

BUSINESS IMPROVEMENT DISTRICT (BID)

Background, History and Financing (BID
Assessment)

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CONTENTS

EXECUTIVE SUMMARY	1
SECTION ONE: BID BACKGROUND AND HISTORY	7
Business Improvement Districts: Definition and Overview	7
Historical Background to Business Improvement Districts.....	9
SECTION TWO: BID FINANCIAL FRAMEWORKS.....	13
BID Assessment Methods.....	17
How BIDs Assign Charges.....	18
Differences Among Property Types	37
Conclusion	40
APPENDIX A	
National Special Improvement Districts: Current (2016) and Past (2007)	43
A-1. National Examples of Business Improvement Districts, 2016	44
A-2. National Examples of Business Improvement Districts, 2007	53
APPENDIX B	
New Jersey Special Improvement Districts: Current (2016) and Past (2007).....	58
B-1. Examples of New Jersey Special Improvement Districts, 2016	59
B-2. Examples of New Jersey Special Improvement Districts, 2007	62
APPENDIX C	
2010 New Jersey Improvement Districts/ District Management Corporations	68
REFERENCES.....	75

EXECUTIVE SUMMARY

This study discusses Business Improvement Districts (BIDs) as a strategy to revitalize community downtowns and other neighborhoods. Many such areas have faced challenges to their retail and other historical downtown functions in the post-war period from suburban malls and other competitors. A BID can address these challenges. Our BID analysis has a dual spatial lens. We examine the national BID experience and pay added attention to this strategy in New Jersey, a state with one of the largest numbers of BIDs (about 80) in the country.¹

This study builds on and updates a 2009 analysis prepared for the New Jersey Meadowlands Commission entitled *The Special Improvement District (SID): A Downtown Revitalization Strategy for Communities in the Meadowlands District*, by David Listokin, Stuart Koperweis, and Seth Grossman. Dr. Grossman and Mr. Koperweis also provided insights and information for the current 2017 study.

It is appropriate in this introduction to speak briefly about terminology. Both nationally and in New Jersey, there is no consensus on how to describe the downtown revitalization strategy being discussed—here called the BID. Besides Business Improvement District, other common nomenclature includes Special Improvement District (SID), Improvement District (ID), Downtown Improvement District (DID), Neighborhood Community Improvement District (NCID), or Economic Improvement District (EID). The New Jersey state law authorizing the revitalization strategy studied here (N.J.S.A. 40:55-65) speaks of Special Improvement Districts. We recognize and respect this varied nomenclature, however for ease of reference we shall use the term BID in this study with the exception of referring to a specific program that might have SID, ID or other description in its formal programmatic title.

In examining the national BID experience, we consulted national-oriented literature on the subject, and we contacted 15 BIDs in various states across the United States. The national BIDs examined as case studies are listed here by location and program title:

Location	District
Buffalo, NY	Buffalo Place Inc.
Denver, CO	Downtown Denver BID
Los Angeles, CA	Central Avenue Historic BID Chatsworth BID
New York City, NY	Bryant Park Corporation Grand Central Partnership SoHo Broadway Initiative Union Square Partnership
Philadelphia, PA	Center City District
Portland, OR	Downtown Business District, aka Clean & Safe District
San Francisco, CA	Yerba Buena CBD

¹ A BID is one of numerous strategies to revitalize a downtown. Another approach, where the downtown has historic character, is to adopt a Main Street program. (See Appendix C for a list of New Jersey communities that have adopted a Main Street strategy as well as communities with a Special Improvement District).

Seattle, WA	Metropolitan Improvement District
Washington, DC	Mount Vernon Triangle CID NoMa BID
West Chester, PA	West Chester BID

In New Jersey, we likewise consulted studies about Special Improvement Districts and contacted 16 SIDs in various locations. The New Jersey entities examined as case studies are listed here by location and formal program title:

Location	District
Atlantic City	Casino Reinvestment Development Authority SID
Elizabeth	Elizabeth Avenue Partnership Historic Midtown Elizabeth
Jersey City	Central Avenue SID Historic Downtown SID Jackson Hill Main Street Journal Square SID McGinley Square Partnership
Montclair	Montclair Center BID
New Brunswick	New Brunswick City Market
Newark	Ironbound SID
Paterson	Bunker Hill SID Downtown Paterson SID
Red Bank	Red Bank River Center
Trenton	Trenton Downtown Association
Washington Borough	Washington Borough BID

For ease of reference, Appendix A in this study synthesizes the national BIDs examined in 2016 by this study’s researchers (Appendix A-1) and for longitudinal context we also describe many of these national BIDs about a decade earlier, in 2007 (Appendix A-2). In parallel, the New Jersey Special Improvement Districts, both current (2016) and at an earlier time period (2007) are synthesized in Appendices B-1 and B-2 respectively.

As a multi-faceted revitalization strategy, there are many aspects of and technical considerations regarding a BID. This study focuses on how BID costs are financed and specifically examines how BID assessments are determined. The BID assessment is a charge to the properties contained within and receiving services from the BID. Given the study focus, much of our analysis of national and New Jersey improvement districts focuses on how assessments are calculated. However to provide broader context to the examination of BID assessments, we first briefly consider the background and history of BIDs both nationally and in New Jersey.

Major study findings include:

SECTION ONE: BID BACKGROUND AND HISTORY

Business Improvement Districts: Definition and Overview

- A *Business Improvement District (BID)* is an organizing and financing tool to stimulate and maintain economic development, often in a downtown central business district.
- BIDs provide primarily marketing, maintenance and improvements, public security/hospitality, and parking-related services.
- Both nationally and in New Jersey, there is tremendous diversity in the physical scale, annual budget, and specific district services.

Historical Background to Business Improvement Districts

- Nationally, BIDs date from the late 1970s–early 1980s and from the mid-1980s in New Jersey.
- BIDs come about most often through state enabling legislation empowering localities to initiate such activities. That is the case in New Jersey.

SECTION TWO: BID FINANCIAL FRAMEWORKS

- The BID budget is paid for from *grants* (e.g., federal and state economic development aids), *voluntary contributions* (e.g., a local business offering free services), *contracted services* (e.g., a public entity pays a BID to provide services for public blocks outside the district), and an *assessment* levied on the improvement district.
- Improvement districts both nationally and in New Jersey vary tremendously in the relative share of revenues contributed by the different BID budgetary sources just noted. Thus, the assessment may contribute all, the lion’s share, or only a small portion of the BID’s revenues. In most cases, however both nationally and in New Jersey, the assessment is an important source of revenue for the improvement district.
- The BID assessment adds roughly 5 to 20 percent to the underlying (non-BID) property tax obligation for municipal, school, county and other public purposes.

BID Assessment Methods

The assignment of the BID assessment to individual properties in the district is based on a “benefit-assessment” calculation (i.e., those who benefit more should pay more) using measures of: (a) property value, (b) physical scale, (c) land use, and (d) formula and hybrid methods.

How BIDs Assign Charges

Valuation

Valuation uses a ratio of the value of a given property to the value of all properties in the district. For instance, a property with 5% of the total property value in the district would be charged one-twentieth of the assessment.

Both nationally and especially in New Jersey a business improvement district assessment based on value is the *most common procedure*. There are *benefits and drawbacks* to relying on

valuation for BID assessment and apportionment:

- Property value may directly or indirectly reflect factors that influence the benefit a property receives from a BID (e.g., property size, location and retail frontage).
- Property value may not always equate with the demand for, and draw on, BID services (e.g., a highly valuable office building may derive little benefit from a BID's retail business promotion).
- There are practical advantages to the property value apportionment method (e.g., property assessments are usually readily available and are updated over time) as well as practical challenges (e.g., sometimes infrequent reassessment or inaccurate assessments).

Physical Scale

Physical scale uses a ratio of the size of the facility measured in linear frontage or total square feet of the building to similar measures for structures in the district as a whole. For example, a property with 10% of the district's total square footage would be charged one-tenth of the assessment.

As with the valuation assessment approach, there are *both benefits and drawbacks* to the physical scale assessment method, including:

- Square footage and linear frontage parallel the benefits gained from streetscape services, including maintenance, physical improvements, and increased foot traffic.
- Physical scale assessment methods are straightforward and may be less subjective than assessed property values.
- Physical scale does not reflect all aspects of benefit from BID services, including land use and location.

Land Use

Land use assessment methods differentiate cost assignment by land-use category, developing ratios of benefit using aggregate or individual objective indices of service consumption by land use (e.g., retail may benefit more from BID marketing than office use). This assessment method addresses a large shortcoming of the valuation and physical scale methods, and it retains the other benefits and drawbacks of the charging method it employs for each land-use class.

Formula and Hybrid Methods

Some districts generate charges using a multiple factor formula or hybrid approach that often combines some measure of physical size, valuation and additional factors such as land use and location. For example, a retail property adjacent to a district-supported transit mall would be charged more than a warehouse located a ways from the transit.

Formula and hybrid methods have unique *benefits and drawbacks*, namely:

- Formula and hybrid methods can incorporate multiple property variables to reflect different services and levels of benefit.
- Formula and hybrid methods are more complicated to devise, to administer, and to communicate to property owners.

- The development of formula and hybrid methods facilitates negotiation with stakeholders and detailed service and benefit analyses.

Differences Among Property Types

Our research on BID assessment approaches also uncovered varying BID assessment protocol with respect to certain categories of properties enumerated below:

Residential Buildings

- Some BIDs exempt residential buildings outright (or may be precluded by state enabling legislation from charging residential buildings).
- Or BIDs may charge residential buildings a nominal or reduced rate.
- Or BIDs may charge residential buildings a full assessment.

Mixed Use Buildings

- BIDs typically apportion the charge on a mixed-use building based on the percentage of the building's square footage dedicated to each use.

Vacant Buildings & Land

- BIDs may exempt vacant buildings or charge vacant buildings a reduced rate.
- BIDs may charge vacant land at a reduced or at a higher rate.

Non-Profit Owned Buildings

- While non-profit owned buildings are generally exempt from BID charges, some BIDs collect regular or reduced charges from them. If exempt, some non-profit owned buildings may make voluntary contributions to the BID.

Government-Owned Buildings

- Government-owned buildings are typically exempt from BID charges, though there are exceptions (e.g., California BIDs are required to include government-owned buildings in their assessments), and such buildings may make voluntary contributions to the BID.

Conclusion

In summary, while the “go-to” method for so many business improvement districts in both the nation and especially New Jersey, an *ad valorem*-based assessment apportionment has its inevitable limitations. Alternative assessment apportionment methodologies (physical scale, type of land use, and formula and hybrid) have their respective attractions while offering their own inevitable drawbacks. These pros and cons are examined in this study. The guiding principle in selecting any one method or combination of approaches is what protocol in any given BID situation and locale best and practically realizes the “benefit principle.”

SECTION ONE: BID BACKGROUND AND HISTORY

Business Improvement Districts: Definition and Overview

A *Business Improvement District (BID)* is an organizing and financing tool for stimulating and supporting local, often, but not necessarily, downtown central business district (CBD) revitalization (National Council for Urban Economic Development 1988, 1). A common feature is that businesses or property owners within a designated area agree or are obligated to pay an assessment to support improvements or services that specifically benefit the area. In that vein, the New Jersey enabling legislation for this district improvement strategy defines it as an area “in which a special assessment on all property within a district shall be imposed for the purpose of promoting the economic and general welfare of the district and the municipality” (N.J.S.A. 40:55-65). The BID’s improvements and services in a district are distinguished from those “normally” provided by the municipality to the area and, as such, are paid for by the property owners within the district.

BIDs may constitute a sub-unit of local government and are public/private partnerships in which property and business owners elect to make a collective contribution to the maintenance, development, and promotion of their commercial district. In New Jersey, the obligation to pay special assessments is mandatory for owners within the district as imposed by ordinance of the governing body.

The idea for the BID is modeled on the shared maintenance program of many suburban shopping centers. In fact, in New Jersey, the enabling statute authorizing BIDs was born out of the already-existing statute authorizing pedestrian malls. Tenants of a mall pay a common area maintenance fee to underwrite services that enhance the appearance of the common areas and provide cooperative advertising for the mall and its stores. A BID works in much the same way. However, because a BID has multiple property owners (stakeholders), not one as in a mall, they need to agree to the extra maintenance fee (assessment). Thus, stakeholders in a commercial district can align themselves in much the same way as a mall operation, to improve their area (district) via an assessment fee.

BIDs have been formed to realize such objectives as:

- A cleaner, safer and more attractive business district
- A steady and reliable funding source for supplemental services and programs
- The ability to respond quickly to changing needs of the business community and district
- The potential to increase property values, improve sales, and decrease commercial vacancy rates
- A cohesiveness as a district that is better able to compete with nearby retail and business centers

Table 1 from national and New Jersey BID surveys by Becker, Grossman, and Santos (2010 and 2011) illustrate some specific services that BIDs across the United States and in the Garden State either provide directly or contracted for with an outside vendor. Evident is the frequent emphasis on marketing and myriad other activities to strengthen the customer draw and attractions of the

district. Such services can provide both tangible and intangible benefits to the property owners and businesses located within the district.

Table 1 Example Services Provided by BIDs in the Nation and New Jersey

Selected Service	National BIDs	New Jersey BIDs
	% Provide	% Provide
Marketing Advertising Campaigns	86%	57%
Holiday Decorations	76%	90%
Festivals	71%	95%
Business Recruiting	65%	85%
Street Guides or Ambassadors	41%	69%
Maps and Area Information	81%	95%
Litter and Graffiti Removal	74%	78%
Rubbish Collection	53%	57%
Uniformed, Unarmed Ambassador	28%	57%
Parking System Management	15%	20%

Source: National BID Survey—Becker, Grossman and Santos (2010).
New Jersey BID Survey—Becker, Grossman and Santos (2011).

It is important to stress that a BID delivers a range of *supplemental* services in coordination with municipal services; by New Jersey state statute, for example a Special Improvement District can “only enhance and not replace” municipal services. These supplemental services and improvements may include, but not be limited to, the following:

Maintenance—Street/sidewalk cleaning, graffiti removal

Public Safety/Hospitality—Public safety officers, visitor assistance

Business Development—Commercial vacancy reduction, business mix improvement

Marketing—Special events, public relations, promotional materials, holiday decorations and banners

Capital Improvements—Improved streetlights, custom trash receptacles, directional street signage, custom news boxes, and flower boxes, as well as sidewalks, curbing and pavers in partnership with municipal and state funding

Landscaping—Planting trees/flowers, tree pit maintenance and hanging flower baskets

Community Service—Fundraising, charitable events, homeless and youth services

To reiterate, the above BID services are a supplement to, and not a replacement for, municipal services. The ideal BID will enhance and partner with municipal services already in place and will work to ensure a cost effective, accountable and reliable delivery of services.

A BID will often complement parallel efforts to organize local businesses (e.g., a downtown merchants association) and to revitalize the downtown or central commercial area (e.g., through designation of an Urban Enterprise Zone or UEZ). Yet, there are differences as well. For instance, while business participation in a merchants association is voluntary, all downtown property owners in a BID are automatically included. The BID enjoys a steady and reliable source of funding (the BID assessment is described later) not available to the merchants association. And while a downtown or central commercial area may have both a BID and a UEZ, the former acts as a business constituency focusing on improvements and customer satisfactions while the latter typically concentrates on business recruitment and job creation.

Historical Background to Business Improvement Districts

Business Improvement Districts to revitalize older business centers date from roughly the late 1970s (beginning in Toronto, Canada; the first United States BID was located in New Orleans) to the early 1980s when they were first applied in such states as New York and Maryland (Smartt and Berlin 1987, 44). There are 48 states that allow BIDs. State enabling legislation authorizing Special Improvement Districts in New Jersey dates from 1985, and the first such districts in the state—in Trenton and Cranford—were formed that year, with Englewood and a number of other communities soon following suit. However, forces prompting these districts, both nationally and in New Jersey, began much earlier.

Beginning in the early post-World War II period, the retail and commercial dominance of older Central Business Districts (CBDs) was challenged. Where once people shopped and worked in urbanized downtowns, now increasing shares of commercial activity, in tandem with residential construction, were found in newly developing suburbs. For instance, Englewood, New Jersey, was once known as one of the major retail hubs of Bergen County, and in 1948 captured nearly one-tenth of the county's retail sales; but by the late 1980s, Englewood captured only 2 percent of Bergen County's retail sales—a precipitous decline experienced in many older communities (Listokin and Beaton 1983).

At one time, the response to declining downtowns would have been more public spending for revitalization supported through general taxation, but there were a number of countervailing forces to such action by the 1970s, extending into the early 1980s. This period saw a resistance to added local public spending, especially if the result was higher general property taxes. A

property tax revolt, spearheaded by Proposition 13 in California, arose, and alternatives to higher taxes were sought. Local governments, for instance, began to charge more for services to specific beneficiaries as opposed to having services funded from general taxation.

These developments influenced the response to declining commercial centers. While the problem was acknowledged, the solution would not be solely public investment paid from general taxation. Instead, a Business Improvement District would be established, independent of—albeit subordinate to—local government, wherein the beneficiaries of the BID’s revitalization activities would be charged for the services and improvements tendered. Note that while independent of local government, BIDs are best understood as genuine public-private partnerships that serve simultaneously as instruments of public policy which advance general public interests and as self-help entities which serve more particular interests. In many instances, BIDs serve as a “responsive, non-bureaucratic, and private sector-led approach to reinventing the provision of local public services.” In fact, the New Jersey Supreme Court has opined that “[BIDs] are an attempt to achieve privately what municipal government has struggled unsuccessfully to do.” [2nd Roc-Jersey Assocs. v. Town of Morristown, 158 N.J. 581 (N.J. 1999).]

The separate-entity nature of the BID from local government offered another advantage. It was perceived that one of the shortcomings of older commercial centers, vis-à-vis their newer suburban shopping and planned office development competitors that burgeoned in this period, was the absence of coordinated marketing, publicity, improvements, and the like. To counter that, a professional and business-like approach to coordinated downtown marketing and upgrading was sought, and it was believed that this role would be sooner realized by a BID than through a unit of local government.

These forces prompted the formation of BIDs in the United States, beginning roughly in the 1970s to early 1980s. First came a spate of enabling legislation. In 1973, Illinois authorized differential taxing areas (Special Service Areas) within a municipality for services or improvements that were not generally available (National Council for Urban Economic Development 1988, 10). In 1981, the State of New York enacted a Business Improvement District law, as did Kansas. A year later, Baltimore, Maryland, enacted a home-rule ordinance allowing the establishment of Retail Business Districts. New Jersey legislation enacted in 1985 (described in detail shortly) permitted municipalities in this state to create Special Improvement Districts.

With the legal authorization established, BIDs were formed throughout the United States. In the late 1970s, for instance, twenty-three Special Service Areas were proposed in more than a dozen Illinois localities (National Council for Urban Economic Development 1988, 10).

By the mid-1980s, Baltimore had established six Retail Business Districts with aggregate assessments of approximately \$700,000 on some 1,000 businesses. (The Baltimore program was funded from business license fees.)

