

# Improvements for Whom?

## Business Improvement Districts and Their Impact on Communities

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## Executive Summary

Business improvement districts (BIDs) have exploded in popularity across the United States in the last thirty years. However, very little is known about their tangible effects on communities. Passionate opinions about BIDs are informed by scarce empirical and anecdotal evidence. Some claim that BIDs represent an innovative solution to declining public spending that uplifts communities and boosts businesses. Others insist that BIDs are wolves in sheep's clothing that displace small businesses and the disadvantaged and change community culture.

Our analysis suggests that BIDs are a mixed bag for the diverse constituencies they claim to serve. We find that:

- BIDs are associated with growing residential rents and the construction of new housing.
- Troublesome shifts in racial composition cannot be attributed to BIDs alone.
- Any analysis of BIDs will be complicated by overlapping special districts such as General Improvement Districts, Metropolitan Districts, and Arts Districts.
- BID governance concentrates decision-making power with property owners that prioritize their interests and are often not representative of the communities governed by the district.
- BIDs supply what many consider public services but remain primarily instruments by and for private actors.

We recommend policies that limit BIDs' ability to politically advocate and intentionally involve community voices that are currently excluded. Our mixed-methods approach suggests that BIDs represent an effective organizing tool that benefits those who already hold disproportionate power and influence. Further research should expand and replicate our methods in different cities and with different types of special districts.

## Background

### What is a BID?

Business improvement districts are a type of business association that self-assesses property tax fees in order to pay for goods and services ranging from marketing and signage to public safety and sanitation. BIDs vary dramatically in style and substance but generally claim to pursue two vague goals: to fuel business development and enhance community quality of life. Studies estimate that more than 1,000 BIDs exist worldwide, with roughly 200 in California.<sup>1</sup>

Formally, BIDs are “privately directed and publicly sanctioned organizations that supplement public services within geographically defined boundaries by generating multi-year revenue through a compulsory assessment on local property owners and/or businesses.”<sup>2</sup>

Because BIDs utilize tax revenues, state legislators authorize the structure under which these Districts will operate in concert with local governments. For example, the California State Legislature formally authorized BIDs in 1965 and substantially expanded their power and influence in 1994 by allowing fee collection through publicly administered assessments, allowing spending on security, and reducing cities’ oversight role.<sup>3</sup> Property owners present their proposals for spending and projects to municipal governments through a formal process that includes public hearings. BIDs effectively operate as autonomous quasi-governmental entities with minimal reporting responsibilities (i.e., regular reports to the City Council).

### Are BIDs Good or Bad for Communities?

**BID proponents argue that these districts uplift communities and stimulate economic development by providing goods and services.** A 2013 Economist article succinctly summarized a common pro-BID theme: BIDs are the newest and best tool to provide what cities cannot. “As [city] councils cut back,” the article says, “BIDs are already filling the gaps. Few would complain if they could do a little more.”<sup>4</sup> The article also suggested that BIDs represent a

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<sup>1</sup> Cloar, Jim: “Latest Census Sheds Light On BID Characteristics.” International Downtown Association

<sup>2</sup> Selbin, et al: “Homeless Exclusion Districts: How California Business Improvement Districts Use Policy Advocacy and Policing Practices to Exclude Homeless People from Public Space.” Policy Advocacy Clinic, UC Berkeley School of Law. July 27, 2018.

<sup>3</sup> Selbin, et al

<sup>4</sup> “Bid for victory.” The Economist, August 17, 2013.

way for business owners to get creative with their spending and tailor investments to best suit the community's needs.

**BID detractors consider these districts a dangerous concentration of power that shapes public spaces and public services to serve private interests.** Critics argue that property owners are not representative of all residents and that BIDs prioritize business interests rather than the public good. *The New Republic's* Max Rivlin-Nadler wrote in 2016 that "BIDs have transformed into a tool that displaces small businesses and heavily favors property owners... They're also wholly un-democratic. Because of BIDs, entire swaths of cities have effectively been placed under private control."<sup>5</sup> Those against BIDs see them as supporting a Starbucks at the expense of local cafes and a businessperson at the expense of the disadvantaged, people of color, and individuals experiencing homelessness.

In short, can a special district explicitly organized to benefit local businesses and property owners effectively serve all community members? Or are BIDs a limited tool for private benefit?

## How Do BIDs Impact Property Values and Rent?

BID supporters often claim that BID-led economic development efforts fuel increased property values, an attractive proposition for the same property owners who often hold much of the district's decision-making power. Detractors counter by observing that higher property values lead to unaffordable rents for tenants and residents.

One often-cited study suggests that BIDs do indeed boost property values. Using a subset of BIDs within New York City, New York University's Furman Center discovered that comparatively large BIDs predict a substantial increase in commercial property values.<sup>6</sup>

Beyond the commercial property value headline, the study's findings were nuanced. BIDs appeared to have no lasting effect on residential property values. BIDs also exhibited no positive or negative "spillover" effects on property value beyond their boundaries, seemingly discrediting claims that BIDs simply "push" crime and individuals experiencing homelessness beyond their borders. Finally, the NYU team found that impacts vary depending on BID type and size. BIDs' boost to commercial property value—estimated at 15% over ten years—flowed almost entirely from larger BIDs in dense parts of Manhattan dominated by office buildings. The Furman Center team found that mid-sized and smaller BIDs had no discernible impact on various community indicators. This study is seen as a win for BID founders and supporters, often the same property owners who benefit from enhanced property values.

However, there are reasons for caution in generalizing these findings. First, the study focused exclusively on New York City. While it included a diverse range of BIDs and uses statistical

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<sup>5</sup> Rivlin-Nadler, Max: "Business Improvement Districts Ruin Neighborhoods." *The New Republic*, February 19, 2016.

<sup>6</sup> Ingrid Gould Ellen and Amy Ellen Schwartz and Ioan Voicu. "The Impact of Business Improvement Districts on Property Values: Evidence from New York City." *Brookings-Wharton Papers on Urban Affairs* 2007 (2007): 1-31. <https://muse.jhu.edu/>.

regression techniques to control for possible confounding factors, it drew on a specific, geographically limited sample. Moreover, the sample was extremely small, including just 44 New York BIDs. Finally, the study included only eight of the “large-office BIDs” that purportedly fueled the observed property value boost—and all but one of these big BIDs were on the island of Manhattan. Our commentary does not discredit an influential and well-designed report. Rather, we advise that these findings should not be accepted as gospel without understanding the study’s narrow focus on property value and its limited external validity.

However, no research to date has thoroughly examined the link between BIDs and residential rents. Both sides of the debate might logically expect rents to increase. Supporters argue that improved cultural amenities and thriving businesses lead to more demand and therefore higher prices. Detractors point to demographic change among renters driven by prioritization of a more affluent customer base for businesses.

Our conclusions add depth to the Furman Center findings by focusing on more BIDs in more cities, examining BIDs’ relationship to residential rent and not just property value, and developing a method to interpret BIDs’ impact on rent over time. We hope our analysis provides further understanding of the relationship between BIDs and the rental prices within the district.

## How Do BIDs Impact Residents and People Experiencing Homelessness?

Do BIDs provide attractive events and services that support all those within their boundaries? Or do they help and attract some at the expense of others? BID supporters rely on anecdotal evidence to argue that BIDs support festivals, farmers markets, and more housing that draw individuals to a district that is accessible and livable for all. Indeed, our quantitative analysis examines whether or not BIDs predict more housing production. BID detractors argue that BIDs attract wealthier, whiter residents to boost business that in turn price out and displace less affluent people of color.

While BIDs’ relationship to a community’s racial composition has yet to be examined, a recent study from the Berkeley Law Policy Advocacy Clinic suggested that BID services might “clean up” communities by displacing some of our most disadvantaged individuals. UC Berkeley law and public policy students surveyed approximately 200 BIDs throughout California and shared in-depth case studies of 11 districts from Chico to San Diego. Through qualitative research and literature review, the 2018 Policy Advocacy Clinic report concluded that BIDs often exclude folks experiencing homelessness through policy advocacy and policing practices and do little to offset this harm with supportive social services.<sup>7</sup> Specifically, they found a troubling correlation between 1994 state legislation empowering BIDs with greater autonomy and the passage of ordinances and laws that criminalize homelessness. The study also questioned the legality of BIDs’ implicit and explicit advocacy for anti-homelessness laws, especially when the district in question assessed taxes on public land. The report recommended that California limit BIDs’

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<sup>7</sup> Selbin, et al.

political advocacy and restrict their ability to police communities. It also recommended that local governments exert more oversight and encouraged BIDs to provide better services to all residents—including people experiencing homelessness.

As with any observational analysis, the conclusions should be interpreted with caution. The Law Policy study focused exclusively on California BIDs, which may not be representative of BIDs nationwide – therefore, external validity and the generalizability of the results may be limited. Our report contends that BIDs come in many shapes and sizes and differ dramatically from place to place. Furthermore, BIDs are sometimes inextricable from similar districts such as community improvement districts and art districts that complicate any causal story that claims BIDs as a primary catalyst, whether for better or worse.

Any debate about BIDs revolves around the displacement of disadvantaged people of color in favor of whiter, more affluent tenants. Although the Policy Advocacy Clinic’s findings may describe the truth for some or even most BIDs, more research is necessary to investigate the relationship between BIDs and racial composition. We hope that our analysis helps develop a better understanding of this relationship by investigating the statistical connection between BID presence and communities of color.

## Do BIDs Actually Help Businesses?

Property and business owners appear convinced that BIDs boost business. Anti-BID activists think BIDs spur the bottom line, but only for some and not for existing small businesses.

A 2014 report authored by Stacey A. Sutton inspected a slice of this issue and found surprising results. Like the Furman Center study, Sutton examined BIDs in New York City. Sutton set out to discover if BIDs improve retail performance relative to comparable areas of New York that never formed BIDs. Specifically, she zeroed in on small- and medium-sized BIDs and compared them to quasi-control matched areas with similar characteristics.

Overall, Sutton found that BIDs appear to have no significant impact on sales or employment relative to the comparison areas.<sup>8</sup> Sutton writes, “this preliminary finding is somewhat surprising given the wide range of purported physical, social, and economic benefits associated with BIDs.”<sup>9</sup> She goes on to specify that smaller, less wealthy “community BIDs” with a preponderance of independent retailers actually experienced a surprisingly significant decline in sales and employment.

The study’s most interesting finding focused on one type of BID in a single city, making it difficult to learn any meaningful lessons. However, it does support the notion that BIDs might have disparate impacts depending on the community. Most strikingly, Sutton’s report questioned the

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<sup>8</sup> Sutton, Stacey A. “Are BIDs Good for Business? The Impact of BIDs on Neighborhood Retailers in New York City.” *Journal of Planning Education and Research* 34, no. 3 (September 2014): 309–24. doi:10.1177/0739456X14539015.

<sup>9</sup> *Ibid.*, 321.

notion that BIDs are at the very least good for most businesses, if not for every community member.

You can find a discussion of other BID-related literature in Appendix 5.

## Goals and Motivation

Our team set out to answer a broad question: **how do BIDs impact their communities?** Specifically, we hoped to expand on the thin literature to determine whether BIDs should be viewed as effective tools for economic and community development or entities that displace individuals and change the fabric of communities.

We organized our report around the following general questions:

1. Do BIDs affect residential rents and housing production?
2. Do BIDs change racial composition?
3. How do BIDs' structure and priorities impact the communities they govern?

