



Neoliberal Governance, Business Improvement Districts and Privatizing Cities

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Introduction

Business Improvement Districts (BIDs) are bounded geographic areas in which additional assessments are levied on businesses or property in order to fund security, maintenance, communication, and lobbying programs administered by private entities. BIDs use government-collected property assessments to advocate for the enactment, preservation, and strengthening of local and state laws that violate the rights of poor and homeless people. They also hire private security and cops whose primary purpose is to police poor and homeless people within the BID. Our research documents the inner-workings of BIDs today, showing how state-sanctioned policies of quasi-private policing funded by money collected through local government disproportionately target poor and homeless people.

New Orleans established the first BID in 1976. BIDs have since spread across the United States and continue to grow in size and influence to this day. In different cities, they have adapted their enabling structure and funding mechanisms to local conditions. Portland's Enhanced Service Districts (ESDs) San Francisco's Community Benefit Districts (CBDs) and Green Benefit Districts (GBDs), and Los Angeles Property and Business Improvement Districts (PBIDs) are each a version of the prototypical BID with a unique way of exerting influence and collecting revenue. Every BID that WRAP has studied, however, works to divert public resources and administer public space to the benefit of cities' largest landowners.

In 2018, WRAP partnered with the Policy Advocacy Clinic at the University of California Berkeley School of Law to publish a report on California BIDs. The study found that BIDs use power and resources to advocate for policies and to engage in policing practices that exclude poor and homeless people from public spaces. Since the State of California passed the Property and Business Improvement District Law of 1994, which expanded the assessment and spending authority of BIDs, the proliferation of anti-homeless laws in California has correlated strongly with the increase in the number and authority of BIDs established.

WRAP's has pulled together a multidisciplinary research team of academics, lawyers and community organizers from across the western United States to study Business Improvement Districts in our member cities of San Francisco, Denver, Portland, Oakland, Los Angeles, and Sacramento. While still centering the violence that BIDs inflict on poor and homeless city residents, our research looks more broadly at how BIDs form, how their priorities are established, and the mechanisms (or lack thereof) for holding them accountable. We found the shared characteristics of all BIDs to be that they are established by local governments, that they rely on local governments to collect the taxes they use for revenue, that their programs are centered around managing public spaces, that the influence that an individual has on each BID's creation and function is tied to the size of their property (i.e. the assessment that they pay), and that individuals who do not own property or a business have virtually no authority in BIDs decision making or

priorities. Taken together, the research shows BIDs replacing local governments as the administrators of public spaces, while remaining accountable to only cities' largest landowners.

Assessments and Revenue

BIDs have created for themselves significant revenue streams. Over \$16,000,000 in assessments went to 16 BIDs in San Francisco in FY 2018. A 17th BID established since then collects over \$3,500,000 per a year. Almost \$40,000,000 went to BIDs in LA in the same year. A big chunk of this money is being paid by local and state governments. The City of San Francisco paid almost \$400,000 to the Civic Center BID for FY 2019. That is more than half of the Civic Center BID's total budget. The City of Sacramento paid almost \$1,000,000 to BIDs for the same year. There is also an emerging effort to extract additional funding from residential properties. In San Francisco, BIDs levy assessments on parcels zoned exclusively for residential use, and the city is home to the country's first GBD. GBDs are BIDs for majority residential areas.

The history of the mechanism for collecting revenue in Portland shows how and why the BID model is adapted to local conditions. Before 1990, the first BID in Portland collected revenue through property assessments. Then Oregon voters passed Ballot Measure 5, which limits the amount of assessment levied per \$1,000 of a property's real market value to \$10 for anything other than education districts. The Portland BID was charging more than this so it had to be renewed as a voluntary assessment in 1991. The next time it was up for renewal in 1994, the BID was disestablished and an ESD was founded in its place. ESDs collect their revenue through a mandatory property management license fee. The city petitioned the Oregon Tax Court to determine that the license fee is exempted from the property tax restriction because the license fee is not imposed on property owners as direct consequence of property ownership. This workaround mechanism functions in essentially the same way as the property assessments that other BIDs rely on for revenue. Neither mechanism has exceptions for non-profits or publicly owned properties. But it allows ESDs to access significantly larger revenue streams than a prototypical BID could. Clean & Safe ESD and Lloyd ESD will collect over \$6,000,000 through the city of Portland in FY 2019. Central Eastside ESD will collect another \$2,600,000 once it starts services in FY 2020.

Private Security and Police Relations

WRAP started studying BIDs because of their security programs, and the majority of BIDs' budgets are dedicated towards security expenses. BIDs in Los Angeles spent 67% of their total assessments, over \$26,000,000, on security programs in 2018. They hired armed and unarmed security officers, funded camera surveillance programs, coordinated with police departments, and, most blatantly, contracted with police for additional police presence. BIDs have direct lines of communication with local police departments and report to the police about their security priorities. San Francisco BIDs work regularly with San Francisco Police Department 10B officers. The SFPD 10B program allows off-duty armed police officers to be hired as patrol and security, with the organization paying the police department directly. Many BIDs in San Francisco use this program to increase police presence. These officers are under the authority of the BIDs. The Oakland Downtown BID also asks for Oakland Police Department to patrol certain streets and cite folks for violating city ordinances.

The Clean and Safe ESD in Portland and the Portland Police Bureau have a particularly blatant partnership. Clean and Safe pays the Portland Police Bureau directly to provide police officers specifically assigned to the Clean and Safe District. Clean and Safe has a say in which officers are chosen

for this assignment and provide their oversight. This is in addition to the policing that the Portland Police Bureau would regularly provide.