The 1980s saw the creation of major-scale BIDs throughout the United States in terms of both physical size and budget. For instance, in 1982, the Denver Partnership formed a BID centered around the 16th Street Transit Mall. This ultimately encompassed a 120-block area and a BID

budget of almost \$7 million annually to fund such activities as managing the mall, providing security, marketing the area, and offering business support and other services. Over the next decade and into the early 1990s, significant numbers of BIDs were in place in cities across the United States, including Seattle (Retail Core and other BIDs formed from 1986 onward), Buffalo (Buffalo Place Incorporated, 1987), New York City (Grand Central Business Improvement District, formed 1988, and numerous other BIDs), and Philadelphia (Center City District, incorporated in 1990).

While national statistics are sparse, in the late 1980s the International Downtown Association (IDA) reported that between one-half and two-thirds of its 300 members established Business Improvement Districts or related efforts (e.g., special assessments) for downtown revitalization (National Council for Urban Economic Development 1988, 5). The incidence and presence of BIDs nationally has increased from the late 1980s, although exact statistics are unavailable. One 2006 study (Ratcliffe and Flanagan 2006) mentioned the existence of 400 BIDs throughout the United States. That 400 national BID count, however, is likely a significant understatement. Seth Grossman (2008, 15) observes that “there are more than 1,600 Business Improvement Districts in the United States and Canada. . . . There are 48 states in the USA that have SID/BID capability.”

In New Jersey, following the passage of Special Improvement Districts state enabling legislation in 1985, Cranford Township became one of the first communities to form such a district. As described in one article:

In 1985, the Township of Cranford . . . took a hard look at the status of commerce in the municipality. The results were not encouraging. Business owners were choosing to locate elsewhere, and consumers were patronizing area malls that offered variety, parking, convenience, and more pleasant surroundings. Nothing was being done to develop what downtown Cranford had to offer.

Convinced that revitalization would pay off, Cranford published in 1985 “Improvement Implementation Plan for the Central Business District.” This document recommended a five (5) year physical improvement program and establishment of a SID [Special Improvement District] and a DMC [District Management Corporation]. (Zimmerman 1992, 13)

The Trenton, New Jersey, Special Improvement District was also formed in 1985. This was followed by similar districts established in Elizabeth (1986), Englewood (1987), and New Brunswick and Somerville (1988) (Houstoun 1990). In 1991, the New Jersey Department of Community Affairs directed Seth Grossman to design the Business Improvement District Program and to disseminate information on the planning and implementation of Special Improvement Districts in the Garden State (Grossman 2008, 15). This led to the formation of 10 New Jersey Special Improvement Districts by 1992, with 30 more created by 1998, for a total of almost 50 SIDs. As of early 2009, there were 73 such districts in New Jersey in 62 communities.

A 2010 survey of special improvement districts and related district management corporations (DMCs) by the New Jersey Department of Community Affairs identified (see Appendix C for full details):

- 81 improvement districts/72 DMCs in New Jersey in 18 of the state's 21 counties. Gloucester, Salem and Sussex counties did not have any of these districts. In contrast, Essex County had 13 and Bergen County had 8.
- The above entities were found in 64 municipalities; therefore some municipalities had more than one improvement district or DMC. For example, Jersey City had four of these districts as did Woodbridge Township. Newark contained three and Clifton, Elizabeth, Paterson and Wildwood had two apiece.

It is important to acknowledge the *tremendous diversity* both nationally and in New Jersey concerning the physical scale, budget, and other characteristics of business improvement districts. Nationally, BIDs range in terms of district size from huge (e.g., almost 300 square blocks of the Seattle Metropolitan Improvement District [MID] and over 200 square blocks of both the Philadelphia Center City District and the Portland Clean and Safe District) to a compact size of a few blocks. Similarly, in New Jersey, the physical scale of the Atlantic City Community Reinvestment Development Authority (CRDA) Special Improvement District dwarfs that of many other SIDs in this state.

In tandem with the tremendous diversity in the BID's physical scale (and attendant activities; see Appendices A and B) is the considerable range in the budgets of these districts. This is evident at a glance from Table 2 and Table 3, which show the current annual budgets of the national and New Jersey improvement districts respectively that were examined in this study. For example, whereas the Philadelphia Center City District annual budget exceeds \$20 million, the Los Angeles Chatsworth BID's yearly budget is under \$150,000. In a similar vein, the New Jersey Atlantic City CRDA SID annual budget of about \$5.8 million is about 50 times the yearly expenditure (about \$100,000) of the Central Avenue SID in Jersey City. These improvement district outlays beg the question of how these expenditures are financed. This topic is considered in the next section.

SECTION TWO: BID FINANCIAL FRAMEWORKS

The expenditures to fund the many BID activities noted earlier comprises the BID budget. The BID budget is usually divided into several categories (e.g., operating and capital) that are determined by the services that are delivered. Once the budget is approved by the district it must then be approved by the governing body of the municipality in which the BID operates.

The BID budget can be paid for from many sources. These include: *grants*, typically government assistance, such as federal, state, county and/or city aids for economic development; *voluntary contributions* from the private sector whether in the form of dollars donated, services proffered, and other private assistance; *contracted services*, namely monies received by the BID from public and/or private entities to provide myriad services (e.g., a city pays a BID to provide snow or garbage removal for public blocks outside the business improvement district boundaries); and finally an *assessment* by the SID or the municipality, as in New Jersey, on the district. The total SID budget, less the sum of monies raised from grants, voluntary contributions, contracted services and any miscellaneous other revenues equals the dollar amount to be raised from the BID assessment.

Comprehensive statistical data are lacking on the exact revenue distribution of the many improvement districts in the nation and in New Jersey. Instead, our knowledge on this subject is only partial and often impressionistic. Briffault estimated that “less than ten percent of BID revenues comes from general government funds, but for some BIDs the percentage may be far greater” (Briffault 1999). Community improvement districts in Georgia have been described as receiving \$6 to \$10 dollars in public funds for every \$1 in property assessment, since government pays for the capital improvements examined in the BIDs’ feasibility studies (Morcol Hoyt, Meek and Zimmerman 2008).

This study’s review of selected BIDs nationally in the United States and of Special Improvement Districts in New Jersey, while admittedly only covering a small fraction of these entities either at the national or Garden State levels, does convey the variety of contribution emphasis of the different improvement district revenues. For example, of the \$11.1 million Bryant Park Corporation’s 2015 budget applied to enhance this mid-Manhattan district, about \$5.3 million (48%) came from voluntary contributions, approximately \$4.5 million (40%) was derived from contracted services, and a small amount of about \$0.2 million came from miscellaneous other sources. That left only about \$1.1 million (10%) to be raised from an assessment levied on the property owners in this district. The situation was the polar opposite with the Portland Clean and Safe District where the entire \$4.8 million annual 2015-1016 budget was derived from an assessment (Table 2). There were also revenue source variations among the New Jersey Special Improvement Districts examined by this study (Table 3). Whereas the assessment paid 100 percent of the annual budgets of some SIDs (Jersey City Central Avenue, Montclair Center, Newark Ironbound, Paterson’s Bunker Hill and Downtown SIDs), the assessment only paid for 55 percent of the Red Bank River Center budget (41% of this SID’s revenues came from contracted services and program fees) and a yet smaller 37 percent of Atlantic City’s CRDA SID was assessment-generated (about six-tenths—63%-- of this gaming city’s SID budget came from the CRDA).

Table 2 Revenue Sources of Select National BIDs

BID	Budget	Revenue Sources				
		<i>Assessment</i>	<i>Voluntary Contributions</i>	<i>Grants</i>	<i>Contracted Services</i>	<i>Other²</i>
Bryant Park (2015) NYC	\$11,139,288	10%	45%	0%	38%	6 %
CCD, Philadelphia (2013)	\$20,076,088	74%	0.4%	0%	21%	4%
Central Avenue Historic BID, LA (2016)	\$423,802	99%	0%	0%	0%	1%
Chatsworth BID, LA (2015-16)	\$135,900	78%	0%	0%	0%	22%
Denver Downtown District (2016)	\$6,870,000	80%	2%	0%	7%	11%
Grand Central BID (2014)	\$13,644,634	93%	0.1%	0%	3%	4%
Mount Vernon Triangle CID, DC (2016)	\$894,959	79%	0%	14%	0%	7%
NoMa, DC (2016)	\$3,695,877	62%	0%	25%	8%	5%
Portland Clean & Safe District (2015-16)	\$4,811,322	100%	0%	0%	0%	0%
Seattle MID (2014-15)	\$9,399,782	80%	2%	4%	1%	13%
Union Square BID (2015)	\$2,061,717	97%	0%	2%	0%	1%
Yerba Buena CBD, San Francisco (2015-16)	\$3,151,836	95%	0%	0%	0%	5%

Source: BID websites, reports, and personal communications with staff.

² Other revenue sources include investment and interest income, fundraising, and draws on existing funds.

Table 3 Revenue Sources of Select New Jersey Special Improvement Districts

BID	Budget	Revenue Sources				
		<i>Assessment</i>	<i>Voluntary Contributions</i>	<i>Grants</i>	<i>Contracted Services</i>	<i>Other³</i>
CRDA SID, Atlantic City (2015)	\$5,752,685	37%	0%	0%	0%	63%
Historic Midtown Elizabeth (2016)	\$226,000	88%	12%	0%	0%	0%
Central Avenue SID, Jersey City (2016-17)	\$114,370	100%	0%	0%	0%	0%
Jackson Hill Main Street, Jersey City (2016)	\$289,250	84%	16%	0%	0%	0%
McGinley Square Partnership, Jersey City (2016)	\$91,671	79%	0%	0%	0%	21%
Montclair Center BID (2014-15)	\$534,838	100%	0%	0%	0%	0%
New Brunswick SID (2013)	\$506,582	94%	3%	2%	0%	1%
Ironbound District, Newark (2016)	\$835,000	100%	0%	0%	0%	0%
Bunker Hill, Paterson (2016)	\$180,500	100%	0%	0%	0%	0%
Downtown Paterson (2016)	\$304,000	100%	0%	0%	0%	0%
Red Bank RiverCenter (2015)	\$923,551	55%	0%	1%	41%	3%

Source: BID websites, reports, and personal communications with staff.

³ Other revenue sources include investment and interest income, fundraising, and draws on existing funds.

Whatever share the assessment comprises of the improvement district's total revenue, the resulting assessment is in essence an addition to the prevailing government jurisdiction's property tax rate. For example, say a community's equalized property tax rate (EPTR—the share of property market value paid annually in property taxes) was 2 percent to pay for police, public works, education, and all other public services. A \$100,000 market-valued property in this community would therefore pay \$2,000 in annual public property taxes. Assume further in this community that a BID has an annual assessment (the total BID budget less the sum of grants, voluntary contributions, contracted services, and miscellaneous other revenues) of \$100,000 and the market value of all the properties in this BID amounted to \$33 million. Therefore, the BID assessment in this case mandates an improvement district EPTR of about 0.3 percent ($\$100,000/\$33,000,000$) or about a 15 percent increment to the 2 percent governmental EPTR. Therefore, a \$100,000 market-valued property in the BID area would pay \$2,000 for governmental property taxes and about \$300 for BID purposes.

In short, the BID assessment translates into “real dollars.” BID levies may add a significant surcharge to regular property taxes. Assessments range from 5% to 20% of the property tax rate; the *Starting a Business Improvement District in Philadelphia* guide suggests an optimal share of 15% of the property tax (Houstoun 2003; Lewis 2010; The City of Philadelphia Department of Commerce and Drexel University's Center for Public Policy 2012). In the 1990s, the Philadelphia Center City District assessed properties at 6% of the property tax rate, while a comparison of six Special Improvement Districts in New Jersey in the 1990s reported rates between 2% and 8.7% (Briffault 1999).

As a share of a property's total worth, BID assessments are generally small. Mitchell (1999) suggests that BID charges usually represent 1-3% of a property's assessed value, but research for this report found lower assessment rates. In Washington, D.C., BIDs charge between 0.15% - 0.21% of assessed value, while in Arlington, VA all BIDs pay 0.045% of assessed value (Gregor 2009; Howard and Bryant 2015). This trend holds true in the West Chester BID, the Center City District in Philadelphia, and the Union Square Partnership, with assessment rates of 0.3%, 0.156%, and 0.201%, respectively. All but one of the New Jersey Special Improvement Districts contacted for this report using the ad-valorem valuation approach have assessment rates lower than 1% (see Table A-2).

In some states, enabling legislation limits BID assessment rates (Briffault 1999). In Georgia and Massachusetts, BID assessments cannot surpass the equivalent of 0.5%; in Missouri and Oregon, they cannot exceed 1% (Morçöl, Hoyt, Meek, and Zimmerman 2008; Rothrock 2008; Briffault 1999). In Wisconsin, many BIDs have minimum and maximum assessments (Haggerty and Law 2007); in the Los Angeles Central Avenue Historic BID, annual assessment increases are capped at 4% (Cite District Management Plan). By contrast, in New York and Idaho BID assessments are permitted to rise as high as 20% of the property's value (Houstoun 2003; Briffault 1999).

In short, the BID assessment has real dollar and property tax consequences. As such, how the BID assessment is apportioned to properties in the improvement district is not an inconsequential matter. The assessment is apportioned to the district following a “benefits” principle discussed in detail below.

BID Assessment Methods

To understand the reference to the “benefits” principle, it is instructive to briefly consider the following background:

A Business Improvement District draws on features from *special assessments* and *special districts* (National Council for Urban Economic Development 1988, 2). A *special assessment* is essentially a levy on real property benefiting from a specific project. The project is typically an infrastructure improvement such as the installation or upgrading of streets, sidewalks, or water or sewer lines. Under a special assessment, the capital outlays are paid for by those benefiting from the project—abutting or otherwise nearby properties—to the streets, sidewalks, or other improvements. Charges are supposed to reflect the “benefit principle.” The latter, “providing the legal justification for special assessments, holds that individual assessments must be in proportion to the benefit received” (National Council for Urban Economic Development 1988, 2). In New Jersey, “the benefit must be certain rather than speculative, although it may arise in the future. [2nd Roc at 593]. In other words, properties that realize the greatest gain from the special assessment project should be charged the most, whereas more modest charges should be imposed against lesser beneficiaries. This assessment of properties, differentially based on benefits received, distinguishes a special assessment from general taxation that is typically required to be applied uniformly. In other words, all pay the same general tax, notwithstanding differences in benefits received (e.g., age-restricted senior housing still pays school property taxes), whereas in a special assessment different charges are imposed depending on the benefits tendered.

Projects and activities (e.g., infrastructure improvements) may also be provided by a *special district*, but such an entity is distinct from a special assessment. The U.S. Census defines a special district as “all organized local entities other than counties, municipalities, townships, or school districts, that provide only one or a limited number of designated functions and that have sufficient administrative and fiscal autonomy to qualify as a separate government” (Porter, Lin, and Peiser 1987, v). According to the 2012 Census of governments, the United States had a total of 38,266 special districts with 234 special districts located in New Jersey. In short, unlike a special assessment, which is a charge imposed by an existing unit of government, a special district is itself a distinct unit of government. Additionally, whereas a similar activity (e.g., water and sewer infrastructure) may be provided through both special assessments and by special districts, the functions of the special districts are typically broader in scope. For instance, the special district may often have planning and development functions; in contrast, a special assessment is development-oriented as opposed to planning. Finally, whereas the special assessment must adhere to the benefit principle whereby charges are assessed proportionately to benefit, the special district-levied assessments are not required to conform to the benefit principle and, as taxes, are generally uniform on all properties in the district. The Supreme Court of New Jersey, however, has held that BID special assessments are *not* taxes and thus are not subject to the Uniformity Clause of the New Jersey Constitution. 2nd Roc-Jersey Assocs. v. Town of Morristown, 158 N.J. 581 (1999).

The Business Improvement District draws on features of special assessment financing and special districts in the context of promoting area economic development. Similar to a special district, the Business Improvement District typically engages in a broad array of functions,

including both planning and development. Thus, a Business Improvement District will often plan how to revitalize a central business district (CBD), will support an array of services from coordinated marketing to supplemental security and sanitation to further the CBD's revitalization, and may undertake infrastructure improvements to that end.

While in its broad array of functions the Business Improvement District resembles a special district, in other respects the BID differs from the latter and incorporates features of special assessment. For instance, while a special district is an autonomous unit of government, the BID is not an independent entity but is subordinate, typically being accountable to municipal government. Additionally, while the special district is not bound by the benefit principle, the Business Improvement District is. As noted in one study, "the legal premise of improvement districts calls for assessing individual district participants according to the benefits received" (National Council for Urban Economic Development 1988, 19).

Reflecting its special assessment heritage, Business Improvement Districts follow the benefit principle whereby individual assessments must be proportionate to the benefit received. As noted by the New Jersey Supreme Court in 2nd Roc, supra, "[a] valid special assessment must be as nearly as may be in proportion to the benefit received. It must not be in substantial excess of the special benefits to the land. Special assessments, however, need not be measured with mathematical precision." Id. at 596 (internal quotations omitted). While benefit is difficult to measure, over time different approaches have been used to determine it. These approaches often utilize proxy measures and in practice may combine different methods. We consider the multiple ways through which BIDs assign assessment charges in the section that follow. This review examines both national BIDs and New Jersey Special Improvement Districts.

How BIDs Assign Charges

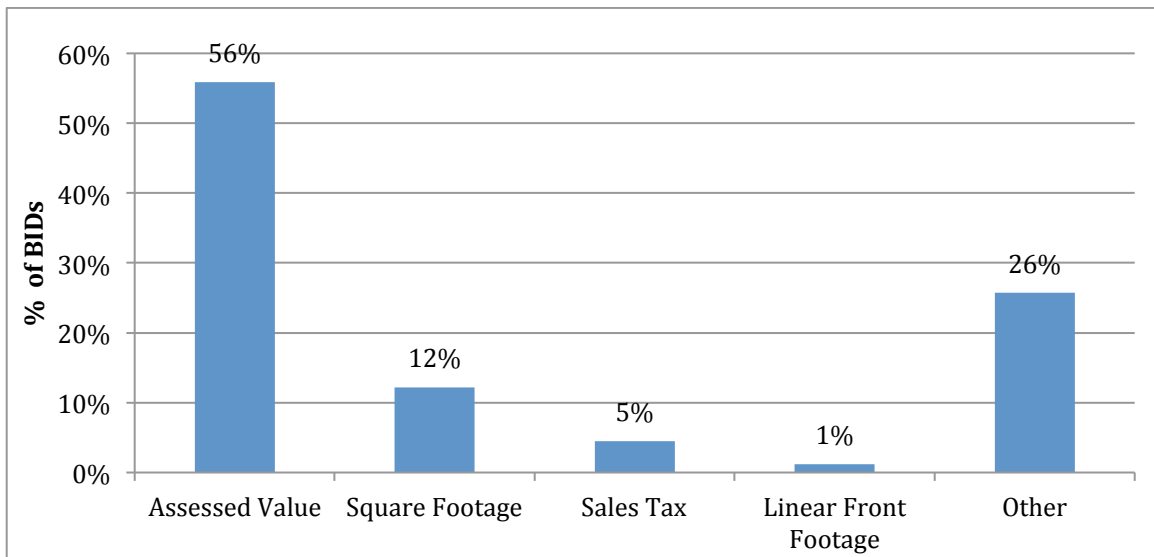
While almost all BIDs gain funds through assessments on the properties within their boundaries, BIDs assign these charges in a variety of different ways. The goal of a charging method is for each property's assessment to reflect the benefit bestowed on that property by the presence of the BID. BIDs may base charges on a variety of factors, including the assessed value of the property, a building's linear frontage or gross square footage, location, land use, number of employees, volume of sales receipts, flat fees, or combinations of these and other factors (Briffault 1999; Becker, Grossman, and Santos 2011). Some states, including California and Oregon, allow the formation of additional districts that levy a surcharge on business license fees in addition to property taxes (Briffault 1999; Mitchell 2008).