We analyzed our first two questions using US Census data and a mix of statistical techniques. The *quantitative* section of our report builds off of the literature above to explore whether BIDs have a relationship with displacement trends in four US cities:

- Denver, Colorado
- Los Angeles, California
- Portland, Oregon
- San Francisco, California

Quantitative analysis, however, says little about community character and governance structures. To answer our third question, we performed a *qualitative* analysis on BID activity in Denver, Colorado to help us understand how these districts shape daily life.

Our observations indicate that the role of BIDs within communities is complex. BIDs are associated with a slow increase in residential rents and housing development yet have no discernible relationship with racial composition. However, BIDs' quasi-governmental status as tax assessors and power brokers raises troubling questions about who should be making the decision about the allocation of fundamental public services, who has access to public space, and who receives these goods and services.

# Quantitative Research

## Overview of Results

We find that BIDs predict bigger positive change in residential rent between 2010 and 2017, but that not all BIDs predict this effect equally. We use “predict” very purposefully. Despite regressions’ statistical power, we cannot say with confidence that BIDs *cause* higher rents. Observational data is vulnerable to excluding difficult-to-measure factors and the possibility that some other phenomenon is driving both BID presence and higher rents. “Predict” communicates that the presence of a BID makes bigger positive changes in rent more likely but does not necessarily cause this change.

Despite significant variation in structure and strategy from district to district, the BID’s age consistently matters. Specifically, our analysis finds that BIDs established before 2010 are associated with increased rent. This does not mean that newer BIDs are not related to increases in rent. Rather, our findings suggest that we might expect the relationship between BIDs establishment and increased rent to become apparent after a period of time.

We also investigated the relationship between BIDs and racial composition, examining the percent change in demographics of the communities in question. As noted in our introduction, some view BIDs as instruments of gentrification that fuel reduced diversity and the loss of community members of color. We find no evidence that suggests that BIDs were are related to outcomes such as percent change in the black population. While BIDs may be a piece of a larger gentrifying effect on urban communities, we cannot ascribe any significant influence to them when examining racial change.

Finally, we found that BIDs appear to be associated with new housing production but not necessarily high-density housing. After controlling for changes in median rent, BIDs are still associated with a larger share of housing built after 2010 than other neighborhoods.

Table 1 below formally summarizes the relationship between BIDs and rent, housing production, and racial composition.

### Table 1: Summary Regression Findings

Percent Change Outcome	Age of BID	New BID (post-2010)	Old BID (pre-2010)
Rent	<b>+1% per year</b>	<b>+4%</b>	<b>+10%</b>
Housing Production	<b>+0.1% per year</b>	<b>+1.5%</b>	<b>+2.5%</b>

## Quantitative Methodology

In order to answer our research questions, we built a dataset consisting of our outcome variables of interest (housing, rent, and racial composition) and then connected that data to whether or not there was a BID in the nearby area. Building this dataset was a multi-step process using a range of census data, local government open-source data, and geographic data of census tract boundaries. These data contain variables that allow us to track the existence and progression of BIDs in our areas of interest and examine a range of housing and demographic outcomes, including racial composition, educational attainment, median rooms per housing unit, and median rent across housing units.

The complete dataset included 2,526 census tracts across our four cities of interest. Of these tracts, 254 contained or bordered on a BID (including 30 tracts in Denver, 48 tracts in San Francisco, 166 tracts in LA, and 10 tracts in Portland). Average residential rent prices across all numbers of bedrooms in 2017 were \$1,204 in Denver; \$1,161 in Portland; \$1,471 in LA, and \$1,775 in San Francisco.

For a full overview of our quantitative methodology and the mechanics of our linear regression models, please see Appendix 1.

## Quantitative Findings

To motivate our discussion, we begin with a simple table. The table compares median rent in 2010 to median rent in 2017 (the two rows) across three different groups (the three columns): census tracts with BIDs before 2010, census tracts that received BIDs between 2010 and 2017, and census tracts without a BID throughout the entire period.

**Table 2: Summary Statistics**

	BID pre-2010	BID 2010-2017	No BID
Median rent in 2010	\$1,081.41	\$1,059.51	\$1,210.84

Median rent in 2017	\$1,435.92	\$1,316.94	\$1,471.48
<i>Change</i>	\$354.51	\$257.43	\$260.64
Median rent percent increase 2010-2017	33.5%	27.12%	22.71%

These basic descriptive statistics tell an interesting story. Rents went up from 2010 to 2017 throughout our sample, regardless of BID presence. But census tracts with BIDs tend to feature bigger jumps in residential median rent than those with no BIDs, especially those tracts with older BIDs.

However, this table alone does not prove that BIDs are associated with higher rent. BIDs and higher rent may both be related to some third variable or might simply happen to vary together during this time period. Additionally, we cannot say if these observed rent disparities are statistically significant. But this table does suggest that we should carefully examine the relationship between BIDs and rent using more powerful statistical techniques. What portion of this rent change can we attribute to BIDs in each of the three categories above? And can a linear regression analysis help us more formally establish an association between BIDs and rent change?

We now move to a more specific discussion of our statistical findings. Our complete regression results can be found in Appendix 2.

## Discussion: Rent Change

### BID Age and Rent Change

We find that every additional year after a BID's establishment is associated with roughly a one percentage point increase in the rate of rent change between 2010 and 2017. This result has strong statistical significance, meaning it is extremely unlikely that random chance arranged observations such that we are making conclusions when there is no relationship. This confirms what our simple introductory discussion suggested: BIDs' positive effect on median rent may accrue over time.

### Rent Change Among Pre-2010 BIDs and 2010-2017 BIDs

Next, we explore the difference between tracts that already had a BID in 2010 and those that established a BID after 2010 or did not establish one at all.

First, both categories of BIDs are associated with increased rents. Second, older BIDs are more strongly related to increased rents compared to newer ones. And third, the significance of pre-2010 BIDs suggests that the upward impact of BIDs on residential rents may be slow-moving.

An inspection of a subset of newer BIDs to further examine these initial findings can be found in Appendix 2.

## Discussion: Racial Composition

There is no evidence of a statistically significant relationship between BID presence and racial composition change, regardless of the number of years the BID has been in operation.

The “Age of BID” and “Preexisting BID” variables that proved so strongly associated with increased rent have no discernible relationship to racial composition change. Our analysis cannot even provide a signal as to the positive or negative *direction* of the relationship, let alone a statistically significant association.

Beyond BIDs, our data generally showed large declines in the percent of black and Latinx residents in our four cities.<sup>10</sup> This, in addition to our findings above, suggests that BIDs themselves are not driving change in racial composition. These trends are likely the result of a complex causal mechanism that may not specifically include BIDs but may include other activities that fuel the process of gentrification and displacement.

## Discussion: Housing Production

BIDs appear to be associated with new housing production but are not significantly related to high-density housing.

Even when controlling for the positive change in median rent, which we would expect to fuel more housing development, BIDs are correlated with increased housing production in these communities. In one causal story, we might imagine that BIDs encourage new development in general, boosting post-2010 construction across all four cities. In another – in which the causal arrow flows the opposite direction – we might imagine that new development and construction spurs “first-movers” to push for the establishment of a BID. Our data does not provide conclusive results regarding their association with high-density housing, defined in our analysis as projects with more than 20 units.

These findings are a mixed bag for cities. New housing is needed, particularly in four urban areas suffering from housing shortages. However, our analysis says little about *who* reaps these benefits. It is plausible that these new developments flow to diverse tenants. It’s equally plausible that these developments displace existing structures and are priced unaffordably.

This shortcoming highlights one a handful of limitations of our quantitative analysis.

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<sup>10</sup> Although the US Census uses the term Hispanic instead of Latinx, we have chosen to use the term Latinx in this paper unless we are specifically citing or referencing US Census data.

## Limitations and Future Questions

As with any quantitative social science data analysis, our study suffers from certain shortcomings:

- Due to the relatively recent spread of BIDs, our analysis focuses on a compressed time period. This could obscure some slower-moving effects and also may limit our ability to observe consistent long-term trends. Future studies should return to this basic design and re-run similar tests to see if these relationships continue to hold.
- Our analysis focuses on four specific Western cities. While we are confident in the statistical inferences in our study, the external validity or “generalizability” of our findings is limited. For example, our quantitative conclusions may be true for Portland but inaccurate for Austin. Future studies should examine similar relationships in different cities and states across the nation.
- As with any observational data, our causal inference is limited. Put simply, we cannot say “BIDs cause \_\_\_\_\_” without the caveat that we may be observing multiple complex social and cultural mechanisms at work. For example, one could argue that the presence of BIDs and the benefits they purport to bring to communities directly causes rents to increase in those areas. But one could also argue that an upward trend in rent attracts the type of people and businesses motivated to form a BID or similar district in the first place. This limitation plagues any study that examines phenomena that are difficult to test in a randomized control trial setting.
- Our regression models are relatively simple. For example, we often use less than four explanatory variables to fuel findings about one dependent variable. This raises the possibility that predictive effects we attribute to BIDs may be partially attributable to omitted variables associated with BIDs that are difficult to quantify. Examples may include:
  - Being in a “downtown” area
  - The presence of politically savvy business owners
  - The presence of community groups interested in organizing events, festivals, and other initiatives that often partner with BIDs
- The nature of our dataset necessitated using racial composition as a proxy for gentrifying effects on people of color. This is a somewhat crude measure of one slice of the gentrification process and emphasizes the importance of pairing quantitative methods with in-depth qualitative analysis.

To test the strength of our coefficients, we ran additional regressions that included other controls from our data. The results of these regressions can be found in Appendix 2. As these “controlled” regressions did not heavily impact our original findings, we are confident our original results hold some power. However, there are other factors beyond our dataset that could impact

each of our outcome variables. Future research should develop methods to control for possible complicating factors and further hone in on BIDs' distinct power to shape communities.

We now turn to stories from real people in Denver. The following qualitative research helps us better understand the structures that allow BIDs to wield power and provides more nuance to a community-level phenomenon that cannot be explored by statistical findings alone.

# Case Study: Downtown Denver and RiNo BIDs

Through a qualitative case study of the Downtown Denver and RiNo Business Improvement Districts, we dig for deeper understanding of the impact of BIDs. Given the limitations of quantitative research to explore the nuances of power within business improvement districts, the qualitative approach seeks to uncover the missing links. We will explore the following research question: **How do Denver BIDs’ structure and priorities impact the communities they govern?** We hope our research will teach us about how BIDs operate across the board.

## Qualitative Methodology

Qualitative data allows us to illuminate the lived experience of those closest to BIDs and paint a fuller picture of the day-to-day impact that BIDs have on surrounding communities. Recognizing the scope and timeframe of our research, we honed in on one of the fastest growing and gentrifying<sup>1112</sup> cities in the US where BIDs’ have a developing presence: Denver, Colorado. Denver contains a variety of BIDs ranging in size, mission, and location. Guided by our quantitative research that suggested that the effects of BID take time to set in, we researched both an older and a newer BID.

Ultimately, we focused on two BIDs—Downtown Denver Business Improvement District (Downtown) and River North Business Improvement District (RiNo)—because we identified compelling differences in geographic, as well as institutional and demographic trends. As we dove into our analysis, we discovered a distinction in each BID’s approach. The small and relatively new RiNo Art District and BID prides itself on creating a bustling arts community. Self-identifying as a BID in service of its artists and their patrons, RiNo adopts a distinctly limited approach to advocacy, especially compared to Downtown Denver. In contrast, Downtown Denver is one of the oldest, largest, and most politically powerful BIDs in Denver. The BID brings together over 400 businesses to create “vibrant, engaging spaces” that foster a burgeoning business and commerce tourist center. Their distinct approaches to community and power provided a helpful baseline to explore our qualitative research question. Table 3 presents key comparisons between these two BIDs.

