

BUSINESS IMPROVEMENTS IN PHILADELPHIA: A PRACTITIONER'S PERSPECTIVE

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I. INTRODUCTION

With this volume, Philadelphia can reflect on twenty years of experience with business improvement districts (BIDs). When the city first authorized the Center City District (CCD) in 1990,¹ there was nothing like it in the region. Property owners in a high-tax city, mired in a severe national recession and municipal fiscal crisis, agreed to pay even more. For the press, it was the equivalent of a “man bites dog” story, providing the CCD with more than its share of coverage during both formation and launch.² At the time, a BID existed nearby in Allentown, Pennsylvania, but that was beyond the region’s horizon of awareness and in a smaller setting than anyone thought comparable to Philadelphia. BIDs were still a new national phenomenon, so it was to cities like New York and Portland, Oregon that the CCD planners had to look.

Today there are more than a dozen BIDs in Philadelphia with budgets from \$80,000 to \$18 million.³ Several more have formed in

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1. Phila. Pa., Ordinance No. 727 (Mar. 28, 1990) (establishing the Special Services District (SSD) of Central Philadelphia); Phila. Pa., Ordinance No. 1069 (Nov. 2, 1990) (approving the budget and plan of the SSD of Central Philadelphia).

2. See, e.g., Dave Davies, *Special Services District Gets OK: Biz Area Targets Crime, Grime*, PHILA. DAILY NEWS, Oct. 26, 1990, at 4 (overviewing the city council’s approval of the CCD on October 25, 1990); Leigh Jackson, *Special District Approved: Center City Residents Agree to \$6M Tax Free*, PHILA. DAILY NEWS, Sept. 20, 1990, at 5; Leigh Jackson, *Special Services Plan Unsettles Renters*, PHILA. DAILY NEWS, Aug. 22, 1990, at 16 (detailing residents’ fears that they will receive a 4.5% tax increase); Donna St. George, *Complaints Aired over District Plan*, PHILA. INQUIRER, Aug. 3, 1990, at 2-B.

3. See, e.g., Wayne Batchis, *Privatized Government in a Diverse Urban Neighborhood: Mt. Airy Business Improvement District*, 3 DREXEL L. REV. 109, 121 (2010) (budget of \$120,000); Christine Kelleher Palus, *There Is No Line: The City Avenue Special Services District*, 3 DREXEL L. REV. 287, 291 (2010) (2009 budget of approximately \$1 million, and projected 2013 budget of approximately \$1.4 million); Thomas J. Vicino, *New Boundaries of Urban Governance: An Analysis of*

surrounding suburbs on traditional main streets and in the “edge city” of King of Prussia.⁴ While the network of communication between BIDs in Philadelphia is not as sophisticated as in cities like New York and Toronto, where city agencies and trade associations facilitate dialogue,⁵ those considering forming a BID now have numerous local examples to consult. BIDs have been established and have either flourished or foundered in diverse areas of the city. They operate under very different market conditions and with a wide range of economic uses—from neighborhood-serving retail to regionally oriented galleries and restaurants, night-time entertainment destinations, institutional and industrial establishments, major sports facilities, and auto-dependent office campuses, as well as the transit-oriented central business district.

Initially, BIDs were reported on only by mass media, whose stories carefully balanced the assertions of advocates and opponents and cited examples from other cities, but never probed deeply to determine value or impact. By the end of the 1990s, BIDs were the subject of scholarly papers, legal briefs, national surveys, and at least two books.⁶ With the publication of this volume, Philadelphia’s BIDs have come of age, been examined by dispassionate outsiders, and become academically respectable.

As the studies in this volume show, while some Philadelphia BIDs have succeeded more than others, they share common elements: local leaders and property owners taking the initiative to come together to establish an independent management entity that controls resources, establishes priorities, and provides services within a de-

Philadelphia’s University City Improvement District, 3 DREXEL L. REV. 339, 343 (2010) (2009 budget of \$9.5 million).

4. See, e.g., HADDONFIELD, <http://www.haddonfieldnj.org/index.php> (last visited Nov. 8, 2010) (showing a traditional New Jersey main street); FAQ, KING OF PRUSSIA, <http://kingofprussiadistrict.com/faq> (last visited Nov. 8, 2010) (showing a newly formed business improvement district).

5. See, e.g., *Help for Neighborhoods: Business Improvement Districts*, NYC SMALL BUS. SERVS., <http://www.nyc.gov/html/sbs/html/neighborhood/bid.shtml> (last visited Nov. 8, 2010) [hereinafter *Help for Neighborhoods*] (describing a New York City office that assists with the creation of BIDs); *BID Managers Association*, NYC BID ASS’N, <http://www.nycbidassociation.org/> (last visited Nov. 8, 2010) (showing the New York City Association of BIDs); *Doing Business*, TORONTO, <http://www.toronto.ca/bia/index.htm> (last visited Nov. 8, 2010) (showing Toronto’s Business Improvement Areas); *TABIA, Toronto Association of Business Improvement Areas*, TORONTO-BIA, <http://www.toronto-bia.com/> (last visited Nov. 8, 2010) (showing trade association of Toronto’s Business Improvement Areas).

