

High BIDs

By Alisa Harris

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Business | With cities in financial trouble, public-private improvement districts are finding ways to flourish |

NEW YORK—Dan Biederman, president of the Bryant Park Corporation and the 34th Street Partnership, called to order the Streetscape Team Meeting and launched immediately into a first-priority problem: the Bryant Park bathroom.

Issue One: The offensive disinfectant smell in the evening, perhaps preferable to a sewage smell, but still not up to the Bryant Park standard for comfort. Issue Two: Tourist buses were stopping at the Bryant Park bathroom, increasing traffic and noise.

Solution: Nicer smelling disinfectant spray? Brochures to alert tourists that the restroom's mosaic tile and imported marble were courtesy of the Bryant Park Corporation? Biederman directed staff to take a soundmeter and gauge the sound of the idling buses to make sure it didn't disturb park patrons. A senior project manager looked at the bright side of the noise and lengthy queues: "When you're famous, that's what happens."

The Bryant Park bathroom is perhaps as famous as a public bathroom can be—not just as a "resplendent park respite" (according to *The New York Times*) but as a symbol of what private-public partnerships can achieve: a public bathroom with cherry wood and crown molding, all without taxpayer dollars.

The Bryant Park Corporation is one of the best-known and most successful business improvement districts (BIDs), in which a private entity takes over the management of a public space. Biederman took over Bryant Park in 1986, crowding out drug dealers and bringing in movies and restaurants and Broadway music and ice skating to make it one of the biggest and most successful BID ventures.

Now there are more than 650 BIDs across the United States. Researchers agree that BIDs have grown partly due to the financial challenges of city governments. At a time when city budgets are shrinking, more BIDs may step in to fill those budget gaps.

BIDs are something like a little city. Each property owner in the district pays a fee—called an assessment—to a private nonprofit corporation that puts that money right back into the district, providing essential services like sanitation and security, improving the streetscape, and marketing the area to attract more shoppers and businesses. Although BIDs existed in an earlier form as early as the 1930s and 1940s, they grew in number after the recession of the late 1970s and early 1980s, when New York City and other urban centers were at their worst—blighted and infested with crime.

Cities are in trouble again. In its December 2009 report, the National League of Cities predicted that the municipal sector will face a total budget shortfall of between \$56 billion and \$83 billion during 2010-2012. Nine in 10 cities cut their budgets last year, and 82 percent expect to do the same this year. Some 67 percent froze hiring or laid off city workers, and one in seven cities cut public safety services like police.

Baltimore and Boston cut 500 employees each. Cleveland has a \$23 million gap and estimates that it will have to lay off 12 police and firefighters for every \$1 million. Springfield, Ill., expects an \$8.5 million to \$12 million shortfall, which would mean laying off up to 192 workers. Little Rock slashed its police force by \$200,000 in

response to a \$2.8 million shortfall. Los Angeles is expecting to see a \$1 billion shortfall by 2013 and has already cut 2,400 employees.

While BID leaders caution that their task is not to replace city services, BIDs can supplement a district's sanitation and security and upkeep so the city can focus more resources elsewhere. "There's a chance that people will turn to BIDs because cities don't have the money," said Biederman.

Take the Myrtle Avenue Brooklyn Business Improvement District. It covers 20 blocks of an avenue people called "Murder Avenue" during the 1990s, when it was thick with graffiti and crime. I walked down Myrtle Avenue with M. Blaise Backer, the executive director of the Myrtle Avenue Brooklyn Partnership. The place now is tidy and trendy. Backer points out a business window displaying a flashy painting with streaks of pink and yellow and black—part of the partnership's public art initiative highlighting art by students from the nearby Pratt Institute.

The business displaying the art gets a commission when the painting sells. Backer points out a dangerous pedestrian crossing that they hope to make safer when they open a pedestrian plaza. Since the district is far from the subways, the BID is trying to help businesses by making the area more pedestrian friendly—making the median and sidewalks wider and planting trees. The BID's sanitation workers, who work 6:30 a.m. to 8:30 p.m. each day to keep the sidewalks clean, logged over 11,000 hours of work in 2008. The BID removes graffiti once a month, and crime has dropped over 34 percent in the precinct over a nine-year period.

MIT researcher Lorlene M. Hoyt found that BIDs have lower property crime rates and that the effect spills over to areas outside the district. Furman Center for Real Estate and Urban Policy found that BIDs (large BIDs especially) have a positive impact on property values, with commercial property values increasing more rapidly than comparable properties outside the BID. With a bustling retail strip free of vacancies, people feel safer and come out to shop more, which brings more business and increases property values.

So the BID staff scours Brooklyn for retailers who might want to open a second branch in a newly thriving neighborhood, and it helps current merchants stay where they are. Even with the economic downturn, the district's retail vacancies dropped from 12 percent to 8 percent in the last fiscal year, with 11 new small businesses opening to the nine businesses closing.

As we walk down the street, Backer notes that Anima Italian Bistro was once a semi-abandoned real estate shop. Across the street is Maggie Brown, one of the area's first nice sit-down restaurants. It turned an empty building into an elegant bar with black-and-gold brocade wallpaper, hung with old-fashioned daguerreotypes. Down the street from Maggie Brown, the BID recruited a first-time entrepreneur to open a health food store in a once boarded-up building. On one block, three of the six tenants are recent.

Paul Levy, president and CEO of the Center City District in Philadelphia, said BIDs are redoubling their efforts to support and keep businesses during the recession. At a November meeting of 10 city BID leaders, they found that downtown BID areas that are more walkable and less transit-oriented have fewer office vacancies than car-dependent suburban areas. "Less bad is the new good," he quips, adding that BIDs seem to be holding the line.

Among New Yorkers, there is an apprehension that New York City could slip back into the days of crime and blight. The homicide rate has risen 20 percent so far this year, as the city cuts its police force back to the size it was in the 1990s. Jerome Barth, director of operations for the Bryant Park Corporation, cautions, "It would be very easy to slip back, in fact, to the old days."

"There's no such thing as the good old days. It's a myth," he said. "The good old days are now, when New York is safe and pleasant," when "Murder Avenue" has lost its nickname, and when Bryant Park's big challenge is an antiseptic smell.