

RE-DISTRICTING

'BUSINESS IMPROVEMENT DISTRICTS' AND THE CHANGING PUBLIC REALM

ANDREA KAHN

Columbia University

Today in the United States, much of our so-called urban public space is not public at all. Instead of the traditional market place, accommodating political, economic, domestic and social spaces at a single location at once, we now have marketed places. Unlike their historical precedents, these new "public" venues are primarily generated by private capital. Many result from an economic situation where large corporate developers strive to protect real-estate investments while simultaneously attempting to enhance their public image through the production of "public space." These developments are evidence of the spatial restructuring of the city associated with the economic shifts of late capitalism. Motivated by market interests, they impact on the American city by adopting genres of design that threaten the erasure of those very unpredictable and stranger traits that make cities "urban." This emphasis on ameliorating the public realm is part of a larger trend to control the city's more unruly aspects through the production of simulated city-scapes — "museumification" and "Disneyfication" being two examples of such anti-urban endeavors. Sparking intense debate between critics of the trend (advocates of a more public-sector planning policy) and supporters (business-friendly politicians and private-sector investors), the increasing privatization of American urban public space has become instrumental in the redefinition of what the urban "is" or "ought to be."

An interesting case study of these developments and the local government policies supporting them is that of the New York City Business Improvement Districts (BIDs) and their role in the formation and representation of "public" space in the city. The rise of BIDs represents a peculiarly American sequence of events: privately sponsored development initiatives subsequently adopted by public authorities. New York City BIDs proliferated in the 1980s and 1990s, reflecting economic conditions whereby local city governments, hampered by severely reduced operating budgets, cede public authority for planning and provision of basic services to the private sector, but their origins can be traced to the late 1960s when the urban design group of Mayor Lindsay's Planning Commission created "special district" zoning. This move, a major departure from the existing uniform controls, was seen by city planners and urban designers as a means to recognize unique characteristics that

distinguish one neighborhood from another. "Special Districts" arose from the realization that zoning legislation could effect the design of cities by setting down guidelines and objectives specifically tailored to particular areas.¹ In the late 1970s, following the creation of "Special Districts," New York City introduced "Special Assessment Districts." These offered a method of financing and implementing projects that did not rely solely upon the police power of city government to enforce mandatory controls. SAD's were an early attempt to relieve the financial burden on local governments for revitalization projects, and Business Improvement Districts (initiated in the early 1980s) are their more recent incarnation.

A crucial fact distinguishes "special districts" from Business Improvement Districts. While the former are zoning ordinances, the latter are private corporate entities. Technically, a BID is a legislative and financial mechanism aimed at enhancing business; it operates as a self-taxing enclave that collects assessments to be directed at "improving" the immediate physical environment. A BID can only be formed by a majority of local property owners. However, this majority is determined by the total taxable value of land. A few owners of highly valued property therefore have proportionately more weight in the decision to form a BID than a larger number of lesser-valued property-holders, so that a minority (by number) can easily constitute a majority. To create a district, the coalition must submit a plan to their local government detailing their district's boundaries, proposed improvements, budget, and method for determining assessment rates. Up to \$60,000 in municipal public money is available to help finance the preparation of a BID plan.² After a public review process, the BID can be approved by city government (which then effectively drops out of the picture, by providing no design or monitoring guidelines). Once approved, the district forms a non-profit corporation with board members drawn from local property-holders, and all property owners within its bounds (whether initially supportive of the plan or not) must pay assessments into the BID coffers. These are collected by the municipality (in New York, the City Finance Department) and then returned to the corporation for local use. A number of legal constraints effect how the BID corporations function: their budgets cannot be greater than 20 percent of the general municipal taxes levied against property within BID bounds; their

indebtedness cannot exceed 7 percent of the value of taxable real property in the district; funds can be used either for enhancements promoting a better business environment (street improvements, landscaping, signage, etc.), or for maintenance to augment, but not replace, public services like sanitation and security; finally, BIDs can't be disbanded as long as they are indebted.

