In addition, the CTP and CCID were closely involved in formulating the Central City Development Plan from 2008-2018, and are active partners in policy formulation and execution in regenerating Central Cape Town more broadly.<sup>58</sup> CCID's impact is greatly felt in Cape Town, with millions of investment flowing into downtown and the value of inner city property increasing to more than £2bn in 20 years.<sup>59</sup>

At a broader city level, there are currently nearly 40 CIDs in Cape Town.<sup>60</sup> Many have strong links with the CTP, but the CTP no longer manages most of the central city districts. It has nonetheless been a key player in initially guiding CID establishment in Cape Town, although a more formal city-wide assistance and guidance structure is currently lacking. There is also no comprehensive training provider and wider metropolitan CID support network as there often are in other cities, although the CTP does play a key role as a policy and liaison forum between businesses and city government.

## Santiago de Chile: Barrios Comerciales (BCs)

### Barrios Comerciales in the Santiago Metropolitan Region



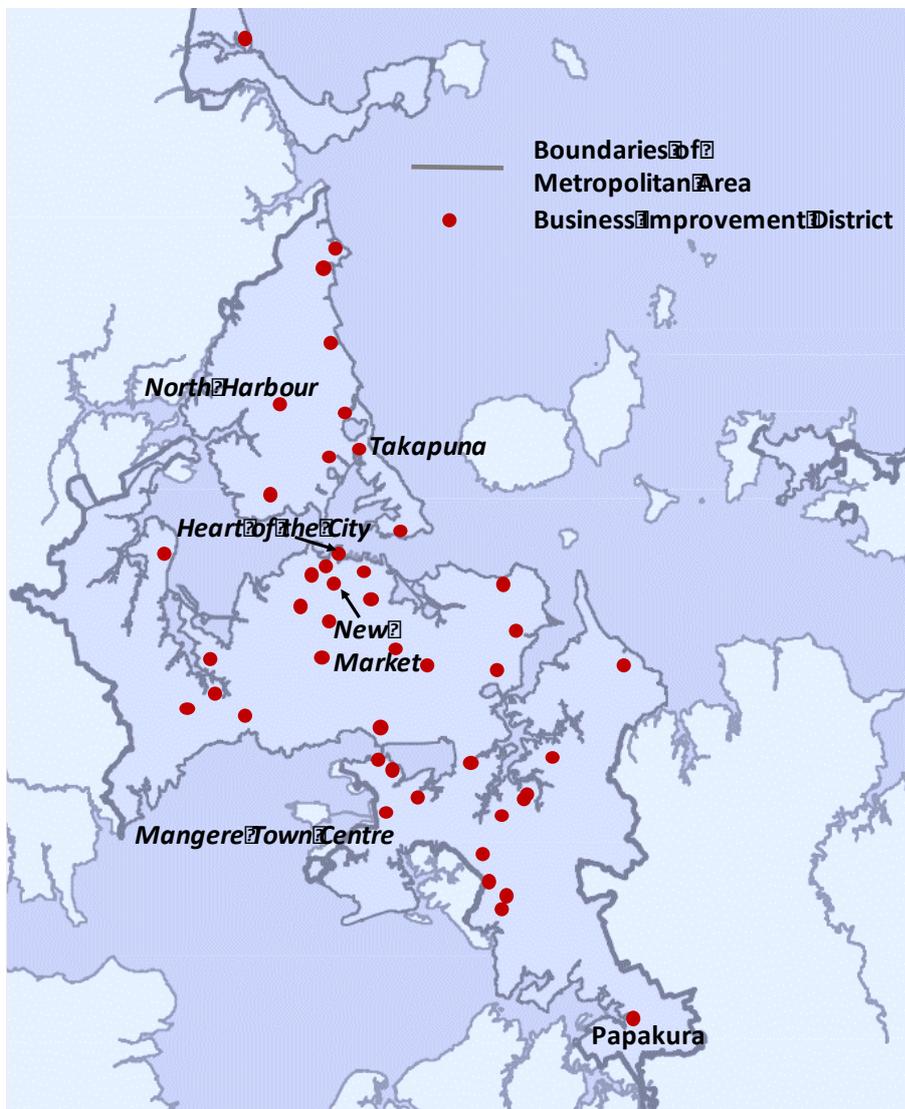
Note: Melipilla is outside the boundaries of this map, while data was unavailable for the 11th BC.

