

Are Business Improvement Districts Perceived as Effective for Revitalizing Mid-Sized Rust Belt Cities?

A thesis

Submitted by

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ABSTRACT

Business Improvement Districts (BIDs) have become an increasingly popular urban revitalization tool in the United States over the past twenty years. This public-private partnership has been widely endorsed by BID proponents and urbanists alike, but the effectiveness of this tool has been insufficiently researched. Where research does exist, the focus is on BIDs in larger, healthier cities. Through an extensive review of the relevant literature, stakeholder interviews, and analysis of BID-published reports, this thesis asks how local, downtown stakeholders perceive the effectiveness of downtown BIDs in mid-sized Rust Belt cities. Interviews with City government representatives, BID representatives, and long-term downtown property owners reveal that the downtown BIDs in the three profiled cities, St. Louis, Pittsburgh, and Cincinnati, have been effective contributors to downtown revitalization efforts. Special attention is given to the context surrounding the impetus to form a BID and the particular programming decisions that have deemed these BIDs effective. Can these three successes be transferred to similar yet struggling downtowns?

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Chapter 1: Introduction

Business Improvement Districts (BIDs) have become the subject of much urban planning research over the past several decades as they have exponentially risen in popularity – from the first U.S. BID forming in 1975 New Orleans to numbering over 1,000 by 2010 (Becker, Grossman, and Dos Santos 2011). BID research has focused predominantly on their formation, governance, and activities. More recently the effectiveness of BIDs as a tool in urban revitalization efforts and attempts to measure this effectiveness have become more popular topics for study. The common belief amongst BID proponents that if a BID is re-approved by the district’s property owners, it is successful and making a positive impact may be anecdotally useful, but tells us little about what makes a BID effective.

The rise, fall, and current state of many older industrial, economically weak, suburban dominated Rust Belt Cities* have also become a recently popular topic in urban planning literature. The role of BIDs in this “type” of city, however, has not been sufficiently explored. The majority of place-based BID research has concentrated on larger cities with several BIDs. Larger cities with multiple BIDs are often a richer subject for research given the opportunity for side-by-side comparisons of neighboring BIDs. Although it is generally acknowledged that there is no “one size fits all” BID structure, themes relevant to healthy market larger city BID programming, governance, and budgetary nuances have been explored the most in research by academics and practitioners alike. Much of the programming that a

* The terminology used to describe this type of city will be condensed to “mid-sized Rust Belt cities” in the rest of the text, is taken from studies published by The Brookings Institution, and will be fully explained in Chapter 2

BID staff is tasked with implementing aims to enhance the visitor's experience in the district and to add value to property owners' investments. But what about cities that struggle to attract visitors or commercial activity to their downtowns at all? Is a BID an appropriate revitalization tool in these cities?

The downtowns of many mid-sized Rust Belt cities have suffered from political and economic disinvestment, suburban flight, and the decline of the manufacturing industry. Past attempts in this type of city to reestablish the downtown as the commercial and cultural center of the region focused mostly on large, government sponsored redevelopment projects that were often blamed for the downtown's further downward spiral (Filion et al 2004). The BID model, in a sense, is a reaction to top-down, government led redevelopment projects that put the downtown at a competitive disadvantage compared to its suburban counterparts and other healthier downtowns. The expanding popularity of the BID model is due in large part to the authority and decision-making power bestowed upon those most effected by the BID's implemented activities and strategies -- the district's property owners and stakeholders.

Due to the adaptability of the BID model, it has been applied to many different types of districts. Although the model has been adapted and implemented over a thousand times in the U.S. alone (Becker, Grossman, and Dos Santos 2011), the effectiveness of this urban revitalization tool in different types of districts has not been evaluated. The three cities and their BIDs examined in this research are all located in the downtowns of mid-sized Rust Belt cities. In Chapter 2 the defining characteristics of this city "type" will be explained. The selection of the three

profiled cities and their downtown BIDs will be explained in Chapter 3. Downtown BIDs have been implemented in many of these cities, but they have not received the amount of academic analysis that BIDs in larger, healthier cities have. There is a lack of literature about the efficacy of these downtown BIDs in contributing to the revitalization of the urban center that had been suffering from decades of disinvestment.

