Business Improvement Districts: Impact & Potential in D.C.

Introduction

This case study examines the action versus reaction debate on whether business improvement districts (BIDs) create gentrification or gentrification leads to the formation of BIDs. The progression of Washington D.C. ward gentrification in the past few decades is compared to the timeline of BID establishment and resulting status of each ward. BID success is evaluated based on the following primary categories: safety, economic stability and accessibility of public transportation. These categories help determine if a BID presence creates notable positive change in a community’s infrastructure. This data can then help determine the likely effects of infrastructure development from a BID if it were established in a pre-gentrified area. Would potential BIDs benefit the current community without causing displacement of minority and low income individuals; a prominent issue associated with gentrification.

Methods

• First established the history, overview, and application of BID and gentrification theory.
• Literature review of BIDs and gentrification process
• Determined core elements to ward stability: safety - evaluated based on crime rates, economic development - assessed by unemployment rates and average family income and accessibility of public transport - through metro bus and train map evaluations. These are compared and examined in each ward for the purpose of attempting to draw a correlation between BIDs and ward prosperity.
• Conducted primary research to compare and contrast individual wards based on core elements above
• Conclusions based on combining theory and practical application and effects of BIDs

Literature Review: Key Findings

Gentrification

Evolution of Gentrification - Redfern

The social change needed to create gentrification derives from a shift in consciousness caused by a change in the economic structure of the area.

- Economic shifts are generally due to job potential and availability.
- Changes in economic base lead to changes in lifestyles and result in gentrification.
- Primarily a class issue, although it is commonly and logically associated with race, it undermines the prevailing value use of the area for the current residents.
- The link between race and class, minority displacement from gentrification is a significant consequence.
- Mentally associated with economic development - this is vital as it creates inherent bias towards the direction for economic development.
- At risk cities/neighborhoods are those with high potential economic growth.
- If gentrification is a reaction to economic development, then it is better to regard neighborhoods as being ‘immunized’ rather than vulnerable to gentrification.
- Enables the potential for a new middle class.

D.C. Policy and Ward 8 - Guadent

- Tax increment financing (TIF) was a strategy used in ward 8 policy to mediate gentrification by using a percentage of property taxes specifically associated with construction or renovation improvements of properties to support and improve the arts and creative economy in the area. In this case the district is working to protect the original arts.
- Development policies attempt to empower individuals, pushing economic development responsibility on them and not the state. This gives gentrifiers an advantage.
- Gentrification is a mechanism through which the rent gap may be lessened but a decrease in the rent gap exacerbates displacement contributing to the social and economic transformation

Business Improvement Districts - Dawkins

- Enable greater business engagement with local authorities and the community to improve the business environment
- Successful as reflected through high collection rates which exceeded 97%
- Tax amount based on value of the business
- Help increase local property value, as it is beneficial for businesses to support them from the beginning
- Governed democratically: proposals produced and businesses vote on them
- Once they are in place, it is mandatory for all business in the governing to participate
- Critique the areas with significant infrastructural problems will not benefit from an additional authority head and financial burden. However since participation and succeeding to the acting authority figure is voluntary, an integrative BID has the potential to help improve the infrastructural issues

Conclusion

My primary research concluded that BID establishment has an overall positive effect on the safety, unemployment rates and crime rate in wards. Public transport accessibility does not appear to be a factor in BID establishment effects. Ward 2 and the first wards to establish BIDs, act as likely predictors for the effects of the Anacostia BID in ward 8. As seen in figure 4, wards which established BIDs gentrified quickly throughout the ward. Connecting this research to the theories surrounding gentrification and to current D.C. policies surrounding gentrification, which acknowledges the trend in all wards, demonstrates the potential for D.C. ward gentrification to develop into a middle class. This process of gentrification-maps-demographic-data.html

Definition of Key Terms

Business Improvement Districts (BID): Set of ideas represented by advocates of new governance that emphasize both private and public partnerships and alternative institutional structures as strategies for addressing problems of metropolitan governance (Warr)

- Formulated by the D.C. Neighborhood Revitalization Initiative (DSLBID)
- Primary Services: supplement public security forces, advocate business interests for a specific area and provide additional sanitation work (DSLBID)
- Financing: a self-imposed tax on the businesses within the community. If residents opt in, then it becomes a community improvement district or CID. (DSLBID)

Gentrification: The process of an impoverished area rapidly transitioning to a middle class area.

- To be eligible to gentrify, a tract’s median household income and median home value both needed to be in the bottom 40th percentile of all tracts within a metro area at the start of a decade (Governing)

Primary Research

Unemployment trends per ward help establish economic stability. Comparing the rates to BID establishment conclusions if their presence improves the rates. Wards 1, 2 and 6 have seen a decrease in unemployment since the establishment of BIDs. Wards 4, 7, 8 and 5 have seen an increase in unemployment and no history of BID, with the exception of ward 8. However the data goes up 2014 and the Anacostia BID, in ward 8, was established in 2015.

Average Family Income by Ward 1999 vs. 2010-14

Wards 1, 3, 4, 5 and 8 all demonstrate and upward trend for average family income, and wards 7 and 8 remain fairly consistent. While this may not demonstrate a direct correlation between income and BID development, it does show consistency in the poor economic standing of wards 7 and 8 consistent with Figure 1.


All wards show a general, decreasing trend in violent crime rates over the past 15 years. The most notable drops were: ward 1 between 2005 and 2010, ward 2 between 2000 and 2005, ward 5 between 2000 and 2010 and ward 6 between both 2000 and 2005 and 2010. Correlating to the significant drops, wards 1, 2 and 8 also had all established BIDs at the beginning of the decreasing trend in violent crime.

Reference List

Washington Metropolitan Area Transit Authority. (2016). [Graph illustration from the Metrobus System Map].

Author: Emma Engelman


Figure 1: Data Source Office of Planning

Figure 2: Data Source Office of Planning

Figure 3: Data Source Office of Planning

Figure 4: Data Source Office of Planning