Most BIDs also contract with private security firms. Armed and unarmed officers patrol BID districts seven days a week, either on foot or bike, generally from 7am-9pm. Private security work with police to move people out of their district; referring to folks using their real names or street names and describing their behaviors. BID security are encouraged to deter behavior like sitting, lying, and panhandling by focusing patrols on certain areas and harassing folks verbally.

In order to increase harassment of poor and homeless people, BIDs advocate for policies that criminalize their presence in public spaces. In addition to supporting various laws that criminalize sleeping, sitting, and eating in public spaces, BIDs in California have come out against bills like AB-5 and SB-608, which would have explicitly protected homeless people from discrimination due to their housing status. In Portland, the Clean & Safe ESD was part of a lawsuit against the city of Portland for allowing overnight sleeping on sidewalks. BIDs have advocated against other policies that increase access to public spaces for poor city residents. BIDs in Los Angeles, for example, opposed the legalization of street vending in the city.

Formation Processes and the Role of Local Governments

How BIDs are formed varies depending on city and state but there are some commonalities. In California, the process has a petition phase and a ballot phase. During the petition phase, property owners representing at least 50% of the weighted assessment must submit petitions in support of forming a BID. During the ballot phase over 50% of the weighted ballots submitted must be in favor. That means that petitions and ballots are weighted relative to the size of the assessment that the parcel owner will pay. In other words, how much property they own determines how influential their vote is. In Colorado, there is only a petition stage and no ballot stage. Petitions are still weighted relative to the size of the assessment. In Portland, no ballots or petitions are required for the establishment of a BID. City Council has the independent authority to establish new BIDs, and City Council has the independent authority to renew BIDs.

Local and state governments are deeply complicit in the spread of BIDs. Public properties within proposed BIDs in California and Colorado regularly submit petitions and ballots in favor of the creation and renewal of BIDs. In San Francisco alone, there are at least three cases in which publicly owned properties changed an election result from opposing to supporting BID formation. In Los Angeles, the City Council also submits petitions in favor of forming new BIDs. Petitions are submitted with the explicit intent of pushing BIDs over the 50% threshold for their petition stages. In addition to petitions and ballots, local government proactively solicit new BIDs through grants, workshops, and technical assistance. San Francisco passed a local law lowering the petition requirement to 30% of weighted assessments. In Portland, the formation process is established in the City Code, and ESDs do not rely on any state laws.

A select few consulting firms organize and direct the formation of BIDs across cities and states. Their influence can be seen in management plans that share not only priorities but common phrases and idioms as well. This section of text appears in multiple management plans for BIDs in both San Francisco and Los Angeles: “The purpose of the Safe Team Program is to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking parcels and alleys. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure,

trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping.” The firm New City America has been a consultant for each BID that uses this phrasing and is evidently preoccupied with victimless crimes.

Our Organizing Efforts

WRAP’s research brings together our member groups of poor and homeless people with artists, academics, and activists to articulate, research, and write about the issues that affect those most vulnerable to privatization and criminalization. Coupling our research with accountable community organizing benefits all parties. For the researchers, it brings a clear set of priorities to their work while ensuring that the research conducted will be incorporated into impactful organizing on the local, state, and federal levels. For the organizers, this methodology provides research that brings us closer to an even playing field with corporate think tanks that produce reports discrediting our lived experiences. At the same time, this on-the-ground work contributes to broader understandings of the ongoing process of the privatization of public space — and efforts to reverse this trend. Our research directly supports organizing of grassroots groups to counteract the privatization of public space and defend the human rights of poor and homeless people. We create fact sheets and summarize findings from our research, create social media posts, track national trends, and support core member organizing.

There are several ways that you can help reverse the spread of BIDs. Tell your local government to stop all public funding for BIDs, cancel all special agreements, create more public oversight, and immediately disestablish BIDs. Document incidents of BID security harassing vendors, poor people, buskers and homeless people and send your documentation to wrap@wraphome.org and your local group fighting BIDs. If you are serious about conducting research on BIDs in your community, send an email to wrap@wraphome.org to connect with us.

Ongoing Research

We are currently broadening the research that we have already conducted on the infrastructure for BIDs in San Francisco to include the other WRAP member cities. This will give us a clearer vision of how BIDs are formed and maintained in each of these places. As BIDs adapt to each location uniquely, so must our understanding of them. WRAP is also working to document systematically the practices and civil and human rights violations of BIDs across the western United States. We will look not only compare and contrast the programs and practices that BIDs describe in their own records but also listen directly to the poor and homeless city residents who experience the violence of these programs. Finally, WRAP is exploring legal avenues for challenging BIDs. Mandatory government collected tax assessments are being spent with no public oversight according to the needs of exclusively property owners. Cities are creating BIDs that are violating civil rights. These are issues that can be tackled through legal challenges as well as organizing.

Conclusion

BIDs are relentlessly taking over the regulation of our communities' public spaces. They claim to act in the community's interest when they take money to hire security, clean streets, and increase surveillance. Yet once they acquire power, BIDs use it to the sole benefit of cities' largest businesses and biggest landowners. They narrow the range of activities permitted in public spaces to those activities directly conducive to consumption and work to criminalize activities that interfere with their benefactors' profit. Inflicting violence on the poor and homeless city residents who rely on public spaces to survive is an integral part of these processes. It is what BIDs are designed to do. And our governments are enabling them to do it; willingly abdicating their responsibility to ensure public spaces provide public benefit for all.



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