I am focused on examining this topic and filling this gap in the literature because I have personal and professional interest in examining the potential effectiveness of a proposed BID in Downtown Rochester, NY. I am from Rochester and have seen the downtown, like the cities profiled in this research, suffer from disinvestment and more recently gain momentum as interest in an urban lifestyle increases. The increasing residential population is spurring on investment and development interest, but unlike the profiled cities, there is no BID organization to act as a representative of downtown property owners, advocate for downtown investment and development, and protect investments once they are made. How necessary is a BID in encouraging or accelerating downtown development? The cities of Cincinnati, Pittsburgh, and St. Louis and their downtown BIDs will be researched and analyzed to provide insight into the perceived effectiveness of BIDs in this type of city.

Academics and practitioners alike have yet to ask if BIDs are the appropriate tool for urban revitalization in these cities. Although we know that these BIDs are being established and renewed, research has yet to examine their role in changes taking place in these downtowns. The purpose of this thesis is to address the

question: What are local leaders' perceptions of BID activities in mid-sized Rust Belt cities in contributing to downtown revitalization despite weak citywide and regional economies and a suburban dominated culture? This question will be answered through a review of the relevant literature, research of the resources published by the three BIDs, and interviews with downtown stakeholders in the three profiled cities.

The introductory chapter of the thesis gives an overview of the study. Chapter 2 is a review of the literature that extends beyond researching the origin, implementation, and implications of the BID model in order to better understand how studies and analysis of BIDs can inform practitioners in mid-sized Rust Belt cities seeking tools for urban revitalization. The literature review includes an explanation of the terminology used to define the city type that is the subject of this research. Chapter 3 describes the methodology of this study including how the profiled cities were chosen, how the literature was searched, and the process of selecting and interviewing the various downtown stakeholders. Chapter 4 provides the results from the interviews including a narrative of each of the three cities as an integration of the three interviews, research of the BID resources, and history of the city's downtown. Chapter 5 is a thematic analysis and evaluation of how effective each BID's strategies and activities are as perceived by the interviewed local stakeholders. The thesis concludes in Chapter 6 with a discussion of the implications of these findings for current or future BIDs in mid-sized Rust Belt cities.

Chapter 2: Literature Review

“BIDs are central players in the effort to revitalize downtowns through the provision of services that make downtown public areas more appealing to people” (Briffault 1999, 476).

This literature review extends beyond researching the origin, implementation, and implications of the BID model in order to inform practitioners working in the researched type of city and evaluating the BID model as an appropriate tool for urban revitalization. It is first necessary to contextualize mid-sized Rust Belt cities to understand why their downtowns have suffered from disinvestment. The literature review then explores the past urban revitalization efforts in this type of city so as to understand BIDs as a recently popular tool used by downtown stakeholders. Criteria for what makes a downtown “successful” and how the public perceives cities are explored in order to better understand the perceived effectiveness of the BID model. To conclude the literature search on BIDs, common critiques of the BID model are addressed.

What has caused America’s older, industrial Rust Belt Cities to suffer economically?

The Brookings Institution defines older, industrial American cities as those experiencing, “the steady loss of businesses and jobs, and whose role in the economy, and the economic stability of their residents, has diminished” over the past several decades (Brookings 2007, 10). These cities are predominantly located in the Rust Belt and share the inability “to adapt to new economic realities [that] can largely be explained by a series of interrelated economic, demographic, and political

forces – and choices – that together have trapped them in a self-reinforcing cycle of decline” (Brookings 2007, 20). Such characteristics include:

- 1) “The shift from a manufacturing economy to a knowledge-based one that has left many older industrial cities still grappling to find their economic niche.
- 2) Extreme economic and residential decentralization that has left the poor and minorities isolated in the urban core, spatially cut off from education and employment opportunities
- 3) 60-plus years of federal, state, and local policies that have largely stacked the deck against cities, undermining their ability to attract and retain businesses and residents” (Brookings 2007, 22).

The movement of manufacturing and heavy industry away from the cities of the Northeast and Midwest’s Rust Belt into the suburbs, the South, and abroad began after WWII, although many older industrial cities remained reliant on manufacturing into the 1970s (Brookings 2007; Teaford 2006; Heathcott and Murphy 2005). Both jobs and residents, predominantly white collar jobs and wealthier white residents, left cities for the burgeoning suburbs as a reaction to a myriad of economic, demographic, and political factors. Economically mobile white city residents moved to the suburbs in part due to heightened racial conflicts, referred to as white flight, beginning in the 1950s (Frey 1979). The movement of white Americans into suburbs was encouraged by the Federal government’s construction of the interstate highway system that made for easier travel between suburban residential communities and commercial centers (Mieszkowski and Mills 1993). The GI Bill, another fundamental component of suburbanization is “often dubbed the magic carpet to the middle class, provisions of the bill granted eligible veterans free college tuition, job training and placement, generous unemployment benefits and a low interest, no money down loan for a home or business” (McKenna 2008, 2). The GI Bill was made much more accessible to white veterans and thus

aided whites in moving to the suburbs and pursuing white collar jobs, increasingly located in the suburbs.