**Table 3: Comparison of relevant facts for RiNo and Downtown Denver BID**

BID	Year	Managing Entity	Overlapping Districts	Advocacy
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<sup>11</sup> As a result of the 27 percent Jump in white population, the Thomas B. Fordham Institute identified Denver as one of the fastest gentrifying areas in the country between 2000 and 2010.  
<sup>12</sup> Petrilli, Michael. "The Fastest-gentrifying Neighborhoods in the United States." June 11, 2012. Accessed May 11, 2019. <https://fordhaminstitute.org/national/commentary/fastest-gentrifying-neighborhoods-united-states>.

RiNo BID	2015	RiNo Art District	RiNo GID, RiNo Art District	Safe Occupancy Program and 38th & Blake Overlay
Downtown Denver BID	1992	Downtown Denver Partnership	14th Street GID, Central Platte Valley Metropolitan District	Breathe Easy Ordinance, Urban Camping Ban, and various ballot initiatives including opposition to the Right to Rest initiative

We interviewed 12 people with diverse perspectives on BIDs. In these 30- to 60-minute interviews, we collected qualitative data to better inform our quantitative findings that BIDs are associated with growing residential rents and new housing construction. In each of these BIDs, we interviewed multiple local experts who hold varying views on the role BIDs play in Denver. We interviewed board members and administrative staff, politicians, and community-centered advocates who are experts in the area of housing, small businesses, homelessness and displacement, as well as cultural preservation. We also interviewed individuals whose businesses or homes have been displaced. Respondents in our qualitative sample represented one of the following three categories:

- **Stakeholder:** Helped to establish, approve, run, or govern the local BID or has politically supported their development.
- **Community-centered advocate:** Knowledgeable about business and housing in Denver and the BIDs in particular; liaison between business and economic development and communities.
- **Displaced person or business:** A person whose business or home has been impacted by BIDs.

In these interviews, we sought to capture the individual’s relationship and personal stories and to illuminate BIDs’ interaction with housing and small businesses over time. As part of these questions, we inquired about how BIDs are established, who holds power within BIDs, and what priorities stakeholders have in wielding this power. See Appendix 3 for interview questions and Appendix 4 for a list of respondents and their affiliations.

Before we can dissect our research question, we must acquire a more historical, technical understanding of Denver and its changing communities as well as the legal and financial structures that have prompted these shifts.

## Background on Denver BIDs

Denver currently has 12 BIDs within its city limits, most of which are centrally located near downtown. The city’s oldest BID, Cherry Creek North, was established in 1988. The largest BID is the Downtown Denver Business Improvement District. Denver’s earliest BIDs were primarily instituted along busy commercial corridors (e.g., Downtown Denver and Colfax) or in affluent communities (e.g., Cherry Creek North and Old South Gaylord). However, the BIDs established



improvement district (BID) and a general improvement district (GID) under the leadership of Jamie Giellis (formerly Licko). Today, the district prides itself on being a space of flourishing local art that stems from a concentration of creative businesses. Census data indicates that RiNo is approximately 77% white, 7% black, 30% latinx.

The BID and GID work in tandem to improve the commercial district for businesses, creatives, and the neighborhood. The BID assesses ad valorem taxes on commercial property to fund “advocacy, placemaking, marketing and branding, and support for RiNo artists and creatives.”<sup>15</sup> This means the taxes from the BID are collected from commercial properties throughout the district for programming and services. Similarly, GIDs may also assess *ad valorem* taxes and charge for services or facilities in addition to issuing general revenue bonds.<sup>16</sup> This means taxes are collected from commercial and residential property owners in the western side of the RiNo boundaries for the GID to fund infrastructure improvements and maintenance. In Denver, GIDs are permitted to construct, install, or acquire any public improvement except solid waste disposal improvements and services. Collectively, the RiNo districts have a \$1.24 million budget to implement their vision.<sup>17</sup> This money is funneled through the RiNo Art District to manage the daily responsibilities and execute the initiatives outlined in the City Council-approved work plans. In this way, the Arts District, a 501(c)(6) Business League organization, acts as the umbrella organization for both the BID and GID. These districts have become “a consolidated structure [that] has given the organization a voice, representation, influence and leverage which has been—and will continue to be—critical to shaping how this neighborhood develops.”<sup>18</sup>

It is important to note there are two metropolitan districts within the boundary of the RiNo BID. Though our interviews began to explore the relationship between the RiNo Art District, BID, and GID, the full relationship between these entities and the metropolitan district should be considered in future research.

## **Background on Downtown Denver Business Improvement District**

Starting in 1982, Downtown Denver businesses had a local maintenance district, the Mall Management District, to support the cleanliness of the frequently visited 16<sup>th</sup> Street Mall. In response to the success of the maintenance district, downtown property owners initiated a BID as the Mall Management District sunsetted. In 1992, the BID was established, with the stated goal of making downtown Denver a “world-class destination” with “a clean, safe, and vibrant place for people to shop and enjoy themselves.”<sup>19</sup> Every 10 years, property owners must approve the renewal of the BID’s authority—the last approval being in 2011. Downtown Denver

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<sup>15</sup> Licko, Jamie. *RiNo Art District Annual Report*. 2016-2017. April 2019. Page 13.

<sup>16</sup> “General Improvement Districts.” Denver Open Data Catalog. February 20, 2018. Accessed May 11, 2019. <https://www.denvergov.org/opendata/dataset/city-and-county-of-denver-general-improvement-districts>.

<sup>17</sup> *Ibid.*, p. 9-10.

<sup>18</sup> Licko, p. 9-10.

<sup>19</sup> Downtown Denver Business Improvement District. “2017 Annual Report.” June 2017, April 2017. Page 3.

consists of 420 property owners and 877 properties that span across its 120-block district, which includes the 16<sup>th</sup> Street Mall, the Colorado Convention Center, and Performing Arts Complex.<sup>20</sup>

Downtown Denver also has an organization that manages daily operations and executes the City Council-approved work plan. The Downtown Denver Partnership is the face of the BID, a 501(c)(6) Business League organization. They coordinate the winter ice-skating rink, summer fun activities throughout the mall, and host popular events like the annual Parade of Lights and Taste of Colorado.

Downtown Denver overlaps with the 14<sup>th</sup> Street General Improvement District. The Downtown Denver Partnership includes the GID's work plan and budget on its website and the GID has the same contact person as the Downtown Denver BID. The relationship between the GID and the Downtown Denver Partnership is unclear, however. The Denver Downtown BID has a partnership with the Central Platte Valley Metropolitan District for events, farmers' markets, festivals, and various programming.<sup>21</sup> The nature of the relationships between other districts are unclear.

## Understanding Power, Vision, and Community in Denver BIDs

Now that we understand what makes these BIDs unique and where they might hold similarities, we can begin to explore the dynamics of displacement as it relates to displacement of culture, businesses, and people. In our twelve interviews, we uncovered multiple themes surrounding the RiNo and Downtown Denver Business Improvement Districts. We learn special districts of all kinds are complicated because they lack transparency in the exercise of power and process of resource allocation.

This analysis is divided into two sections:

1. Who has the power?
2. What is the vision?

With these two sections in mind, we consider the impact BIDs have on communities.

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<sup>20</sup> Downtown Denver, p.3.

<sup>21</sup> Moyski, Beth. Interview by Vanessa Quintana, April 10, 2019.

## Who has the Power?

In theory, business improvement districts are a great idea and a powerful tool for community mobilization. They are commercial districts with a stated vision of enhancing experiences of all consumers living and/or shopping within the area. Denver City Councilman Albus Brooks (District 9), councilmember of the district containing both the Downtown Denver and RiNo BIDs, supports business improvement districts because he believes “people are taxing themselves to support their own community. Nothing is wrong with that. It is a public-private partnership that saves money in the long run.”<sup>22</sup> Business improvement districts give authority to businesses to operate autonomously which is, essentially, a means of collective action.<sup>23</sup>

In evaluating the balance of power within BIDs, it is essential to consider who is at the table. In Denver, only property owners (some of whom are also business owners) can sit on the board of directors.<sup>24</sup> Is this necessarily a bad thing? Denver City Councilman Paul Lopez cautions: “It depends on property owners and what they intend to do. Whoever owns the property makes the rules.”<sup>25</sup>

In our analysis below, it is evident that the power to make the rules is severely concentrated across both the RiNo and Downtown Denver BIDs. A few individuals hold multiple seats on the governing boards of each BID.

## Power and RiNo

In RiNo, there are three governing bodies that dictate the direction of the district—the RiNo Art District, RiNo Business Improvement District, and RiNo General Improvement District. Each new board member is vetted by previous board members, approved by the Denver City Council, and ultimately consolidated into a shortlist of top candidates that are referred to the Denver City Council for approval. Once approved, the board of directors have the power to make decisions and allocate resources for the improvements and revitalization of the district.

In total, there are 31 seats on the board of directors for all three districts—13 seats for the RiNo Art District, nine seats for the RiNo Business Improvement District, and nine seats for the RiNo General Improvement District. Of the 31 seats available across the board of directors of all three RiNo districts, there are six people who occupy 13 seats—in effect, six people have 42% of the power to make decisions on behalf of RiNo. Furthermore, there is a consolidation of power when considering the gender and racial composition of the board of directors. The boards are overwhelmingly white and male.

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<sup>22</sup> Brooks, Albus. Interview by Maiya Zwerling. March 20, 2019.

<sup>23</sup> Garcia, Linda. Interview by Vanessa Quintana, April 2, 2019.

<sup>24</sup> Gallagher, Dennis J. “Business Improvement Districts Performance Audit.” July 2014.

<sup>25</sup> Lopez, Paul. Interview by Vanessa Quintana, March 22, 2019.

The concentration of power among decision makers creates a power gap. The voices excluded from the board are residents, community members, and business owners without property. Moreover, the voices of community members of the five historic neighborhoods, who are disproportionately low-income people of color, are absent from the decision-making process. These communities are not afforded the opportunity to participate in the decision to establish BIDs or the ongoing voting and administration of BID activities.

To some degree, the leaders of RiNo acknowledge that they lack representation on their board of directors. Weil, who is a member of all three boards, expressed the board's efforts to have a certain percentage of representation of all stakeholders, including at least two artists/creative businesses, one business owner, and four property owners from the east and west side of the district.<sup>26</sup> Justin Croft, president of the RiNo BID board of directors, conveyed that the board is seeking to fill its current vacancy with a member from an adjacent business association or registered neighborhood organization to represent community voices.<sup>27</sup> In addition to these efforts, artists, and renters may engage in RiNo-hosted monthly meetings or public board meetings. Chair of the RiNo Art District and BID Board of Director Andrew Feinstein says that RiNo strives to be a "solid voice with the city to make sure that artists are at the forefront of the conversation and to be on top of zoning."<sup>28</sup> Despite these efforts, RiNo lacks diversity of voices in positions of authority.

The undemocratically elected board creates a governance structure with inadequate representation for those who live in the district—such as business renters and artists—and members of the adjacent neighborhoods. A community leader explained that there is "a hierarchy of preference for the power and control of BIDs; they value profits over people."<sup>29</sup> The mass development in Denver has not centered long-term community members and the development continues to ignore them. Many voices are left unheard, needs unmet, and interests ignored.

## Power and Downtown Denver

The board of directors of Downtown Denver is responsible for governance. The leadership of the board consists of mayoral appointees who are owners of commercial property within the Downtown Denver BID boundary.<sup>30</sup> Downtown Denver Director Beth Moyski explained that interested applicants must apply to fill the vacancy via the City of Denver's board and commission process because each director is a mayoral appointee. The six board of directors are collectively accountable for the city council-approved statement of work and budget.

