

Town Centre Regeneration and Business Improvement District

*Center For Neighbourhood Technology**

London Borough of Waltham Forest should pursue the creation of a Business Improvement District (BID), at least for Walthamstow Town Centre if not for the larger district. Legislation authorising BIDs was passed in 2004, and as of today there are 51 authorised BIDs in the UK, including Greater London BIDs in Croydon, London Riverside, Angel Town Centre, Hammersmith, Ealing, Camden Town, London Bridge, New West End Company, Holborn, and Heart of London. The London Development Agency report "**Financing the Future**", carefully documented the need for private investment into regeneration and expressed concern about challenges to achieving this investment, including:

- *Perception of risk and poor returns*
- *High transaction costs*
- *Low prioritisation*
- *Fragmented or unconventional ownership patterns*
- *Poor information flow*
- *Burdensome bureaucratic processes and requirements*
- *Differing timeframes of the public and public sector*
- *Delivery capacity*
- *Lack of business confidence and certainty*
- *Lack of statutory, or well understood vehicles*

(http://www.lond.gov.uk/assembly/reports/econsd/financing_the_future.pdf)

That report recommended the creation of mechanisms to add in both the management and financing of local regeneration, as a necessary supplement to the UK's relatively highly centralised currently available tools, especially in light of the heavy commitments

Domestic Rate levy or additional business levy)

We recommend starting with the formation of a Business Improvement District - a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area.

These have existed in modern form since 1969, and there are approximately 27,000 operating in 12 countries. They represent a tried-and-tested approach to building effective local capacity, whether in the heart of London, in the central districts of other major cities such as Times Square in New York City, or in many smaller neighborhoods. They are flexible in their construction and in their incorporated purposes, which can range from simply supplementing standard levels of maintenance and security services to implementing sophisticated programs to provide project and infrastructure financing, financing and operating supplemental transportation and energy services or workforce development and related economic development initiatives. As geographically-defined entities, they can easily be blended with other district, ward or borough-level approaches. In the UK, their formation requires affirmative action of an electorate, and in 63 attempts to establish BIDs since 2004, 51 have passed handily, including all those attempted in Greater London.

The Association of Town Centre Management has established a support and technical assistance service, the National BIDs Advisory Service, affiliated with the International Downtown Association to help communities work through the choices (see <http://www.ukbids.org/BIDS/index.php>) and the London

Development Agency has developed a 25-step toolkit for prospective BID communities (<http://www.londonbids.info/>).

What Are They?

- BIDs allow businesses in a defined area and business sector(s) to vote on which additional services they want to invest in, to improve their trading environment
- The vote is open to tenants - if a majority, both by number and by rateable value, approve the proposal, all ratepayers will contribute through their business rates
- BIDs give local businesses the power to effect changes that will benefit them in their local community. Improvements may include extra safety/security, cleaning and environmental measures, improved promotion of the area, improved events, and greater advocacy on key issues, but the legislation does not put a limit on what products or services are provided
- Businesses have the opportunity to agree on the projects for which they are contributing and to vote in a ballot on the amount of money they are prepared to raise, enabling them to become involved in the administration of the schemes themselves
- BIDs are operated by not-for-profit partnership organisations
- The interests of large and small businesses are protected through a system which requires a successful vote to have a simple majority in both votes cast and rateable value of votes cast
- Businesses must be able to sustain the additional cost - if they are not viable the BID levy will raise enough income to make it a worthwhile venture
- Once voted for, the levy becomes mandatory on all defined ratepayers and is treated as a statutory debt
- The plan voted for has a lifespan of 5 years and further proposals will have to be

reaffirmed through a vote

- Local Authorities play an important facilitating role and in particular are charged with legal responsibilities, including the provision of the ratings data to calculate the BID levy, the collection and enforcement of the BID levy via a ring-fenced BID Revenue Account that is then passed straight to the BID company, the organisation of the formal BID ballot, and the preparation and commitment to the baseline service agreements.

What are the Achievable Benefits of BIDs? Who can gain, and how?

The Community

- Produces economic well being and economic growth in area
- Attracts inward investment
- Gives competitive regional advantage
- Produces social well being / improves quality of life
- Develops partnership between private & public sector
- Encourages corporate social responsibility
- Provides sustainable investment for ongoing capital projects/services
- Creates a positive sense of place and



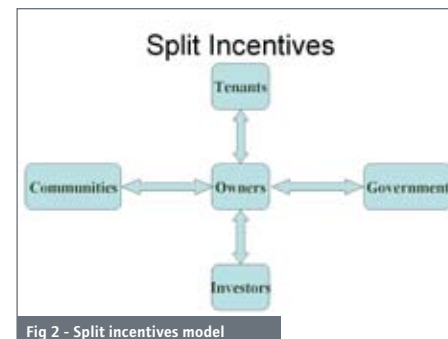
enhanced feeling of safety and well-being - provides community pride