6. See generally LAWRENCE O. HOUSTON, JR., *BUSINESS IMPROVEMENT DISTRICTS* (2d ed. 2003); JERRY MITCHELL, *BUSINESS IMPROVEMENT DISTRICTS AND THE SHAPE OF AMERICAN CITIES* (2008) (providing the first systematic effort to survey over five hundred BIDs in cities across the United States).

financed area with the aim of improving the competitiveness of a place. While Philadelphia has several major place-management organizations that provide BID-like services through different funding mechanisms, at the core of a legally established BID is a self-imposed, mandatory assessment.⁷ BIDs may have the full support and even sponsorship of locally elected leaders, but when truly successful, they have been initiated by the private sector. Local government does not impose a BID; rather, it is the property owners who orchestrate the planning process to determine the nature of necessary additional services, what those services should be, and how to allocate their cost among beneficiaries. Unlike taxation that redistributes resources across a larger polity, BIDs offer a rational and clearly visible nexus between assessments paid and benefits received. That is a fundamental reason why businesses like them.

While many tout their private-sector, entrepreneurial culture, BIDs operate within a framework delineated by state and local government.⁸ Yet, they are usually granted a legal life that extends beyond the local political cycle.⁹ In short, BIDs are publicly sanctioned, but privately managed. When they work well, they address both immediate needs and long-term strategic opportunities.

II. THE HISTORY OF PHILADELPHIA'S BIDS

A. *The Legal Context for Philadelphia's BIDs*

For three decades, municipal government in New York City encouraged, assisted, and partially managed BID growth, seeing BIDs as an effective way to move commercial areas from a dependence on public subsidies to relative self-sufficiency. The city created a guide to organizing BIDs, has dedicated staff to this effort since the late 1980s, and now actively promotes the sharing of information between BIDs through conferences, publications, and direct technical

7. For example, neither the University City District nor the Sports Complex Special Services District is funded by an assessment on benefitting properties. See Vicino, *supra* note 3, at 345; Juliet F. Gainsborough, *The Sports Complex Special Services District: Thirty Million Dollars for Your Trouble*, 3 DREXEL L. REV. 155, 157 (2010).

8. For a summary of the most comprehensive national survey of BIDs to date, documenting their basis in local state laws, carried out by Carol Becker, University of Minnesota, Twin Cities, see Carol Becker, *Government Without Government: Alternatives to Market and Government Failure* (2008) (unpublished D.P.A. dissertation, Hamline University), available at <http://lgc.uwex.edu/cpd/bidpage/pdf/CarolBeckerDissertationsml.pdf>.

9. See HOUSTOUN, *supra* note 6, at 33 (discussing BID termination).

assistance.¹⁰ As a consequence, more than fifty BIDs operate across all five boroughs.¹¹ Similarly, the cities of Toronto, Los Angeles, San Diego, and Denver all promote BID formation.¹²

There are multiple reasons for the relative passivity of local government in BID formation in Philadelphia. A key factor is the nature of the state enabling legislation itself. Unlike many states that enacted special purpose laws to create improvement districts, the Commonwealth of Pennsylvania's Municipality Authorities Act of 1945 (the Act) was originally passed to foster redevelopment and infrastructure investment.¹³ Amendments allowed the creation of authorities to provide administrative and business services in primarily commercial areas.¹⁴ But as anyone who ever attempted to read the Act knows, there is no one section of this forty-five page chapter in Commonwealth code that defines BIDs, delineates their powers, or clearly outlines the steps towards creation. Rather, because the Act has been amended multiple times in the last thirty years, a reader must search section by section to find snippets and references to BIDs and then piece them together into a coherent whole.¹⁵ As a consequence, proponents of the first Philadelphia BID had to retain a law firm simply to create a summary and roadmap. In the mid-1990s, when Center City District staff was providing technical assistance to other business areas in the city, they created a condensed "English translation" for neighborhood business associations.¹⁶

More fundamentally, Pennsylvania posited new municipal authorities as the authorized management entity, rather than non-profit corporations as in most states.¹⁷ As governmental entities, BIDs formed under the Act must conduct their own planning and feasibility studies, organize their own public hearings, and manage

10. See *Help for Neighborhoods*, *supra* note 5; N.Y.C. DEP'T OF SMALL BUS. SERV., STARTING A BUSINESS IMPROVEMENT DISTRICT: A STEP-BY-STEP GUIDE (2010), available at http://www.nyc.gov/html/sbs/downloads/pdf/bid_guide_complete.pdf.

11. See *Help for Neighborhoods*, *supra* note 5.

12. See, e.g., DENV. OFF. OF ECON. DEV., DENVER'S NEIGHBORHOOD MARKETPLACE INITIATIVE (2008), available at <http://milehigh.com//resources/custom/pdf/DNMI/GrowDenver Brochure.pdf> (perhaps the most sophisticated framework and approach).