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<sup>26</sup> Weil, Tracy. Interview by Vanessa Quintana, April 8, 2019.

<sup>27</sup> Croft, Justin. Interview by Maiya Zwerling and Vanessa Quintana, March 20, 2019.

<sup>28</sup> Feinstein, Andrew. Interview by Vanessa Quintana and Maiya Zwerling, April 4, 2019.

<sup>29</sup> Garcia, April 2, 2019.

<sup>30</sup> Moyski, April 10, 2019.

As previously noted, the Downtown Denver BID has a contractual agreement with the Downtown Denver Partnership. The BID contracts with the organization to execute the services. The Downtown Denver Partnership boasts a membership of 755 prominent businesses in the central business district of Denver. There are three boards governing the Downtown Denver Partnership, including:

- **Downtown Denver Partnership Management Group:** This is the organization's executive committee that leads policy and public decisions and is responsible for fiscal policy and financial reporting.
- **Denver Civic Ventures:** Their primary goals are planning and development, coordinating educational forums, and fundraising.
- **Downtown Denver, Inc:** This group leads policy advocacy by determining the organization's position on ballot initiatives, city ordinances, and legislative agenda.

Among the three boards for the Partnership and the board of directors for Downtown Denver BID, there are a total of 86 seats. Of the 86 seats available, there are 13 people who occupy 27 seats—in effect, 13 people possess 31% of decision-making power for Downtown Denver and the Partnership. As with RiNo, there is a lack of racial and economic diversity with the boards being overwhelmingly white and male.

A local community leader argues small businesses that have one to five employees are largely excluded from business improvement districts.<sup>31</sup> However, Moyski stated that the organization is “supportive of large and small businesses [and] are there for the little guy,” explaining that there are advertising initiatives to support smaller businesses. According to Moyski, the Downtown Denver BID strives to have diverse representation of commercial businesses and demographics of all mayoral appointees to the board of directors. The Partnership canvasses businesses to encourage local business owners to apply for board vacancies. There are also a “series of education and engagement meetings” for small businesses to engage with the BID, but no policy to prioritize minority owned businesses.<sup>32</sup>

The only avenue for community members and non-property owners to engage with BIDs are public meetings. Regardless of this well-intentioned effort, the board of directors for the BID disproportionately exclude the voices of communities of color, artists, and small businesses. If these constituencies are underrepresented both in the makeup of downtown businesses and in the governance of special districts, how can they insert their interests into the larger agenda and amplify their voices in decision-making processes that directly impact their socioeconomic well-being?

## The Power Imbalance

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<sup>31</sup> Garcia, April 2, 2019.

<sup>32</sup> Moyski, April 10, 2019.

Both RiNo and Downtown Denver are comprised of property owners that command authority. This disparity is inherent in the laws that govern business improvement districts. Both RiNo and Downtown Denver disproportionately exclude the voice of important stakeholders, such as artists, small business owners, and community members - and specifically people of color. While leadership of the BIDs acknowledged this inequitable representation, a concentration of power remains.

Terese Howard, an advocate with Denver Homeless Out Loud, articulated the consequences of a consolidation of power among BIDs and the cultural void it leaves in the community:

In 5 years or something, it has gone from vacant warehouses to everything bought out, high class, and expensive... They are making businesses and environments that are inviting towards rich folks, not poor folks and people of color, that ultimately make spaces inaccessible that used to be accessible for homeless folks. These vacant buildings are now owned by fancy businesses... Every business has their own method of moving people away.<sup>33</sup>

Terese attributed the gentrification of her community to the RiNo BID. Denver City Councilman Albus Brooks argues that racial and economic disparities in the RiNo Business Improvement District's board composition are a matter of investment. Councilman Brooks said the RiNo BID is not led by people of color because "it's a blank canvass. No one lives there. They are all white because that is who bought there."<sup>34</sup> In light of this comment, it is important to highlight that the systematic disparities in economic capital and wealth among marginalized communities, especially communities of color, has meant that a majority of white people have the means to invest and purchase property in the historic black neighborhood of Five Points. Without access to economic capital, people of color (and other disenfranchised populations) cannot close the gap. By shaping the processes through which special districts appoint boards of directors, municipal governments have an opportunity to involve disadvantaged communities in building a path toward equitable economic growth.

## Vision: What Changes do BIDs Seek?

Denver City Councilman Paul Lopez (District 3) advised that business improvement districts could be "a tool for righteousness or a tool that could be abused and exclusive." Given the concentration of power, BIDs operate to serve the interests of their stakeholders on the board of directors at the expense of the wider community. The imbalance of power among stakeholders translates to a vision and allocation of resources for BIDs that largely excludes the interests of small businesses, artists, and community members. Whoever owns the land designs the vision and controls the distribution of resources.

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<sup>33</sup> Howard, Terese. Interview by Maiya Zwerling, March 21, 2019.

<sup>34</sup> Brooks, March 20, 2019.

## Vision of RiNo

The goal of RiNo is to strategically advance businesses while keeping its “unique industrial” character intact and maintaining affordability for creatives, entrepreneurs, and small businesses. Croft, president of the RiNo BID, explained that its establishment was to “fund cultural and social initiatives, the types of projects [that] tends to not be typical of BIDs.”<sup>35</sup> RiNo leaders aspired to create a district that entices people to visit, engage, and invest. According to the RiNo BID Plan, the BID has four budget priorities split 20% for advocacy, 30% for placemaking, 15% for business support for creatives and entrepreneurs, and 20% for branding and marketing.<sup>36</sup> The most intriguing aspect of the budget, however, is the advocacy efforts.

RiNo often engages in the policy-making process at City Hall. The advocacy efforts are led by the board of directors of all three districts. Croft believes their “voice is the most powerful tool” they collectively possess.<sup>37</sup> Once an advocacy agenda is set, all board members engage in the policymaking process through lobbying.<sup>38</sup> Two notable advocacy efforts are the passage of the 38th & Blake Overlay Amendment and the Safe Occupancy ordinance in the Denver City Council. BID leaders believe these policies resulted in more affordable housing. However, critics have doubted the validity of the legislation.

## 38th and Blake Street Overlay Amendment

The 38th and Blake Street Overlay Amendment is a bill sponsored Councilman Albus Brooks. Signed into law in February 2018, the bill legalized greater density for transit-oriented development that integrates affordable housing community benefits. Local news outlet *Denverite* further explains the overlay changes: “Under the rules, a residential high-rise near 38th and Blake might end up with roughly 6 to 10 % of its units being affordable.”<sup>39</sup> With the passage of the bill, increased density is permitted in the 38th and Blake area, the first stop from downtown along the A-Line rail to the airport. This is prime real estate, but the price of land is relatively low due to its industrial background. In an interview with *Denverite*, RiNo board member Andrew Feinstein elaborated that “land prices [are] really a fraction of what they are

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<sup>35</sup> Croft, March 20, 2019.

<sup>36</sup> Licko, p.15.

<sup>37</sup> Croft, March 20, 2019.

<sup>38</sup> Weil, April 8, 2019.

<sup>39</sup> Kenney, Andrew. "Denver Will Allow Taller Buildings with No Parking Close to Rail -- in Exchange for More Affordable Units." *Denverite*. September 28, 2018. Accessed May 11, 2019. [https://denverite.com/2018/02/13/38th-blake-rezoning/?utm\\_term=0\\_dd2c9a8936-63d6a0389a-131804917](https://denverite.com/2018/02/13/38th-blake-rezoning/?utm_term=0_dd2c9a8936-63d6a0389a-131804917).

down by Union Station.”<sup>40</sup> With the new zoning change for increased density, developers will be able to capitalize on the cheap land.

All other board members of the RiNo districts advocated for the legislation at the city council hearing because of a firm belief that it supports affordability. When explaining RiNo’s advocacy in passing the legislation, Weil stated “developers can buy out of the requirement at five times the rate they would normally have to pay”. He believes this is a deterrent to buying out of this affordability requirement, though the goal is that affordable units would be accessible to those making less than 50 percent of the area median income (AMI) or less.<sup>41</sup> The RiNo board of directors believes the overlay is a tool to bring affordable housing to the neighborhood and maintain the socio-economic diversity of the community.

Community members, however, are furious the bill passed. Candi CdeBaca, a Swansea resident and community advocate, testified about the lack of community engagement in the policy-making process, saying the bill invited developers “to more easily build in one of the more vulnerable areas.”<sup>42</sup> In fact, the residential affordability part of the bill only requires 10% of total units to “serve people making less than 80% of the AMI, or about \$60,000 for a family of three,” which caused much objection from community members opposing the legislation.<sup>43</sup>

The lack of affordability was a common theme in the resident testimonies at the City Council hearing for the bill. Five Points resident Mercedes Gonzales expressed in her testimony via a translator that “the requirements for affordability are not enough considering the actual dynamic of displacement.”<sup>44</sup> Given the criticism of the legislation throughout the process, how do RiNo stakeholders balance the needs of community and interest of profit maximization?

### **Safe Occupancy Program**

RiNo leaders also worked with the city to pass the Safe Occupancy program in November 2017. The law permits temporary occupancy in a building that is considered “subpar” vis a vis building code while tenants work towards code compliance. Feinstein stated in an interview that RiNo collaborated with the city to create the Safe Occupancy program “to allow people to stay in their spaces longer as long as they were basically safe and could adapt to safer building codes.”<sup>45</sup> The program is designed to ensure safety and limit displacement of tenants. However, the

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<sup>40</sup> Kenney, Andrew. “What will a downtown satellite do to nearby Denver neighborhoods?” Denverite. January 9, 2018. <https://denverite.com/2018/01/09/38th-and-blake-miniature-downtown/>

<sup>41</sup> Weil, April 8, 2019.

<sup>42</sup> Kenney, Andrew. “Denver will allow taller buildings with no parking close to rail – in exchange for more affordable units.” Denverite. February 13, 2018.

<sup>43</sup> Ibid.

<sup>44</sup> Kenney, Andrew. “Denver will allow taller buildings with no parking close to rail – in exchange for more affordable units.” Denverite. February 13, 2018.

<sup>45</sup> Feinstein, April 4, 2019.

policy may not go far enough. An artist who lived and worked in RiNo, explained the Safe Occupancy program as what “ultimately displaced so many of us, including me. That was the city directly attacking the artist community to move us out.”<sup>46</sup> By mandating code compliance for galleries, artists bared the cost of necessary renovations. Despite the extended deadline to execute the compliance plan under the Safe Occupancy Program, the costs of renovations were too expensive for artists living and working within the RiNo Art District. Eventually, many artists were displaced with the implementation of this program.

These two bills are a small sample of the advocacy conducted by the RiNo board of directors. Further research must consider what other legislation is being drafted and advocated for in City Hall that will disproportionately impact vulnerable creatives and communities of color. How will the vision of RiNo be reconciled with the needs of the greater community whose interests are at odds with the bottom line of businesses?

## **Vision of Downtown Denver**

RiNo is not alone in exerting their collective voice to influence policy at City Hall. The purpose of the Downtown Denver BID is to foster a clean, safe, and vibrant environment for all to indulge.<sup>47</sup> The budget primarily distributes 42% of funds to maintenance and repair, 16% to management services, 11% to safety, and 15% to pedestrian environment. What is not evident in the budget summary and annual reports is the role of advocacy for the business improvement district and the managing operator.