As the manufacturing industry left older industrial cities, new job creating sectors did not fill this gap, thus leaving these blue-collar communities with a shortage of well-paying jobs. In addition to the overall lack of work opportunities, the dominance of manufacturing and its eventual decline has been doubly destructive to the emergence of new sectors -- "industrial life-cycles in the Northeast and Midwest [are dominated by] older established industries [that] can actually thwart entrepreneurialism and new business creation, and that employment destruction in old industries can overpower employment creation in new industries for a very long period of time" (Brookings 2007, 22).

Due to these cities' reliance on manufacturing and heavy industry as the majority employer for so many generations, below average educational attainment has been a legacy. "Even a one percentage point increase in the percentage of the city population with at least some college in 1990 was associated with a .41 percentage point increase in employment growth over the next 10 years" (Brookings 2007, 23). Evidence also shows a correlation between lagging educational levels and lower income levels. In addition to the human costs, the tremendous environmental damage has created more barriers to these cities' revitalization efforts ranging from difficult to redevelop brownfield sites to contaminated recreational resources (Brookings 2007).

Most of America's mid-sized Rust Belt cities have suffered economically due to their inability to make the transition away from manufacturing and towards a

more service-based economy. The Brookings Institute's "State of Metropolitan America" report classifies "slow-growing, less diverse metro areas that boast higher-than-average levels of educational attainment....and boast significant medical and educational institutions" (Brookings, 2010, 9) as "Skilled Anchors." A few of America's older industrial Rust Belt cities are also classified as Skilled Anchors as they share a history as former manufacturing and port centers, "that some time ago made the difficult transition to service-based economies" (Brookings 2010, 32). Some larger, Skilled Anchor cities such as Boston and Philadelphia have successful urban centers and are not suburban dominated. Most Skilled Anchors, however, have experienced decentralized growth, creating lower-density suburbs and car dependency.

The demographic differences in the suburban and urban parts of Skilled Anchor regions are also significant – the urban/suburban median household income difference, \$27,000, is the most significant of all city classifications in the Brookings report (Brookings 2010, 34). Additionally, racial and ethnic minorities make up a 40% larger share in Skilled Anchor city populations compared to those of their suburbs (Brookings 2010, 34). Despite the demographic trends that have distinguished Skilled Anchors' city and suburbs, these cities have recently experienced a surge in urban population with young, educated professionals choosing a downtown lifestyle over the suburban lifestyle of their parents. The authors of this report recommend that, "slowing the tide of decentralization should be a priority for all of these metropolitan areas" (Brookings 2010, 164). They suggest that cultivating a "more diverse and vibrant cultural environment"

(Brookings 2010, 165) can encourage migration into the urban core while also retaining highly educated professionals in the region and city in particular. The Brookings Institute reports, “State of Metropolitan America: On the Front Lines of Demographic Transformation” and “Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities” provide an understanding of the mid-sized Rust Belt cities that share common economic, historical, and demographic characteristics and thus share similar challenges and opportunities in revitalization efforts.

What have been the impacts of past urban revitalization strategies?

Attempts at urban revitalization in the United States are generally broken into three phases beginning in the 1950s as a means of adapting to the rise of suburbanization and car dependency (Hayden 2000; Burayidi 2001a; Carmon 1999). Initial efforts focused on conforming downtowns to automobile accessibility by constructing urban highways and parking lots. As downtowns continued to decline after making car-friendly infrastructure changes, a second trend emerged as efforts switched to imitating the suburban model and trying to compete with it directly (Gillette 1985; Filion and Hammond 2006). Blighted urban areas were razed and indoor shopping malls were constructed based on the suburban formula to give suburban consumers a sense of insularity and familiarity in an urban environment (Filion et al 2004; Gratz 1981).