New York City Bids

The City Council of New York was authorized by the New York state government to create BIDs in 1982. By 1995, there were 34 improvement districts covering over 550 blocks of the city, as well as proposals for 39 more. A year later, in a report by the Department of Business Services of the City of New York, 37 districts were listed with budgets ranging from \$67,000 (for a small BID in the Bronx), to almost \$10 million (for the largest Manhattan BID, Grand Central Partnership). The next three largest BID budgets are also in Manhattan: Downtown-Lower Manhattan (over \$7 million); 34th Street (\$6.7 million); and Times Square (\$6 million), concentrating BID activities in areas that already have some of the highest property values in the city. The Lower Manhattan BID is supported by the mayor's office, as part of the current city campaign to boost the downtown real estate market. Lower Manhattan is presently experiencing very high levels of vacancy in its older office building stock, which cannot support current technological needs. Its BID is seen as a vehicle to initiate change by encouraging investment

and redevelopment. A plan to renovate upper floorplates in older office towers for new residential use, and an initiative to offer small "starter" office spaces at less than market rate to qualified businesses (renters must be self-employed and have fewer than two employees) is already in place. The next two largest BIDS — 34th Street and Times Square — effectively create a mega-district with the Grand Central Partnership since they are all spatially adjacent. At one point, the three corporations even shared one director, Dan Biederman, dubbed by the *New York Times* as "the Mayor of Mid-Town."

Except for one Industrial BID in East Brooklyn, all New York's BIDs are commercially-oriented. Scattered around the city on existing retail shopping areas, the majority are in Manhattan with a few less in Brooklyn and fewer still in Queens and the Bronx. Their size, budget and improvement agendas vary widely. Smaller districts in outlying boroughs provide limited services (street cleaning and private security, promotion for local retailers, holiday lighting, etc.). The largest and richest Manhattan districts go much further. They are funded by major bond issues, federal and local partnership grants, and corporate sponsors with a direct interest in upgrading local property values. Between 1992 and 1994, Grand Central Partnership and its affiliate, 34th Street Corporation, made bond offerings totaling \$87 million. Probably the most publicized (and most controversial) New York BID, Grand Central Partnership has over 50 million square feet of commercial floor space, 14% of Manhattan's total and more than in the entire downtowns of all but three other US cities. It covers an area exceeding 70 blocks, between 35th and 54th Street, and Third to Fifth Avenue. The district's CEO (whose salary is triple that of the New York's Mayor) is an important player in local redevelopment initiatives, funding large-scale projects and providing levels of "public" service the city government can no longer afford.

Questions of Accountability

In the late 1980's and early '90s, the reaction to BIDS by both city government and the New York press was overwhelmingly positive. It is important to note here that the *New York Times*, whose offices are located off Times Square, was (and remains) a major player in the Times Square/42nd Street BID. Many of its articles and editorials praised BIDS for their part in cleaning up city streets and reducing crime through private law enforcement, and even after a series of investigative reports in 1995 and 1996 on the districts' problems, the paper still remains enthusiastic about their contributions to the city.³ Until very recently, the risk of confusion between public and private responsibility and the BIDS' lack of public accountability was noted by only a few critics.⁴ In 1992, the mayor of New York was quoted (in the *Times*) as saying (with a positive inflection) that BIDS "are filling in for government."⁵ City Hall's lack of concern regarding the question of accountability is underscored by the fact that their first review of the self-taxing districts occurred in November 1995, over a decade after they first appeared, and prompted by external reports of shady dealings. The panel found a host of problems — mismanagement, excessive executive