Hidden from public sight is the power the Downtown Denver Partnership (the Partnership) and Downtown Denver BID possess. A local community leader said BIDs “wield so much power they begin to influence city government. They use their power to further disenfranchise marginalized communities.”<sup>48</sup> Denver Civic Ventures and Downtown Denver, Inc. inform the advocacy agenda of the Partnership, but it is unclear what role Downtown Denver BID has in advocacy. Similarly, there is an unclear distinction between the two entities in the advocacy efforts representing the businesses located in downtown. Though Moyski stated that Downtown Denver BID does not spend money on advocacy, the Partnership occasionally hires a lobbyist if needed for advocacy to pursue city and/or state legislative priorities. There is no engagement in candidate elections, only ballot initiatives.

## **Breathe Easy Ordinance**

Both Downtown Denver and the Partnership advocated for the October 2017 passage of the Breathe Easy Ordinance, which prohibits smoking of any product along the 16<sup>th</sup> Street Mall. According to the City of Denver, the 16<sup>th</sup> Street Mall is the most populated area of Denver with

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<sup>46</sup> Murphy, Lauri Lynnxe. Interview by Vanessa Quintana, April 5, 2019.

<sup>47</sup> Downtown Denver Business Improvement District. “2017 Annual Report.” June 2017

<sup>48</sup> Garcia, April 2, 2019.

20,000 residents, 120,000 employees, and 300,000 visitors annually.<sup>49</sup> Councilman Brooks sponsored the bill because he sought to improve public health and quality of life for residents, employees, and visitors of the mall.<sup>50</sup> With the same concerns in mind, the Partnership and Downtown Denver BID were at the table to craft and advocate for the law as Councilman Brooks championed the legislation in City Hall. The Partnership and Downtown Denver advocated for the legislation for three years prior to passage as their initiative to improve the health of all residents and visitors of the mall with protection from exposure to secondhand smoke.<sup>51</sup>

However, the enforcement of this policy disproportionately targets youth and marginalized populations. In two interviews, business and community leaders alike shared their frustration with the inequitable enforcement. Community leader and small business advocate Linda Garcia expressed fear for the power of the Partnership because of how it has been used in policy advocacy and implementation. She states Downtown Denver and the Partnership's support of the smoking ban has led to "security only harassing the youth, the poor, and the homeless" in downtown simply because the "policy implementation further disenfranchises these communities and gives power to white, affluent people."<sup>52</sup> Kayvan Khalatbari, business owner and community leader, has affirmed this sentiment in expressing the Partnership does not "want any homeless people smoking marijuana or cigarettes with the ban—or anything aesthetically displeasing."<sup>53</sup> Khalatbari believes the aesthetic for tourists is prioritized more than Denver residents. What role does the Downtown Denver BID have in ensuring fair implementation of policies in the downtown corridor?

## **Electoral Politics**

The Partnership also engages in electoral politics that intersect with the interests of the business owners within the central corridor. The Partnership supports their members with voter education for municipal and statewide general elections. In 2018, the Partnership released a ballot guide and the *November 2018 Election Report* outlining election outcomes for the ballot initiatives the organization endorsed and opposed. The Partnership also financially contributes to city and statewide campaigns. For example, during the 2018 election cycle, the Partnership donated \$100,000 to Coloradans for Coloradans.<sup>54</sup> In total, the Partnership has donated \$254,900 in municipal elections and \$161,00 in statewide elections (the table below details all contribution as reported to the Secretary of State). The financial contributions to ballot initiatives

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<sup>49</sup> Brooks, Albus. "Breathe Easy on the 16th Street Mall." Breathe Easy Ordinance on the 16th Street Mall. Accessed May 11, 2019.

<sup>50</sup> Brooks, "Breathe Easy...".

<sup>51</sup> "New Breathe Easy Ordinance for the 16th Street Mall – Downtown Denver Partnership." Downtown Denver Partnership. December 20, 2017. Accessed May 11, 2019. <https://www.downtowndenver.com/newsroom/breathe-easy-ordinance/>.

<sup>52</sup> Garcia, April 2, 2019.

<sup>53</sup> Khalatbari, Kayvan. Interviewed by Vanessa Quintana, April 6, 2016.

<sup>54</sup> Downtown Denver Partnership Campaign Contribution. "TRACER - Contribution Search." Accessed April 29, 2019. <http://tracer.sos.colorado.gov/PublicSite/SearchPages/ContributionSearch.aspx>.

allow for an amplified voice of the stakeholders of the Partnership, giving them more influence in democracy than citizens and individual business owners in the community.

**Table 4: Downtown Denver Partnership Contributions to Statewide Ballot Measures**

Summary by: Type

Summary Groupings	Total
Monetary (Itemized)	\$161,000.00
<b>Total Contributions = \$161,000.00</b>	

13 matching record(s) found. Export To:    

Contributor ▲	City, State	Type	Amount	Date	Recipient Name	In Kind?	Major	
DOWNTOWN DENVER PARTNERSHIP	DENVERT STE 200, CO	Monetary (Itemized)	\$5,000.00	08/28/1999	<a href="#">METRO MOVES!: PASS LIGHT RAIL BOND MEASURE</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$1,000.00	07/09/1997	<a href="#">CITIZENS FR COLO TRANS NETWORK: SUPPORT LAW IMPOSING TAX/FEE INCREASE</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$2,000.00	10/31/1997	<a href="#">TRANSIT '97 INC: SUPPORT INCREASE IN SALES TAX TO</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$4,000.00	07/09/1997	<a href="#">TRANSIT '97 INC: SUPPORT INCREASE IN SALES TAX TO</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$10,000.00	06/02/2004	<a href="#">FASTRACKS YES</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$10,000.00	07/22/2005	<a href="#">VOTE YES ON C &amp; D</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$10,000.00	10/12/2006	<a href="#">COLORADANS FOR RESPONSIBLE REFORM - 2006 (CFRR- 2006)</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$10,000.00	05/19/2010	<a href="#">COLORADANS FOR RESPONSIBLE REFORM (CFRR)</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$100,000.00	05/24/2018	<a href="#">COLORADANS FOR COLORADANS</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP	DENVER, CO	Monetary (Itemized)	\$2,500.00	11/02/2018	<a href="#">BLANK CHECK, BLATANT DECEPTION, VOTE NO ON 73.</a>	No	Yes	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP IN	DENVER, CO	Monetary (Itemized)	\$1,000.00	10/15/1998	<a href="#">CITIZENS FOR A NEW STADIUM INC: INFLUENCING PASSAGE OR DEFEAT OF THE</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP IN	DENVER, CO	Monetary (Itemized)	\$500.00	08/12/2004	<a href="#">FASTRACKS YES</a>	No	No	<a href="#">View</a>
DOWNTOWN DENVER PARTNERSHIP, INC	DENVER, CO	Monetary (Itemized)	\$5,000.00	10/30/2008	<a href="#">COLORADO BUSINESSES FOR SENSIBLE SOLUTIONS</a>	No	No	<a href="#">View</a>

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The Partnership also provided members with a *May 2019 Ballot Guide* that contains candidate profiles for review and indicates endorsement/opposition of ballot initiatives.<sup>55</sup> Many candidates up for election submitted a questionnaire and were interviewed by the Municipal Elections Task Force comprised of members and stakeholders. The information gathered has been synthesized on the Partnership’s website for members to review so they cast an educated vote for all open seats on the ballot.

### Right to Survive Initiative

Notably, the Partnership decided to oppose the Right to Survive Initiative 300 for the May 2019 Denver municipal elections.

<sup>55</sup> "May 2019 Municipal Election Results & Runoff Guide – Downtown Denver Partnership." Downtown Denver Partnership. Accessed April 29, 2019. <https://www.downtowndenver.com/may2019/>.

The Right to Survive is a citizen-led initiative to overturn the Urban Camping Ban that was sponsored and championed by Councilman Brooks in 2012. The Urban Camping Ban prohibits people from using items to protect themselves from the elements in public spaces, such as sleeping bags, tents, tarps. The law is supposed to connect people “camping” in public spaces with resources and homelessness services. The Denver Police Department report there are 12,000 interactions with people violating the ordinance but could not verify the number of referrals to services.<sup>56</sup> In an article with the *Denver Business Journal*, Tamara Door, the executive director of the Partnership, expressed the business community seeks to find long-term solutions to homelessness though they support the Urban Camping Ban.<sup>57</sup> However, she did not provide a plan to support the those experiencing homelessness in securing housing.

Some observers believe the Partnership endorsed the ordinance because business owners believed visual homelessness drove down profits. For instance, downtown retail center owner Mark Sidell explained in an interview with the *Denver Post* that he “lost prospective tenants after they walked the 16th Street Mall and saw the number of homeless people. The act of people sleeping on the mall makes it not compelling for other people to come downtown.”<sup>58</sup> Sidell also sits on the Denver Civic Ventures board of the Partnership.

A member of the unhoused community expressed their frustration with the enforcement of the Urban Camping Ban, commonly referred to as “homeless sweeps.” He said BIDs’ hired private security blurred a line “between...sweeping humans AND trash.”<sup>59</sup>

A community leader expressed her frustration with the business community and the BID leadership: “Imagine if the Downtown Denver Partnership had the desire to address homelessness. They could use their space, resources, and influence to solve community problems. But the problem is that they lack the will.”

The Partnership contributed \$200,000 to the Together Denver campaign, a committee registered in opposition of the Right to Survive.<sup>60</sup> Ultimately, the Right to Survive was defeated by an 81% margin in the municipal election on May 7, 2019.

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<sup>56</sup>Bryson, Donna. "Enforcing Denver's Camping Ban: 12,000 Encounters since 2012." *Denverite*. April 14, 2019. Accessed May 11, 2019. <https://denverite.com/2019/03/22/enforcing-denvers-camping-ban-12000-encounters-since-2012/>.

<sup>57</sup> "Denver Council Passes Homeless Camping Ban." May 14, 2012. Accessed May 11, 2019. <https://www.bizjournals.com/denver/news/2012/05/14/denver-council-passes-homeless-camping.html>.

<sup>58</sup> Raabe, Steve, and Steve Raabe. "Denver Business Community Backs Homeless Camping Ban." *The Denver Post*. June 09, 2016. Accessed May 11, 2019. <https://www.denverpost.com/2012/04/23/denver-business-community-backs-homeless-camping-ban-3/>.

<sup>59</sup> Howard, March 21, 2019.

<sup>60</sup> Ensslin, John C., Andy Colwell, and Colorado Politics. "Opponents Raise \$1.5M to Defeat Denver's Camping-ban Repeal." *Colorado Politics*. May 02, 2019. Accessed May 11, 2019. [https://www.coloradopolitics.com/denver/opponents-raise-m-to-defeat-denver-s-camping-ban-repeal/article\\_ee924c8c-57cc-11e9-85f6-f35977871c85.html](https://www.coloradopolitics.com/denver/opponents-raise-m-to-defeat-denver-s-camping-ban-repeal/article_ee924c8c-57cc-11e9-85f6-f35977871c85.html).

The slogan of No on 300 was “We can do better.” Now that the election is over, will all the business owners, stakeholders, and leaders in the central business district contribute to the solution as they frequently promised on the campaign trail?

## **Inequitable Power**

BIDs are powerful entities that are sufficiently resourced to pursue their interests in City Hall and at the ballot box. With the power and wealth of BIDs and all special districts, they can “force city council to the table to make the city implement policies to be exclusive”—and help determine an election with sizable campaign contributions.<sup>61</sup> Effectively, giving them a louder voice in the policy-making process and larger influence in democracy.

Generally, it seems the power of BIDs’ advocacy and influence in electoral politics creates an inequitable distribution of power and amplifies the voices of the business community more than individual citizens. BIDs and their managing organizations have authority and power to propose, write, and enforce policy that impacts many lives including community members outside their boundaries. This implies that undemocratically elected governing boards can shape the advocacy agenda and play policymaker in the Denver City Hall.