Santiago de Chile has 11 of Chile's 64 Barrios Comerciales (BCs) - the Chilean equivalent of BIDs. BCs in Santiago and Chile are mandated and coordinated by the higher tier of government (national), as opposed to locally initiated. They were established as part of the National Agenda for Productivity, Innovation and Growth driven by President Bachelet, under the auspices of a joint strategy elaborated by the Ministries of Economy and Housing and Urban Development. They were identified as a necessary response to the decline of inner-city retail districts in the face of suburban development and the proliferation of malls.<sup>61</sup>

The BC programme in Santiago and Chile as a whole is distinctive in being a nationally organised partnership between local communities, businesses, municipalities and the central government - with strong central steering, but local ownership of development priorities. The state is particularly active in providing the technical and financial resources necessary to run BCs through conferences, seminars and technical assistance, performing a service usually left to local authorities in other countries.

## Auckland: Business Improvement Districts (BIDs)

### Auckland's BIDs



Note: Pukekohe and Waiuku are outside of the boundaries of this map

Auckland runs a large Business Improvement District Partnership programme. For many years the city's government has been keen to support - and leverage - the business sector's assets to fulfil its strategic vision of becoming one of the world's most liveable cities.

The policy is closely aligned with the objectives of the Auckland Plan, as the city encourages BIDs to pursue initiatives that will contribute to fulfilling its strategic vision. The partnership offers guidance and some support to local BIDs, and provides a policy dialogue platform between businesses and the city. Auckland currently has 50 districts - impressive considering the city's size, with roots going back to the Mainstreet Improvement Programs of the 1980s and 1990s.<sup>62</sup> Auckland's BIDs, as is the case for most of New Zealand, are mainly funded from a targeted rate on property owners. Further

financing options are available, although the majority rely more strongly on the levy than their British or American counterparts.<sup>63</sup>

Auckland's BID Partnership Program offers strong guidance on how to set up and govern a BID - and how to best cooperate with the council, with some initial finance for BID start-up (although financial support is less pronounced in latter stages). A key feature of its BIDs policy are the formal and informal links between councillors and BIDs, with the former deemed well placed to share best practices and potential policy ideas, and to offer guidance on liaising with the local authority. Tataki Auckland Unlimited, the local and regional economic development agency, provides further training and guidance to businesses and BIDs on how to run the district, and can help elaborate Joint Business Development initiatives within the BIDs. It has been notably active in putting together promotional activities with BIDs when it aligns with the city's wider objectives, including co-developing and running TV adverts promoting Auckland.<sup>64</sup>

Auckland's BIDs enjoy a strong local network of support. That being said, much of Auckland's Council's involvement occurs in the initial stages of BID operation, as BIDs are later encouraged to take the initiative when it comes to forming partnerships, alliances, initiatives and policies. Beyond Auckland Council, private companies have been active in helping to get the BIDs off the ground in Auckland and New Zealand, in particular Business Lab which has a track record of success in the region.<sup>65</sup>

Auckland's BIDs are involved in a wider range of activities than many of their peers in the UK, Germany or the US. The largest, which include Heart of the City (city centre), Newmarket and Takapuna, perform the whole range of BID functions, including active involvement in urban planning, business networking and larger scale national and international promotion. The Heart of the City, for instance, is running a study on the future of the Port of Auckland to sketch a policy vision it can discuss with the council.<sup>66</sup> Takapuna runs a high-tech entrepreneurs club in conjunction with many business and city organisations to attract ICT talent to its district, as part of city-wide business networking initiatives. Other smaller BIDs also tend to run innovative community projects.<sup>67</sup> Rosebank ran a Youth Connections program designed to help young people get into work through a series of workshops to put businesses and young people in contact.<sup>68</sup>

Post-Covid, Auckland's BIDs are also helping to lead the charge on efforts to help the city bounce back from the effects of the pandemic. The Heart of the City has been embarking on refreshed campaigns to create energy and enthusiasm for the city centre, by launching new events such as restaurant month to help make people enthusiastic about spending time downtown, and by encouraging private sector participation in activation efforts and public space improvements.<sup>69</sup>

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