13. Municipality Authorities Act of 1945, 1945 Pa. Laws 382, *superseded in part by* Municipality Authorities Act, 53 PA. CONS. STAT. ANN. §§ 5601-23 (West 2009).

14. See 53 PA. CONS. STAT. ANN. §§ 5601-23.

15. A roadmap can be pieced together from § 5602, the latter portions of § 5607 and parts of § 5610. *Id.* §§ 5602, 5607, 5610.

16. See CTR. CITY DIST., ESTABLISHING YOUR OWN SPECIAL SERVICES DISTRICT (1993).

17. See 53 PA. CONS. STAT. ANN. §§ 5601-23.

the voting process.¹⁸ Moreover, Commonwealth law contained no requirement for public officials to serve on BID boards, and vested in these authorities the full power to bill and collect directly from property owners, file liens, and charge interest and penalties without municipal government as an intermediary.¹⁹ As the long-time manager of a very large BID, this Author can attest to the benefits of this relative autonomy. But it is also not hard to understand why smaller business areas, as well as some public officials, may have found this a bit of a challenge.

In 2000, the Commonwealth of Pennsylvania passed a new Neighborhood Improvement District (NID) Act.²⁰ This legislation did not supersede the Municipality Authorities Act for pre-existing BIDs, but established a new framework in which BID management entities can be non-profit corporations, while affording elected officials somewhat more control over the approval process.²¹ Local governments, however, did not step forward with any increased technical assistance effort, and most BIDs have relied on consultants to assist with the formation process.²²

B. The Economic Context for Philadelphia's BIDs

Philadelphia's first BID—Center City District (CCD)—was organized in a high-density, mixed-used central business district currently containing over 42 million square feet of commercial office space, four major hospitals, numerous colleges, more than 10,750 hotel rooms, and roughly 2,500 retail establishments²³ in an area that accounted in 1990 for more than one-third of the city's local tax revenue.²⁴ The high profile of that program immediately prompted requests for help from across the city. With a grant from the Pew Charitable Trusts,²⁵ the CCD retained a full-time staff member and

18. *Id.*

19. *Id.*

20. 2000 Pa. Laws 949 (current version at 73 PA. STAT. ANN. §§ 831-40 (West 2008)).

21. *See id.* The NID Act specifically allowed for purely residential districts though, as of yet, none have been attempted.

22. Most active among these consultants have been the Atlantic Group and national BID expert Lawrence Houstoun, who has been directly involved in the formation of several local districts.

23. *See* CTR. CITY DIST. & CENT. PHILA. DEV. CORP., STATE OF CENTER CITY 2010, at 7-39 (2010).

24. SPECIAL SERVS. DIST. OF CENT. PHILA., FEASIBILITY REPORT 4 (1990).

25. *Cf.* Göktuğ Morçöl, *Center City District: A Case of Comprehensive Downtown BIDs*, 3 DREXEL L. REV. 271, 281 (2010).

began providing technical assistance to many other commercial areas throughout the city. Two additional BIDs were formed in areas immediately adjacent to Center City, on South Street and in Old City, where the private market was strong and restaurants, entertainment venues, clubs, and galleries were expanding. Similarly, BIDs were formed in other stable areas like Manayunk, Roxborough, and Chestnut Hill—three traditional main streets²⁶—and on City Avenue—an auto-dependent, low-rise office and commercial district that spans two counties.²⁷ Through direct organizing support from the CCD and with the support of additional grants that the CCD secured from the Commonwealth of Pennsylvania, the struggling, low- and moderate-income neighborhoods of Germantown²⁸ and Frankford were able to establish BIDs. In tandem with community development corporations, the revitalizing communities of Mount Airy in the city's northwest section and Passyunk Avenue in South Philadelphia also formed BIDs.²⁹

Most recently, a second bi-county BID has emerged along Philadelphia's border with Cheltenham Township.³⁰ Finally, two BID-like organizations—the University City District in West Philadelphia and the Sports Complex Special Services District in South Philadelphia—were formed on a contractual basis. In both cases, those who pay (i.e., large institutions or sports teams) do not benefit from the services, and those who benefit (i.e., adjacent residential areas) do not pay.³¹ BIDs have thus proved adaptable to working in settings where they can reinforce, steer, or fill in the gaps in the market, but have struggled under conditions of long-term disinvestment and total market failure. Put simply, BIDs may be a necessary, but not sufficient, vehicle for market revival.

26. See Richard M. Flanagan, *Manayunk Development Corporation: The Search for Sustainable Gentrification and a Parking Spot*, 3 DREXEL L. REV. 139 (2010); Fayth Ruffin, *Roxborough on the Rise: A Case of Generating Sustainable Buy-In*, 3 DREXEL L. REV. 309 (2010); Thomas J.B. Cole & Seth A. Grossman, *The Chestnut Hill Business Improvement District: Learning from Other BIDs*, 3 DREXEL L. REV. 125 (2010).