## **What Is the Impact on Community Experience?**

In addition to the narrative shared by the board of directors of the BIDs, there is the story of the community. Through interviews with community leaders, artists, and business leaders, a different tale is told about the impact of the structure and priorities of BIDs on the communities they govern and surround.

As BIDs pursue infrastructure improvements, enhanced services, and successful businesses, the development has an impact on surrounding communities. Community and small business leader Garcia says, “When they revitalize communities, they raise property taxes and displace businesses. When they displace businesses, they displace businesses that provide culturally appropriate products and services. It really leaves a cultural void to the existing community...There is displace then there is replace. Our communities are being replaced.” The revitalization of various Denver communities and the development within these districts leads to a slow erasure of the businesses, culture, and people who once called these communities home.

Given that white supremacy is embedded in the fabric of American culture and dictates our way of life, racism is usually at the root of the opportunity gap for communities of color. That applies to BIDs as well: Councilman Paul Lopez explained in his interview that Mexican business owners within his council district were organizing to establish a BID. However, they met

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<sup>61</sup> Garcia, April 2, 2019.

pushback from the new white business owners in the area because they did not want a “Mexican District.” He also noted that the Denver Renewal Authority also refused to invest in BIDs initiated by people of color.

This ongoing structural and systemic oppression of people of color continues to perpetuate inequities, gatekeep the door to opportunity, and widen the wealth and power gap in Denver. Historically, the lack of opportunity to invest in homes and businesses has widened the wealth gap and prevented marginalized communities, especially people of color, from being stakeholders and beneficiaries of economic advancement. Today, this same lack of land ownership automatically excludes many aspiring entrepreneurs of color from organizing to create a BID. Even when people of color do own property, as seen in Westwood Denver, it is an uphill battle to establish powerful entities like special districts that will preserve their culture in businesses within their respective community.

Inadvertently, Denver BIDs grew into a powerful revitalization tool that displaced the culture and businesses of communities. This leaves us with a final, unanswered question: BIDs are great, but great for whom?

## Next Steps and Areas for Further Research

Though the structure of BIDs remain largely invisible, their impact is not. Our research sought to assess multiple effects of BIDs through the following research questions:

1. Do BIDs impact residential rents and housing production?
2. Do BIDs change racial composition?
3. How do BIDs' structure and priorities impact the communities they govern?

Through our quantitative analysis, we discovered that BIDs in Portland, Oregon, San Francisco and Los Angeles, California, and Denver, Colorado are associated with upward trends in residential rents and increased housing production. We could not determine if BIDs spur racial change within and around their borders. Ultimately, the quantitative findings cannot paint a definitive picture of whether or not these trends improve cities. Do BIDs uplift struggling neighborhoods and stimulate economic development? Or do BIDs shape public spaces to serve private interests and, as a result, displace low-income residents and communities of color?

In addition to our quantitative analysis, the qualitative study engaged a multitude of perspectives on the ground was necessary to assess the ultimate impacts of BIDs. A deep dive into Denver, a city at the forefront of BID development and larger trends of urbanization and gentrification, provided ample opportunity to answer some of these questions. Our analysis found that, in theory, Denver BIDs provide business owners with the means to collectively shape the direction of their communities. This theory of collective action creates opportunities for more investment in the future of these neighborhoods. In practice, however, who is brought into the decision-making process is determined by whether or not they hold positions of power. This approach serves to consolidate power and foster a lack of transparency in governance and long-term decision making. These qualitative trends were specific to Denver but hinted at larger challenges that communities face as BIDs continue to expand.

The first step in ensuring that BIDs and other special districts serve the people is to bring visibility to their hidden power structures, operations, and impact on communities.

## Next Steps

### Bring Renters and Community Members into the Picture

As of now, the voting process to approve BID establishment and determine the composition of their boards is entirely controlled by property owners in the area and municipalities. The argument for this arrangement is that property owners should have more voice in the process because they have a big stake in the long-term future of the neighborhood and ultimately pay the BID assessments.

However, this system could further exacerbate existing power differentials between renters (who are disproportionately poorer and people of color) and owners (who tend to be whiter and wealthier). It also fails to recognize that property assessments frequently get passed on to renters in the form of price hikes on goods sold in their neighborhood and rent increases.

Should there be equal property and land ownership among various ethnicities and community groups, there is potential for both cultural preservation and economic success in business improvement districts. Business owners of color could support businesses that sell and provide culturally relevant products and services. Furthermore, business owners of color could be cultural anchors to support the stability of the larger community. If communities made thoughtful policy changes to substantively include business owners of color and property owners of color on BID boards of directors, district leadership would better foster and sustain a diverse community.

One way to address this imbalance is to expand who holds power to create and oversee BIDs. State legislatures could achieve this by changing their constitutions in the following ways:

1. Give renters and community members voting power during BID establishment.
2. Require BIDs to include renters and community members on governing boards.
3. Create diverse and representative boards and leadership. Municipalities should re-envision the process of selecting a board of directors to ensure there is ample racial, gender, and socioeconomic diversity.<sup>62</sup>

Besides driving more equitable outcomes, involving renters in BID governance would improve their effectiveness. Renters and long-term community members provide valuable perspective and can comment on the experience of those who have lived in the neighborhood. This innovation would prove particularly important to BIDs where property owners may actually live outside the district. In order to maintain the cultural heritage of a community, it is imperative to ensure proper representation on the board of directors of any special district that influences urban planning and redesigning local communities.

## **Enhance Regulation of BIDs**

Another way to integrate equity into the establishment and administration of BIDs is to limit BIDs' power and influence in policy-making processes that have a disproportionate impact on the lived experience of already disadvantaged communities. A few approaches to address these power imbalances include:

- Prohibit policy advocacy and direct lobbying.
- Ban engagement in electoral politics by forbidding BIDs and their corresponding managing entities from financially contributing to electoral campaigns of any kind.

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<sup>62</sup> This reform must be a constitutional change because the laws controlling BID behavior are almost always written into state constitutions.

- Ensure there are no conflicts of interest in BID governance and special districts.

## Should Private Entities Provide Public Goods?

Implicit in arguments supporting BIDs is the assumption that business owners and investors know how to tailor their investments to best suit the community. Our qualitative data shows that, in practice, BIDs often create services that invite the clientele they want, rather than consistently cater to the community already present.

By investing and relying on these same special districts as a way of developing cities, we are privatizing goods and services—services that a democratic system of governance was established to allocate to the public. In an era of shrinking public funding, financial limitations are restraints that every governmental body must contend with. Rooted in this reality, it is understandable why BIDs and other special districts have emerged.

However, as cities further privatize services and general development, we should not be surprised when special districts create spaces and make decisions that do not serve the majority of people who live in those communities. Each time a city considers the establishment of such an entity—in legislatures, the administration of BIDs, and in the public discourse—they should embed this thinking into the decision-making process. Those who seek to make cities more vibrant and equitable should advocate for solutions to address these inconsistencies.

## Areas for Further Research

Due to the four-month timeline of this project, we were unable to address all of the potentially relevant considerations in understanding BIDs and the larger impact of special districts on communities. We believe future research should be conducted in the following areas:

- The next steps listed above are suggested approaches that may help mitigate displacement, power imbalance, and community alignment—all issues that were identified in our report. A thorough analysis must be conducted to consider the ramifications of implementing such policies.
- Repeating our quantitative and qualitative analysis across other cities in other states to understand our results in a wider context. Do the takeaways from our research apply to other regions of the US? How can we incorporate the NYU study's findings with our own to further understand patterns across the country?
- Evaluating the impact of other types of special districts (i.e., general improvement districts, arts districts, metropolitan districts, and downtown development authorities) on small businesses, rent, and displacement. Is there something inherent in business improvement districts that drives the changes we observed? Or will *any* form of special district tax assessment and nondemocratic oversight result in similar outcomes?
- Gathering more direct accounts from the three categories of people we identify across more cities and regions of the country. Recognizing potential gaps in our analysis,

further research should more directly engage a broader number of displaced people and people whose businesses have thrived as a result of BIDs.

Further research will contribute to the greater understanding of impacts of business improvement districts on the success of businesses and the legacy of surrounding communities.

# Appendices

## Appendix 1: Quantitative Methodology

### Building the Dataset

#### American Community Survey (ACS)

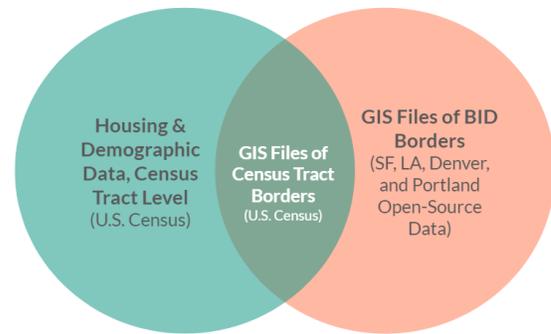
Using American FactFinder, we downloaded two tables (DP04 and S2502) for 2010 to 2017 at the census tract level. These tables cover a variety of selected housing and demographic characteristics, including racial composition, educational attainment, median rooms per housing unit, and median rent across housing units. We also downloaded and considered using matching data from the 2000 census but decided against it. The American government sometimes redraws census tracts with each decennial census to ensure that the population is equally distributed across tracts. Determining which tracts had shifted to which areas and recoding our data to match was beyond the scope of a four-month project.

The census does not use a unique variable naming system across different tables (or even across different years). Once we downloaded our data, we renamed variables in each table and recoded each year so that each variable had a unique name and continuous values from 2010 to 2017. The coding process looked something like this:

**Table A: Coding Process for US Census Data**

Source Data Table	Variable Label	Year	Actual Information	New Variable Name	Coding Process
S2502 (Housing)	H20_v36	2016	Median Rent	median_rent	Recoded H20_v36 in 2016 S2502 data to = median_rent
S2502 (Housing)	H20_v37	2017	Median Rent	median_rent	Recoded H20_v37 in 2017 S2502 data to = median_rent
DP04 (Demographics)	H20_v36	2016	% College Grads	collgrad	Recoded H20_v36 in 2016 DP04 data to = collgrad
DP04 (Demographics)	H20_v37	2017	% College Grads	collgrad	Recoded H20_v37 in 2017 DP04 data to = collgrad

After recoding the variables within each type of data (i.e., housing vs. demographic) we appended the years 2010 to 2017 together to create two large datasets covering all available years. Then, we merged these two on to each other, resulting in one final census data file. We then reshaped our data in Stata to move from long format (where we had eight separate observations for each census tract for each year) to a wide format (so that we had a single observation for each census tract that contained 2010-2017 levels of each variable). Finally, we generated a new variable that measured percent change of each variable from 2010 to 2017.



### **Business Improvement District Shapefiles**

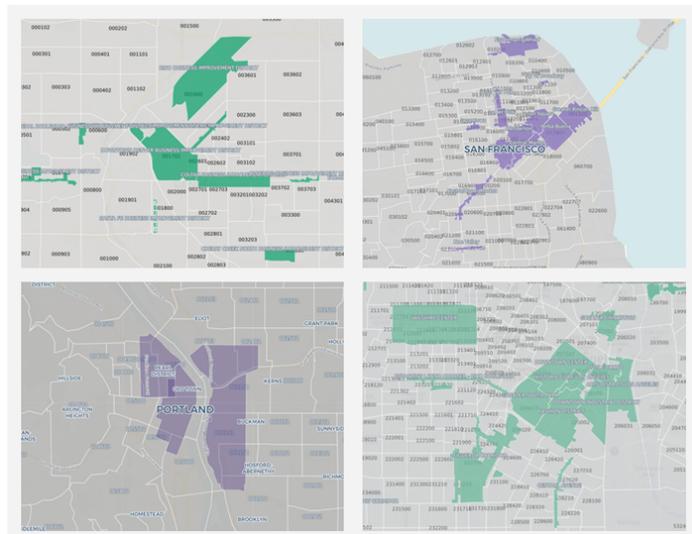
Meanwhile, we created a separate dataset of BIDs in each of our four cities. Using shapefiles obtained from open source data, we generated four maps of BID locations in each city and overlaid it on a map of census tracts in CARTO, an online GIS mapping service. We then coded each census tract with a dummy variable equaling 1 if the tract contained a BID. We also included information on each BID's official start date, the number of BIDs in each tract, and the names of the BIDs contained within each tract.