Occasionally, a BID's selection of an assessment method can be constrained by state enabling legislation (Ruffin 2010). In Louisiana, BIDs may only collect assessments based on assessed value; in Maryland and Mississippi, charge formulas are constrained to linear frontage or square footage. In Delaware, enabling legislation dictates the levy of assessments based on valuation but makes a provision for different rates in different zones (Ruffin 2010, quoting Louisiana Rev. Stat. Ann. §33:2740.80, Maryland Code Ann. 24 §9-1301, Mississippi Code Ann. §21-43-123; Delaware 22 Del. Code §1502). Generally, enabling legislation avoids this type of limitation and only gives BIDs suggestions for setting assessment charges (Houstoun 2003).

The most common methods for setting assessments are valuation, measures of physical size, formulas that differentiate by land use, and formulas that combines multiple factors. A 2010

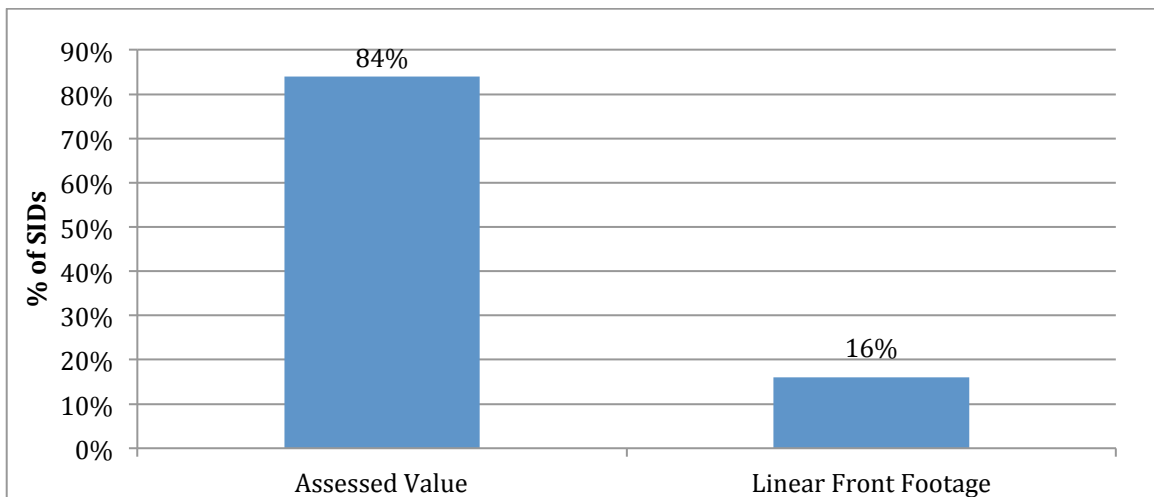
survey of BIDs across the United States by Becker, Grossman and Santos found that more than half of respondents (56%) used valuation as an assessment method (see Figure 1). Many fewer used a measure of physical size (either square footage—12% or linear front footage—1%), 5% used the sales tax to apportion the assessment, and a good portion (26%) used some other method.

Figure 1 Distribution of National BID Assessment Methods



Source: Becker, Grossman, and Santos 2011

Figure 2 Distribution of New Jersey SID Assessment Methods



Source: Becker, Grossman and Santos 2011

A 2010 survey of Special Improvement Districts in New Jersey also by Becker, Grossman and Santos found that the lion’s share (84%) of these SIDs used the assessed value method and the remaining 16 percent followed a linear front footage approach (Figure 2). It behooves that we

explore in detail the different apportionment methods, starting first with valuation-- the most common approach.

Valuation

As noted, the majority of BIDs in the United States use valuation to determine assessments. An assessment charge for an individual property is determined thusly:

$$\text{Individual Assessment} = \frac{\text{Assessed Property Value of an Individual Property}}{\text{Total Assessed Property Value of the BID}} \times \text{BID Budget to be Raised from Assessment}$$

Another way of stating the above is:

$$\text{BID Assessment} = \text{Property Assessment} \times \text{BID Property Tax Surcharge}$$

Where

$$\text{BID Property Tax Surcharge} = \frac{\text{BID Budget to be Raised from Assessment}}{\text{Assessed Value of All BID Properties}}$$

A national example is the Center City BID in Philadelphia (Table A-1). The total assessed value within the eighty-square-block district is about \$10.9 billion, and this BID has a budget of about \$16.9 million. The BID charge to any given property is its assessed value proportionate to the total \$10.9 billion property value base, with this percentage then applied to the \$16.9 million Business Improvement District outlay.

Assessments based on valuation have several strong advantages. Property values are recorded by the municipality and are generally easy to find, as well as periodically updated (Listokin, Koperweis, and Grossman 2009). Charges based on a property's value are predictable and hopefully transparent, as well as easy to understand by business owners and tax collectors (The City of Philadelphia Department of Commerce and Drexel University's Center for Public Policy 2012; S. Grossman, personal communication, August 1, 2016). Most importantly with respect to quantifying the BID benefit principle in determining the BID assessment, a property's value may very well reflect factors that influence how much benefit it gets from BID activities, including size, location, and retail frontage (Listokin, Koperweis, and Grossman 2009). Perhaps for this reason, the New York City guide *Starting a Business Improvement District* suggests that valuation is appropriate when value per square foot is "highly variable" (New York Department of Small Business Services). Another benefit of basing the assessment on valuation is the built-in mechanism for appealing the property tax assessment.

Many BIDs view valuation as a fair and "constitutionally accepted" metric for assessments (S. Grossman, personal communication, August 1, 2016; Redbank). The Montclair Center BID considers property valuation a steady assessment source, because property values don't fluctuate significantly. When BIDs promote economic growth and the total assessed value of the property within their borders rises, districts that assess as a percentage of property value may see their

budgets grow as well (Gregor 2009). However some, such as the Union Square Partnership and the Montclair Center BIDs, have a fixed assessment, so that rates drop as the total assessed value of the district grows (K. Casanova, personal communication, August 22, 2016; I. Cronk, personal communication, August 9, 2016). For these reasons, the relationships between such varying uses and businesses within a district are often symbiotic.

Many BIDs adopt or keep assessment schemes based on valuation as the default method of assessment (as do all assessment methods), but the use of assessed value as a proxy for benefits received has inevitable limitations. While straightforward, property value may not capture several variables that influence how much benefit a parcel actually receives from a BID's activities. These variables are numerous and include location, land use, and age. A large office building might not materially benefit from a BID's retail business promotion; a retail store several blocks away from a district's main street may not benefit equally from capital improvements along that thoroughfare. New buildings may have higher assessed values than older buildings but may not receive a substantially higher benefit (Houstoun 2003).

Additionally, acquiring correct property valuations may not be as simple as "going over to city hall." Properties that receive payment-in-lieu of taxes (PILOT) agreements may pose an administrative conundrum, as these properties may not have an assessed value on record. An annual PILOT can mathematically be converted into an equivalent assessed value by dividing the PILOT amount by the jurisdiction's public-purpose property tax rate, but this method results in a lower payment. Even in those jurisdictions that continue to provide assessments for properties subject to a PILOT Agreement, as in New Jersey, not much attention is given to the accuracy of such assessments. A further challenge concerns when the PILOT is a one-time up-front payment rather than an annual PILOT remittance. Again, a one-time PILOT can be mathematically converted to an equivalent annual PILOT with the latter then mathematically converted to an equivalent annual assessed value, but this is an imprecise calculation. Properties with PILOTs may by policy choice not be assessed by the improvement district, as in the Ironbound and Montclair Center Special Improvement Districts, which do not receive any funds from properties with PILOT agreements (S. Grossman, personal communication, August 1, 2016; I. Cronk, personal communication, August 9, 2016). Properties that receive tax abatements as investment incentives raise another question: whether to charge an assessment based on the full value of the property or to accept a proportionately reduced BID payment. In Philadelphia, BIDs usually charge properties with tax abatements for the full value of the property (The City of Philadelphia Department of Commerce and Drexel University's Center for Public Policy 2012).

Issues in dealing with properties with PILOTs or other economic incentive-linked lowered assessed values are not just an academic theoretical subject. For instance, when the Journal Square SID in Jersey City was being formed and various assessment techniques were being considered by the district's board, one reason for their *not* choosing property value was that similar properties on Journal Square had considerably varying assessments because of tax abatements that were given, not given, were expiring, and so on (Burchell•Listokin & Associates Interview 1995b).

The most fundamental and conceptual concern is whether property value indeed equates with the demand for, and draw on, BID services. As noted in one study,

A potential drawback of using the ad valorem method is that there may be little relationship between property value and district benefits. Thus, a straight ad valorem approach could impose the same rate on office space as on ground-floor retail, though retailers might derive the greatest direct benefit. (National Council for Urban Economic Development 1988, 29).

In summary, assessed value is by far the most common approach for BIDs and equivalent districts (e.g., SIDs in New Jersey). Almost six-tenths of all national BIDs use this approach, rising to almost nine-tenths in New Jersey. Yet, while the “go-to” method for so many districts, an assessment-based apportionment has its limitations. As we shall see, alternative assessment apportionment methodologies have attractions and adherents as well, while suffering inevitable drawbacks.

Physical Scale

A minority of BIDs in the U.S. base their assessments on the physical scale of buildings, generally according to gross square footage but also by linear street or retail frontage. Under this approach, it is premised that the larger a property, the more it will be drawing on, and therefore benefiting from, the services and improvements offered by a BID. Physical size, in turn, encompasses both property frontage and square footage, and both have been applied in BID charging allocations.

Applying a property frontage approach harkens back to the special assessment roots of a Business Improvement District where special assessments for street, sidewalks, and similar capital improvements would be charged to property owners as per their frontage on these improvements. Thus, if a city extended a sidewalk 1,000 feet at a cost of \$50,000, a property with a 100-foot frontage would be charged for one-tenth of the improvement, or \$5,000.

The same concept is sometimes used for allocating BID benefits and charges. For instance, in one of the first Business Improvement Districts in Minneapolis, the Hennepin–Lake Service District, property owners were assessed according to their property frontage on streets that were approved to receive supplemental services, such as sidewalk sweeping and snow removal (National Council for Urban Economic Development 1988, 20). Thus, when the district was formed, sidewalk sweeping cost a total of \$15,000 and snow removal \$45,000. Dividing these respective costs by the total frontage along the streets in the BID receiving these services yielded a per-unit charge of \$3.21 per abutting foot for the sidewalk sweeping and \$9.64 per abutting foot for the snow removal. Property owners receiving these services in the BID were then assessed for sidewalk sweeping and snow removal by multiplying their street frontage by the \$3.21 per abutting foot and \$9.64 per abutting foot unit charges, respectively.

There is a logic to using street frontage in a BID application, especially with respect to street- and street-dimension-related functions (e.g., snow removal). There is precedent in that, as noted, it is the method historically applied with respect to many special assessments. In New Hampshire, the enabling legislation that established BIDs mandated the use of linear frontage because districts were primarily set up for snow and litter removal (Houstoun 2003). Street frontage is also generally easy to determine, so that is a practical advantage. Yet, even if one

accepts that property physical scale is a good gauge of BID benefit, street frontage is only one measure of such scale, for it ignores the depth of the building. A building that has considerable depth yet little frontage would be assessed modest BID charges under a street frontage approach despite the fact that it may be drawing proportionately more significant BID benefits and services. Given this reality, numerous BIDs employing a physical scale assessment approach consider the entire square footage of a building in determining benefits and charges. Under this method the formula for an individual property’s assessment would look as follows:

$$BID\ Assessment = Gross\ Building\ Square\ Footage \times BID\ Assessment\ Rate$$

Where

$$BID\ Assessment\ Rate = \frac{BID\ Budget\ to\ be\ Raised\ from\ Assessment}{Gross\ Building\ Square\ Footage\ of\ All\ (Non-Exempt)BID\ Properties}$$

For example, the Grand Central BID was one of the first business improvement districts in New York City. As of 2005, the Grand Central BID had a total budget of \$11 million. Dividing this amount by the total square footage within the district (70 million square feet) yielded a charge of about \$0.15 per square foot. There were further requirements so that the actual rate was \$0.1594 per square foot for property owners in the original 50-square-block district.

Charges based on building square footage tend to be between \$.05 to \$.25 per square foot, with “assessments generally lower for high-density downtown districts and higher for low-density neighborhood districts” (Bradley 119; Briffault 1999; Gregor 2009 quoting “Business Improvement Districts in Cleveland: A Step-by-Step Manual,” City of Cleveland, Downtown Cleveland Partnership and Cleveland Neighborhood Development Coalition, 2004). Rates in Washington, D.C. range from \$0.05 to \$0.15 per square foot; while the Grand Central BID Partnership charges \$0.036 per square foot (Gregor 2009; S. Schwartz, personal communication, August 10, 2016). No standard for linear frontage charges appears in the literature. In Jersey City, special improvement district charges range from \$15 per retail linear foot in the Central Avenue SID to \$40.16 in the Journal Square SID.

Physical size mirrors valuation in that BID assessments using this metric are generally simple, predictable, and transparent. This method differs from valuation in that BIDs may face fewer challenges in securing data on physical size, since physical measurements lack the subjectivity of assessed value. The Jersey City Jackson Hill Main Street SID views linear frontage as the easier assessment method, since square footage varies more widely and recent development has interfered with recorded property values (M. Massey, personal communication, August 22, 2016). The Jersey City Central Avenue SID regards building frontage as the most accepted formula among affected property and business owners, since sporadic reassessments in Jersey City have left inconsistent tax records (the last reassessment was completed in 1988) (D. Diaz, personal communication, August 1, 2016). However, in many cases physical size is an imprecise proxy for benefit. Street frontage measures ignore the depth of the space, and both variables ignore land use, location, and similar factors. The classical example, a large warehouse, would pay a high assessment under these schemes but may very well receive little benefit from BID services.

Land Use

Some BIDs address the shortcomings of using valuation and physical size by charging different rates for different land uses. Several BIDs simply create a taxonomy of commercial, industrial, and residential properties, while others specify property usage from a more exhaustive list of uses.

Washington Borough (NJ) Business Improvement District

The Washington Borough Business Improvement District, in Washington Borough, Warren County, New Jersey, uses a basic formula that differentiates between the land uses of properties. Commercial and vacant land are charged 0.308% of assessed value, while industrial properties and apartments are charged 0.208% of assessed value (see Table 4).

Table 4 Washington Borough BID Assessment Rates

<i>Property Class</i>	<i>Assessment Rate</i>
Class 1 - Vacant Land	0.308%
Class 4A - Commercial	0.308%
Class 4B - Industrial	0.208%
Class 4C - Apartment	0.208%

New Brunswick (NJ) City Market

When the SID in New Brunswick, New Jersey was first formed in 1988, four property classes were established, with varying assessment rates (surcharges on the property tax), as noted in Table 5 (National Council for Urban Economic Development 1988, 27).

Table 5 Original Property Classes in New Brunswick, NJ SID

<i>Class</i>	<i>Property Type</i>	<i>Assessment Rate (Property Tax Surcharge)</i>
Class A	Properties occupied by businesses that depend on walk-in trade (banks, restaurants, retail enterprises)	6%
Class B	Properties that offer only office space rentals	4%
Class C	Hotels	3%
Class D	Properties occupied exclusively by the owner for office purposes	2%

Class A included properties that were the most street-intensive (e.g., retail, banks, and restaurants) and had the highest (6 percent) assessments. At two-thirds the assessment of the Class A group was Class B—office space, with a 4 percent surcharge, followed closely by Class C—hotel, with half the Class A assessment (3 percent surcharge). Class D—owner-occupied office space—was deemed to draw least on the SID’s services and, accordingly, was assessed the least (2 percent surcharge).

Over time, the property class nomenclature has changed somewhat in New Brunswick, as has the manner in which the SID assessment is expressed: as a separate rate per \$100 of assessed value, as opposed to a percentage surcharge on the existing property taxes. What has not changed is the differentiation in charges by land-use type. The class categories and assignments of SID charges are shown in Table 6, along with other pertinent information for each of the classes. In brief, there still are four classes, but they now encompass the following:

Table 6 Current 2016 New Brunswick SID Charges by Property Class

<i>Class</i>	<i>Property Type</i>	<i>Assessment Rate (Applied to Property Assessed Value)</i>	
		<i>2016 Rate</i>	<i>2008 Rate</i>
Class A	General, Commercial, and Retail	0.242%	0.236%
Class B	Office Space with Retail	0.210%	0.205%
Class C	Hotel and Telecom (no retail)	0.117%	0.114%
Class D	Corporate Headquarters	0.083%	0.081%

Source: P. Stefanel, Personal Communication, August 1, 2016

To summarize, Class A in New Brunswick comprises the most “street active” uses, as exemplified by general commercial and retail, and is deemed to benefit the most from the SID’s services; the highest SID charge is proportionately assigned. Next are the office space with retail uses (Class B), followed by the more self-contained, or least “street active” buildings—the hotel and telecom (Class C), and corporate headquarters (Class D).

The New Brunswick City Market recently increased its assessment rates for the first time in 17 years (see 2008 and 2016 rates in Table 6), and its leadership “anticipate[s] that the frequency of our rate increases will increase over time” (P. Stefanek, personal communication, August 1, 2016). The district’s rate hike comes from rising expenses in the face of declining revenues, which it attributes to “decreased property values and newly developed properties owned by non-profit or government entities, who do not pay the special assessment” (ibid).

Chatsworth Business Improvement District, Los Angeles

The Chatsworth Business Improvement District, in Los Angeles, is a merchant-based district, meaning it levies assessments onto business owners, rather than property owners, and needs to be renewed annually (City of Los Angeles). It charges business owners flat fees based on the type of business (see Table 7).

Table 7 Chatsworth BID Assessment Fees

<i>Class</i>	<i>Property Type</i>	<i>Assessment Fee</i>
Class A	Major Financial, Utility, and Tourism Related	\$1,200
Class B	Major Retail	\$720
Class C	Retail Oriented	\$360
Class D	Services	\$240
Class E	Professionals	\$180
Class F	Manufacturers, Wholesale, Non-Profits, Etc.	\$120
Class G	Automotive Services	\$240

Class A properties include banks, financial institutions, theaters with 3 or more locations, and hotels with 100 rooms or more. Class B properties include businesses grossing over \$1,000,000 per year.

A Los Angeles guide to Business Improvement Districts offers a rationale for the flat fee system:

The most popular type of program employed by merchant based BIDs is a combination of marketing and public relations efforts. Because of this, the most frequently used type of assessment is a flat rate which can be scaled up or down depending on the proximity of the business to the focal point of the marketing efforts. Destination marketing has become an important function of those BIDs which feature restaurants and local attractions as well as a strong retail or consumer business base. Therefore, the scaled flat rate is accepted as an equitable assessment variable. Other formulas, such as number of employees in a business, are being employed in some districts. An easily understandable methodology is best. (City of Los Angeles).