27. See Palus, *supra* note 3, at 288.

28. Robert Stokes, *The Challenges of Using BIDs in Lower-Income Areas: The Case of Germantown, Philadelphia*, 3 DREXEL L. REV. 325, 331 (2010).

29. See Batchis, *supra* note 3, at 109; Jonathan B. Justice, *Moving On: East Passyunk Avenue Business Improvement District*, 3 DREXEL L. REV. 227, 227 (2010).

30. Craig M. Wheeland, *The Greater Cheltenham Avenue Business Improvement District: Fostering Business and Creating Community Across City and Suburb*, 3 DREXEL L. REV. 357, 359 (2010).

31. Gainsborough, *supra* note 7, at 157; Vicino, *supra* note 3, at 350–51.

III. LESSONS LEARNED

From the case studies in this volume, one can draw some preliminary conclusions. First, BIDs provide a potent means for organizing the self-interests of property and business owners and major institutions in many different settings to address challenges to competitiveness at a manageable scale. Whether on small commercial corridors or in large downtowns, BIDs tap into a deep strain in American culture that Alexis de Tocqueville first noted in the early nineteenth century—the tendency to form local associations to address community problems, rather than look to state or national government.³² Yet, BIDs clearly have emerged in a context where traditional voluntary associations no longer work. Not only are BIDs a response to diminished market share, they are a reaction to declining local ownership of property and business. More often than not, local real estate has corporate, rather than individual, ownership. Companies are often publicly traded or directed from headquarters outside the region; locally, there are often only asset managers whose primary mission is to contain cost. There are thus fewer “captains of industry” willing or able to play the old-style civic leadership role and even fewer locals prepared to follow. The Case Study of Mount Airy recounts a familiar tale—a brief attempt at a voluntary BID unraveling, despite visible success, because so many members ignored funding requests or chose to be free riders.³³ BIDs therefore rely on mandatory assessments and can be understood as a logical culmination of the North American system of decentralized, local taxation in which services that Europeans and Asians are accustomed to delivering at a national scale, such as police and schools, are funded and managed at the local level.³⁴

A second lesson emerges from these case studies: BIDs are not panaceas for severe urban ills, and they will not succeed as free-standing entities in areas with very low assessed values. Both the Germantown and Frankford BIDs not only were subsidized by foundations and state grants in formation phase, but also initially relied on local allocations of community development block grant

32. See ALEXIS DE TOCQUEVILLE, *DEMOCRACY IN AMERICA* (Isaac Kramnick ed., W.W. Norton & Co. 2007).

33. See Batchis, *supra* note 3, at 114 (discussing the lack of financial support for “The Avenue Ambassadors,” a volunteer organization that helped maintain and patrol Germantown Avenue four years before the formation of the Mt. Airy BID).

34. This became apparent when countries such as England, Ireland, and Scotland all had to pass national legislation devolving power sufficiently to allow the formation of BIDs in those nations, rather than rely on state or provincial law, as in the United States and Canada.

(CDBG) resources to support operating budgets.³⁵ When the city administration changed in 2000, it discontinued these CDBG subsidies and both the Germantown and Frankford BIDs foundered, especially since neither had been very successful in collecting its mandatory charges. In his Case Study of Central Germantown, Robert Stokes notes, [t]he strength of these organizations lies in their local business knowledge; their smaller, more nimble decision-making process; and their self-help mentality. However, without suitable resource levels, it is difficult to do little more than artificially raise local expectations for success."³⁶ Instead, Stokes recommends that in low- and moderate-income communities, the public sector should "offer substantial levels of financial and managerial assistance" and "find a more sustainable financing model for localized place-management."³⁷ In short, Philadelphia's municipal government has some lessons to learn from New York City.

The Case Study of Manayunk adds a third valuable lesson. While this commercial area is clearly more vibrant than either Germantown or Frankford, its relatively low tax base was not significantly greater and generated only \$135,000 in 2007 assessments,³⁸ compared to \$85,000-\$90,000 in the other two areas. But years earlier, before the market took off, the Manayunk Development Corporation had wisely secured control from local government over the revenues generated in local municipal parking lots. As restaurants and other retail destinations flourished in the 1990s, these sleepy surface lots were transformed into bustling enterprises. By 2007, the \$281,000 earned in parking fees was more than double the revenue from BID assessments.³⁹ To this dual funding base, the organization added \$173,000 in net revenues from the Manayunk Arts Festival and secured foundation and government grants.⁴⁰ There is a simple message here: under-resourced staff, left to their own devices, struggle to provide minimal services and fail to collect a large portion of legally mandated assessments. Better-funded organizations attract more entrepreneurial talent that can develop new sustainable sources and attract even more funding. On a smaller scale, the East Passyunk Avenue BID had a similar experience in which a more en-

35. See Stokes, *supra* note 28, at 332; Whitney Kummerow, *Finding Opportunity While Meeting Needs: The Frankford Special Services District*, 3 DREXEL L. REV. 243, 245 (2010).

