

**Massachusetts Institute of Technology
Department of Urban Studies and Planning**

11.422 Business Improvement Districts

Lecture One

Overview

- Introduction to the Course
- What is a BID?
- Other Revitalization Strategies
- Theoretical Framework for Understanding the BID Movement

Introduction to the Course

- Who Are We and Why Are We Here?

Sign-in Sheet

Personal Introductions

- Beyond the Topic of Business Improvement Districts

The Notion of Urban Revitalization

The Proliferation of BIDs

Your Role in Shaping the World

- The Next 14 Weeks

Course Syllabus

Organization of Course: Three Parts (Flow Diagram)

Part One: Case Studies (Lectures, Participation and Assignments 1 & 2)

Part Two: Critical Evaluation (Lectures, Participation and Assignments 2 & 3)

Part Three: The Future (Lectures, Participation and Assignment 4)

What is a BID?

- No Naming Convention

Variations include, “self-supported municipal improvement districts (Iowa),”

“special improvement districts (New Jersey),” “special business districts (Missouri),”

“public improvement districts (Texas),” “economic improvement districts (Oregon),”

“parking and business improvement associations (Washington),” “improvement districts for enhanced municipal services (Arizona),” and “municipal special services districts (Connecticut).”

As well as, “Business Improvement Areas (Canada),” and “City Improvement Districts (South Africa).”

- No Standard Definition

General: self-imposed financing mechanisms implemented by business and property owners for local improvements, specifically the enhancement of public services

Houstoun: may rely solely on voluntary donations

Mitchell: must impose an added tax or fee on all the properties and/or businesses

Hoyt: Publicly endowed and privately managed organizations with geographically-based and compulsory memberships whose principal funding source is a self-taxing mechanism. Typically, these organizations provide services to improve the pedestrian experience with the expectation of increasing revenues and property values.

Levy: See Readings

Briffault: See Readings

-Assignment One: Due in Week Three.

Other Revitalization Strategies

-Special Purpose Districts

Similarities: A class of government to which the state grants certain powers; citizens form these governments to perform specific functions, entity possesses a unique geographic scope, membership, and purpose; legally independent of other local governments and typically establish boards to govern their activities.

Differences: Special purpose districts rely upon a variety of revenue sources including property tax levies, funds from bond issues, grants, user fees, rents, special assessments, and other taxes, while most BIDs generate the majority of their revenue by imposing an additional tax on property owners within their boundaries. Special purpose districts provide such services as fire protection, sewer, transit, water, housing, drainage, libraries, parks, and sanitation, while BIDs focus on marketing, sanitation, streetscape improvement, security, transportation and social services.

-Special Assessment Districts

Similarities: The special assessment district is a form of specialized government that functions at the local level. They are “coercive” monetary collection mechanism.

Differences: Monies are typically used to finance capital improvements for the expansion of roads, sidewalks, sewers, and utilities in new residential areas. They are not independent legal entities.

-Special Zoning Districts

Similarities: With the power granted to local governments, municipalities can institute zoning districts to improve the pedestrian environment.

Differences: The zoning power allows for the municipality to mandate land use and design guidelines.

-Main Street Programs

Similarities: Aim to improve all aspects of commercial areas by improving economic management, strengthening public participation, making downtown a fun place to visit attracting new businesses, rehabilitating buildings, expanding parking, etc.

Differences: Programs often rely on state and local funding; they are not entirely self-sustaining.

-Tax Increment Financing Districts

Similarities: Mechanism authorized by state statute and adopted by municipalities that allows the city to designate an area for improvement.

Differences: TIF allows reallocation of property tax revenues (does not impose a new tax) such that future growth in property tax revenues are forwarded to the TIF authority to finance debt. Often used for property acquisition, condemnation, infrastructure improvements, sports facilities, etc.

-Miscellaneous (UDAG, Urban Renewal, HOPE VI, Enterprise and Empowerment Zones etc.)

Theoretical Framework for Understanding “The BID Movement”

-Why Policy Network Theory? (Marsh and Rhodes, 1992)

- Movement is evidence of a transnational urban spatial/economic development policy network
- Policy transfer (acquisition and utilization of knowledge about policies elsewhere)
- Transfer takes place within a network

-What is a Policy Network?

- Networks are not formal organizations, rather loose patterns of communication
- Principle Elements: Membership, Structure, and Capacity
- Consist of actors involved in policy making
- Actors can facilitate or impede policy learning (openness to new knowledge)
- What causes actors to act? Perception of the situation (crisis? opportunity?)
- Policy Transfer: “Emergence” Versus “Success”