Mount Vernon Triangle Community Improvement District, Washington D.C.

The Mount Vernon Triangle Community Improvement District (CID), in Washington, D.C., charges different rates for commercial, vacant, residential, and hotel properties (see Table 8).

Table 8 Mount Vernon Triangle CID Assessment Rates

<i>Property Class</i>	<i>Assessment Rate</i>
Commercial Property	\$0.15 per commercial square foot
Vacant Land	\$0.35 per square foot
Residential	\$120 per unit
Hotel	\$90 per room

Commercial properties are charged \$0.15 per commercial square foot, while vacant land is charged \$0.35 per square foot. The CID uses square footage because properties are leased by square footage and property taxes are based on rentable square footage. Residential properties are charged \$120 per unit, based on the city’s property tax determination and the practical burden of determining the square footage of each residential unit. Hotels are charged \$90 per hotel room.

The decision to charge by square footage and the high rate for vacant land comes from the area’s development history. As Jerome Raymond at the Mount Vernon Triangle explained, when the “BID was established in 2003 and started operating in 2004, there was not a lot of development, as a lot of the area ... [was] owned by developers who were waiting for the right market conditions” (personal communication, August 15, 2016). The rate struck a balance between “what the developers were willing to pay” and what was needed to fund a full-time staff, which shaped a long-term plan for the neighborhood (ibid). The higher rate for vacant land may have served as an incentive to develop the lots or to offset their negative impact on the neighborhood. The assessment rate has not kept pace with development in the area, but modest increases when the district renews have slowly grown the budget.

NoMa Business Improvement District, Washington D.C.

The NoMa (or North of Massachusetts Avenue) Business Improvement District, in Washington, D.C., uses different metrics to assess properties, based on their use (commercial, industrial, residential and hotel) and size (smaller or larger than 50,000 square feet). The assessment method assigns charges by rentable square foot, by property value, and by the number of units or rooms (see Table 9). Residential buildings with fewer than 10 units are not charged an assessment.

Table 9 NoMa BID Assessment Rates

<i>Property Class</i>	<i>Assessment Rate</i>
Commercial Buildings \geq 50,000 Square Feet	\$0.15 per rentable square foot
Commercial Buildings <50,000 SF or Unimproved Land, Parking Lots, or Industrial Properties	0.05% of property value
Residential with \geq 10 units	\$120 per unit
Hotel	\$90 per room

NoMa staffer Benjamin Rickelman, relayed that while all BIDs in Washington, D.C. charge about 15 cents per square foot, the split between commercial properties larger than 50,000 square feet and other properties probably comes from the neighborhood’s past. Rickelman explained that before the development wave of the previous eight years, NoMa was a “post-industrial area ... [with a] lot of parking lots and warehouses.” At the time, the BID staff developed the assessment scheme with a low rate for unimproved land, parking lots, or industrial buildings, to

reflect “that [there] wasn’t much value in the properties, but once they got developed, they’d be assessed at a high rate” (B. Rickelman, personal communication, August 18, 2016).

Formula and Hybrid Methods

To combat the shortcomings of single-variable assessments, whether property assessed value, physical scale, or land use type, some BIDs generate charges using a multiple-factor formula. These formulas often combine valuation, some measure of physical size, and additional factors such as land use and location (Becker, Grossman, and Santos 2011). They may also integrate other adjustments, such as inflation factors to keep charges current.

Buffalo Downtown Special Improvement District

Buffalo’s Downtown Special Charge District uses a formula that incorporates square footage, assessed value, property use, and location. A property’s assessment is determined by multiplying the special charge formula, which represents the percentage of the services in the district used by that property, by the district’s annual budget, as follows:

$$\textit{Assessment} = \textit{Special Charge Formula} \times \textit{Annual Budget}$$

Where

$$\textit{Special Charge Formula} = \textit{Basis} \times \textit{Location} \times \textit{Use Factor}$$

Where

$$\textit{Basis} = \textit{average of \% of district sq. footage} + \textit{\% of district assessed value}$$

Location = the proximity to the transit malls that form the center of the district.

Properties on the mall are in the 100% zone, while properties off the mall are in the 50% zone.

Use Factors

- (a) retail - 110%*
- (b) entertainment/restaurant/hotel - 110%*
- (c) commercial parking - 110%*
- (d) office - 100%*
- (e) residential - 100%*
- (f) vacant spaces ($\leq 50\%$ of total property) - 100%*
- (g) industrial, wholesale, warehouse, and non-commercial parking - 80%*
- (h) vacant space ($> 50\%$ of total property) - 80%*
- (i) religious/educational/charitable - 0%*

When the Downtown Special Charge District was formed, “an advisory committee met every Wednesday morning for a year [to determine] everything about the district, including estimating how to measure the value of the projected services” (D. Chernoff, personal communication, August 4, 2016). The committee decided to use both assessed and square footage because of the

time that had passed since the last reevaluation and the differences in value between older properties, which tended to be larger and have greater vacancies, and newer and smaller properties. The Buffalo formula modifies the basis with location and use factors, because these variables reflect differences in perceived benefit received (ibid).

SoHo Broadway Initiative, New York City

The SoHo Broadway BID, in New York, charges properties differently based on land usage, where

$$\text{Assessment} = \text{Base Fee} + \text{Broadway Frontage} + \text{Side Street Frontage} + \text{Total Assessed Value}$$

Property classes and their different rates are listed in Table 10. The SoHo Broadway BID does not assess tax-exempt properties.

Table 10 SoHo Broadway BID Assessment Rates

<i>Property Class</i>	<i>Base Fee</i>	<i>Broadway Frontage Rate</i>	<i>Side Street Frontage Rate</i>	<i>Assessed Value Rate</i>
A/ACG - Wholly Commercial, Mixed-Use Rental & Ground Floor Condo	\$250	\$41.86	\$16.74	0.0834%
B-Commercial Condo Unit-Upper Floor & Below Grade	\$250	N/A	N/A	0.0834%
C-Vacant Land-Privately Owned	\$250	\$41.86	\$16.74	N/A
E-Wholly Residential /Residential Condo & Coops Assessment	\$1	N/A	N/A	N/A

A staffer at the SoHo Broadway Initiative said that the assessment formula’s mix of factors and property classes “was a weighted way to share the cost among the different commercial owners in the district, the most equitable way, as far as I recall.... We’re a mixed-use community, we have a very robust upper floor office community, and that’s why ... that mixture is intended to take into account those different uses in a way that’s fair and equitable” (M. Dicus, personal communication, August 22, 2016).

Downtown Denver Business Improvement District

The downtown business improvement district in Denver, Colorado is tied to the 16th Street Transit Mall, and so assessment calculations depend on a property’s proximity to the mall. To this purpose, the district is divided into 12 zones, and each zone has a different assessment rate (which apply only to commercial property). These rates are the sum of a charge for mall-related activities, a portion that decreases as zones get further away, and a charge for district-wide activities, a portion that stays constant throughout the district. The 2016 formula is as follows:

$$\text{BID Assessment} = [(\text{Land Square Footage} + 15\% \text{ Building Square Footage}) * \text{SZD}] * \text{PPSF}$$

Where

SZD = Special Zoning Discount (discount of 33% for properties in B-7 zones and 60% discount for properties in R-4 zones)

PPSF = Price Per Assessable Square Foot

Zone 1 \$0.556634

Zone 2 \$0.434924

Zone 3 \$0.362182

Zone 4 \$0.315649

Zone 5 \$0.255887

Zone 6 \$0.442811

Zone 7 \$0.410847

Zone 8 \$0.325014

Zone 9 \$0.304972

Zone 10 \$0.256074

Zone 11 \$0.212805

Zone 12 \$0.211602

Leadership at the Downtown Denver BID expressed that the zones were set when the BID was established in 2002 and are regarded as more fair than a direct assessment based on property value alone. However, the staffer estimated that the current rate amounts to less than 0.3% of property value, while the average is 0.8%, and she felt that an assessment based on property value would be easier to gradually increase (B. Moyski, personal communication, July 28, 2016).

Seattle Metropolitan Improvement District

The Seattle Metropolitan Improvement District (MID) uses a formula that incorporates valuation, square footage, and land usage differences. The charging scheme has a base formula that combines with a list of ceilings to ensure that no property is charged what is perceived as an unfairly high assessment. There is also an annual inflation factor adjustment based on the Consumer Price Index (CPI). The 2016 base formula is as follows:

$$BID\ Assessment = Value\ Assessment + Land\ Assessment$$

where

$$Value\ Assessment = \$0.37 \times (Total\ Taxable\ Value/\$1,000)$$

$$Land\ Assessment = \$0.32 \times Land\ Square\ Footage \times Cumulative\ CPI-U\ Factor$$
$$2016\ Cumulative\ CPI-U\ Factor = 1.0457$$

The Seattle MID views the land assessment of the base formula as reflecting services that benefit all properties equally and the value assessment of the base formula as capturing the distinct benefits that come from differences in land use, value, and economic activity. To further capture property differences, the assessment formula has a number of ceilings. To determine a property's assessment, the amount dictated by the base formula is compared to the appropriate ceilings and

the lowest number becomes the assessment. Ceilings are updated yearly with inflation factors; the 2016 ceilings can be viewed in Table 11.

Table 11 Seattle MID Assessment Ceilings

<i>Ceilings</i>	<i>Rationale</i>	<i>Factor</i>	<i>Calculation</i>
TAV Ceiling (TAV= Total Assessed Value)	Assures that properties are not unfairly assessed compared to benefits received.	\$1.84 per \$1,000 total appraised value	Cumulative CPI-U Factor * Factor * King County total appraised value / \$1000
Building Square Footage Ceiling	Limits assessments on small buildings due to limited rent-producing potential.	\$0.17 per building net square feet	If FAR > 0.5, then Cumulative CPI-U Factor * Factor * Building new square feet
Hotel Room Ceiling	Limits assessments on hotels. Value received relates to per room occupancy and revenue potential.	\$80.00 per room	Cumulative CPI-U Factor * Factor * Number of rooms
Residential Unit Ceiling	Limits assessments on residential units. Value received relates to per unit occupancy.	\$125.00 per unit	Cumulative CPI-U Factor * Factor * Number of units
Surface Parking TAV Ceiling	Limits assessments on surface parking to compensate for limited benefits.	\$0.70 per \$1,000 total appraised value	Factor * King County total appraised value / \$1000
Nonprofit Reduced Rate	Limits assessments on properties owned by nonprofits and occupied by charitable uses. Reduced rate requires application and documentation process.	25% of basic formula	Factor applied to occupied % of occupied use for charitable purposes

Source: Metropolitan Improvement District. “Understanding Downtown Seattle’s MID Assessment.”

The MID updated its assessment formula in 2013 “in an effort to create more transparency and predictability while maintaining previous efforts to ensure different property types are assessed fairly” (Metropolitan Improvement District). The previous formula was set in 1999, when three separate districts merged and combined their assessment schemes, and the 2013 effort focused on streamlining. The new formula was determined through a series of negotiations among several of the biggest ratepayers in the district. These discussions established that the total levy would be a

2.5% increase over the 2012 levy and that the most equitable assessment rates would reflect a ratio of 45% property value to 55% square footage. The group set ceiling values to appease different ratepayers, including a large residential landlord (B. Scott, personal communication, August 26, 2016).

A staffer at the Seattle Downtown Association acknowledged that, “[the assessment formula] is complicated [and] requires a great deal of careful auditing.” But the necessity of working with the formula has engendered familiarity, and close relationships with the ratepayers and the city facilitate its collection (E. Bailor, personal communication, August 23, 2016). A clear and thorough website explains the formula, and there businesses can access the current rates, track changes over time, and see their individual assessments fully explained.

Clean & Safe District, Portland

The Downtown Business District, also known as the Clean & Safe District, in Portland, Oregon uses a formula that incorporates land use differences indirectly. This formula includes other factors in addition to valuation and square footage factors, with the intent of including ability to pay, foot traffic volume, and adjustments over time. Property owners designed the formula about 25 years ago for the “larger commercial buildings downtown” (L. Berg, personal communication, July 29, 2016). An effort to revise the formula in 2011-2012, through a public input process, did not result in changes. While the BID staff was interested in simplifying the charging, individual property owners were more interested in their individual fees and could not agree on a new system that would have resulted in “winners and losers” (ibid).

The 2016 formula for businesses is as follows:

$$\begin{aligned}
 \text{BID Assessment} = & [(Value\ of\ Improvements + Square\ Footage\ of\ Land\ and\ Improvements + \\
 & Elevator\ Capacity) * Ranking\ Factor * 1.15 + Holiday\ Lighting] * Inflation\ Factor\ 1 * \\
 & Inflation\ Factor\ 2
 \end{aligned}$$

Assessment factors are explained in Table 12, below.

Table 12 Clean & Safe District Assessment Factors

<i>Factor</i>	<i>Formula</i>	<i>Reasoning</i>
Value of Improvements	\$.87 per \$1,000 of value of improvements	This factor creates the bulk of the charge. Using this factor allows recognition of an ability to pay, at least at the time of building construction or when the district funding formula was moved under the City's taxing/licensing authority.
Square Footage of Land and Improvements	\$5.52 per 290 square feet of the sum of improvements and land square footage	This factor brings in the concept of space/presence in the district. Using this factor ensures that properties in the District that don't have significant improvements on them, such as surface

		parking lots, contribute to the clean and safe efforts of the district.
Elevator Capacity	\$.46 per pound of elevator capacity	This factor brings in the concept of foot traffic in the area, both from customers and employees. The number of elevators and pound capacity estimates how many people use the property each day.
Ranking Factor	1.025 (or 2.5% premium) if property is among the 50 most valuable District business properties 0.975 (or -2.5% discount) if property is among the 51st to 150th most valuable District business properties	This factor was included to recognize that the largest 50 payers in the district have more ability to pay than others and should support the district a little more as a result, so a premium was added to their calculation. The next 100 payers, on the other hand, were allowed a discount on their fee. Any property manager ranked after 150 had no premium or discount change to their calculation.
Holiday Lighting	\$.01401 per square foot of improvements	This factor was added to fund the holiday lighting program that began in the early 2000's. It is based on square footage of improvements and land, again to ensure that all business properties, including surface parking lots, contribute to the lighting program.
Inflation Factors	Inflation Factor 1 = 1.2003 (2001-2011) Inflation Factor 2 = $CPI-W_{2015} / CPI-W_{2000} = 1.36$	These factors were added to recognize that the value of improvements has increased since they were initially established in the 1990s. The first factor was added to recognize the increased market value (value of improvements) that had happened in the past and the 2nd factor was added to account for future increases. Additionally, these factors allow the district to be able to maintain the level of services when costs increase with inflation. Without these factors, the level of services would decrease slowly over time.

Source: Reasoning copied verbatim from City of Portland Revenue Bureau, Office of Management and Finance 2012

Residential buildings that are not owner-occupied are subject to a different assessment formula without a ranking premium or a charge for holiday lighting. Affordable housing developments

are charged a rate for the number of units: \$20 per unit if operated by a non-profit or government entity and \$44 per unit if operated by a for-profit entity.

Central Avenue Historic BID, Los Angeles

The Central Avenue Historic Business Improvement District, established in 2016, is a property-based district in Los Angeles. It uses a formula based on building area, land area, and street frontage, which is common in Los Angeles property-based BIDs. The formula is:

$$\text{Assessment} = \text{Building Area Factor} + \text{Land Area Factor} + \text{Street Frontage Factor}$$

A citywide guide explains the formula selection thusly:

The most popular formulas are those which most clearly show a relationship between the amount paid and the benefits received; this is the “nexus” concept which forms the basis for BID establishment. Because the three most popular categories of property based BID-sponsored activities are maintenance, security and marketing programs, the assessment variables normally used are size/area of the property, linear or front footage of the property, and square footage of improvements to the property (City of Los Angeles).

Central Avenue’s assessment rates for building area, land area, and street footage vary by property class, with exceptions for “special use,” meaning residential and non-profit uses, government use, and the LA United School District (LAUSD). The 2016 rates are displayed in Table 13.

Table 13 Central Avenue Historic BID Assessment Rates

<i>Property Class</i>	<i>Building Area Rate (\$/SF)</i>	<i>Land Area Rate (\$/SF)</i>	<i>Street Frontage Rate (\$/Linear Foot)</i>
Default	\$0.126	\$0.095	\$3.71
“Special Use”	\$0.063	\$0.095	\$3.71
Government	\$0	\$0.095	\$3.71
LAUSD	\$0.126	\$0.024	\$1.48

The Central Avenue Historic BID determined the assessment rates by hiring an engineer to run detailed calculations, as required in California. The engineer started with the costs of streetscape, safety, parking demand, branding, and district management services (see Table 14).

The engineer then estimated that 1% of the total district costs benefited the general public and the surrounding parcels and therefore would need to be funded by non-assessment revenue. Next, he determined which metrics would fund which services, as follows:

Building Area: 30% of streetscape and safety assessment costs, 100% of parking management and branding assessment costs.

Land Area: 35% of streetscape and safety assessment costs, 100% of district management assessment costs.

Street Frontage: 35% streetscape and safety assessment costs.

Table 14 Central Avenue Service Assessment and Non-Assessment Costs

<i>Program/Service</i>	<i>Assessment Cost</i>	<i>Non-Assessment Cost</i>
Streetscape Services	\$139,325	\$1,407
Enhanced Safety	\$151,050	\$1,526
Parking Demand Management	\$10,500	\$106
Branding	\$33,000	\$333
District Management	\$85,689	\$866
Total	\$419,564	\$4,238

The engineer then decided the rates for special property classes. He established that residential properties, government buildings, and non-profits would not benefit from, and therefore not pay for, BID-provided parking demand management and branding services. He also concluded that government buildings would be exempt from building area charges, since they have existing maintenance and security services. Similarly, the engineer determined that LAUSD parcels would pay 25% of the land area rate and 40% of the street frontage rate, because the school district supplies some of their own maintenance and security services.

The engineer then used the assessment costs, the portion paid for by each variable, and the reduced rates for special land uses to determine the building area, land area, and street frontage assessment rates (Central Avenue Historic BID, *District Assessment Engineer’s Report*).

Yerba Buena Community Benefit District, San Francisco

When the Yerba Buena Community Benefit District was established in 2008 in San Francisco, it charged properties based on linear frontage and building square footage, with rates that varied across five zones to reflect different service levels (see Table 15). Condominiums paid a separate rate, \$0.215 per building square footage and \$0 per linear frontage, while commercial and other residential buildings paid the same rates.

The executive director of the Yerba Buena CBD described that when the district started the renewal process in 2014, they were told that they needed to change the assessment formula to meet California’s new standards. State law now requires business improvement district formulas to be justifiable and defensible, and Yerba Buena’s initial formula, while more sophisticated than many BIDs’, was seen as too subjective. She explained, “[s]o we went to this new formula that was significantly more complicated to understand and articulate. Once we got a handle on it, we could see that it was justifiable and would hold up to a challenge [in court].” (C. Maupin, personal communication, August 24, 2016).