36. Stokes, *supra* note 28, at 337.

37. *Id.*

38. Flanagan, *supra* note 26, at 147.

39. *Id.* at 147-48.

40. *Id.* at 148.

terprising new manager—the fourth in six years—was able to supplement the assessment base of about \$175,000 with an official designation as a state Main Street area, which brought with it \$50,000 extra for salaries and \$25,000 for façade improvements.⁴¹

Diversification of funding is essential. Even the CCD derives approximately 25% of its operating budget from fee-for-service and other revenue generating enterprises, and this has smoothed over the impacts of three recessions that the CCD has experienced in its twenty-year existence and provided flexible funding to test new ideas and special projects.⁴²

IV. PHILADELPHIA BID PROGRAMS

First and foremost, BIDs are *service providers* that supplement municipal programs. Every Philadelphia BID has deployed uniformed cleaning crews. This is not simply because this former industrial city has suffered from an excess of litter and debris, but because successful BIDs begin by attending to highly visible problems that are easy to remediate through the application of resources and personnel. Restoring life to vacant buildings may require new lending practices, tax incentives, or wholesale demographic and market change. Removing graffiti is simple. Solving homelessness is profoundly complex and challenging. But no one has ever argued for the constitutional right of a piece of litter to remain on the sidewalk. It is a cardinal rule of community improvement that one starts by solving shared problems that are within one's control and slowly build confidence, competence, and capital for the harder tasks.

Resource levels matter. Only the CCD, UCD, and City Avenue District have had the revenue base to afford supplemental security forces for their areas, though the South Street/Headhouse District has forged a successful security partnership by providing a facility for a police substation that provides crowd and traffic control for this weekend, teen, and young-adult oriented entertainment district. Similarly, the Port Richmond Industrial BID has used its resources to fund the installation of security cameras, largely for property protection in a zone without many pedestrians.⁴³ At the other end of the

41. Justice, *supra* note 29, at 233.

42. CTR. CITY DIST., 2008–2012 PLAN AND BUDGET FOR THE CENTER CITY DISTRICT 4 (2007) http://www.centercityphila.org/docs/2008_12planandbudget.pdf [hereinafter CCD PLAN AND BUDGET].

43. See Aman McLeod, *The Port Richmond Industrial Development Enterprise: A Successful Model for Preserving Urban Industry*, 3 DREXEL L. REV. 253, 262 (2010).

spectrum, BIDs in lower income neighborhoods have struggled to support both an executive director and a cleaning program that is equal to the task.

A. *Place Management*

In a regional shopping center, one management company is usually responsible for establishing hours, enforcing rules and regulations, maintaining the quality of common spaces, and making repairs. The staff of the CCD concluded that of the eighty-three elements on a typical downtown Philadelphia street that might go wrong—from potholes to broken traffic lights, leaking fire-hydrants, missing parking signs, and graffiti on storefronts—there are twenty-three different responsible management entities. These entities include multiple departments in municipal government, state government, the transit agency, and several utility and communications companies. For the typical resident or businessperson, it is an impenetrable maze. Everyone has stories about being left on hold, leaving messages that are ignored, or getting the bureaucratic run-around. So BIDs quickly become *place managers*.

It is a natural evolution. A BID manager stands up to take responsibility for cleaning sidewalks and immediately gets calls about a vacant storefront. Since BIDs are empowered to make places better, it is not wise for anyone valuing employment security to respond, “That’s not my job.” Driven by customers, BID staff become experts on who is responsible for the multiplicity of issues in their districts. That is why a BID manager, like a Main Street manager, can be effective even without a large budget. They know pathways through the maze; they know who is effective, who needs to be prodded, and how best to apply leverage.

At the other end of the funding spectrum, the CCD supports dedicated geographic information services staff for crime and public space mapping.⁴⁴ The CCD equips its on-street staff with hand-held computers into which every element in the public environment is pre-loaded on a pull-down menu.⁴⁵ Uniformed staff routinely notes problems at specific locations, attaching digital photos when necessary.⁴⁶ Reports are sorted by responsible agents, mapped, and

44. See CCD PLAN AND BUDGET, *supra* note 42, at 2.

45. See *Community Service Representatives*, CTR. CITY PHILA., <http://www.centercityphila.org/about/CSRs.php> (last visited Nov. 8, 2010).

46. *Id.*

emailed.⁴⁷ Every other month, all city operating departments join BID staff for a lunch where status updates are provided and problems diagnosed. In the BID planning stage, property owners usually worry that municipal programs will decrease once the BID layers on its supplementary services. But the reverse is more often true: as persistent eyes and ears for understaffed municipal departments, BIDs can increase the responsiveness and effectiveness of municipal government.