Using each census tract's geoid as a unique identifier, we merged our BID data onto our census data and coded a 0 for all census tracts that did not match with a BID using our BID dummy variable. We then added a few new variables getting at different, specific areas of interest in BIDs' impact—including a variable for the age of the oldest bid in the census tract in 2017, a set of dummy variables that effectively sorted census tracts into buckets based on the first year that a BID began in the tract, and a variable for the number of BIDs operating within a census tract as of 2017.

We did not include other types of improvement districts (like General Improvement Districts or Downtown Development Authorities) because geographic shapefiles for them were not available in open-source data.

## Regressions and Analysis

We used our robust dataset containing all of the census tracts in our cities (both with BIDs and without) to elucidate the marginal effect that a BID has on the median rent in the surrounding area. By gathering data on rent-impacting characteristics across a large number of observations, we hope to estimate the specific effect that BIDs have on rent and identify what other factors may cause additional variation in rent.



CARTO maps demonstrating the overlap of census tracts and BIDs. Clockwise from top left: Denver, San Francisco, LA

The equations for each regression that we ran give three important pieces of information for this analysis:

1. The “intercept” or “constant,” which tells us the estimated value of what we are trying to measure if we do not take our other variables into consideration (i.e., if all other variables equal 0);
2. The coefficient for each of our independent variables, which tells us the additional impact that a one-unit increase in that variable has on our outcome measure;
3. An estimate of the precision of our equation, which gives us a sense of how well our regression equation “explains” the variation in the variable we want to measure.

$$\underbrace{\text{Percent Change in Median Rent}}_{\text{Outcome Measure (Dependent Variable)}} = \underbrace{\alpha}_{\text{Constant}} + \underbrace{\beta}_{\text{Coefficient}} * \underbrace{\text{BID}}_{\text{Independent Variable}} + \underbrace{\varepsilon}_{\text{Error Term}}$$

Our two equation specifications for this analysis were:

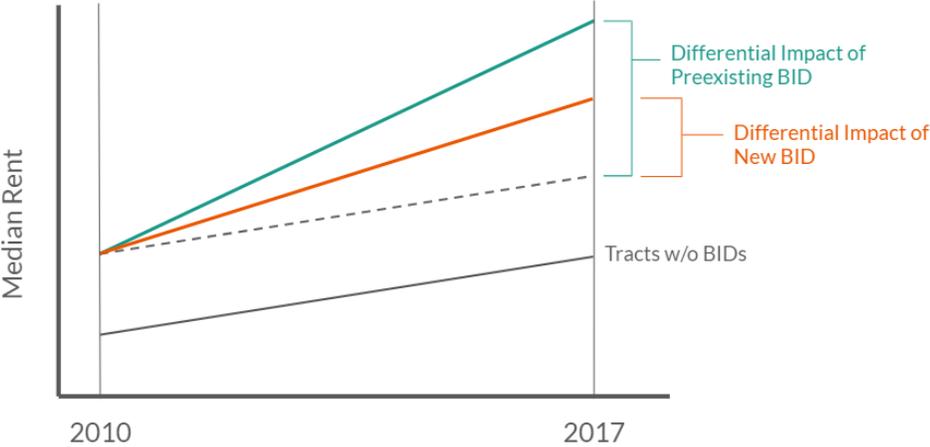
1. *Percent Change in Median Rent from 2010 to 2017* =  $\alpha + \beta * \text{Age of BID} + \varepsilon$
2. *Percent Change in Median Rent from 2010 to 2017* =  $\alpha + \beta * \text{Preexisting BID} + \delta * \text{NewBid} + \varepsilon$

Here, “Age of BID” refers to the number of years that the BID was in operation as of 2017. This gave us an estimate of the marginal effect on rent from one additional year of being in close proximity to a BID. We used the same models for our other outcomes of interest, including percent change in black and Latinx populations from 2010 to 2017 and the percent change in new housing from 2010 to 2017.

### Difference-in-Difference Model

The second of these models is called a “difference-in-difference” specification and measures the average outcome in one group before and after a treatment compared to the average outcome in another group before and after treatment. In the example depicted by Figure A, the two “differences” we are comparing are the change in rent from 2010 to 2017 between census tracts without BIDs, with BIDs that existed before 2010, and with new BIDs after 2010.

Figure A: Difference-in-Difference Model Illustration



## Appendix 2: Regression Results

### Rent Change

**Table A: Percent Change in Median Rent Regressions with Full Dataset**

Variable	Coefficient	Standard Error
<b>Dependent Variable: Percent Change in Median Rent, 2010 - 2017</b>		
<i>All Cities</i>		
Constant	0.229***	0.005
Age of BID	0.007***	0.002
Constant (No BID)	0.227***	0.005
New BID between 2010 and 2017	0.045**	0.018
Preexisting BID	0.108**	0.031
<i>Denver</i>		
Constant	0.345***	0.02
Age of BID	0.005**	0.002
Constant (No BID)	0.354***	0.021
New BID between 2010 and 2017	-0.045	0.063
Preexisting BID	-0.102*	0.059

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

In the initial difference in difference table in our quantitative results, we observed that tracts without a BID (our “base case” in this regression) experienced a 22.7% increase in rent between 2010 and 2017. In a difference-in-difference regression, we add the coefficients on our other two variables to this “base case” to get the change in rent for tracts with a preexisting BID in 2010 and those with new BIDs after 2010.

The 0.108 “Preexisting BID” coefficient tells an interesting story: census tracts that already had a BID before 2010 experienced an additional 10% jump in rental rate change between 2010 and 2017 (for a 33.5% overall increase). The .045 coefficient for “New BID between 2010 and 2017” suggests a similar upward effect for these newer districts, resulting in a 27.12% overall increase in rent. Both of these coefficients are significant at the 5% level, giving us confidence that our results are not due to random chance.

**Table B: Percent Change in Median Rent Regressions with Controls**

<b>Variable</b>	<b>Coefficient</b>	<b>Standard Error</b>
<b>Dependent Variable: Percent Change in Median Rent, 2010 - 2017</b>		
<i>All Cities</i>		
Constant	-6.971	6.085
New BID Between 2010 and 2017	0.042**	0.018
No. of Renters in 2017 by Characteristic		
Aged Under 35	0.072	0.061
Aged 35 to 65	0.072	0.061
Aged 65 and Up	0.07	0.061
Asian	-0.001	0.001
Black	0	0.001
Hispanic	-0.001***	0
White	0	0
No High School	0.001	0.001
High School Graduate	0	0
College Graduate	0.001***	0
Number of Units Paying Rent in 2017	0*	0
Constant	-6.488	6.085
Age of BID	0.004**	0.002
No. of Renters in 2017 by Characteristic		
Aged Under 35	0.068	0.061
Aged 35 to 65	0.068	0.061
Aged 65 and Up	0.065	0.061
Asian	-0.001	0.001
Black	-0.001	0.001
Hispanic	-0.001***	0
White	0	0
No High School	0.001	0.001
High School Graduate	0	0.001
College Graduate	0.001***	0
Number of Units Paying Rent in 2017	0*	0

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

Table C still reflects all four cities but restricts the data to BIDs established after 2010. None of the coefficients on our variables of interest here are statistically significant. These findings suggest that we can attribute little associative power to post-2010 BIDs vis-a-vis increased rent. The significant coefficients on “Constant” indicate that rent is indeed increasing, but none of our explanatory variables act as drivers of this positive variation.

**Table C: Percent Change in Median Rent Regressions: 2010-2017 New BIDs Dataset**

<b>Variable</b>	<b>Coefficient</b>	<b>Standard Error</b>
<b>Dependent Variable: Percent Change in Median Rent, 2010 - 2017</b>		
<i>Within All Cities</i>		
Constant	0.283***	0.031
Age of BID	-0.001	0.011
<i>Within Denver</i>		
Constant	0.569**	0.236
Age of BID	-0.894	0.075

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

### **Racial Composition Change**

Our regression output for racial composition change can be found below in Table D. The “Age of BID” and “Preexisting BID” variables that proved so strongly associated with increased rent have no predictive power on racial composition change. In particular, the standard error of 0.234 associated with “Preexisting BID” means that the coefficient could range from -0.1 to +0.4. This means that our analysis cannot even predict the positive or negative *direction* of an existing BID’s impact on black residents, let alone a statistically significant effect.

Beneath “Change in Percentage Hispanic Residents, All Cities” we see similar patterns. “Age of BID” and “Preexisting BID” both lack significant explanatory power in relation to changes in the Hispanic population.

**Table D: Percent Change in Racial Characteristics, Full Dataset**

<b>Variable</b>	<b>Coefficient</b>	<b>Standard Error</b>
<b>Dependent Variable: Race Characteristics</b>		
<i>Change in Percent of Black Residents, All Cities</i>		
Constant	0.258***	0.037
Age of BID	0.014	0.012
Constant (No BID)	0.254***	0.038
New BID between 2010 and 2017	0.124	0.138
Preexisting BID	0.123	0.234
<i>Change in Percent of Black Residents, Denver</i>		
Constant	0.67	0.492
Age of BID	-0.023	0.05
Constant (No BID)	0.755	0.524
New BID between 2010 and 2017	-0.973	1.45
Preexisting BID	-0.472	1.33
<i>Change in Percent of Hispanic Residents, All Cities</i>		
Constant	0.231***	0.031
Age of BID	0.009	0.01
Constant (No BID)	0.239***	0.032
New BID between 2010 and 2017	-0.087	0.12
Preexisting BID	0.149	0.21
<i>Change in Percent of Hispanic Residents, Denver</i>		
Constant	0.404***	0.121
Age of BID	-0.001	0.014
Constant (No BID)	0.42***	0.127
New BID between 2010 and 2017	-0.124	0.382
Preexisting BID	-0.232	0.361

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

## Housing Production

Table E below indicates that various BID indicators significantly predict housing production but not high-density housing. We include “Percent Change in Rent, 2010-2017” as a control variable because positive rent change could plausibly explain a boost to housing stock. We find that across all cities, percent change in rent is indeed significant. More interestingly, “New BID between 2010 and 2017” and “Preexisting BID” both prove highly significant and sizable. For example, a preexisting BID predicts a 2.4 percentage point boost in housing production after 2010.

These trends do not fully transfer to Denver. Within Denver, BID presence of any kind is not predictive of housing production. Rent change coefficients remain significant, but only at the 5%

level. This emphasizes the importance of caution in generalizing our findings to other cities and the need to pair quantitative work with qualitative analyses of the communities in question.