Table 15 Yerba Buena CBD Assessment System in 2008

<i>Zone</i>	<i>Linear Frontage Fee</i>	<i>Building Square Footage Fee</i>
Zone 1 Commercial & Other Residential	\$15.30	\$0.076
Zone 2 Commercial & Other Residential	\$10.30	\$0.045
Zone 3 Commercial & Other Residential	\$5.20	\$0.022
Zone 4 Commercial	\$38.40	\$0
Zone 5 Commercial & Other Residential	\$10.30	\$0

The new formula separates linear frontage and building square footage fees into two benefit zones and five land-use categories. A property’s assessment is determined by

$$\text{Assessment} = (\text{Linear Factor} + \text{Building Factor}) \times \text{Zone Factor} \times \text{Total Benefit Points} \times \$9.38$$

Where

$$\text{Linear Factor} = \text{Assigned linear street frontage}$$

The linear factor reflects the “linear nature of the cleaning and public safety improvements, maintenance and activities” delivered to parcels within the district (Yerba Buena Community Benefit District Management Plan 2015).

$$\text{Building Factor} = \text{Parcel’s Assigned Building Square Footage}/2,500$$

The building factor “account[s] for the many variations in the buildings,” which “range from single-story structures to large multi-story structures” (ibid). The divisor (2,500) is a proxy for the smallest building size in the district; the number comes from the minimum lot size of 2,500, since most buildings have 100% lot coverage.

$$\text{Zone Factor: Benefit Zone 1} = 1.50; \text{Benefit Zone 2} = 1.00$$

The benefit zone factors directly reflect different service levels in the two zones, as zone one receives 50% more services.

Benefit “points” reflect service levels delivered to different property classes, broken down into different types of services (see Table 16). Non-profit properties include affordable housing and buildings occupied by non-profit tenants, while public property includes buildings occupied by public tenants but excludes profit-generating parking facilities.

Table 16 Yerba Buena CBD Benefit Points System 2015-2016

<i>Property Type</i>	<i>Benefit Points</i>			
	<i>Cleaning and Greening</i>	<i>Safety and Security</i>	<i>Marketing</i>	<i>Total</i>
Non-Residential Property-- Hotels, Retail, Office	1.00	1.00	2.00	4.00
Non-Residential Property-- Convention Center, Museum, Cultural	1.00	1.00	1.50	3.50
Residential Property	1.20	1.20	1.00	3.40
Non-Profit / Public Property	0.20	0.20	0.50	0.90
Undeveloped Property	0.20	0.20	0.25	0.65

The final factor of the assessment formula, the \$9.38 scalar, was derived by dividing the total levy in 2015-2016 by the total special benefit points.

$$\text{Assessment Rate per Special Benefit Point} = \frac{\text{Amount Levied in '15-16}}{\text{Total Special Benefit Points}} = \frac{\$2,991,722.82}{318,947.005} = \$9.38$$

From the point of view of the Yerba Buena BID leadership, the biggest change brought by the new formula was a reduction in square footage fees in favor of a greater emphasis on linear street frontage. Yerba Buena Executive Director Cathy Maupin views the increased stress on linear square footage as aligning with the concentration of services at street level. The new formula passed with over 84% neighborhood support in a weighted vote and 67% in a non-weighted vote, and Maupin attributes the high support rates to a clear message. She explained, “People didn’t like that their assessments changed, but no one said that they didn’t understand the reasoning behind it” (C. Maupin, personal communication, August 24, 2016).

Differences Among Property Types

All BIDs, even those without land use-based formulas, can differentiate between commercial land-uses and other types of property. Assessments may exclude residential property, as they do in West Chester (PA), Red Bank (NJ), and Denver (CO); make exceptions for mixed-use property; or apply different assessments to vacant properties and land. There may also be different BID treatments for properties owned by non-profit or government entities. The differences for these various categories of “different” properties (residential, mixed-use, vacant, non-profit, and government) are explored below.

Residential Properties

Residential properties are often, though not automatically, exempt outright from BID charges (Gregor 2009). BID enabling legislation in Maryland, Oregon and Wisconsin excludes residential properties from assessment, and BIDs nationwide may elect individually to exclude

residential properties (Howard and Bryant 2015; Briffault 1999). Business improvement districts in Pittsburgh, Denver, Virginia, Chicago, and Boston assess only commercial property (Howard and Bryant 2015), as do the West Chester (PA) BID, the Chatsworth merchant-based BID in Los Angeles (CA), the Ironbound BID in Newark, and the Central Avenue SID in Jersey City (NJ). The New Jersey enabling statutes for BIDs permit a municipality to exclude residential properties, but do not require such exclusion.

Sometimes this residential exemption applies only to owner-occupied properties, and assessments are more often levied on condominiums or multifamily rental properties. This is the case in the Portland (OR) Clean & Safe District, which uses a different assessment formula for condos, and in the NoMa (Washington DC) BID, which only assesses residential properties with 10 units or more. BIDs are more likely to regard apartments as commercial properties, “since there is direct link between BID improvements and increased rents” (Howard and Bryant 2015). Housing-associated exemptions may be limited to areas that have residential zoning and not apply to residential properties in commercial districts (Briffault 1999). When residential properties are exempt from a mandatory BID charge, they may, however, agree to contribute voluntary assessments (Mitchell 2008).

When residential properties are charged, they may have nominal or reduced fees (Morçöl, Hoyt, Meek, and Zimmerman 2008). The New York City guide *Starting a Business Improvement District* suggests that residential buildings be charged an annual assessment fee of \$1, making them exempt for all intents and purposes, and the SoHo Broadway BID follows this scheme for wholly residential buildings (New York Department of Small Business Services). The Center City District in Philadelphia (PA) charges residential properties 50% of what it charges commercial properties, and formulas that differentiate between land uses often use reduced rates for residential uses, including in the Central Avenue Historic BID and the San Francisco (CA) Yerba Buena Community Benefit District. A small number of BIDs, including Buffalo Place (Buffalo NY) and districts in New York, do charge residential uses full assessments (Listokin, Koperweis, and Grossman 2009; Lewis 2010). The Union Square Partnership in New York City uses the same rates for commercial and residential properties, and BID staff there believe that the inclusion of residents results in less community opposition and a sense that “everyone has skin in the game” (S. Hobbs, personal communication, August 1, 2016).

Mixed-Use Properties

BIDs that include mixed-use properties generally break down the charges based on the percentage of the building’s square footage dedicated to each usage. The New York City guide *Starting a Business Improvement District* suggests this practice, and it is enacted in Pittsburgh and Philadelphia (New York Department of Small Business Services; Howard and Bryant 2015). The West Chester (PA) BID, which only charges commercial properties, discounts the assessment by the percentage of net leasable square footage occupied by residential apartments, and the Portland (OR) Clean & Safe District uses square footage to assign portions of the building to the appropriate formula.

Vacant Properties & Land

Business improvement districts may also single out vacant properties or parcels for special assessment rates. Some business improvement districts provide lower rates for vacant properties (Mitchell 2008); for example, the Business Improvement District in Buffalo, New York differentiates between vacant space that occupies 50% or less of the property, which is charged a full assessment, and vacant space that occupies more than 50% of the property, which is given the 20% discount (D. Chernoff, personal communication, August 4, 2016). The SoHo Broadway Initiative in New York City charges vacant land linear frontage and base fees but omits the usual fee for assessed value. In contrast, the Washington DC Mount Vernon Triangle Community Improvement District charges vacant land at a higher rate than developed land.

Non-Profit Entities

Non-profit properties, including hospitals, universities, and religious institutions, generally are exempt from BID assessments (Mitchell 2008). State enabling legislation, such as in Wisconsin and New York State, may restrict charges to “parcels subject to real estate taxes” or may exempt non-profits (Houstoun 2003; The City of Philadelphia Department of Commerce and Drexel University’s Center for Public Policy 2012; Morçöl, Hoyt, Meek, and Zimmerman 2008; NY State Legal Opinion). BIDs in Buffalo (NY), West Chester, Red Bank (NJ), Union Square (NY City), New Brunswick (NJ), and Mount Vernon Triangle, in Washington, D.C., do not collect assessments from non-profits.

However, some BIDs collect regular or reduced fees from non-profit landowners. Districts in California, Jersey City, and the Ironbound BID in Newark all charge non-profit entities full assessments (Howard and Bryant 2015; R. Sieg, personal communication, August 11, 2016; S. Grossman, personal communication, August 1, 2016). Several BIDs differentiate by type of non-profit. For example, both the Portland (OR) Clean & Safe District and the Washington, D.C. NoMa BID exempt property owned by religious organizations but charge other nonprofits, and both the Mount Vernon Triangle CID (Washington DC) and the Portland Clean & Safe District have separate charging schemes for affordable housing developments (B. Rickelman, personal communication, August 18, 2016; J. Raymond, personal communication, August 15, 2016). BIDs that differentiate by land use are more likely to apply reduced rates to non-profit properties, and the Central Avenue Historic BID, the Chatsworth BID (Los Angeles, CA), the Yerba Buena CBD (San Francisco, CA), and the Seattle (OR) MID all charge non-profits using discounted rates. The New York City Union Square BID, which does not otherwise differentiate by land use, charges non-profits one one-hundredth of the rate paid by commercial and residential properties.

Business improvement districts that contain numerous non-profit properties may find exemptions challenging. The New Brunswick City Market attributes the current need for rate increases in its SID to the proliferation of non-profit and government owned properties (P. Stefanek, personal communication, August 1, 2016). The Jackson Hill Main Street Special Improvement District in Jersey City contains a large number of churches and church-owned property purchased during the 1970s and 1980s. This Jersey City SID is engaged in an ongoing conversation about the possibility of non-profits, especially religious organizations, making some annual contribution; district leadership sees these properties as gaining equal benefit from the SID’s maintenance activities. If exempt properties made contributions, says a Jackson Hill Main Street staffer, “we

wouldn't have to raise ... more money or spread the burden. When we sweep the streets, they don't go around the churches" (Personal communication, August 22, 2016).

Government Entities

Research on BID assessments on government properties returns mixed findings. Morçöl, Hoyt, Meek, and Zimmerman write that municipal properties, such as government offices, generally are charged assessments or in-lieu fees, although school districts generally are not (2008). Houston reports that BIDs in Tennessee can choose to assess municipal property like private property or to exempt it (2003). The survey done for this report found only a minority of business improvement districts that charge government properties. The Portland Clean & Safe District charges city and county buildings, and California districts are required to include government properties in their assessments, although the Los Angeles Central Avenue Historic BID and the Yerba Buena CBD charge reduced rates (L. Berg, personal communication, July 29, 2016). However BIDs in Seattle (WA), New Brunswick (NJ), Newark (NJ), Jersey City (NJ), Buffalo (NY), Denver (CO), New York City, and Washington Borough (NJ) do not collect assessments from state-, county-, and city-owned parcels, and the federal government does not pay assessments in any business improvement districts (B. Rickelman, personal communication, August 18, 2016; J. Raymond, personal communication, August 15, 2016; Houston 2003).

Nonprofit and Government Entities - Voluntary Contributions

While the previous two sections considered non-profit entities and government (public) entities separately, it is instructive to consider these property categories jointly because both categories frequently make voluntary contributions.

Even if both non-profit and government buildings are formally exempt from a BID assessment, some BIDs ask non-profit and government entities to make yearly voluntary contributions, also known as voluntary assessments (Hoyt and Gopal-Agge 2007, quoting Hoyt 2005a; Morçöl, Hoyt, Meek, and Zimmerman 2008; The City of Philadelphia Department of Commerce and Drexel University's Center for Public Policy 2012; Houston 2003). This is the case in the Seattle MID, the Philadelphia CCD, the Denver Downtown District, and the West Chester (PA) BID. The New York City Union Square Partnership maintains a relationship with the universities within its district, and these universities typically make contributions through donations or sponsorships (K. Casanova, personal communication, August 22, 2016). The New Brunswick (NJ) SID receives a PILOT from the County of Middlesex, and the Ironbound District in Newark also arranges PILOTs with government property (P. Stefanek, personal communication, August 1, 2016; S. Grossman, personal communication, August 1, 2016). The U.S. General Services Administration will not pay assessments to the NoMa BID in D.C., but it does pay for contracted services (B. Rickelman, personal communication, August 18, 2016; Houston 2003).

Conclusion

This background paper first overviewed the history and functions of business improvement districts both nationally and in New Jersey. It then focused on improvement district financing, and especially how municipalities and/or BIDs (as the case may be in each state) calculate the assessment. The assignment of the BID assessment to individual properties in the district is

based on a “benefit-assessment” determination (i.e., those who benefit more should pay more). In practice, most improvement districts have opted for an assessed value apportionment (about 60 percent nationally and about 90 percent in New Jersey). Yet other BID assessment approaches have been used, including physical scale, type of land use, and formula and hybrid methods. All four approaches have attraction and adherents, while suffering their own inevitable drawbacks: the “pros” and “cons” examined in this paper. Fundamentally, the guide in selecting any one method or combination of approaches is what assessment protocol in any given BID situation and place best and practically realizes the “benefit principle”

APPENDIX A

National Special Improvement Districts Current (2016) and Past (2007)

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Buffalo, NY <i>Buffalo Place Inc.</i> (1987)	31 Square Blocks (Along 1.25 mile-long transit mall)	<ul style="list-style-type: none"> • Maintenance • Marketing • Planning • Security 	\$2,100,000 (2016)	\$1,617,000 (2016)	<p>Special Charge Formula (SCF) = Basis x Location x Use Factor, where</p> <p>Basis = average of % of district sq. footage + % of district assessed value</p> <p>Location measures proximity to transit malls (on mall = 100% zone, off mall, 50% zone)</p> <p>Use Factors</p> <ul style="list-style-type: none"> (a) retail - 110% (b) entertainment/restaurant/hotel - 110% (c) commercial parking - 110% (d) office - 100% (e) residential - 100% (f) vacant spaces ($\leq 50\%$ of total property) - 100% (g) industrial, wholesale, warehouse, and non-commercial parking - 80% (h) vacant space ($> 50\%$ of total property) - 80% (i) religious/educational/charitable - 0% <p>SCF represents % services used Assessment = SCF x Annual Budget</p>

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Denver, CO <i>Downtown Denver Business Improvement District</i> Part of the Downtown Denver Partnership (1982)	120 square blocks around the 16th Street Transit Mall, encompassing 420 commercial property owners (2014)	<ul style="list-style-type: none"> • Business Development • Capital Improvements • Maintenance • Marketing • Security 	\$6,870,000 (2016)	\$5,521,000 (2016)	$\text{BID Assessment} = [(\text{LSF} + 15\% \text{BSF}) * \text{SZD}] * \text{PPSF}$ <p>where: LSF = Land Square Footage BSF = Building Square Footage SZD = Special Zoning Discount PPSF = Price Per Assessable Square Foot</p> <p>Special Zoning Discount: Special zoning discounts apply to properties located in B-7 (33% discount) and R-4 (60% discount) zones.</p> <p>Price Per Assessable Square Foot (2016)</p> <ul style="list-style-type: none"> • Zone 1 \$0.556634 • Zone 2 \$0.434924 • Zone 3 \$0.362182 • Zone 4 \$0.315649 • Zone 5 \$0.255887 • Zone 6 \$0.442811 • Zone 7 \$0.410847 • Zone 8 \$0.325014 • Zone 9 \$0.304972 • Zone 10 \$0.256074 • Zone 11 \$0.212805 • Zone 12 \$0.211602

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Los Angeles, CA <i>Central Avenue Historic Business Improvement District</i> (2016)	Parcels directly on Central Avenue, covering 23 blocks and 1.56 miles	<ul style="list-style-type: none"> • Maintenance • Marketing • Planning • Security 	\$423,802 (2016)	\$419,564 (2016)	<p>Assessment = Building Area Factor x Land Area Factor x Street Frontage Factor, Where:</p> <p>Normal Rates Building Area Factor = \$0.126 / SF Land Area Factor = \$0.095 / SF Street Frontage Factor = \$3.71 / Linear Foot</p> <p>Special Rates "Special Use" Building Area Factor = \$0.063 / SF Government Building Area Factor = \$0 / SF LAUSD Land Area Factor = \$0.024 / SF LAUSD Street Frontage Factor = \$1.48 / Linear Foot</p> <p>"Special Use": Government, residential, and non-profit LAUSD: Los Angeles Unified School District</p>
Los Angeles, CA <i>Chatsworth Business Improvement District</i> (1999)	>350 businesses	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 	\$135,900 (2015-2016)	\$105,900 (2015-2016)	<p>Flat Fees by Land Use: Major Financial, Utility, and Tourism: \$1,200 Major Retail: \$720 Retail Oriented: \$360 Services: \$240 Automotive Services: \$240 Professionals: \$180 Manufacturer, Wholesale, Non-Profits: \$120</p>

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
New York, NY <i>Bryant Park Corporation</i> (1986)	14 block faces, >61 ground-floor retail businesses	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 	\$11,397,228 (2015)	\$1,100,000 (2015)	\$0.10 per square foot
New York, NY <i>Grand Central Partnership</i> (1988)	70 square blocks	<ul style="list-style-type: none"> • Business Development • Capital Improvements • Maintenance • Marketing • Security • Social Services 	\$12,567,933 (2015)	\$12,706,984 (2015)	\$0.036 per square foot

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National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
New York, NY <i>SoHo Broadway Initiative</i> (2013)	12 block faces, 130 ground-floor retail businesses	<ul style="list-style-type: none"> • Advocacy • Business Development • Capital Improvements • Maintenance • Security 	\$575,000 (2016)	\$550,000 (2016)	<p>By Property Class</p> <p>A/ACG - Wholly Commercial, Mixed-Use Rental & Ground Floor Condo Assessment = Base Fee + Broadway Frontage + Side Street Frontage + Total Assessed Value</p> <p>B-Commercial Condo Unit-Upper Floor & Below Grade Assessment = Base Fee + Total Assessed Value</p> <p>C-Vacant Land-Privately Owned Assessment = Base Fee + Broadway Frontage + Side Street Frontage</p> <p>E-Wholly Residential/Residential Condo & Coops Assessment = \$1</p> <p>Where Base Fee = \$250 Broadway Frontage = \$41.86 / SF Side Street Frontage = \$16.74 / SF Total Assessed Value = 0.0834% of assessed value</p>
New York, NY Union Square Partnership (1984)	20 blocks around the Union Square Park and 258 ground floor retail businesses	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 	\$2,061,717 (2015)	\$2,600,000 (2016)	0.201% of property value
Philadelphia, PA <i>Center City District</i> (1990)	233 blocks and over 1,500 properties	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 	\$22,992,292 (2015)	\$16,939,406 (2015)	0.1557572% of assessed value

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Portland, OR <i>Downtown Business District, AKA Clean & Safe District</i> (affiliate of Portland Business Alliance) (1987)	213 blocks	<ul style="list-style-type: none"> • Maintenance • Marketing • Security 	\$4,811,322 (2015-2016)	Clean & Safe District Assessment: \$4,294,986 (2015-2016) Holiday Lighting Assessment: \$516,336 (2015-2016)	Assessment = [(Value of Improvements + Square Footage of Land and Improvements + Elevator Capacity) * Ranking Factor * 1.15 + Holiday Lighting] * Inflation Factor 1 * Inflation Factor 2 Where: Value of Improvements = 0.087% of value Square Footage of Land and Improvements = \$5.52 per 290 square feet of the sum of improvements and land square footage Elevator Capacity = \$0.46 per pound Ranking Premium or Discount = <ul style="list-style-type: none"> • 1.025 – 2.5% premium if property is among the 50 most valuable District business properties • 0.975 – -2.5% discount if property is among the 51st to 150th most valuable District business properties Holiday Lighting = \$.01401 per square foot of improvements Inflation Factor 1 = 1.2003 (2001-2011) Inflation Factor 2 = $CPI-W_{2015} / CPI-W_{2000} = 1.36$