B. Place-Marketing

BIDs seek to make and communicate change. Through the megaphone of paid and free media, BIDs increase awareness and accentuate the positive. Staging special events, they draw crowds to animate the street and introduce customers to the area's offerings. As events grow more successful, skilled BIDs secure sponsorship. The East Passyunk BID's *Flavors of the Avenue* is a spring outdoor festival that recently featured twenty local restaurants and helped build a regional customer base for an area that less than a decade ago was a declining locally-oriented corridor.⁴⁸ Its 2010 *DooWop Car Show and Street Festival* brought one hundred classic, antique, and custom cars, trucks, motorcycles, and musical performers into the retail district and secured sponsorship from three newspapers, one radio station, and the local utility company.⁴⁹ The Manayunk BID, as noted above, derives more net revenue from its annual festival than from annual assessments.⁵⁰

A BID can be the narrator, but not necessarily the author, of transformation, though in some cases, simply telling the story fosters change. Following the legalization of outdoor cafés in Center City in 1995,⁵¹ implementation came slowly. But in 2001, and in every subsequent year, the CCD has surveyed its district, counted tables and chairs, and published the results, prompting numerous print and television trend stories.⁵² Jumping in on the action, other restaurants have put out tables, expanded their seating capacity and business

47. *See id.*

48. *See* E. PASSYUNK AVE. BUS. IMPROVEMENT DIST., <http://www.visiteastpassyunk.com> (last visited Nov. 8, 2010).

49. *Id.*

50. Flanagan, *supra* note 26, at 147–48.

51. CENT. PHILA. DEV. CORP. & CIR. CITY DIST., CENTER CITY REPORTS: OUTDOOR CAFES 2 (2010), available at http://www.centercityphila.org/docs/CCR2010_SidewalkCafes.pdf.

52. *See id.* at 1.

volume by 10% to 20%, and increased their accessibility to impulse customers.⁵³ People attract people, igniting a self-reinforcing cycle of improvement. People savoring food on a walkway at night is a powerful symbol of safety, inducing more to join in. On a more sophisticated level, by being a reliable source of marketplace information and presenting it in an accessible and attractive manner, BIDs can attract retailers, start-up firms, office tenants, and investors.

C. Product Improvement

BIDs with larger budgets quickly expand beyond cleaning, safety, and marketing programs. But even the smallest BID can plant and maintain streetscape enhancements, hang banners, and install holiday lighting through either direct expenditures or by securing donated services or sponsorship. As part of a broader rebranding initiative, bold graphics reading *City Avenue* announce, “You have arrived” and turn a prosaic pedestrian bridge spanning a wide state highway into a prominent gateway to the district. Nearby Manayunk added new light fixtures and its own gateway billboard in homage to locally based architects Robert Venturi and Denise Scott Brown.

BIDs can devote resources to planning more transformational public area enhancements like pedestrian-scale street lighting, transit enhancements, traffic calming, and park improvements. But only a few BIDs in Philadelphia have secured funding for implementation. As the Case Study on Old City notes, the Old City District, which probably self-imposed too restrictive a budget cap, was unable to convince local government that this relatively affluent area warranted the scarce public resources that more often are devoted to more distressed communities.⁵⁴ By contrast, the South Street/Headhouse District did leverage public funds to reconstruct sidewalks and install all new pedestrian lighting along its main commercial spine.⁵⁵ So too, the University City District parlayed its resource base and the political capital of its sponsoring large academic, research, and medical institutions into public and foundation

53. See *id.* at 2-3.

54. Dorothy Ives-Dewey, *Clean, Safe, and Pretty: The Emerging Planning Role of the Old City District*, 3 DREXEL L. REV. 209, 220 (2010).

55. Jerome Hodos, *Whose Neighborhood Is It, Anyway? The South Street/Headhouse District*, 3 DREXEL L. REV. 193, 203 (2010).

grants to install new pedestrian lighting and improve several parks.⁵⁶

With a very large assessment base, the CCD capitalized on its status as a municipal authority to issue \$21 million in tax-exempt bonds in 1995, backed only by district revenues,⁵⁷ securing a higher bond rating than the city itself. The CCD used this initial financing to garner a \$5 million match from the City of Philadelphia to carry out a comprehensive program of lighting, landscaping, pedestrian signs, and accessibility ramps.⁵⁸ Having built a strong in-house project implementation capability, the CCD has raised another \$30 million in the last decade from developers, foundations, local, state, and federal sources to continue to light streets and build façades, renovate parks, and build a café.⁵⁹ The CCD currently has another \$45 million project in the design pipeline.⁶⁰

BIDs take a page from Malcolm Gladwell's popular book, *The Tipping Point*, focusing on small-scale but highly visible improvements that alter the public's perception of a place.⁶¹ If those improvements can be sustained and expanded over time, they can trigger a tipping point—transformational change that alters the actions of residents, businesses, and investors.⁶² BIDs, notes Christopher Leinberger, "can be the horizontal developers who make vertical development possible." But savvy managers know the limits of leverage. No amount of expensive streetscape enhancements will induce change in the absence of financeable projects and real market demand. Thus, BIDs are often most effective when working in tandem with private or non-profit developers, transit agencies making major investments, or with public renewal authorities that bring gap-financing to the market.

