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BIDs raise commercial property values

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Commercial property values within the borders of the city's 56 Business Improvement Districts are 15% higher than other commercial areas, largely due to service improvements provided by BIDs.

BIDs are financed by local property owners to provide security, sanitation and other services to specific neighborhoods.

Larger BIDs tend to have a greater impact by virtue of their higher public funding, desirable Manhattan neighborhoods and well-connected executives, according to "The Benefits of Business Improvement Districts," a study released Wednesday by New York University's Furman Center for Real Estate & Urban Policy.

The Furman Center said discrepancies in size are behind BIDs' impact. While large BIDs devote nearly 40% of their annual budgets to area security and the capital improvements, smaller BIDs devote only 6% to such expenditures, focusing instead on basic sanitation and administrative costs.

"Our results suggest that BIDs are in fact an effective new economic development tool," said Ingrid Gould Ellen, an associate professor of public policy and urban planning at the Robert F. Wagner Graduate School of Public Service, and co-director of the Furman Center. "But that they may not have the same positive impacts in every neighborhood."

"BIDs improve neighborhoods and increase property values as a result," said Matt Mondanile, senior managing director of Valuation Services at Cushman & Wakefield. "They clean the streets and they provide an identity to a neighborhood, kind of helping to create a community."

The report found that BIDs have no significant impact on residential property, which constitutes 15% of all BID properties. Furman attributes the lack of impact to the type of services provided -- sanitation, capital improvements, security, neighborhood promotions and business attractions are less relevant to residents than businesses.

The study also found no conclusive "spillover" impact, either positive or negative, on commercial properties located just outside the BIDs' boundaries, undermining the city assertion that the presence of such agencies reduces crime and other undesirable activities in a community.

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