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
San Francisco, CA <i>Yerba Buena Community Benefit District</i> (2008)	Roughly 25 blocks, >1,500 Properties	<ul style="list-style-type: none"> • Capital Improvements • Marketing • Security 	\$3,151,836 (2015-2016)	\$2,991,723 (2015-2016)	<p>Assessment = \$9.38 x (Linear Factor + Building Factor) x Zone Factor x Total Benefit Points</p> <p>Where</p> <p>Linear Factor = Assigned linear street frontage</p> <p>Building Factor = Building Square Footage/2,500</p> <p>Zone Factor: Benefit Zone 1 = 1.50 Benefit Zone 2 = 1.00</p> <p>Total Benefit Points: Non-Residential-Hotels, Retail, Office = 4.0 Non-Residential-Convention Center, Museum, Cultural = 3.5 Residential = 3.4 Non-Profit/Public = 0.90 Undeveloped = 0.65</p>

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National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Seattle, WA <i>Metropolitan Improvement District</i> In association with Downtown Seattle Association (DSA) (1999)	285 square blocks, including six neighborhoods: —Belltown —Denny Triangle —Pioneer Avenue —Retail Core —Seattle Waterfront —West Edge	<ul style="list-style-type: none"> • Business Development • Maintenance • Marketing • Security 	\$11,996,207 (2015-2016)	\$9,850,000 (2016)	<p>2016 Formula</p> <p>Assessment = Value Assessment + Land Assessment where</p> <p>Value Assessment = \$0.37 x (2015 Total Taxable Value/\$1,000)</p> <p>Land Assessment = \$0.32 x Land Square Footage x Cumulative CPI-U Factor</p> <p>2016 Cumulative CPI-U Factor = 1.0457</p> <p>Ceilings (Updated yearly with CPI-U factor):</p> <ul style="list-style-type: none"> • TAV Ceiling: 0.184% of assessed property value • Building Square Footage Ceiling: \$0.17 per building net square feet • Hotel Room Ceiling: \$80 per room • Residential Unit Ceiling: \$125 per unit • Surface Parking TAV Ceiling: \$0.70 per \$1,000 total appraised value • Nonprofit Reduced Rate: 25% of basic formula

Table A-1

National Examples of Business Improvement Districts, 2016

City <i>SID Organization</i> (Year Incorporated)	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Washington, D.C. <i>Mount Vernon Triangle Community Improvement District</i> (2004)	17 Blocks	<ul style="list-style-type: none"> • Advocacy • Capital Improvements • Maintenance • Marketing • Security 	\$894,959 (2016)	\$705,614 (2016)	Commerical: \$0.15 per commercial square foot Vacant: \$0.35 per square foot Residential: \$120 per unit Hotel: \$90 per hotel room
Washington, D.C. <i>NoMa Business Improvement District</i> (2007)	35 Blocks	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Planning/Design • Security 	\$2,724,411 (2016 - Projected)	\$2,452,411 (2016 - Projected)	Commercial Buildings \geq 50,000 SF: \$0.15 per rentable sq. foot Commercial Buildings <50,000 SF or Unimproved Land, Parking Lot, Industrial: 0.05% of property value Residential w/ \geq 10 Units: \$120 per unit Hotel: \$90 per hotel room
West Chester, PA <i>West Chester Business Improvement District</i> (2001)	~40 blocks, including 267 properties	<ul style="list-style-type: none"> • Advocacy • Business Development • Capital Improvements • Marketing 	\$396,748 (2015)	\$261,538 (2015)	0.3% of assessed value of the commercial portion of the property

Table A-2
National Examples of Business Improvement Districts, 2007

City/Special Improvement District Organization	Year Incorporated	District Site/Characteristics SID Activities/Programs	SID Budget	SID Fundraising Formula/Charges													
<p>Buffalo, NY Buffalo Place Inc.</p>	<p>1987</p>	<p>31 Square Blocks (1.25 mile-long transit mall; vendors are located in 99 ft. wide area and pedestrians can take advantage of two 37 ft. wide sidewalks)</p>	<ul style="list-style-type: none"> • Marketing • Maintenance • Mall regulations • Promotions • Business development • Planning and urban design 	<p>\$3.0 million* (2007)</p> <table style="margin-left: 20px;"> <tr> <td>a) SID Levy raised by district:</td> <td style="text-align: right;">40%</td> <td style="text-align: right;">\$1.2M</td> </tr> <tr> <td>b) Marketing and Special Events:</td> <td style="text-align: right;">54%</td> <td style="text-align: right;">\$1.62M</td> </tr> <tr> <td>c) Other:</td> <td style="text-align: right;">6%</td> <td style="text-align: right;">\$0.1 M</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">100%</td> <td style="text-align: right;">\$3M</td> </tr> </table>	a) SID Levy raised by district:	40%	\$1.2M	b) Marketing and Special Events:	54%	\$1.62M	c) Other:	6%	\$0.1 M	Total	100%	\$3M	<p>Special Charge Formula (SCF)- Basis x Location x Use factor, Where Basis= average of % of district sq. footage of district assessed value.</p> <p>Location measure proximity to transit mall (on mall= 100% zone; off mall, 50% zone)</p> <hr/> <p>Use Factor Classifies</p> <ol style="list-style-type: none"> a. Retail b. Entertainment/restaurant c. Commercial parking d. Office e. Residential f. Vacant spaces if 50% or less of total property g. Industrial, wholesale, warehouse, and non-commercial parking h. Vacant space if more than 50% of total property and i. Religious/education/charitable <p>Uses (a)—(c) are considered “more intensive” and are assigned a 110% weight:</p> <p>Uses (d)—(f) are considered “average intensities” and assigned a 100% weight:</p> <p>Uses (g)—(h) are considered “less intensive” and are assigned an 80% weight: and</p> <p>Use (i) is assigned a 0% weight</p> <p>SCF represents % services used SCF x Annual Budget= Assessment Change</p>
a) SID Levy raised by district:	40%	\$1.2M															
b) Marketing and Special Events:	54%	\$1.62M															
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<i>City/Special Improvement District Organization</i>	<i>Year Incorporated</i>	<i>District Site/Characteristics</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraising Formula/Charges</i>																																																
<p>Denver, CO</p> <p><i>16th Street Transit Mall</i></p> <p><i>(Downtown Denver Partnership)</i></p>	<p>1982</p>	<p>120 Square blocks around the one-mile, 16th Street Transit Mall</p> <p>Encompasses 22.7 million sq. ft office space and 3.5 million sq. ft. of retail space</p>	<ul style="list-style-type: none"> • Marketing (e.g., business support services, pedestrian counts) • Mall management (e.g., operating reserve, parking, zoning) • Security (e.g., holiday safety) • Economic development/ leadership (e.g., , development active research) • Repairs and maintenance • Amenities (e.g., WIFI wireless) 	<p>\$4.3 million (2006)</p>	<p>Since 2002, assessment calculations reflect a separation of BID activities into 16th Street Mall-related activity and District-wide activity. Assessments are allocated to benefit zones based on benefits received from both types of activity. Benefits received from Mall-related activity decrease as distance from the Mall increases, whereas benefits from District-wide activity are constant across the District. The sum of these two factors is represented by the Price Per Assessable Square Foot (PPSF) by zone listed below.</p> <p>There are 12 benefit zones within the BID, and each benefit zone is responsible for a percentage of the total budget. Assessments are based on Net Assessable Square Feet, which are calculated using land square footage and 15% of the building square footage minus any special zoning discounts. Special zoning discounts apply to properties located in B-7 (33% discount) and R-4 (60% discount) zones.</p> <p>BID Charge = [(LSF + 15% BSF) * SZD] * PPSF where: LSF = Land Square Footage BSF = Building</p> <table border="1" data-bbox="1444 662 1665 1308"> <thead> <tr> <th data-bbox="1455 751 1654 824"><u>PPSF (% share of total BID Assessments):</u></th> <th data-bbox="1455 829 1654 1235"></th> <th data-bbox="1707 727 1906 824"><u>The Percentage Share of the Total BID Assessments for Each Zone is:</u></th> <th data-bbox="1707 829 1906 1065"></th> </tr> </thead> <tbody> <tr> <td data-bbox="1455 829 1654 857">Zone 2</td> <td data-bbox="1455 857 1654 885">\$0.30</td> <td data-bbox="1707 829 1906 857">Zone 2 & 7:</td> <td data-bbox="1707 857 1906 885">26.9</td> </tr> <tr> <td data-bbox="1455 885 1654 912">Zone 3</td> <td data-bbox="1455 912 1654 940">\$0.25</td> <td data-bbox="1707 885 1906 912">Zone 3 & 8:</td> <td data-bbox="1707 912 1906 940">17.5</td> </tr> <tr> <td data-bbox="1455 940 1654 967">Zone 4</td> <td data-bbox="1455 967 1654 995">\$0.22</td> <td data-bbox="1707 940 1906 967">Zone 4 & 9:</td> <td data-bbox="1707 967 1906 995">11.8</td> </tr> <tr> <td data-bbox="1455 995 1654 1023">Zone 5</td> <td data-bbox="1455 1023 1654 1050">\$0.18</td> <td data-bbox="1707 995 1906 1023">Zone 5 & 10:</td> <td data-bbox="1707 1023 1906 1050">9.2</td> </tr> <tr> <td data-bbox="1455 1050 1654 1078">Zone 6</td> <td data-bbox="1455 1078 1654 1105">\$0.15</td> <td data-bbox="1707 1050 1906 1078">Zone 11/12:</td> <td data-bbox="1707 1078 1906 1105">5.2</td> </tr> <tr> <td data-bbox="1455 1105 1654 1133">Zone 7</td> <td data-bbox="1455 1133 1654 1161">\$0.32</td> <td data-bbox="1707 1105 1906 1133">Total</td> <td data-bbox="1707 1133 1906 1161">100%</td> </tr> <tr> <td data-bbox="1455 1161 1654 1188">Zone 8</td> <td data-bbox="1455 1188 1654 1216">\$0.29</td> <td></td> <td></td> </tr> <tr> <td data-bbox="1455 1216 1654 1243">Zone 9</td> <td data-bbox="1455 1243 1654 1271">\$0.27</td> <td></td> <td></td> </tr> <tr> <td data-bbox="1455 1271 1654 1299">Zone 10</td> <td data-bbox="1455 1299 1654 1326">\$0.22</td> <td></td> <td></td> </tr> <tr> <td data-bbox="1455 1326 1654 1354">Zone 11</td> <td data-bbox="1455 1354 1654 1382">\$0.19</td> <td></td> <td></td> </tr> <tr> <td data-bbox="1455 1382 1654 1409">Zone 12</td> <td data-bbox="1455 1409 1654 1437">\$0.15</td> <td></td> <td></td> </tr> </tbody> </table>	<u>PPSF (% share of total BID Assessments):</u>		<u>The Percentage Share of the Total BID Assessments for Each Zone is:</u>		Zone 2	\$0.30	Zone 2 & 7:	26.9	Zone 3	\$0.25	Zone 3 & 8:	17.5	Zone 4	\$0.22	Zone 4 & 9:	11.8	Zone 5	\$0.18	Zone 5 & 10:	9.2	Zone 6	\$0.15	Zone 11/12:	5.2	Zone 7	\$0.32	Total	100%	Zone 8	\$0.29			Zone 9	\$0.27			Zone 10	\$0.22			Zone 11	\$0.19			Zone 12	\$0.15		
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City/Special Improvement District Organization	Year Incorporated	District Site/Characteristics	SID Activities/Programs	SID Budget	SID Fundraising Formula/Charges
<p>New York, NY <i>Grand Central BID Partnership</i></p>	<p>1988</p>	<p>2007: 70 Block Area* of midtown SID (76 million sq. ft. of commercial space)</p> <p>*originally 50 square blocks, then expanding to 20 block area with northern expansion</p> <p>The SID captures the streets, 5th Avenue to 2nd Avenue and 35th to 54th, while the focal point is the 42nd Street and Park Ave. intersection (Grand Central Terminal, Chrysler Center, UN, NY Public Library, Metlife and Citigroup)</p>	<ul style="list-style-type: none"> • Marketing (e.g., events, yearly food festival, supporting growth and networking capacities with clients and retail/restaurant consumers) • Retail/merchandising and Promotions • Capital improvements (e.g., lighting fixtures, façade upgrade and maintenance, vases/planters, flowers and greenery signage, benches) • Security (also training for guards) • Maintenance and sanitation • Curbside taxi dispatch • Aid to homeless • Tourism (e.g., landmarks, 	<p>\$11 Million</p>	<ul style="list-style-type: none"> • Each property's % of total SID square footage with differentiations within overall SID (e.g., original district versus northern expansion) • Owners in original district boundaries (15.94 cents per sq. ft.); owners in northern expansion area (10.78 cents per sq. ft.) • Blended (all area) charge is 16.3 cents per sq. ft (2005) • In addition, capital improvements are funded by tax-exempt bonds
<p>Philadelphia, PA <i>Center City District (CCD)</i></p>	<p>1990</p>	<p>More than 2000 property owners in about 80 square blocks</p>	<ul style="list-style-type: none"> • Marketing (promotional services) • Security/patrols • Streetscape (graffiti removal) • Residential development • Retaining college graduates • Cleaning 	<p>\$14.5 Million (2007)</p> <p><u>Budget derived from:</u></p> <ul style="list-style-type: none"> • Assessed charges, • Service/contract/management income, restricted bond (since 1995) • Exempt contributions • Miscellaneous income 	<p>Each property's % of total SID assessed value* (*without reductions regardless of tax abatements and Keystone exemptions.)</p> <p><u>Apportionment of SID value</u></p> <p>assessment: 61% office/commercial 10% earned income 9% residential 8% hotels 8% retail 3% Reserves/Reimbursement from Affiliates 1% Exempt Property</p> <p><u>Contributions</u> 100%</p> <p><i>Range of annual property owner SID charges : \$1.06 to \$360,806</i></p> <p><u>Average SID payments:</u></p> <ul style="list-style-type: none"> - Hotel pays \$53,317 - Retail: \$1,644 - Residential: \$171 - Chestnut Street: \$3,000 - Market Street: \$156,000

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<i>City/Special Improvement District Organization</i>	<i>Year Incorporated</i>	<i>District Site/Characteristics</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraising Formula/Charges</i>
<p>Portland, OR</p> <p>Center City (Portland Business Alliance) by Portland Downtown Services Inc.</p>	<p>1987</p>	<p>213 Blocks</p> <p>4,034 entities, which encompass for-profit businesses, nonprofits, government, and 82,497 employees</p>	<ul style="list-style-type: none"> • Marketing, • Development (research, education funding, transportation capacity) • Capital improvement (beautification, streetscape) • Tourism (e.g., publications/guides) • Maintenance • Safety (e.g., drug free zones and sidewalk ambassadors) • Public relations (introducing community court and regional business growth projects, relationships with government, imposing studies to direct transportation policies) 	<p>\$3.7 million</p>	<p>Charge formula for business properties is the sum of elevator, employee, the value factor, and the percentage surcharge.*</p> <p>—Elevator = \$0.46 per every pound of passenger elevator</p> <p>—Employee = \$5.52 per 290 square feet (with respect to sum of improvements and land square footage)</p> <p>—Value factor = \$0.87 per \$1,000 of the “value of or \$0.01401 for surface parking lots”</p> <p>*A surcharge of 2.5% is added to the businesses considered to have the highest value of improvements; a discount of 2.5% is applied to the with lower assessments</p>

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<i>City/Special Improvement District Organization</i>	<i>Year Incorporated</i>	<i>District Site/Characteristics</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraising Formula/Charges</i>						
<p>Seattle, WA</p> <p>Metropolitan Improvement District</p> <p>MID In association with Downtown Seattle Association (DSA)</p>	<p>DSA incorporated in 1986 and MID in 1999</p>	<p>MID—225 square blocks encompassing 5 subdistricts:</p> <ul style="list-style-type: none"> —West Edge —Denny Triangle —Pioneer Avenue —Retail Core —Seattle Waterfront 	<ul style="list-style-type: none"> • Communications and public relations (e.g., marketing strategy to attract newcomers and promote Downtown) • Cleaning • Planning (e.g. business retention and large-scale development, business relations, active research) • Public safety • Streetscape and beautification (e.g., cleaning) • Management services (e.g., advocating advanced 	<p style="text-align: center;">\$6.6 million (2007)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border: none;">MID</td> <td style="width: 50%; border: none; text-align: right;">\$4.8 M</td> </tr> <tr> <td style="border: none;">DSA</td> <td style="border: none; text-align: right;">\$1.8 M</td> </tr> <tr> <td style="border: none;">Total Budget</td> <td style="border: none; text-align: right;">\$6.6 million</td> </tr> </table>	MID	\$4.8 M	DSA	\$1.8 M	Total Budget	\$6.6 million	<p>Varies; complicated</p>
MID	\$4.8 M										
DSA	\$1.8 M										
Total Budget	\$6.6 million										
<p>Union Square, NY</p> <p>Union Square Partnership</p>	<p>1984</p>	<ul style="list-style-type: none"> • 20 blocks in addition to the Union Square Park grounds • located in lower Manhattan • Area has business, tourists and other users 	<ul style="list-style-type: none"> • Retail enhancements (beautification, signage, elevating competitiveness, streetscape) • Marketing (e.g., networking, events, promoting) • Park maintenance and upgrades (security, cleaning, wireless, gardening, landscaping, capital/facade improvement, lighting) • Park security/street patrol • Community outreach (e.g., supporting and providing capital to schools, academic 	<p>\$1.3 million (2006)</p>	<p>Based on proportion of SID's property value Current charge:</p> <p>\$2.95 per assessed \$1000 value for both commercial and residential</p>						
<p>West Chester, PA</p>	<p>2001</p>	<p>8 blocks</p>	<ul style="list-style-type: none"> • Marketing • Façade improvement • Business support (retail enhancement, retaining/promoting/recruiting businesses) • Visitation support (guides/kiosks, bus tours, events) • Other (e.g. design/zoning and 	<p>\$200,000</p>	<p>The assessment rate is calculated as .0025 of assessed value of the commercial portion of the property</p>						

Source: Telephone interviews by staff of the Rutgers University Institute for Meadowlands Studies, (IMS) Summer 2007 and review by IMS staff of SID published materials

APPENDIX B

New Jersey Special Improvement Districts
Current (2016) and Past (2007)