56. See Vicino, *supra* note 3, at 351.

57. JOHN KROMER, *FIXING BROKEN CITIES: THE IMPLEMENTATION OF URBAN DEVELOPMENT STRATEGIES* 70 (2010); Michael Hinkelman, *Self-Help Is Paying Off: Business Districts Fight Crime and Grime*, PHILA. DAILY NEWS, Jan. 5, 1998, at 25.

58. *About Us, Beautiful*, CTR. CITY PHILA. (2010) <http://www.centercityphila.org/about/Beautiful.php> [hereinafter *About Us, Beautiful*].

59. CTR. CITY DIST. & CENT. PHILA. DEV. CORP., *CENTER CITY DISTRICT 60* (2009), available at http://www.centercityphila.org/docs/SOCC2010_CCD.pdf.

60. CTR. CITY DIST. & CENT. PHILA. DEV. CORP., *CENTER CITY REPORTS: TRANSFORMING DILWORTH PLAZA 6* (2009), available at <http://www.centercityphila.org/docs/CCRDilworthPlaza2009.pdf>.

61. MALCOLM GLADWELL, *THE TIPPING POINT* 7-8 (2002).

62. *Id.* at 9.

D. BIDs as Planners

Nationally, a handful of BIDs are funding serious market-based planning. With public agencies often coping with significantly reduced budgets, or with political imperatives to address more challenged communities, BIDs can directly engage district property owners and developers in both short-term action plans and long-term strategic visions. In 2006, the CCD retained seven separate design firms to recommend the next generation of infrastructure of public area investment that could induce the private market to fill in specific gaps in the downtown fabric.⁶³ Many of these plans served as the basis for public-area improvement projects⁶⁴ that have subsequently been funded by local foundations and the state and federal government, particularly as federal stimulus funding has pushed “shovel-ready” projects to the top of the list.

E. BIDs as Partners

In his Case Study of the CCD, Göktuğ Morçöl underscores that BIDs do not stand alone.⁶⁵ In fact, nationally, the free-standing BID is more the exception than the rule. In cities as diverse as Portland, Los Angeles, Des Moines, Pittsburgh, Baltimore, and Tampa, a “partnership” model prevails.⁶⁶ BIDs in these cities are but one arm of a centrally managed complex of business-supported organizations.⁶⁷ Some are funded through assessments, some through grants and contributions, and others through sponsorship revenues or development fees.⁶⁸ Different entities may deal with operations, civic engagement, planning and research, housing development, special events, or transportation management. But they usually share centralized management.⁶⁹ In smaller commercial districts, there are productive partnerships between BIDs and state-funded Main Street programs.⁷⁰

63. CTR. CITY DIST. & CENT. PHILA. DEV. CORP., CENTER CITY: PLANNING FOR GROWTH 2007–2010, at 1, 21 (2007), available at <http://www.centercityphila.org/docs/CCD-PLAN07.pdf>.

64. See *About Us, Beautiful*, *supra* note 58.

65. See Morçöl, *supra* note 25, at 272.

66. See INT’L DOWNTOWN ASS’N, <https://www.ida-downtown.org/eweb> (click “Strategic Partners” in left-side menu) (last visited Nov. 8, 2010).

67. *Id.*

68. *Id.*

69. *Id.*

70. See *Justice*, *supra* note 29, at 233.

Philadelphia's CCD is one of five linked organizations managed by the same staff. In Manayunk, Chestnut Hill, Mount Airy, and on East Passyunk Avenue, BIDs work in close coordination with development corporations or business associations.⁷¹ Some of Philadelphia's BIDs are very closely aligned with elected officials, some of whom sit on BID boards. In some cases, that enhances the effectiveness of the BID; in others, a close alignment with a losing candidate or, in one case, an indicted official, can foster mistrust and cause the BID to lose momentum.⁷²

BIDs in Philadelphia often partner with the Greater Philadelphia Tourism and Marketing Corporation (GPTMC) or the Philadelphia Convention and Visitors Bureau, which may sponsor or promote BID special events.⁷³ The CCD,⁷⁴ the University City District (UCD),⁷⁵ and the South Street/Headhouse District⁷⁶ all provide facilities for police substations. At both the CCD and UCD, the police participate in joint role calls with BID public safety staff. For a major retail attraction initiative,⁷⁷ the CCD is working in partnership with the City's Commerce Department, the Philadelphia Industrial Development Corporation, and the GPTMC.⁷⁸ The CCD and GPTMC collaborate to provide the state-funded PHLASH, a downtown tourism shuttle, whose operations the CCD oversees and GPTMC promotes.⁷⁹ Similarly, the CCD, the Commerce Department, and the economic development corporation have coordinated for the last decade on an office sector business retention program in which each entity brings its particular skills to the table.