As federal funds for urban renewal projects dwindled, a third trend emerged. Public-private partnerships, made possible through generous financial incentives, developed tourism-oriented projects like convention centers, aquariums, and

stadiums in healthier, larger metropolitan cities (Filion et al 2004; Gopal 2003; Mitchell 2010). “The rationale for using these pro-business or corporate center approaches was that they would have a multiplier effect on the local economy” (Gopal 2003, 8), but most of these projects and partnerships proved unsuccessful at attracting visitors and other retailers to the downtown. “Though these strategies served to lower the cost of construction and in some cases provide an incentive for investment, they did not focus on direct revenue-generation strategies that would attract the consumers’ dollars” (Gopal 2003, 9). In addition to these projects’ inability to sustain or perpetuate redevelopment, the perception of downtowns continued to deteriorate. “Despite three decades of continuous redevelopment policies and projects, most American downtowns still have serious economic problems and are perceived particularly by suburbanites, as inconvenient, obsolete, and even dangerous places” (Robertson 1999, 431).

In smaller metropolitan cities with fewer resources, redevelopment projects struggled to find funding. Preservation of the traditional built environment emerged as an alternative revitalization effort (Burayidi 2001b). The downtowns of smaller metropolitan cities were more susceptible to decentralization, suburbanization, and other factors contributing to urban decline, “due to their limited critical mass, their near total dependence on the automobile, and the relative ease with which different destinations, including peripheral ones, can be reached from anywhere within these metropolitan regions” (Filion et al 2004, 330).

The value in cultivating or enhancing the unique, downtown core identity of a city slowly emerged in the 1970s and first took hold in these smaller metropolitan

cities (Florida 2002). “The creative class perspective, which links economic development to the presence of innovative and entrepreneurial individuals, underscores the role lively urban environments, such as those of healthy downtowns, can play in attracting such people” (Filion and Hammond 2006). It was a departure from and reaction to past, ineffective attempts at reversing downtown decline, “earlier revitalization attempts were often held responsible for downtowns’ downward spiral” (Filion et al 2004, 329).

Cultural and political shifts in the 1970s also contributed to a change in urban revitalization efforts – expenditure cutbacks, the rise of public participation in planning, and general dissatisfaction amongst some groups with the car-oriented, suburban lifestyle led to “...a mounting sentiment that downtowns could no longer compete with the suburb on its own terms and that their salvation rested instead on their distinction from the suburban realm in terms of the nature of their activities, a more compact built environment, and the predominance of pedestrian movement for intra-downtown journeys” (Filion et al 2004, 329). The need to create a uniquely urban center appeared to be more of a necessity in smaller cities than larger ones as the threat of suburbanization proved to be more of an imminent threat (Means 1997; Robertson 1999).

Reviewing past urban revitalization efforts in the United States reveals a multitude of expensive and poorly planned projects that left the downtown more alienated from the surrounding region and less of a destination. Over the past several decades, the commitment to making the downtown the destination for working, living, and entertainment in a region has gained momentum, as has the

emergence of public-private partnerships. The public-private partnerships investigated in this thesis, Business Improvement Districts, are the confluence of these two trends. BIDs represent the shift away from large-scale government sponsored redevelopment projects and towards privately mandated and implemented strategies and initiatives that enhance and improve the downtown experience instead of attempting to reinvent it.

What is a BID?

Business Improvement Districts first appeared in Toronto in the 1970s, but increased in popularity in American cities starting in the 1990s (Mitchell 2010). Across the country downtowns had lost much of their retail base to the suburban malls and were in need of intervention in order to make them destinations again (Gratz and Mintz 1998). With the lack of political will to bring limited funds to the downtown, BIDs and other public-private initiatives became a viable solution:

BIDs can be defined as self-assessment districts that are usually initiated and governed by property or business owners, enabled by state laws, and authorized by local governments to provide public services in designated urban and suburban areas. (Morcol and Wolf 2010, 906)

The BID model was not only the result of waning government funding for cities, but a reaction to the failed attempts to revitalize downtowns through singular, massive redevelopment projects. BIDs take on many different roles in trying to make the downtown a more welcoming place for investment and visitors (Morcol and Wolf 2010). They are particularly focused on improving the physical environment to give the downtown a united sense of place:

The formation of BIDs demonstrates that redevelopment activities alone are not able to produce nor reproduce post-industrial spaces. In actuality, while redevelopment, and the underlying economic, social, and political forces

might produce the private spaces needed for post-industrialism it often destroys the public spaces which are equally important for realising the full potential of the post-industrial city. It is here that BIDs supply, potentially at least, the needed management, or micro-regulation, to post-industrialise the public spaces of the new downtown, and to integrate them with the private spaces to be sold as an integrated whole. (Mallett 1994, 285)

As Mallett mentions, the city transitioning from an industrial past towards a post-industrial, service-based economy may face difficulties in cultivating a unified sense of place. While private spaces will be adapted, the newly formed public spaces are left without shape or management – a BID is able to fill this void in the post-industrial city.