Table B-1
Examples of New Jersey Special Improvement Districts, 2016

City <i>SID Organization</i>	Year Est.	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Atlantic City <i>Casino Reinvestment Development Authority Special Improvement Division</i>	1992	<ul style="list-style-type: none"> • Business Development • Capital Improvements • Maintenance • Marketing • Security 	\$5,752,685 (2015)	\$2,145,696 (2015)	0.038% per property value, 2014 *Calculated from 2014 proposed rate and from financial report
Elizabeth <i>Elizabeth Avenue Partnership</i>	1999	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 		\$250,000 (2016)	2.051% of property value
Elizabeth <i>Historic Midtown Elizabeth</i>	1986	<ul style="list-style-type: none"> • Capital Improvements • Marketing 	\$226,000 (2016)	\$200,000 (2016)	0.967% of property value
Jersey City <i>Central Avenue Special Improvement District</i>	1992	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 	\$114,370	\$114,370	\$15 per retail linear foot on Central Avenue
Jersey City <i>Historic Downtown Special Improvement District</i>	1998	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing 		\$240,000 (2015)	\$23.94 per linear foot
Jersey City <i>Jackson Hill Main Street</i>	2012	<ul style="list-style-type: none"> • Business Development • Marketing 	\$289,250 (2016)	\$244,100 (2016)	\$23 per linear foot

Table B-1
Examples of New Jersey Special Improvement Districts, 2016

City <i>SID Organization</i>	Year Est.	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Jersey City <i>Journal Square Special Improvement District</i>	1995	<ul style="list-style-type: none"> • Advocacy • Capital Improvements • Maintenance • Marketing • Security 		\$708,019 (2015)	\$40.16 per linear foot
Jersey City <i>McGinley Square Partnership</i>	1997	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing 	\$91,671	\$72,337	\$15.23 per linear frontage
Montclair <i>Montclair Center Business Improvement District</i>	2002	<ul style="list-style-type: none"> • Advocacy • Business Development • Capital Improvements • Maintenance • Marketing 	\$534,838 (2014-2015)	\$534,838 (2014-2015)	0.220% of assessed value
New Brunswick <i>New Brunswick City Market</i>	19887	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing 	\$581,890 (2016)	\$547,034 (2016)	Assessments based on property value, by category: Class A: General Commercial and Retail— 0.00242 Class B: Office Space with Retail— 0.00210 Class C: Hotel and Telecom (no retail) — 0.00117 Class D: Corporate Headquarters— 0.00083
Newark <i>Ironbound District</i>	2000	<ul style="list-style-type: none"> • Capital Improvements • Maintenance 	\$835,000 (2016)	\$835,000 (2016)	0.0224% of property value
Paterson <i>Bunker Hill</i>	1994	<ul style="list-style-type: none"> • Business Development • Capital Improvements • Maintenance • Security 	\$180,500 (2016)	\$180,500 (2016)	0.14175% of property value

Table B-1
Examples of New Jersey Special Improvement Districts, 2016

City <i>SID Organization</i>	Year Est.	SID Activities/Programs	SID Budget	SID Assessment	SID Fundraising Formula/Charges
Paterson <i>Downtown Paterson</i>	1997	<ul style="list-style-type: none"> • Capital Improvements • Maintenance • Marketing • Security 	\$304,000 (2016)	\$304,000 (2016)	0.1219% of property value
Red Bank <i>Red Bank RiverCenter</i>	1991	<ul style="list-style-type: none"> • Capital Improvements • Marketing 	\$923,551 (2015)	\$512,120 (2015)	Approximately 0.01% of property value; rates vary minimally by zone
Trenton <i>Trenton Downtown Association</i>	1986	<ul style="list-style-type: none"> • Advocacy • Business Development • Capital Improvements • Maintenance • Planning • Security 			
Washington Borough <i>Washington Borough Business Improvement District</i>	2003	<ul style="list-style-type: none"> • Business Development • Marketing • Capital Improvements 		\$200,000 (2016)	By property value: Class 4A and Certain Class 1 Properties - 0.308% Class 4B and 4C Properties: 0.208%

Table B-2
Examples of New Jersey Special Improvement Districts, 2007

<i>Community</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraising Formula</i>	<i>SID Charge</i>
Atlantic City	<ul style="list-style-type: none"> • Marketing (e.g., events, promotions, restaurant guide, activities) • Co-operation with city agencies • Economic development (e.g. façade improvement, business recruitment and retention, business relations) • District ambassadors (e.g., bike patrol, reporting vandalism and disorder) • Safety and cleaning (also placing juvenile delinquents under court order) 	\$3.7 million (2007)	Property's % of total SID assessed value	0.0077 X total assessed value* *2007 Total Assessed Value: \$4.85 Billion
Cranford	<ul style="list-style-type: none"> • Marketing (e.g., event planning, promotions) • Economic development • Appearance and Streetscape improvement • maintenance 	\$193,604 (2006) \$209,476 (2007)	Property's % of total SID assessed value	20 cents per \$100 of assessed value.
Elizabeth <i>Elizabeth Avenue Partnership</i>	<ul style="list-style-type: none"> • Marketing • Development (e.g., promotion, business retention, attraction, event) • Signage • Cleaning • Security 	\$590,726 (2006)	Property's % of total SID assessed value	9% flat on property assessment (capped at 9%) of total property taxes
Freehold	<ul style="list-style-type: none"> • Marketing • Event planning (e.g., farmer's market, concert series, dining) • Economic development • Revitalization (streetscape and historic preservation) • Advisory services and execution (e.g., low interest loans, grants, advertising and sign permits, zoning, and approvals for new businesses) 	\$365,000 (2006)	Property's % of total SID assessed value	\$0.18 per \$100 sq. ft. value

Table B-2
Examples of New Jersey Special Improvement Districts, 2007

<i>Community</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraisin</i>	<i>SID Charge</i>
Fords SID, Woodbridge	<ul style="list-style-type: none"> • Marketing • Highway upkeep • Maintenance 	\$50,000	Property's % of total SID assessed value	0.2% of total property taxes
Hackensack <i>Upper Main Alliance</i> <i>Hackensack Main Street Business Alliance (MSBA)</i>	<ul style="list-style-type: none"> • Marketing (events, business retention) • Economic development (e.g., co-op advertising grants, public relations, business retention and recruitment for 116 commercial properties, or 300 businesses) • Cleaning • Restoration (e.g., facade, signage) 	\$260,000 (2006)	Property's % of total SID assessed value	Special assessment on commercial properties located within the district
Iselin (SID), Woodbridge Oak Tree Road	<ul style="list-style-type: none"> • Marketing • Maintenance and Streetscape • Security • Economic development 	\$114,600 (2007)	Property's % of total SID assessed value	0.3% of total property taxes
Jersey City <i>Central Avenue Special Improvement District</i>	<ul style="list-style-type: none"> • Marketing (e.g., fundraising, promotions, guides) • Coordinating with UEZ • streetscape/maintenance (cleaning) 	\$228,860 (2007) \$214,960 (2006) (2006 Total Assessment value: \$90,480) How Budget is derived: 40% SID Tax Assessmen t 40% UEZ Matching Fund 10% Surplus 10% Fundraising from Marketing/Ads 100% Total	Varies, e.g., property's % of total SID assessed value only for office and retail	\$15 per square footage

Table B-2
Examples of New Jersey Special Improvement Districts, 2007

<i>Community</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraisin</i>	<i>SID Charge</i>
Jersey City <i>McGinley Square Partnership</i>	<ul style="list-style-type: none"> • Marketing (e.g., promotions, advertising, commerce outreach, events) • Co-ordination with economic development and UEZ • Streetscape (e.g., façade and construction/ improvement) • Community branding (e.g., 	\$160,550* (2007) * of which \$72,000 in SID taxes is supplemented with a 1:1 match from the UEZ	Property's % of total SID assessed value	\$14.70 per linear* footage for any property * the measurement taken from the front of any property
Montclair <i>Montclair Center BID</i>	<ul style="list-style-type: none"> • Marketing (e.g., branding with banners, advertising retail space) • Maintenance and Reporting (e.g., streetscape, alerts on graffiti and shoplifting) • Beautification (e.g., street furniture and greenery) • Public relations (provides a liaison to Montclair town council to assist 	\$370,000 (2007)	Property's % of total SID square footage	Approx. 3% of annual tax bill
Morristown <i>Morristown Partnership</i>	<ul style="list-style-type: none"> • Marketing (e.g., advertising, events) • Revitalization • Streetscape improvement (lighting for pedestrians, classical decoration) 	\$2 Million (2007) (actual assessment charges collected, \$700,000)	Property's % of total SID assessed value	10.5 cents per \$100 Assessment
Newark <i>Newark Downtown District</i>	<ul style="list-style-type: none"> • Marketing • Planning (e.g., retail development, parking) • Physical improvement (e.g., facelift, lighting, streetscape) 	\$1.9 Million (operating, 2006)* * \$10 Million borrowed from the commercial tax bill	Varies by use, e.g., property's % of total SID square value applies only to the 594 commercial	10.5 cents per \$100 assessment
New Brunswick <i>The New Brunswick City Market</i>	<ul style="list-style-type: none"> • Marketing • Street cleaning (e.g., graffiti removal) • Security initiatives • Streetscape (e.g., signage improvements) • Co-operation with economic development agencies (e.g., improve diversity of retail and services, and promote and welcome new businesses) 	\$501,809 (2007)	Property's % of total assessed value	New Brunswick SID Tax Rate is divided into categories: <i>Class A Properties:</i> General Commercial and Retail—tax rate is 0.00236 of the assessed value of the property <i>Class B Properties:</i> Office Space with Retail—tax rate is 0.00205 of the assessed value of the property <i>Class C Properties:</i> Hotel and Telecom (no retail) —tax rate is 0.00114 of assessed value of the property <i>Class D Properties:</i> Corporate Headquarters— tax rate is 0.00081 of the assessed value of the property Assessed property values are determined by the City of New Brunswick's tax assessor

Table B-2
Examples of New Jersey Special Improvement Districts, 2007

<i>Community</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraising Formula</i>	<i>SID Charge</i>
<p>Red Bank</p> <p><i>Red Bank River Center</i></p>	<ul style="list-style-type: none"> • Marketing (e.g., publishing, advertising eateries/dining, entertainment sites, real estate, artistic and cultural exhibits) • Development and communal affairs (e.g., holiday decorations and Menorah lighting, fashion shows) • Sidewalk restoration, streetscape improvements, horticulture • Public relations (e.g., internship for students at SID office, grant writing to receive additional funds) 	<p>\$604,015 (2007)</p> <p>\$416,000 (2006)</p>	<p>Varies by location, e.g., property's % of total SID assessed value with modifications on the charge rate depending on streetscape benefits</p>	<p>1. Directly affected by benefits of streetscapes due to proximity to the center: Central location SID Charge: 0.0135 to 0.017 (of total assessed value), i.e., the average SID rate is 0.0156 and at \$100,000 property value, the SID Charge amounts to \$156 on average.</p> <p>2. Basic rate for properties not receiving streetscape benefits but are part of the new surrounding parts of district due to expansion: SID Charge: 0.0082 (of assessed value), i.e., then SID charge is \$82 for property value of \$100,000.</p>
<p>Somerville</p> <p><i>Somerville District Management Corp.</i></p>	<ul style="list-style-type: none"> • Marketing (e.g., promotions, assisting retail and real estate trades) • Development (e.g., commercial properties) • Cleaning and maintenance of capital • Other (e.g., wireless service) 	<p>\$ 414,227</p> <p>(2006, some incomplete projects carried over)</p>	<p>Property's % of total SID assessed value</p>	<p>8.7% of total property tax</p>
<p>Trenton</p> <p><i>Trenton Downtown Association</i></p>	<ul style="list-style-type: none"> • Marketing and promotions • Economic development (small business growth) • Capital improvement and streetscape • Public relations (e.g., stimulating investments, connections with City Hall, State Departments and agencies and the like) • Amenities (e.g., gallery exhibits, farmer's market, staged events and concerts, façade improvement) 	<p>\$420,000 (Revenue)</p> <p>(of which \$175,000 was collected through assessments and, remaining \$250,000 was the grant provided by the NJ Lieu of Government)</p>	<p>Property's % of total SID assessed value with additional increment</p>	<p>Additional 4.5% (per annum) on top of property tax</p>
<p>Union Center</p>	<ul style="list-style-type: none"> • Strategic co-operation • Planning, • revitalization • partnership with government • does not fundraise by marketing 	<p>\$140,000 (2007)</p>	<p>Varies by land use, e.g., Property's % of total SID assessed value for all non-residential properties</p>	<p>0.9% of total assessed value</p>
<p>Washington BID</p>	<ul style="list-style-type: none"> • Marketing (e.g., retail, events, promotions, co-operation) • Development/zoning (e.g., capital improvements, signage, community outreach) • Parking • Security • Streetscape and cleaning (1.96 sq. miles) 	<p>\$224,000</p>	<p>Varies by land use, e.g., different rates levied to commercial properties and apartments/industrial</p>	<p>1) Commercial: 0.27 per \$100 of assessed value</p> <p>2) Apartments and Industrial: 0.17 per 100 of assessed value</p>

Table B-2
Examples of New Jersey Special Improvement Districts, 2007

<i>Community</i>	<i>SID Activities/Programs</i>	<i>SID Budget</i>	<i>SID Fundraisin</i>	<i>SID Charge</i>		
Wildwoods Improvement District	<ul style="list-style-type: none"> • Marketing (e.g., events, tourism) • Maintenance (e.g. 2 mile ocean boardwalk) • Safety • Tourism (e.g., owns and operates TRAM cars) • Development (e.g., proposing guidelines for BID operations) 	<p>\$1.75 million (2007)</p> <p>NB: Wildwoods Improvement District is composed of 2 SIDs (Wildwood and North Wildwood) and 1 BID:</p> <p style="text-align: center;"><u>2007 Wildwoods Improvement District</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: none;">Total Budget</td> <td style="border: none; text-align: right;">\$1.75 Million</td> </tr> </table>	Total Budget	\$1.75 Million	Property's % of total SID assessed value	<p>1) Wildwood SID=0.6% of total assessed value</p> <p>2) North Wildwood SID=0.3% of total assessed value</p> <p>3) Wildwood BID=0.1% of total assessed value</p>
Total Budget	\$1.75 Million					
Woodbridge Downtown SID	<ul style="list-style-type: none"> • Marketing • Maintenance (e.g., road, sidewalk and streetscape) • Renovations • Development/zoning 	\$43,000 (2007)	Property's % of total SID assessed value	0.4% of total assessed value		

Source: Telephone interviews by staff of the Rutgers University Institute for Meadowlands Studies, (IMS) Summer 2007 and review by IMS staff of SID published materials.

APPENDIX C

**2010 New Jersey Improvement Districts/District Management
Corporations**

New Jersey 2010 Improvement District/District Management Corp. Census

Atlantic	City of Atlantic City	AC SID: Don Guardian or James Kutch; 609-344-6990; www.acsid.com; jrivera@acsid.com; The Garage in Gordon's Alley, Atlantic City, NJ 08401
Bergen	Bergenfield Borough	Begenfield SID: Donald Smartt, Administrator, director@bergenfieldsid.org; http://bergenfieldsid.org; Post Office Box 443, Bergenfield, NJ, 07621; 201/384-8555;
Bergen	Englewood City	Englewood Economic Development Corp: Karen Rawl, Downtown Manager; info@englwoodstyle.com, englewoodstyle.com; 201-871-6664; 2-10 N. Van Brunt, Englewood, NJ 07631
Bergen Bergen	Fair Lawn Borough Fair Lawn Borough	Broadway Improvement Corporation: Donald Smartt, Administrator; admin@commercialdistricts.com; 973-857-1467, info@broadwaysid.com; www.broadwaysid.com; PO Box 1296, Fair Lawn, NJ 07410 River Road Improvement Corp: Donald Smartt, Administrator; 201 797-3442; admin@commercialdistricts.com; www.fairlawnriverroad.com; PO Box 1296, Fair Lawn, NJ 07410
Bergen	Hackensack	Hackensack Upper Main St. Alliance: Albert Dib, ExecUTIVE DIRECTOR; http://www.uppermain.org; info@uppermain.org; 201-498-1690; 238 Main Street - Suite 110, Hackensack, NJ 07601
Bergen	Maywood Borough	Maywood Business SID Management Corp: Jean M. Pelligra, Borough Clerk 201-845-2900 ext 201 maywood.clerk@verizon.net; Gerry Gallitano; www.maywoodboro.org
Bergen	Rutherford	Rutherford Downtown Partnership: Robin Reenstra-Bryant, Exec. Director; http://www.rutherfordnjdowntown.com; 201-460-3000 x3156; 176 Park Avenue Rutherford, NJ 07070
Bergen	Teaneck Township	Cedar Lane Management Group: http://www.cedarlane.net; staff@cedarlane.net 201-907-0493; 555 Cedar Lane, Teaneck, NJ 07666
Bergen	Tenafly Borough	Tenafly Business Improvement District Management Corp.: Norman Dorf, President, 201-988-1100, normand@dcantos.com; Councilwoman Nadia LaMastra, nlamastra@tenafly.net, 110 Riveredge Rd. Tenafly 07670
Burlington	Palmyra Borough	Palmyra Busines Improvement District: Anthony Fratto, Director, afratto@boroughofpalmyra.com; 856/ ; 200 West. Broad St. Palmyra, NJ 08065
Camden	Collingswood	Collingswood Partners, Inc.: Terry Seeley, Secretary; http://www.collingswood.com/shopping/collingswood-partners; terry@collingswood.com; 856-858-9275; PO Box 9000, 678 Haddon Avenue Collingswood, NJ 08108
Camden	Haddon Township	Haddon Township Business Improvement District: Kate Burns, Director; www.htbid.org; kburns@haddontwp.com, 135 Haddon Ave. Haddon Twp, NJ 08108; 856/854-1176 ext.4194
Camden	Haddonfield Borough	Partnership for Haddonfield: Lisa Hurd, Retail Coordinator; Rosalie Shapiro, Admin. Asst.; rosalie.shapiro@gmail.com; pfh@haddonfieldnj.org; Deanna Bennett, 856-429-4700, ext. 204, dbennett@haddonfield-nj.gov; 242 Kings Hwy East, Haddonfield, NJ 08033; www.haddonfieldnj.org
Camden	Audubon Borough	Audobon SID: Administrator David Taraschi 856-547-1240; Renee Mettinger, SID President 856-546-3056; flowersbyreeneenj@aol.com; 111 West Merchant St., Audobon, NJ 08106
Cape May	Cape May City	Washington Street Mall Management Company, Inc.: Joe Bogle, Chair; sales@fudgekitchens.com; 609-884-2834; Bruce MacLeod, Cape May City Manager; brucem@capemaycity.com; www.washingtonstreetmall.com; Po Box 2338, Cape May, New Jersey 08204
Cape May	North Wildwood	Wildwoods Boardwalk SID Management Corp. Patrick Rosenello, Executive Director; www.dowildwood.com; wildwoodsb@aol.com; 609-523-1602; PO Box 1135 Wildwood NJ, 08260* with Wildwood City
Cape May	Ocean City	BAND/Main Street Ocean City, Marica Shallcross, Executive Director; mainstreetoceancity@verizon.net; http://downtownocnj.com 609-298-4662; 901 Asbury Ave, Ocean City, NJ 08226

