

New Report Could Boost BIDs

By **GARY SHAPIRO**, Staff Reporter of the Sun | July 26, 2007

LARGE BUSINESS IMPROVEMENT DISTRICTS IN NEW YORK CITY INCREASE THE VALUE OF COMMERCIAL properties within their borders by 15% on average. Smaller districts, however, have no effect on commercial property values, a new study released yesterday by New York University's Furman Center for Real Estate and Urban Policy says.

"Business improvement districts improve the business climate and foster economic growth in their communities," the commissioner of Small Business Services, Robert Walsh, said. The director of New York Law School's Center for New York City Law, Ross Sandler, said the report "should make BIDs even more popular, but also caution officials not to expect miracles where other factors are not already in place."

BIDs are entities funded by fees paid by property owners and merchants to deliver services such as sanitation and crime control as a way to augment public services provided by the government. The report, which covered 44 BIDs in existence in 2002, defined large BIDs as those with annual assessment revenues greater than \$1.2 million, while smaller BIDs collect less than \$263,000 in assessments.

New York has more BIDs than any other urban center in America. Mr. Walsh said the Department of Small Business Services has helped to create 12 BIDs over the past five years and continues to work hard to help these districts form and grow.

"While we expected we might find positive impacts, we did not expect that large BIDs would generate such substantial impacts, nor did we expect to see such a significant difference between the impacts of large and small BIDs," said the co-director of the Furman Center, Ingrid Gould Ellen, in a written statement.

The report offers several possible reasons for the discrepancy between larger BIDs and their smaller counterparts. The larger districts spend 39.5% of their budget on security and capital improvements compared with 6.1% for smaller BIDs. Larger BIDs can also take advantage of economies of scale, often have more powerful board members with better political clout, and can have better access to private sources of money outside the BIDs to support largescale projects.

The acting president of the Alliance for Downtown New York, William Bernstein, whose organization's budget is \$18 million this year, said that by their very nature large BIDs tend to be in the central business districts and smaller BIDs tend to be more along retail strips.

The president of the 34th Street Partnership and Bryant Park Corp., Dan Biederman, said there has been a dramatic increase in commercial property values in the Bryant Park area far in excess of the 15% that the Furman study cites as an average for the city.

Mr. Biederman said a key aspect to increased commercial property values is to go much further than improving sanitation and reducing crime. One needs to "remake the look" of the neighborhood with a

streetscape plan. Mr. Biederman gave examples of accomplishments of the 34th Street Partnership such as planting new trees, getting rid of ugly newspaper boxes (by putting them in a common unit), replacing cobra head lamps with more attractive "white light" fixtures, adding larger illuminated street signs, and adding a wayfinding system to tell pedestrians where major landmarks and sites are in the area.

Smaller BIDs must come up with inventive ways to improve their districts. For example, the Columbus Avenue Business Improvement District runs along Columbus Avenue between 67th and 82nd streets and has a budget of \$208,000. It is run out of the living room of its executive director, Barbara Adler, who is also its sole employee.

In contrast, the Alliance for Downtown New York has a 63-person security force that operates 24 hours a day. The budget that it spends on free bus service alone could rival a smaller BID's overall budget, Mr. Bernstein said.

The report also found that BIDs had no impact on commercial properties that lie outside their boundaries, contradicting the claim that BIDs displace crime and other disadvantageous effects on their environs.

The report by the Furman Center evaluated the impact of BIDs on the value of residential properties, which constitute about 15 % of all properties in New York City BIDs. The report found that generally BIDs had no significant impact on residential property values.

Despite this finding, Mr. Biederman said residential property values around Bryant Park have greatly increased, while the Downtown Alliance's Mr. Bernstein said such values in his district have "soared."