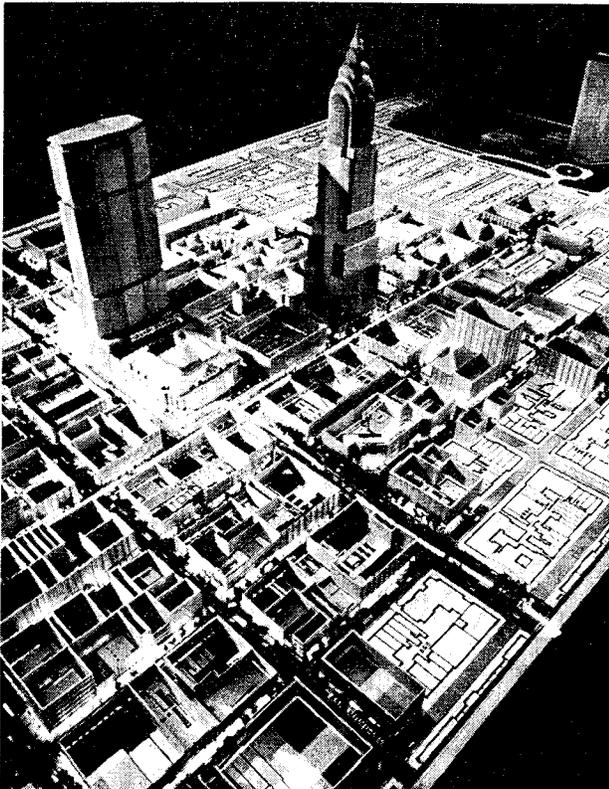


Fig 1. Model of Proposed Improvements, showing 42nd Street, the Chrysler Building, Grand Central Station and surrounding district (Grand Central Partnership).

salaries, the hiring of illegal aliens paid below minimum wage to do menial jobs. The most serious scandals discovered in 1995 involved the misdirection of funds and the operation of "social service" programs by the Grand Central Partnership. The president of the Grand Central BID tried to divert funds from his district to start another BID across the Hudson River, in Newark, New Jersey (totally illegal according to state law); and it was reported on the front page of the Times that previously homeless men, hired as "outreach workers" and street sweepers used physical force to clear other homeless people from the area. As a result of their findings, City Council called for stricter financial oversight by BID boards as well as by the City Department of Business. Federal officials withdrew a \$547,000 grant from the Grand Central BID. At the same time, a suit was brought against the Partnership claiming that its board failed to adequately represent the interests of local residential property owners, who were nonetheless levied assessments just like their commercial counterparts. This case was only recently decided; the plaintiffs lost in their demands for greater representation.

In response to these developments, the growth of BIDS fell off somewhat during 1995. A BID Managers Association was founded to draft standards for districts to follow, and some neighborhoods began to question the BIDS role in the city. After rallying in 1994 for a district to increase private security over 500 blocks of the Upper



Fig. 2. Private Security Officer, Planter and Taxi Stand at 42nd Street and Grand Central Station, Photo: Emilio Chacon.

East Side, community leaders changed their minds in late 1995 and discarded the plan. They feared it could lead to both reduced municipal police protection (allowing the city to cut back on the number of officers assigned to the area) and to the perception of the Upper East Side as "an elitist walled-off neighborhood."⁶ It took City Hall a bit longer to reassess the BID situation. In the fall of 1996 (almost a full year after the first municipal review panel), the mayor's office suddenly reversed its earlier hands-off stance and called for placing limitations on BID bond issues. At first an avid supporter of the districts, Mayor Guiliani was apparently becoming wary of their powers to act as surrogate mini-governments. Recognizing that the districts operate without any system of checks and balances and that they are "in essence, creating public policy" the mayor's office is now concerned that the city's municipal bond rating will be placed at risk if one of the larger, more indebted BIDS defaults, and city government may even be held accountable for such a financial failure. In September 1996, marking the change in the city's official position, the New York Times reported that "sentiment [in City Council] appears to have turned against some of the groups."⁷

Imaging the City

While City Hall's new-found concern is welcome, it still does not confront how BIDS image the city and how this image effects the urban experience. Mid-Manhattan BIDS in particular have initiated a wide range of "improvements" altering their areas' character. Some are physical. They include repaving sidewalks, adding street lighting, providing new street furniture and introducing planters with pollution resistant trees. Designs for these streetscape elements are unremarkable, their most evident feature being the district's logo. In the Grand Central Partnership district, banks of newspaper dispenser-boxers are neatly lined up mid-block, painted the same shade of green as the street lights — color-coded elements signaling the BID's presence and its agenda to "unify" the street. New lighting standards are based on historical models, and while there is ample opportunity to introduce high-quality design innovations in street furniture, the BIDS have not risen to the challenge.