Cape May Cape May	Wildwood Wildwood	Wildwoods Boardwalk SID Management Corp. Patrick Rosenello, Executive Director; www.dowildwood.com; wildwoodsb@aol.com; 609-523-1602; PO Box 1135 Wildwood NJ, 08260 Wildwood BID Management Corp.: Patrick Rosenello, Executive Director; www.dowildwood.com; wildwoodsb@aol.com; 609-523-1602; PO Box 2635, Wildwood NJ, 08260 with North Wildwood
Cumberland	Vineland	Main Street Vineland/VDID: Todd Noon, Executive Director;http://www.mainstreetvineland.org; tnoon@vinelandcity.org; 603 E. Landis Ave., Vineland, NJ 08360; 856-794-8653
Essex	Bloomfield Township	The Bloomfield Center Alliance, Inc.: Executive Director, Stuart Koperweis; info@bloomfieldcenter.com; www.bloomfieldcenter.com; 973-429-8050; 2 Broad Street, Suite 201 Bloomfield, NJ 07003
Essex	East Orange City	Central Avenue Business Improvement District: Melanie Malawich, Administrator; FirsTEAM Management; mmalawich@ftm-nj.com; (973) 673-5013; PO Box 2244; East Orange, NJ 07019
Essex Essex		Camptown Business Improvement District: Luz Carde, Executive Director; FirsTEAM Management; lcarde@ftm- nj.com; (973) 395-89000; www.irvington-nj.com; c/o FTM, 604 Irvington Central Avenue, Suite #4-5; East Orange, NJ 07018 Irvington Springfield Avenue Business Improvement District: Luz Carde, Executive Director; FirsTEAM Management; lcarde@ftm-nj.com; (973) 673-0205; www.irvington- Irvington nj.com; PO Box 323; Irvington, NJ 07111-0323
Essex	Livingston Township	Livingston Community Partnership Mgmt. Corp.: Beth Lippman, Executive Director; blippman@intownlivingston.com; www.intownlivingston.com; 973-992-8080; 25 South Livingston Ave., 2nd Floor Suite E, Livingston NJ 07039
Essex Essex	Maplewood Township Maplewood Township	Maplewood Village Alliance: Julie Doran, Manager; maplewoodvillagealliance@yahoo.com, 973-762-4556, www.maplewoodonline.com/village; PO Box 1360 Maplewood, NJ 07040 Springfield Avenue Partnership: Don Smartt,; www.springfieldavenue.com; admin@commercialdistricts.com; 973-763-6011; P.O. Box 1294 Maplewood, New Jersey 07040
Essex	Millburn Township	Downtown Millburn Development Alliance: Harold Klein, exec. Director; www.downtownmillburn.org; hklein@downtownmillburn.org; 973-379-2341; 350 Millburn Ave., Millburn, NJ 07041
Essex	Montclair	Montclair Center BID: Thomas Lonergan, Director; tom@montclaircenter.com, www.montclaircenter.com; 973-509-3820; 7 North Willow Street, Suite 4A, Montclair, NJ 07042
Essex Essex Essex	Newark City Newark City Newark City	Ironbound Business Improvement District: Seth Grossman, Executive Director/CEO; nwkibid@aol.com, 973-491-9191, www.goironbound.com; 56 Congress Street, Newark, NJ 07105 Mount Prospect Partnership: Frank Petolino; Iris Torres; www.mppside.org; mppsids@verizon.net; 973-482-2200; 643 Mount Prospect Ave, Newark, NJ 07104-3109; (973) 482- 2200 Newark Downtown District: Anthony McMilan, Executive Director; info@downtownnewark.com; 973-733-9333, www.downtownnewark.com; (973) 733-9333 x 23 anthony@downtownnewark.com
Essex	West Orange	Downtown West Orange Alliance: Denise Esposito, Executive Director; http://www.downtownwestorange.org; 973-325-4109 downtown@westorange.org; 66 Main Street, West Orange, NJ 07052
Hudson	Bayonne	Bayonne Town Center: Mary Divoock, Executive Director; http://www.bayonnetowncenter.com; info@bayonnetowncenter.com; 201-339-9409; 8 East 22 Street Bayonne, NJ 07002;
Hudson	Jersey City Jersey	Central Avenue SID: David Diaz, District Magager; http://www.centralavesid.org;

Hudson Hudson Hudson	City Jersey City Jersey City Jersey City	casid@jcheights.com; 366 Central Avenue, Suite 201, Jersey City 07307, Tel.- 201-656-1366 Historic Downtown SID: Nikol Floros, Director; http://www.jcdowntown.com; nikol@jcdowntown.com; 317 Grove Street,Suite #2; Jersey City, NJ 07302, (201) 547-3554; Journal Square Restoration Corporation: Don Smartt, Administrator; www.thenewjournalsquare.com; admin@comm.com; 4 Path Plaza Jersey City, NJ 07306, 201-795-1854 McGinley Square Partnership SID: Christine Barresi, Executive Director, FirsTEAMgmt.; www.mcginleysquare-jerseycity.com; McGinley.Square@verizon.net; 761 Montgomery Street, Jersey City, NJ 07306; 201-200-9600
Hunterdon	Flemington	Flemington Borough
Mercer	Trenton City	Trenton Downtown Association, Taneisha Laird,Exec. Director; tnl@trenton-downtown.com; www.trenton-downtown.com; 609-393-8998 x11
Middlesex	Carteret	Carteret Business Partnership, Inc.: Kathaleen Shaw, Director of Economic Development; 732-541-3835, shawk@carteret.net; www.carteret.net; Memorial Municipal Building, 61 Cooke Avenue, Carteret, NJ 07008
Middlesex	Highland Park	Main Street Highland Park: Jamie McCrone, 732-828-8444: www.mainstreethp.org; jmccrone@mainstreethp.org; 421 Raritan Avenue, Highland Park, NJ 08904
Middlesex	New Brunswick City	New Brunswick City Market: Pamela Stefanek, Executive Director; citymarket@newbrunswick.com www.NewBrunswick.com; 732-545-4849; One Penn Plaza, Suite 3, New Brunswick, NJ 08901
Middlesex	Perth Amboy	Perth Amboy Business Improvement District: Robert McCoy (732) 826-0290 rmccoy@perthamboynj.org; www.ci.perthamboy.nj.us; 732-442-6421
Middlesex Middlesex Middlesex Middlesex	Woodbridge Woodbridge Woodbridge Woodbridge	Inman Avenue SID: Carolyn Ehrlich, Executive Director (Woodbridge Redev. Agency); www.twp.woodbridge.nj.us (under "Boards & Commissions"); caroline.ehrlich@twp.woodbridge.nj.us; 732/634-4500 x2032 Main Street SID/Downtown Merchants Association: Jennifer Burns, Chairperson; 732/634 6015; jennifer.burns@twp.woodbridge.nj.us; www.twp.woodbridge.nj.us (under "Boards & Commissions"); http://www.woodbridgedowntown.com/ New Brunswick Avenue SID: Robert Landolfi, Chairman; 732 634 4500 x6492; robert.landolfi@twp.woodbridge.nj.us; www.twp.woodbridge.nj.us (under "Boards & Commissions"); Oak Tree Road SID: John M. Mitch, Chairman; 732/634-4500 x6404; john.mitch@twp.woodbridge.nj.us; www.twp.woodbridge.nj.us (under "Boards & Commissions"); www.oaktreeroad.org
Monmouth	Belmar Borough	TBD. Currently being formed
Monmouth	Freehold Borough	Freehold Center Partnership dba Downtown Freehold: JA. Richard Gatto, CEO; www.downtownfreehold.com; happenings@downtownfreehold.com; 732-333-0094; 10 East Main Street; Freehold, NJ 07728
Monmouth	Highlands	Mayor Anna Little 732/872-1224; Borough Hall at 171 Bay Avenue, Highlands, NJ 07732
Monmouth	Keyport Borough	Keyport Business Alliance: Joe Wedick, Coordinator; J.wedick@verizon.net; 732/739-0690 P.O. Box 636 Keyport, NJ 07735
Monmouth	Red Bank Borough	Red Bank RiverCenter: Nancy Adams, Executive Director; www.redbankrivercenter.org; 732-842-4244; nancy@redbankrivercenter.org; 20 Broad St. Red Bank, NJ 07701
Monmouth	Spring Lake Borough	Spring Lake Business Improvement District dba Spring Lake Business Development Corporation; Michael Redpath, Executive Director; 1207 Third Avenue, Suite D; Spring Lake,

		NJ 07762; 732-449-0037; info@visitspringlake.com
Morris	East Hanover Township	East Hanover Community Partnership: Mario Accumano, President; Mario@Design-Technica.com; http://www.easthanoversid.com
Morris	Morristown	Morristown Partnership: Michael Fabrizio, Executive Director; /www.morristown-nj.org; 973-455-1133, mfabrizio@morristown-nj.org; 14 Maple St. Avenue, Suite 201, Morristown, NJ 07960
Morris	Netcong Borough	Netcong Special Improvement District, Inc. dba Netcong Community Partnership: Ralph Blakeslee, Borough Administrator; www.netcongcp.com; (973) 347-7307 (x126); sid@netcong.org; 23 Maple Avenue Netcong, New Jersey 07857; Brian Olenko, President: 973/219-9036
Ocean Ocean	Plumsted Township	Main Street New Egypt: Peter Ylvisaker 609-758-7539 peterylvisaker@aol.com; 31 Main Street New Egypt, NJ 08533; http://www.mainstreetne.org/
	Seaside Heights	Seaside Heights Business Improvement District, Inc.: Maria Lynn Maruca, Director; www.seasideheightstourism.com; 732-854-8000; sshbid@optimum.net; P.O. Box 43, Seaside Heights, NJ 08751
Ocean	Toms River Township	Downtown Toms River: Arlene Read, Marketing Director; www.downtowntomsriver.com; info@downtowntomsriver.com 218 Main Street, Toms River, NJ 08753; 732-341-8738
Passaic Passaic	Clifton City	Clifton's Historic Botany District; Gregory Mayo; CHBDinformation@aol.com; http://www.historicbotany.com; 315 Parker Ave. Clifton, NJ 07011
	Clifton City	Downtown Clifton Economic Development Group; http://www.downtownclifton.com/; angela@downtownclifton.com; Angela Montague; 973-253-1455; 1119 Main Avenue Clifton, NJ 07011
Passaic Passaic	Paterson City	Bunker Hill SID: John Fressi, Chairman 973/881-7300, 973/345-1802; basfood@aol.com; PO Box 274 Paterson, NJ 07544; Joey Torres, Executive Director; 973/261-4351
	Paterson City	Downtown Paterson SID, Inc.: Sheri Ferreira, Executive Director; sheri@greaterpatersoncc.org, www.shoppaterson.org; 973/881-7300, 973/417-7259; 100 Hamilton Plaza, Paterson, NJ 07505
Passaic	Pompton Lakes	Pompton Lakes Community Partnership: Beth Lippman, Exec. Dir.; Art Kaffka, Manager; info@pomptonlakesbid.com; Telephone: 973-865-5906; http://pomptonlakesbid.com; 25 Lenox Avenue Pompton Lakes NJ 07442
Somerset	Franklin Township	Hamilton Street Business & Commercial Corp: Efren Dato, 732-873-2500 ext 400; www.hsbcc.org; 604 Hamilton St., Somerset, NJ 08873
Somerset	Somerville Borough	Somerville Downtown Alliance: Cythia Hollod, Executive Director; www.findsomerville.com; 25 West End Avenue Somerville, NJ 08876; dsa@findsomerville.com; 908-541- 1600
Union	Cranford	Cranford Downtown Management Corporation; Kathleen Miller Prunty, Exeec.Director; http://www.cranford.com/downtown; 908-709-7208, DMC@cranfordnj.org; 8 Springfield Avenue, Cranford, NJ 07016
Union Union	Elizabeth City	Elizabeth Avenue Partnership; Dave Stochak, Executive Director www.elizabethavenue.org; 815 Elizabeth Avenue, Suite # 302, Elizabeth, NJ 07201 Phone 908.965.0660; eap@elizabethavenue.org
	Elizabeth City	Historic Midtown Elizabeth SID; Janice DeAvila, Ex. Director; www.elizabethsid.org; 908-355-9600; 1139 East Jersey Street Suite 616 Elizabeth, NJ 07201; mesid@verizon.net
Union	Linden City	Linden Special Improvement District: Mike Bono, Director; 908/419-1515; www.linden-nj.org; 301 North Wood Avenue, Linden, NJ 07036
Union	New Providence	New Providence Downtown Improvement District, Inc: Joe Steiner, Consultant; 908-598-2532, jsteiner@organizationresources.org; William Ferdinand, President DID; billferdinand@gmail.com; christineferdinand@msn.com; 908-665-1400 x401;
Union	Plainfield City	Plainfield Special Improvement District: FirstTEAM Management, David Biagini, President; www.positivelyplainfield.org; info@positivelyplainfield.org; 908/756-1088; c/o Netherwood

		Auto Repair Center, 1000 South Ave., Plainfield, NJ 07062
Union	Rahway City	Rahway Arts District; Anthony Deige; http://www.rahwayartsdistrict.org ; 1663 Irving Street Rahway, NJ 07065 Telephone: 732-669-3617; adeige@cityofrahway.com
Union	Roselle Park	Roselle Park Special Improvement District Management Corporation: Doreen Cali; 908/245-6222; dcali@rosellepark.net ; David Biagini, President. FirsTEAMgmt. 973/763-5288; 110 East Westfield Avenue Roselle Park, NJ 07204
Union	Scotch Plains	Scotch Plains Management Corporation: David Biagini, President. FirsTEAMgmt. 973/763-5288 info@prideinscotchplains.com ; http://prideinscotchplains.com ; 908/755-0280; PO Box 772, Scotch Plains, NJ 07076
Union	Summit City	Summit Downtown, Inc.: Marin Mixon, Executive Director; P.O. Box 1502 - 18 Bank Street, Suite 1E, Summit, NJ 07902-1502, Phone: 908/277-6100, Fax 908-277-6101; email: office@summitdowntown.org ; www.summitdowntown.org
Union	Union Township	Union Center Special Improvement District: Michael Minitelli; (908) 851-4666; mMinitelli@uniontownship.com ; 1976 Morris Ave Union, NJ 07083; http://www.unioncentergateway.com/
Union	Westfield	Downtown Westfield Corp.: Sherry Cronin, Executive Dir.; 105 Elm Street, Westfield, NJ 07090; www.westfieldtoday.com ; s.cronin@westfieldtoday.com ; 908/789-9444;
Warren	Hackettstown Town	Hackettstown Business Improvement District: David Rucki, Executive Director; www.hackettstownbid.com ; 207 Main Street, Hackettstown, NJ 07840; Phone: (908) 850-5004; director@hackettstownbid.com
Warren	Washington Borough	Washington Business Improvement District: Sandi Cerami, Executive Director; sandi@washingtonbid.org ; www.washingtonbid.org ; 908/689.4800; 21 Belvidere Ave., Washington, NJ 07882

64	Municipalities with Improvement Districts/District Management Corporations
82	Improvement Districts/72 District Management Corporations
18	Counties with Municipal Improvement Districts/District Management Corporations
Jersey City - 4; Woodbridge Twp. - 4	Municipalities with Most Improvement Districts/District Management Corporations
Essex - 13	County with Most Improvement Districts/District Management Corporations
Gloucester, Salem & Sussex	Counties with no Improvement Districts/District Management Corporations

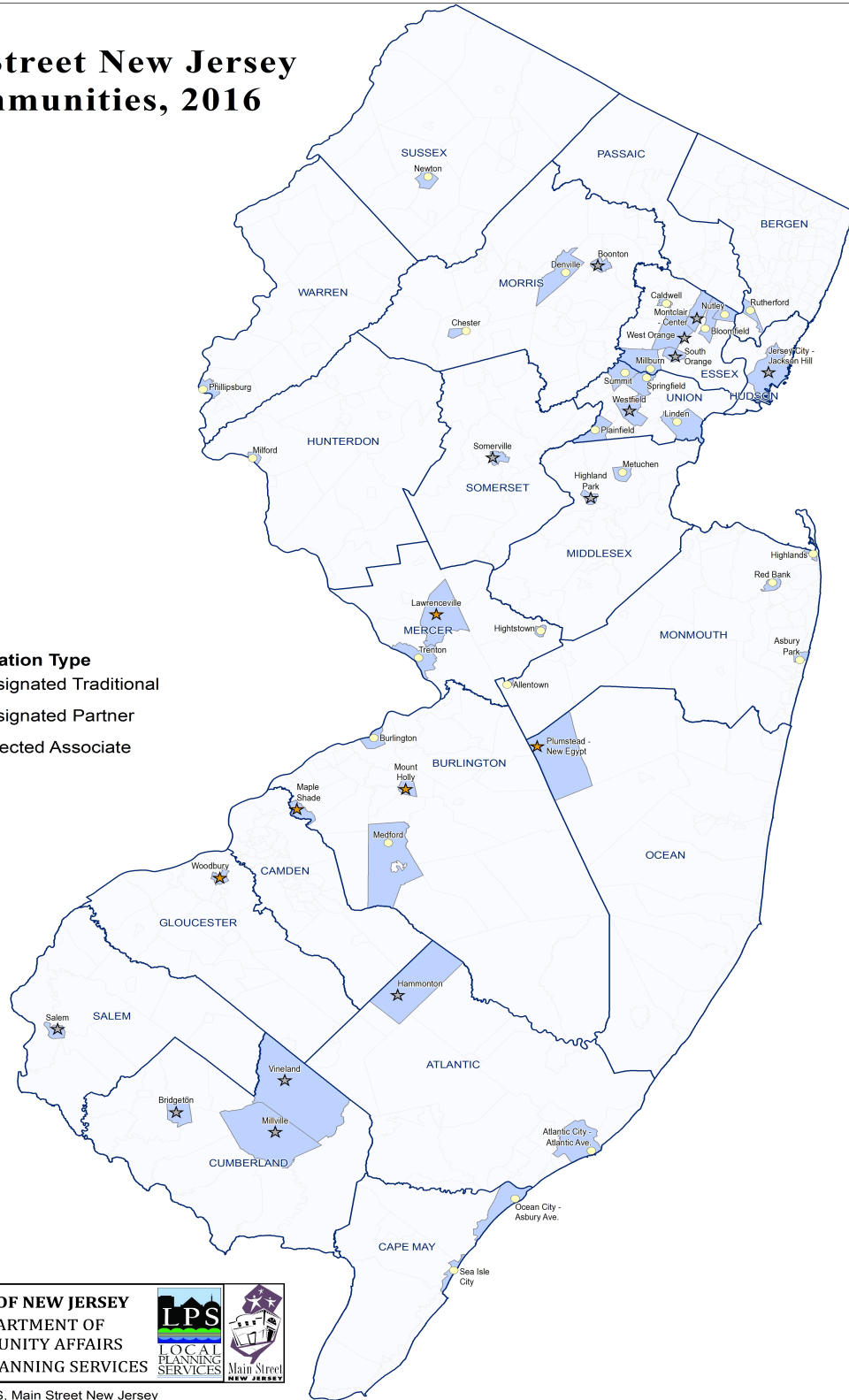
8/2/2011 12:52


Source: New Jersey Department of Community Affairs


Main Street New Jersey Communities, 2016

Designation Type

- ☆ Designated Traditional
- ★ Designated Partner
- Selected Associate




STATE OF NEW JERSEY
 DEPARTMENT OF
 COMMUNITY AFFAIRS
 LOCAL PLANNING SERVICES


LPS
 LOCAL
 PLANNING
 SERVICES
 Main Street
 NEW JERSEY

Data Sources: NJ-OGIS, Main Street New Jersey

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