**Table E: BIDs & Housing Characteristics**

Variable	Coefficient	Standard Error
<b>Dependent Variable: Percent of Housing Built After 2010</b>		
<i>Within All Cities</i>		
Constant	.011***	0.001
Age of BID	0.001***	0.000
Percent Change in Rent, 2010 - 2017	0.017***	0.003
<hr/>		
Constant (No BID)	0.010***	0.001
New BID between 2010 and 2017	0.015***	0.003
Preexisting BID	0.024***	0.004
Percent Change in Rent, 2010 - 2017	0.016***	0.003
<hr/>		
<i>Within Denver</i>		
Constant	0.024**	0.011
Age of BID	0	0.001
Percent Change in Rent, 2010-2017	0.058**	0.027
<hr/>		
Constant (No BID)	0.021*	0.012
New BID between 2010 and 2017	0.018	0.02
Preexisting BID	0.003	0.019
Percent Change in Rent, 2010 - 2017	0.059**	0.027
<hr/>		
<b>Dependent Variable: Percent Change in High-Density Housing, 2010 - 2017</b>		
<i>Within All Cities</i>		
Constant	0.182***	0.025
Age of BID	0.003	0.006
Percent Change in Rent, 2010 - 2017	-0.077	0.079
<hr/>		
Constant (No BID)	0.178***	0.025
New BID between 2010 and 2017	0.087	0.067
Preexisting BID	0.017	0.115
Percent Change in Rent, 2010 - 2017	-0.08	0.079
<hr/>		
<i>Within Denver</i>		
Constant	0.248	0.152
Age of BID	-0.004	0.009
Percent Change in Rent, 2010-2017	0.188	0.361
<hr/>		
Constant (No BID)	0.239	0.158
New BID between 2010 and 2017	0.067	0.261
Preexisting BID	-0.096	0.248
Percent Change in Rent, 2010 - 2017	0.188	0.158

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

### Appendix 3: Interview Questions

The following are the interview questions used for all qualitative data collection. Italicized questions are questions that were prioritized in shorter conversations. When appropriate, follow up and person-specific questions were asked according to the interviewer's discretion.

- Contact Background
  - *What's your role in the community? How long have you lived in this area?*
  - *How, if at all, did you play a role in the BID's establishment or opposition to its establishment?*
  - *What is your current relationship to the BID?*
- History, background, context of local BID establishment and ongoing management/operation
  - For what purpose was this BID established and what is the background of its establishment? Tell me about the inspiration for establishing it and some of the arguments that were stated for or against it within the community.
  - What is the current stated purpose of the BID?
  - *What was the neighborhood like before the establishment of the BID?*
  - In the establishment of the BID, what community engagement was conducted? What was the general sentiment from community members? Did community members play a role in the BID's establishment? Who else was involved?
  
  - What was the political process of establishing the BID?
  - How is the BID operating today? What purpose is the BID playing in the community now? What do community members and small businesses think about the BID?
  - What role does the BID play in your community? What are the benefits? Do they build economic capital? Other benefits? What are the drawbacks?
  - What is your perception of BIDs and the role they play in communities more broadly?
  - How can you tell if a BID is successful? How do you measure it? *What do you think needs to be in place for a BID to be successful?*
- Housing/Rent
  - Have the demographics in and around the BID remained the same or changed since the BID's establishment? How so? Is there any data around this issue?
  - *Have rent prices remained the same or changed since the BID's establishment? Is there any data you can share?*
  - *Has the type of housing available to residents remained the same or changed since the BID's establishment? How so? Is there any data you can share?*
  - In your mind, is there a connection between BIDs and gentrification? How about BIDs and homelessness?
    - *Inquire about specific stories.*
- Businesses
  - Have the demographics in and around the BIDs stayed the same or changed?
  - *Has commercial/retail rent stayed the same or changed since the BID's establishment? Have the type of businesses changed since the BID's establishment?*

- Do you think the BID has revitalized the neighborhoods in and around the BID?
- Do you see a connection between BIDs and business displacement in this area?
  - *Inquire about specific stories.*
- Local Experiences or Narratives
  - In your perspective, is the BID preserving, enhancing, or changing the culture of the neighborhood? In your view, how does the community perceive this?
  - *What is a BID success story in the context of housing or business?*

## Appendix 4: Interview Respondents

Name	Organization	BID Affiliation
Albus Brooks	City Council District 9	RiNo and Downtown
Paul Lopez	City Council District 3	Santa Fe
Andrew Feinstein	Chair, RiNo Art District Member, Downtown Denver, Inc.	RiNo and Downtown
Tracy Weil	Founder, RiNo Art District Board Member, RiNo GID and BID	RiNo
Justin Croft	President, RiNo BID	RiNo
Beth Moyski	Downtown Denver Partnership, Director	Downtown
Linda Garcia <sup>63</sup>	Community Organization	Downtown and RiNo
Kayvan Khalatbari	Former Mayoral Candidate, Denver; business owner, activist	Downtown, Colfax, Sante Fe, and RiNo
Lauri Lynnxe Murphy	Displaced Artist	RiNo
Christopher Corgas	Office of Economic and Workforce Development, City and County of San Francisco	City and County of Denver
Terese Howard	Denver Homeless Out Loud	Downtown and RiNo
Benjamin Dunning	Denver Homeless Out Loud	Downtown and RiNo

<sup>63</sup> A pseudonym has been assigned to this interviewee. The original name and organization was changed upon request.

## Appendix 5: Establishment, Rules, Regulation and Operations of Denver BIDs

To establish a district, there must be demonstrated support from business and property owners that exceed 50 percent of assessed value and acreage. The Colorado Revised Statute summarizes the general powers and operation procedures of BIDs to include:

- BIDs are permitted to enter into contracts and agreements to finance a range of services, including maintenance, marketing, public events, security and public safety, planning, economic development, and activities that support business recruitment, management, and development.
- BIDs will be governed by and held accountable by a board of directors of property and business owners within its boundary.
- BIDs may levy and collect ad valorem taxes from commercial property within its boundary.
- TABOR requires a vote by property and business owners, business renters, and commercial residents to approve assessments.<sup>64</sup>

BIDs have the authority to construct and install improvements throughout their district. In addition, these activities may occur across or along any public street, alley, or highway as well as works across a water stream or watercourse. However, such proposals must be approved by the local municipality and/or the Department of Transportation. Districts are authorized to perform a wide scope of activities that will support the interests of the property owners within its boundary.

Per the statute BIDs must maintain a level of transparency with the municipality and public. Each district must have a secretary that maintains records of all contracts, certificates, proceedings, meeting transcripts, and corporate acts initiated by the board. Each district must have a treasurer who maintains permanent records accounting for all money collected and expended relating to the district and make all information available in annually via reports to the municipality. All board members are expected to disclose any conflict of interest relating to any district transaction. Any board member who has a conflict of interest is prohibited from participating in anything related to the subject and must not attempt to influence the decisions and activities of the BID indirectly or directly. Most importantly, all business records are public records.

The municipality is intended to provide the checks and balances of business improvement districts and special districts. The municipality must approve the district's operating plan and budget each year before it may execute its implementation and issue any fees, assessments, taxes, or bonds. Furthermore, the municipality possess the authority to remove any or all

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<sup>64</sup> "2016 Colorado Revised Statutes. "Title 31: Government - Municipal: Powers and Functions of Cities and Towns: Article 25: Public Improvements: Part 12: Business Improvement Districts." Justia Law. Accessed April 11, 2019. <https://law.justia.com/codes/colorado/2016/title-31/powers-and-functions-of-cities-and-towns/article-25/part-12/>.

members of the board of directors for inefficiency, neglect of duty, or misconduct in office. The electors of business improvement districts have the power to petition the municipality for removal of any or all members of the board of directors should there be 10 percent consensus to do so. This section of the act is the only clause that outlines measures of accountability for business improvement districts. The statute provides the local municipality authority to ensure BIDs are serving the public, but the electorate has some authority to ensure accountability as well.

The City and County of Denver has rules and regulations to supplement the state legislation of special districts.<sup>65</sup> In Denver, *Title 31 Business Improvement Districts and General Improvement Districts* outlines the purpose of these special districts, the process of establishment, and oversight protocols. BIDs in Denver are considered quasi-governmental corporations where property owners elect to impose a tax on themselves for the maintenance, development, and promotion of their business district. The BIDs are funded by ad valorem taxes on commercial property, but only those within its boundary.

Though BIDs are promoted as mutually beneficial public-private partnerships, the municipality of Denver requires applicants to prove BIDs are the optimal avenue having sought alternative structures and mechanisms to achieve their purpose. Applicants must be prepared to prove alternatives were pursued when their Letter of Intent is being reviewed by a special district working group. The working group is comprised of members from various city departments, including representatives of Department of Finance, Department of Public Works, Department of Parks and Recreation, Department of Community Planning and Development, Department of Law, and Office of Economic Development. Once the Letter of Intent is assessed, an ordinance for creation must be drafted by the applicant and later approved by the city council in addition to their petition. This process has various fees administered to applicants. Each BID has a board of directors that govern the entity and have fiduciary responsibilities. Denver's "oversight role is critical to ensuring a positive public perception of BID activities," not serving the best interest of the city's diverse communities.<sup>66</sup> There was no additional language of oversight and accountability to supplement the guidance outlined in the Colorado Revised Statute.

Metropolitan districts are governed by a board of directors that is responsible for administration, annual budget, levying taxes, rates, and charges necessary to cover costs relating to operation of the district. Metropolitan districts have expansive powers that exceed business improvement districts and general improvement districts. The general powers of a metropolitan district include:

- To manage, control and supervise all the business and affairs of the special district, including all construction, operation and maintenance of special district improvements;

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<sup>65</sup> Karner, John. "City and County of Denver Statutory Special Districts Rules and Regulations," n.d., 8.

<sup>66</sup> Gallagher, Dennis J. "Business Improvement Districts Performance Audit." July 2014.

- To fix, charge and collect fees, rates, tolls, penalties or charges for services, programs or facilities furnished by the special district.
- To furnish services and facilities outside the boundaries of the special district. To adopt, amend, and enforce bylaws and rules and regulations for carrying on the business, objects and affairs of the special district.
- To enter into contracts with public utilities and municipalities for street lighting service; to erect and maintain traffic and safety controls and devices, providing fire protection, parks or recreation, water or water and sanitation service.

## Appendix 5: Additional Literature on BIDs

- Hoffman and Houston's 2010 Drexel Law Review report focused on how to make BIDs stronger economic development tools. This study did not address BIDs' impact on communities and instead worked with qualitative data to recommend changes to district structure and strategy. Specifically, they recommended that the City of Philadelphia formally and centrally organize BIDs and fund feasibility studies and research in order to better use them as a local development tool. This report provides valuable insight into how BID leadership may think and act but does not helpfully inform our central research question.
- Robert J. Stokes examined the contrast between wealthier downtown BIDs and smaller neighborhood BIDs through a Philadelphia case study. Stokes contends broadly that one BID size does not fit all. By closely examining Philadelphia's BID policy and some BIDs within the city, Stokes points out the "paradox" of these districts: the use of local private assessments to improve the district is limited by the initial economic prosperity of the district. He cites this imbalance as a reason that public economic development staff should consider adopting a BIDs strategy that assists these smaller, less wealthy districts provide the goods and services they hope to.
- The German team of Eric Töpfer, Volker Eick, Jens Sambale published a paper in 2007 that analyzed claims both in favor and against BIDs with case-study data from North America and the United Kingdom. The German team recognized BIDs as both an understandable response to deteriorating municipal urban investment and also a questionable privatization of public space and services.
- Randy Lippert examined BIDs as a vehicle to expand on how "technologies of power" can shift back and forth between civil society and the state. However, this 2010 study focused on Foucault's theoretical conceptions of power, not an analysis of what BIDs might do to communities. Finally, Miguel Bratos Martin summarized BIDs' structure and presented various recommendations to make them more effective urban revitalizers in a 2012 paper for la Universidad de Valladolid in Spain.
  - None of these papers empirically or quantitatively analyzed what the presence of BIDs predicts for their communities.