The majority of their improvements are aesthetic, motivated first and foremost by an interest in evoking a high-end commercial image. All the major Midtown BIDS provide free design consultation services (promoted in the monthly newsletters for members) to help shopkeepers upgrade their storefronts in keeping with district guidelines. These are similar to restrictions applied to commercial tenants in large suburban shopping malls, placing limitations on street level signage, dictating lettering sizes and the extent of horizontal projection from building facades. There are bans on paper signs, temporary sidewalk signboards and fluorescent lighting, presumably because these are associated with lower-end commercial activity. Further legal constraints exist in the form of riders to retail leases detailing streetfrontage design constraints. In addition, BIDS provide private security forces to patrol their streets, and sanitation services to supplement what the city provides. Private patrol officers and uniformed street-cleaners are becoming

a ubiquitous presence in the midtown districts, human advertising for the “safe” and “clean” environment provided by the business community.

The improvements wrought by BIDs have a homogenizing effect — visually, at the level of everyday detail, economically, through particular types of commercial ventures, and socially, singling out limited groups of users. By attracting higher-end retail and entertainment providers, the midtown BIDs are becoming increasingly geared toward a “public” made up of tourists and wealthy consumers, effectively excluding many of New York’s other constituencies who once came to midtown for their entertainment and shopping needs. An Economic Impact Study done in the early 1980s (as part of the first Times Square redevelopment plan) revealed that a majority of people who frequented the area now defined by the Times Square/42nd St. BID were from New York’s outer boroughs (Queens, Brooklyn, the Bronx and Staten Island). Today publicity for the Times Square Redevelopment Project (covered by BID) heralds the arrival of mass numbers of tourists instead. This change reflects how BIDs work to change the face of mid-Manhattan. Not only have they reduced the amount of garbage on the streets, and the number of visible homeless, their signage restrictions are an effective means of controlling the kinds of businesses in their district, making it harder for those geared toward lower-end consumers to survive. Many of the cheaper family-run and fast-food restaurants around Grand Central have disappeared since the formation of the Partnership, as have off-price and discount retailers serving Midtown’s large constituency of pink and blue-collar workers. An even more extensive purge is occurring a few blocks west of the heart of the Grand Central Bid, in the area of Times Square.

In a much publicized public-private joint venture officially announced in February 1994, Disney Corporation has just finished rehabilitating the Amsterdam Theater on 42nd Street between Seventh and Eight Avenues. This project (made possible by large city and state tax abatements, and low-interest loans also backed by the government) is the key in a Times Square redevelopment effort which now includes other theater renovations, new hotel and office designs. Last year, Warner Brothers announced its plan to lease the famous Newsday “zipper building” at the intersection of Broadway and 42nd Street to build a huge store. This new addition will be located across from the Disney emporium, part of that company’s much larger project to turn 42nd between 7th and 8th into a family-oriented entertainment district. As a result, national and international commercial interests are replacing small, independent businesses which can no longer afford the district’s increased rents. (Today, the most expensive signs in Times Square are almost all leased to Japanese advertisers.) Two local X-rated theaters have been taken over by national entertainment chains, and city wide quality-of-life legislation is currently being pushed by the mayor’s office to radically reduce the number, and further regulate the location, of adult-entertainment businesses in the city (the 32 square block area around Times Square will be allowed to retain between 6 and 10 porn shops, just about the “right” number, according to current BID president, Gretchen Dyskstra). Thanks to Disney, the New 42nd Street