Businesses

- Increases footfall
- Increases consumer spend and sales - can lead to increase in profits
- Reduces costs (crime reduction, joint activities, e.g. promotions/marketing)
- Is flexible to address the issues of individual sectors
- Gives businesses a local voice
- Creates more appealing environment for employees
- Fair to smaller businesses
- Fair system, those that invest, benefit - no freeloading
- Can decide and vote for action before making the investment
- Can control process, monitor results and terminate it easily - flexible

Local Authorities

- Harnesses private sector management/organisational drive and skills
- Promotes greater understanding of the role of Local Authorities.
- Provides new, sustainable investment and



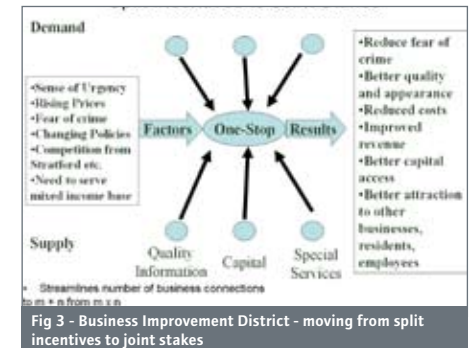
doesn't detract from other resources
 • Has commercial support

The Landlord

- Assists capital value growth
- Increases rental values of property and area
- Increases an area's desirability and attracts occupiers
- Increase in trade which affects turnover based rents (some retail)
- Could help properties away from main footfall areas
- Good PR for companies, locally and regionally
- Forges positive links with council

Potential Criticisms

BIDs are a form of local chartering, intended to supplement central authority and centrally provided or sub-allocated resources with a dedicated stream of resources and authority to support locally defined initiatives. Forms of local chartering have existed in Europe to support certain infrastructure investments and/or to identify and locally capture value for a long time. Such local value capture mechanisms were critical to the startup and success of various forms of mass transportation in London,



Section 4 | Key Strategies & Diagrams

Paris, and across the United States. In the US in particular, in recent years, Tax Increment Financing districts have grown in many cities to become the predominant mechanism for supporting local value capture. These developments are not without their critics. Concerns have been raised regarding how representative the governing councils of BIDs and TIFs are of their intended beneficiaries, and whether intercepting new value to locally dedicate the resulting revenues is in the public interest, particularly in jurisdictions where, for example, it is perceived that such new streams of revenue would be better used to support a particular purpose such as schools. In Chicago, where there is a very high concentration of such districts, the City has responded to these criticisms by passing legislation to guarantee that schools will receive a minimum sub-allocation level of any net new revenues generated by a TIF district.

Services Performed or Enabled by BIDs

BIDs can be understood as organisations that help increase the efficiency of service provision within a targeted area. Consider a situation where there are a certain number, *m*, of users of a service and a certain number of providers or sellers, *n*, of that service. There are *m* times *n* ways that these users and providers can connect, as depicted in Figure 1.

This situation is aggravated in a targeted area where the incentives to act are split between owners, landlords, tenants and the community at large, as in Figure 2.

Figure 3 helps explain the functions and services performed by Business Improvement Districts: BIDs are a form of a “one-stop-shop,” wherein many dis-aggregated services, such as information, capital access or specialised community services, can be coherently and efficiently provided through a single channel or organisation. In general, moving from a “random access” form of organisation to one in which these services can be provided in a one-stop shop streamlines the number of connections needed to act efficiently from a multiple of *m* x *n* connections to a multiple of (*m* + *n*), which will always be a smaller number. In effect, an organisation such as a BID can become the effective “hub” of an inclusive network for locally-based and focused community economic development.

Very recently, the legislature of the State of Connecticut in the US approved a statute

enabling the creation of Business Improvement Districts that are intended to support very localised energy utilities for efficient, distributed generation of power, which can include electricity, heat, cooling, and energy efficiency services for local residents and businesses. This is also known as a micro-grid strategy, which has attracted attention in the US and the UK on the part of electrical utilities, who are in the position of potentially supporting such services when the more localised provision of energy, or of energy efficiency in the form of “nega-watts” provides load relief and is a form of insurance against “brownouts” or service interruptions, particularly on older parts of an electrical grid or in the case of fast growing demand in higher density areas. Such a strategy would have obvious implications for greenhouse gas reduction and climate change mitigation, as would the kinds of creative local enhancements (e.g., car-sharing services, demand-response vanpools, use of smart cards to brand an area’s services and provide joint access to area services at a discount) to transportation or retail services

