



# Business Improvement Districts: Lessons from Abroad

**Creating a Business Improvement District (BID) will be possible once passage of the Local Government Bill is complete. It is likely to pass the final stages in Parliament and gain royal assent by early 2004 at the latest**

The concept of BIDs has understandably met with much enthusiasm from retailers and local authorities alike. The concept, well established in a few other countries, allows local people to find local solutions to local problems. The first BID was the idea of a Canadian jeweller who persuaded the authorities of the City of Toronto that local businesses should be allowed to take some control of their local area, improve it and pay for these improvements themselves. Created in 1971, the Bloor West Village BID in Toronto was the forerunner of all of today's such schemes.

Bloor West, covering nine city blocks with 250 retailers and 150 other offices, focused on streetscape improvements, changing physical structures and adding environmental improvements such as trees and benches. The motivation for the businesses of Bloor West was to

improve their business centre, making it a more attractive place to work and visit when compared to competing centres in the locality. This will be the overwhelming reason for any BID, but the problems local businesses face can vary wildly.

There are hundreds of BID schemes operating around the world today. According to the Department of Urban Studies at Massachusetts Institute of Technology (MIT), BIDs exist in Canada (347), New Zealand (30), South Africa (21) and United States (429). These are "pure BIDs" that fulfil very specific criteria: they must be privately led, approved by public authorities, provide additional services, clearly defined and time-limited, and possess a self-taxing mechanism.<sup>1</sup> Most existing town centre regeneration schemes in Britain and abroad will fail at least one of these criteria, normally that of the power of self-taxation.

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### Commercial benefits

For retailers the key benefit from successful BIDs would be improvements to the “bottom line” through higher footfall and sales. The drivers for this commercial change will vary from location to location and even country to country, but several key priorities are clear.

### Security

Greater footfall and sales could be accompanied by reduced costs from crime. In Britain, a key problem in maintaining anti-crime measures has been the inability to generate sustainable funding at local level. The BRC views BIDs as an important tool for tackling retail crime and crime more generally, and as an excellent opportunity for local businesses, in partnership with the police and other stakeholders, to invest in local anti-crime initiatives. Street wardens (aka “ambassadors”), new and improved street lighting, and measures to tackle graffiti and vandalism could all be the initial focus of the first wave of British BIDs. Clean and safe streets and neighbourhoods are in everyone’s interests.

### Cleanliness

A second element of improving the public realm and the retail offer is the standard of cleanliness and the quality of the environment. In our view BIDs should, once baseline service delivery has been agreed with a local authority, aim to improve cleanliness as a priority.

### Capital expenditure

Investments in the physical environment (including flower baskets, litter bins etc.) may also be important, depending on the location. The simple act of agreeing and auditing what a local authority should already be delivering could markedly improve the retail trading environment.

### Marketing

Once improvements have begun to take effect, attention is likely to turn to making existing and potential customers aware of improvements to the centre’s retail environment. Some BIDs may even be almost entirely publicity-driven, increasing footfall through innovative events and marketing messages.

### Local government

For retailers another benefit of a successful BID could be the opportunity to have effective dialogue with local government across a range of issues. BIDs could improve the relationship between businesses and local government, by creating feelings of trust and shared aims and objectives.

### Priorities

BIDs in other countries all hold these priorities to varying degrees. In South Africa, where BIDs are a relatively new addition, the top priorities are crime and cleanliness. Managers must make their centres clean and safe before they can do anything else. In contrast, surveys by MIT of the priorities of the managers of North American BIDs reveal that capital investments and promotional activity have a higher emphasis. This is probably in part due to the national economic and social state of each country, but is undoubtedly also a reflection of the relative maturity of BIDs in North America and their youthfulness in South Africa. In short, the North Americans have completed the basics of cleanliness and safety. They are now adding value to the consumer’s experience and competing with other centres, whereas South Africans still have some way to go.

The varying sizes of many overseas BIDs highlight the versatility of the concept. In Canada, the smallest BID (Grand Valley Ontario) has just 30 members and a budget of \$8,700. This contrasts drastically with a BID of 7,000 members and \$2 m budget in Montreal.<sup>2</sup> In the US, budgets range from \$8,000 for one city block to \$10 m for 30.<sup>3</sup> The Philadelphia Center City District BID has a budget in excess of \$12 m. It is involved in schemes from street cleaning to night-time events and even securing incentives for the conversion of redundant office space into residential dwellings. Single BIDs on the scale of Philadelphia are will not be common in Britain. The diverse approach of New York is more probable. The city has 44 separate BIDs within its boundaries, commanding a combined budget of \$70 m.



### British development

In Britain, we all watch the pilot projects with interest. The initial 22 ATCM/ODPM pilot BIDs are now complemented by approximately 70 other unofficial projects. This enthusiasm for the concept within both the private and public sectors is clear. The Government’s draft guidance on BIDs is currently undergoing consultation and regulations will be drafted later in the year. The BRC will play a crucial and influential part in this process. The BRC will continue to push for the inclusion of property owners within BIDs; every other country that has embarked on BIDs so far has understood this to be vital and is a feature of their schemes. It is also essential that BIDs are not overly bureaucratic; they are about local people solving local problems. National guidance must ensure a framework that enables and does not unnecessarily hinder. It is also important that the key ethos of BIDs filters down to local authority level: services must be truly additional and in response to the needs of the private sector.

Toronto’s Bloor West is now a “mature” BID, having completed many of its capital improvements and contracted out maintenances and planting. As a result, it no longer has any permanent members of staff, relying on contractors and volunteers. Its successes will of course bring about new problems, such as traffic congestion, limited parking, the threat of more effective competition from nearby centres and possibly such constant “thorns” as increased levels of retail crime brought about through higher levels of footfall. It is probable that in time the Board of the Bloor West BID will have to respond to new problems with renewed enthusiasm and investment. Herein lies the versatility of the BID concept: local people can respond quickly and effectively to local problems, whatever they may be. In this respect, the work never ends.

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*More information  
on international  
BIDs can be found  
at [www.urban  
revitalization.net](http://www.urban<br/>revitalization.net)*

<sup>1</sup> Summary of definitions offered by MIT

<sup>2</sup> Mirko Lakoseljac, Canadian Business Improvement Areas

<sup>3</sup> MIT