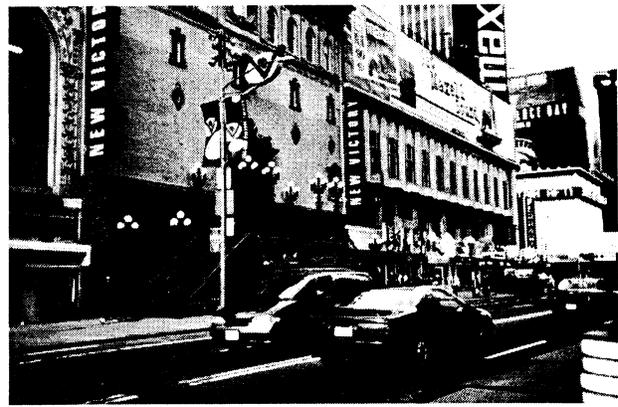


Fig 3. Renovated New Victory Theater, 42nd Street between Seventh and Eighth Avenues

Corporation, and a group of highly cooperative city and state officials, Times Square is finally being “transformed” from a “sewer” (so-called by the prior State Governor Cuomo) and brought into “a whole new era” of wholesome family fun.

As part of their campaign to “improve” the urban public realm by purging it of socially “noxious” uses, the midtown BIDs have set up social service programs (to get the homeless off the street); spearheaded campaigns to reduce the presence of sidewalk vendors (the sole source of inexpensive food in Midtown), and limited the type of goods for sale in newspaper stands (BID publicity brochures claim that the proliferation of products in the stands was turning them into “third world bazaars”). Their most ambitious projects are even larger scale, involving renovations of prominent public spaces, which yield increased property values in the surrounding area. Bryant Park, the largest open space in mid-Manhattan, located behind the New York Public Library, was refurbished in the early 1990s in a project funded by the Bryant Park Corporation. Newly designed landscaping, movable Parisian-style garden chairs placed around a central lawn, and permanent foccacia and cappuccino kiosks located at the park’s edges are intended to conjure up images of grand “European” public parks. The BID also sited an expensive restaurant on park land, a concession that turns over a portion of its profits to cover ongoing park maintenance costs. (This is becoming a trend in New York as more and more private restaurant concessions, in return for the right to locate in public parks, are helping subsidize the Parks Department’s maintenance budget.) Further moneys are provided by renting out Bryant Park for private events, including the city’s annual fashion shows.

Other similar public space projects include the redesign for Pershing Square (across from Grand Central Station) to provide a weekday outdoor cafe, facilitated by the closing of a public street. Further downtown, the 34th Street BID recently signed a deal with the City Parks Department to refurbish Greeley and Herald Squares. The BID is funding the renovation and covering \$50,000 of annual maintenance for 10 years. While advocates see this as a generous contribution to the quality of urban life at no cost to the city, the 34th Street BID is not simply being a good Samaritan. Peter Malkin, chairman of the

business group, is quoted in the Times as saying, "There is no justification to spend as much money as we are on a few thousand square feet of space, just to improve that space. We're trying to create a new image for the most highly traveled area of Manhattan."⁸ Changing the "image" of the street helps the commercial property owners of the district attract higher-end commercial tenants, limiting the kinds of goods and services available to city-dwellers. The better the image, the higher the property values, the happier the BID members become. But what about everybody and everywhere else?

Oases and Deserts

Sharing traits with the "concept-city" outlined by Michel de Certeau in *The Practice of Everyday Life*, the BIDs attempt to overcome the incommensurabilities and contradictions arising from urban agglomeration through their "improvements" to the city's public space.⁹ But who exactly do these improvements benefit? And who is the "public" they envision? BIDs provoke serious questions of equity, both in the sense of economic redistribution and social recognition. As the City Government pulls back and leaves urban development to these private corporations, the presumed quality-of-life benefits are fast becoming limited to specific groups in bounded districts that operate without public sector oversight, leaving huge areas of the city out of the "improvement" picture. At the same time, what is being created is a city "in the image of the BID," effectively redefining the urban condition as a business-venture, the street as a shopping mall, and the city resident as a high-end consumer. Business Improvement Districts propose "*un espace propre*" — a proper space: an area sanitized through concerted removals of the undisciplined and unruly; a lively, trouble-free environment arranged by savvy marketers whose interests lie in "selling the city" to anyone with money to spare. Marking the conjunction of local and regional political agendas with global economic forces, BIDs adopt motivated design strategies to create their urban images. These significantly alter urban experience by constraining everyday practices and precluding uncontrolled events, reconstructing the public realm as an exclusive and fragmented field. This "knowable city" is a strategic operative which tries to isolate and stabilize the urban, replacing its characteristic diversity with an aestheticized simulacrum won through spatial, social and economic exclusions.¹⁰