As president of the CCD, this Author sits on the boards of the Convention and Visitors Bureau, the Visitors Center, and the Chamber of Commerce. The executive director of the Convention Center

71. See Batchis, *supra* note 3, at 113; Flanagan, *supra* note 26, at 139; Cole & Grossman, *supra* note 26, at 129; Justice, *supra* note 29, at 230.

72. See Justice, *supra* note 29, at 227-28, 230.

73. See *About GPTMC*, PHILA. & COUNTRYSIDE, <http://www.visitphilly.com/about/> (last visited Sept. 18, 2010); *About PCVB*, PHILA. CONVENTION & VISITORS BUREAU, <http://www.philadelphiausa.travel/about-us/about-pcvb/> (last visited Nov. 8, 2010).

74. CCD PLAN AND BUDGET, *supra* note 42, at 2.

75. *Police Substation*, UNIV. CITY DIST., http://www.universitycity.org/ucd_programs/public_safety/police_substation (last visited Nov. 8, 2010).

76. Hodos, *supra* note 55, at 194.

77. See Phila. Retail Mktg. Alliance, *Who We Are*, PHILA. RETAIL, <http://www.philadelphia-retail.com/who-we-are.aspx> (last visited Nov. 8, 2010).

78. See CTR. CITY DIST. & CENT. PHILA. DEV. CORP., THE STATE OF CENTER CITY RETAIL 2009, at 7 (Sept. 2009), available at http://www.centercityphila.org/docs/CCR2009_Retail.pdf.

79. See Press Release, Ctr. City Dist., Visitors & Locals: Get on Board (May 1, 2008), available at <http://www.centercityphila.org/pressroom/prelease050108.php>.

sits on the CCD board. For a period of time, the executive director of the Visitors Center chaired the Old City District board. The CCD provides sidewalk cleaning services for the Old City District and has helped establish billing and collection operations for several smaller districts. The first executive director of the UCD was the founding finance director for the CCD. The first executive director of the City Avenue District learned his trade by assisting in the establishment of the South Street/Headhouse District. These examples show that one should not look at BIDs in isolation, but rather should understand both what they do on their own and what they achieve through networked relationships and strategic alliances.

V. CONCLUSION: BIDS' ENDURING ROLE

Philadelphia's BIDs have succeeded. They have substantially enhanced cleanliness, reduced crime, and provided greater visibility to places that were consciously avoided or not top-of-mind. Sometimes it is hard to tell where BID efforts end and private market or government programs begin—if only because BID board members are often local owners, developers, or business people. As noted above, BID and municipal services are occasionally intertwined. But through their high visibility, BIDs give comfort to customers, workers, and developers. As squeaky wheels, BIDs augment government's response; as organizations that endure beyond political cycles, their continuity can be the long-term guarantor of value. Few have patience for organizations that claim credit for what they did not do. But as noted earlier, simply by framing and narrating the story, BIDs can alter the outcome.

No one can say how much of the revival and diversification of downtowns and town centers in the last two decades is the result of changing demographic, cultural, marketplace, or energy trends. But take BIDs out of the equation and the speed and scale of the transformation would surely be different.

In Philadelphia, there is a real need for greater technical assistance for small BIDs—either from government, a local university, or non-profit. In addition to understanding the basic requirements of commonwealth and local laws, there are core competencies that most BID managers should have: leadership and creativity, a facility for operations management, and a penchant for customer service. If local government is going to assist, it should know when it is necessary to step in and when it is best to let go. The goal should be to ac-

tivate the entrepreneurial energies of local communities, encouraging more self-sufficiency.

Transportation investments and business attraction are probably better handled at the regional level. Police and fire services are best delivered by state or city agencies. But much can be achieved at the intimate scale of a commercial corridor, industrial park, or central business district.

The quality and competence of leadership and governance clearly matter. Just as there can be outstanding, mediocre, or corrupt politicians, there is a wide array of BID managers. However, some things are certain: BIDs with insufficient or unstable revenue will not attract quality managers with entrepreneurial skills, and BIDs that lack basic accounting skills or appropriate financial oversight will surely get into trouble. Thus, there may be value in setting a minimum revenue threshold for authorizing BIDs, if there is no credible plan for additional funds. Still, local government could help by diversifying funding options and allowing BIDs to share in parking revenues or through other incentives that reward success.

BIDs are here to stay. They have been authorized by and have collaborated with four successive mayors with divergent priorities and management styles. Nearly every Philadelphia BID has successfully navigated at least one transition in executive direction and board leadership. For the first time in sixty years, Philadelphia has started to add population,⁸⁰ and the fastest growing places are served or promoted by BIDs. They must be doing something right.

80. Natalie Pompilio, *Census Estimate Says City Growing: First Population Gain in 60 Years*, PHILA. DAILY NEWS, Mar. 25, 2010, at 3.