

Downtown Idea Exchange

Perspectives

Low budgets needn't stop small-town BIDs from thinking and acting big

By *Lawrence O. Houstoun Jr.*

Smaller downtown business improvement districts may have revenues of as little as \$50,000 per year (\$250,000 during the typical five-year authorization period). Most North American BIDs have annual assessments of \$200,000 or less. Hundreds of new ones are created every decade. These small BIDs are typically in locations where little cleaning and security attention is needed; business recruitment and customer attraction are the main priorities. These popular activities are almost invariably reauthorized in five-year intervals at the request of those who are paying the BID charges.

What these small downtowns lack in budget, they often make up for in resourcefulness. While North American BIDs have not yet produced as much innovation as the flexible laws permit and urban challenges impel, there have been some encouraging examples of creativity — especially by small BIDs that must do with less. There may not

be a lot of ways to clean sidewalks or patrol urban blocks, but areas like placemaking and marketing can produce diverse and useful programs. For example:

- One small downtown BID managed to attract several restaurants, residential tenants, and a gym to a nearly abandoned area by simply positioning musicians on the street corner several nights a week for more than a year. Crowds gathered and additional tenants followed the crowds.

- A small BID in a Western state acquired an empty commercial building and with government grants modernized it, creating retail space on the first floor, office space for rent on floors two and three, and BID headquarters on the top floor. This is a good example of a not-for-profit entity with a for-profit attitude. The rents earned helped expand financing for other projects.

- A BID in a larger East Coast city raised funds beyond its assessment revenues by sponsoring popular special events, including an annual art exhibit that attracts

thousands. Private vendors drawn by throngs of consumers pay the BID fees to sell their wares. This BID made a deal with the city some years ago, enabling it to repair and maintain two parking lots and to keep the parking fees. Audits revealed that the lots have been more profitable under BID management than they were under city control.

- A suburban BID found that only about 20 businesses were open on Sundays, a popular day for shopping in the U.S. where stores are operating. The BID manager, a man with considerable private sector experience, launched a campaign to induce more retailers to stay open. He invested heavily in advertising to make sure potential customers understood the changed policy, paid musicians to play throughout downtown during Sunday store hours, organized promotions that resulted in discounted prices, and twisted a lot of arms. Some of the early skeptics admitted that Sunday had become their second-most profitable day.

- Another small-town BID faced the potential loss of its cinema. The operators said that the cost of renovations were beyond the

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owner's capacity. The theater, offering popular second-run films, was an important anchor, operating almost every day of the year, day and night. The innovative BID could only offer funds for facade improvements, and successfully convinced the movie house owners to match the BID funds to keep the theater operating. This prized commercial anchor was preserved.

- The BID in one small city created a popular annual holiday, celebrating a victory by colonial General George Washington. Celebrations and portrayals go on for days. The same BID, offering long-empty retail space, invited a half-dozen gift, florist, and antique shops to set up temporary stores in the pre-Christmas weeks. The trial was so successful that three of the shops remained as year-round tenants.

- Plagued by multiple daylight burglaries, a suburban BID developed a computerized message system to alert other merchants as well as police when

robberies or threats occur.

Small BIDs emphasize activities that cost very little. Volunteers from downtown businesses or even the residential areas may participate in committees devoted to beautification or evening security. Designing and overseeing marketing can attract very talented people to this BID function. Some have an elaborate system of sponsorships by which local firms may pay for and have their names attached to colorful banners designed to identify the BID service area. Business sponsors may provide some or all of the costs of a festival or art event.

BIDs in small downtowns may actively support prospective new businesses trying to negotiate the government's sometimes intricate and confusing regulations affecting land and improvements. Others seek to streamline these rules, negotiating with government regulators. Some encourage private initiatives through annual recognition awards for improvements to commercial building exteriors or for

voluntary work by businesspeople. In some towns, downtown BIDs are represented on official planning bodies where the service area is affected by public planning.

Successful small BIDs invest some time and a little money in research — asking business and property owners what they want from their BID and annually asking consumers what they want from their commercial center. In one town, surveyed consumers said the biggest problem requiring change was downtown's inconvenient hours of operation. In contrast, retailers said they thought the biggest problem was insufficient parking, a stimulating difference when exposed. Simple surveys are one way to stay in touch. Another is a periodic newsletter. Still another would be hosting scheduled open meetings to report to downtown stakeholders and to hear from them.

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