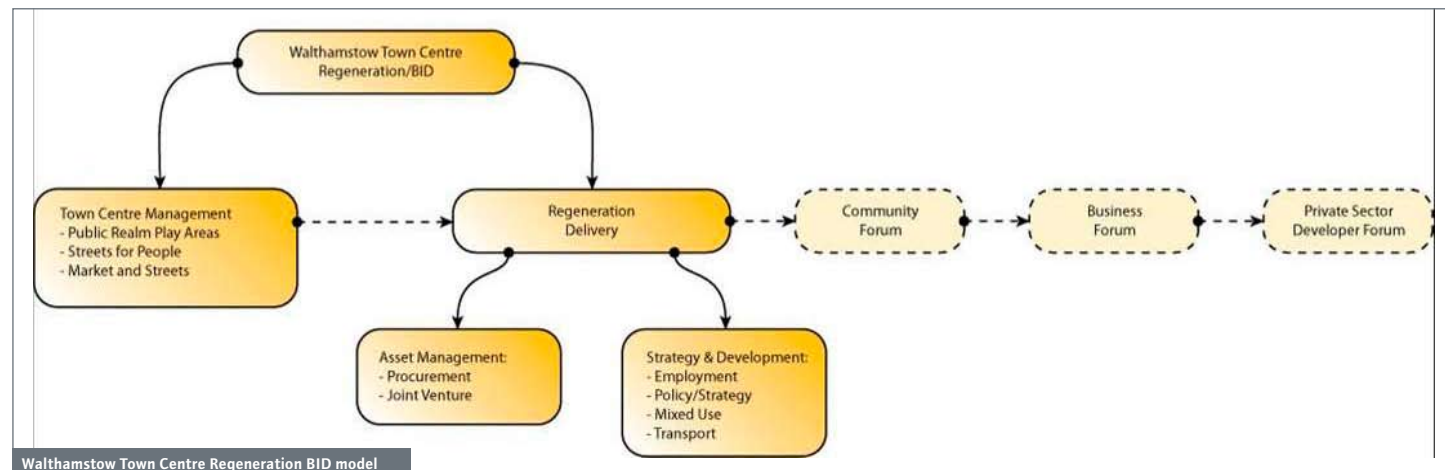
that could be supported by a BID, TIF District or both.

Car sharing initiatives

Car sharing is a cooperative system, where the cooperative buys the vehicles needed by members, and these pay by the hour and by the mile for services.

A major difference between rental car services and car-sharing is that the former is centralised at large, staffed car parks, and the latter is distributed, using automated equipment to make reservations and keep track of vehicle location and extent of use.

In Chicago, there are now 160 cars and 6,000 members of car sharing systems, which totals 37 members per vehicle. Forty six percent of members are selling a vehicle within a year of joining, saving a net of \$300 US on their monthly household expenditures, or 10 percent of take-home pay, equal to a 10 percent increase in disposable income, and untaxed.



Car share members experience a significant reduction in driving and therefore in emissions of both criteria pollutants such as smog-forming ozone and of greenhouse gases including both CO₂ and NO_x.

A network of well-managed town centre regenerations that are transit-oriented that also offer such value-adding services as car-sharing would be a significant enhancement to the Mayor of London's Climate Change Strategy.

Recommendations

The London Borough of Waltham Forest should contact the Association of Town Centre Management and consider using their National BIDs Advisory Service to help specify the best method of proceeding; at the right time, the Council can join the Prospective BIDs Register, the BIDs Academy and the BID Network Exchange.

The Council should also contact the London Development Agency and review their 25-step toolkit for areas considering the establishment of a BID.

The Council should seek independent assistance in developing a method of public involvement in the establishment of a BID, including establishment of a timetable, an advisory committee, and the use of methods to help local business owners and residents better visualize the outcomes of establishing a new organisation.

The Council should become familiar with the potential benefits of further establishing new tools for financing better community economic development investments, such as Community Development Financial Institutions.

The Council should gain expertise in understanding the potential environmental, energy and climate change mitigation benefits of the Plan prepared by the Prince's Foundation and be prepared to make the case to the Mayor of London and the national government that the accelerated and high-quality approach to town centre regeneration that is proposed is of enhanced value and deserving of direct support.

Several very recent studies are worth reading to help anticipate and guide discussion regarding these concerns:

- Kevin Ward, "Policies in Motion: Urban Management and State Restructuring, The Trans-Local Expansion of Business Improvement Districts," *International Journal of Urban and Regional Research*, UK, Blackwell-Synergy, Volume 30 (1), March 2006, pp. 54-75.
- Lorlene Hoyt and Devika Gopal-Agge, "The Business Improvement District Model: A Balanced Review of Contemporary Debates," UK, Blackwell-Synergy Geography Compass, Volume 1(4), 2007, 946-958.
- Kevin Ward, "Business Improvement Districts: Policy Origins, Mobile Policies and Urban Liveability," *Geography Compass* 1 (3), 657-672.
- Furman Centre for Real Estate Policy, *The Benefits of Business Improvement Districts: Evidence from New York City*, New York University Wagner School of Law and Public Service, July 2007 at www.furmancenter.nyu.edu