BIDs try to make the urban condition understandable by projecting it as limited and legible. Established by self-serving and powerful private interests, these corporations are partitioning the late 20th century city into market-controlled enclaves, the urban equivalent of sub-urban gated communities. The question that inhabits the space between the urban images projected by BID developments and the contested realities these images attempt to hide, is whether there is another model of urban representation (political as well as spatial and visual) that can enhance urban experience without repressing or dismissing its complex and often conflicted vitality. While the president of the 42nd Street BID, Gretchen Dykstra, has admitted that the groups must consider where they fit into the larger planning picture, and that they also should be

sensitive to their place in the city's social fabric, she maintains "there is always a healthy tension between BID's as an oasis and BID's as part of an entire city."¹¹ Dykstra's not so veiled allusion to the city as desert cannot be dismissed as a purely rhetorical comment. Nor can this 1996 remark by the infamous "Mayor of Mid-Town" Dan Beiderman: "[BIDs] provide the West Berlin to the city's East Berlin."¹² While what this means exactly is not clear, one thing is certain. The wall between East and West Berlin may have come down years before Biederman made his comment, but thanks to his BID, another version of it is busily being rebuilt in New York City today.

NOTES

- 1 Special districts allow for zoning regulations tailored to specific sets of circumstances in particular areas of the city, as opposed to comprehensive zoning, based on ordinances applicable to the entire metropolitan area.
- 2 William Meinking, "Elected by the Property Owners..." in ed. I. Borden, J. Kerr, A. Pivaro, J. Rendell, *Strangely Familiar* (London: Routledge, 1996), p. 69.
- 3 "Making a BID to Improve a Bronx Neighborhood" *New York Times* (Dec. 8, 1996), an overwhelmingly positive article about the formation of a new BID associated with a large hospital in the Bronx.
- 4 Among the critics were a few city council members, academics, and advocates for the homeless.
- 5 "Public Needs, Private Answers," *New York Times*. Nov. 20, 1994.
- 6 "Neighborhood Report," *New York Times*. Dec. 31, 1995. More recently, in early 1997, a small article in the same paper reported that commercial tenants in a northern Manhattan neighborhood were resisting plans by area property owners to form a BID, citing fears that the formation of an improvement district could lead to increased rental rates, which would ultimately threaten the smaller shopkeepers ability to survive financially.
- 7 "Mayor Seeks Stricter Curbs on Business Improvement Districts" *New York Times*. Sept. 5, 1996.
- 8 "The Greening of Herald and Greeley Squares (They'll Become Parks)" *New York Times*. Nov. 30, 1996.
- 9 Michel de Certeau, "Walking in the City," *The Practice of Everyday Life* (Los Angeles: University of California Press, 1984).
- 10 BID boards do not represent non-business interests; so-called "improvements" radically diminish New York's characteristic pedestrian-level diversity; rarely are workers unionized. A few months ago, the street cleaners of the Grand Central Partnership finally unionized, but only after the National Labor Relations Board intervened to throw out prior election results on the grounds that management had illegally intimidated workers against unionization.
- 11 "BIDS by their very fundamental nature represent parochial interests, we have to always push ourselves to ask the question of where do we fit in the larger planning — and even wider issues. Where do BIDS fit in the future of the entire city? There is always a healthy tension between BID's as an oasis and BID's as part of an entire city." Gretchen Dykstra quoted in "Mayor Seeks Stricter Curbs on Business Districts" *New York Times*. Sept. 5, 1995.
- 12 Quoted in "BIDs Really Work," Heather Macdonald, *City Journal*. Spring 1996. p. 42