The majority of BID funding comes from a tax levied on the commercial property owners within the district. BID enabling statutes vary by state, but most share the same common elements. A private, non-profit organization led by a Board of Directors, representing the property owners' interests in the district, and a small staff oversees the running of the BID (Briffault 1999). Since the BID must be approved by the majority of property owners within the district and is usually autonomous from the City government, the initiatives and objectives of the BID reflect the interests of the people privately investing in the district (Agarwal 2005; Justice 2003; Briffault 1999). Depending on state enabling regulations, BIDs are also known as Community Improvements Districts (CIDs), Downtown Improvement Districts (DIDs), etc, but all share an objective to improve a district through private funds and private leadership. "Business Improvement Districts (BIDs) have generated a great deal of excitement among city governments and urban policymakers around the world. BIDs are economic development organizations that deliver public services to specific neighborhoods to supplement the bundle of public

services provided by the government” (Armstrong et al, 1). Demographic trends show that city tax bases will continue to shrink thus making the need for services that go beyond what the city provides a necessity of revitalizing or reinventing many disinvested urban districts (Hoyt and Gopal-Agge 2007). Although this thesis focuses on downtown BIDs, the BID model has been applied to a myriad of circumstances from waterfront tourism districts to a few neighborhood blocks of retail:

BIDs are especially significant because they are designed to independently shape the unique places within cities. BIDs put into practice the idea that cities can progress by aggressively developing business districts and other special locales economically and socially, yet in a matter that keeps them intact. The attraction to BIDs is that they exist primarily to make particular places attractive – safer, cleaner, and more marketable. (Mitchell 2008, 3)

Due to the variety of needs in disinvested urban districts and the myriad types of districts that have adopted the BID model, BIDs have evolved to take on a wide range of activities and goals. According to the 2006 research of Caruso and Weber in "Getting the Max for the Tax: An Examination of BID Performance Measures," there are six principle objectives of BIDs, which together comprise the intangible and often undefined outcome of area “revitalization”:

- 1) Real estate development
 - 2) Business development
 - 3) Convenience
 - 4) Distinctive identity
 - 5) Aesthetically pleasing environment
 - 6) Safety
- (Caruso and Weber, 2006)

The execution and coordination of Caruso and Weber’s BID objectives contribute, in theory, to creating a successful urban district in one that was formerly suffering from disinvestment. The variety of projects and initiatives taken on by

BIDs are a reflection of the growing understanding that downtown revitalization is not accomplished through individual projects, but through the accumulation and coordination of diverse projects. The potential efficacy of BIDs is in the organizations' ability to take on or advocate for various projects that will holistically contribute to improving the district. Much of the popularity and excitement surrounding the BID model is also in seeing it as the solution to cities' shrinking tax base by getting "America's cash-strapped cities working again" (Armstrong et al, 1). It is therefore possible that America's most underfunded cities have the opportunity to benefit the most from BID implementation.

BIDs are a part of the latest trend in urban revitalization efforts in which the stakeholders who use and invest in the downtown organize in order to improve the downtown instead of relying on government action. BIDs and their governing organizations are also capable of directly addressing or indirectly advocating for the six categories of revitalization efforts described by Caruso and Weber. BIDs are most often charged with making their downtown a more welcoming place for both visitors and investment – this is primarily addressed through improving the physical environment. Physical improvements generally include beautification and maintenance, but can extend to façade improvement programs and holiday lighting. Many stakeholders believe that physical improvements build investor confidence in the downtown and thus increase development interest in the downtown. BIDs and their governing organizations are often the sole organization in a region to market the downtown as a place to work, live, and play. Many BIDs will undertake a branding campaign to promote the opportunities that are unique to the downtown.

BIDs also encourage the downtown to be used beyond the 9 to 5 workday by sponsoring events. How have BIDs come to take on such a multi-faceted role in the downtown and why have they become such a popular response to downtown disinvestment?

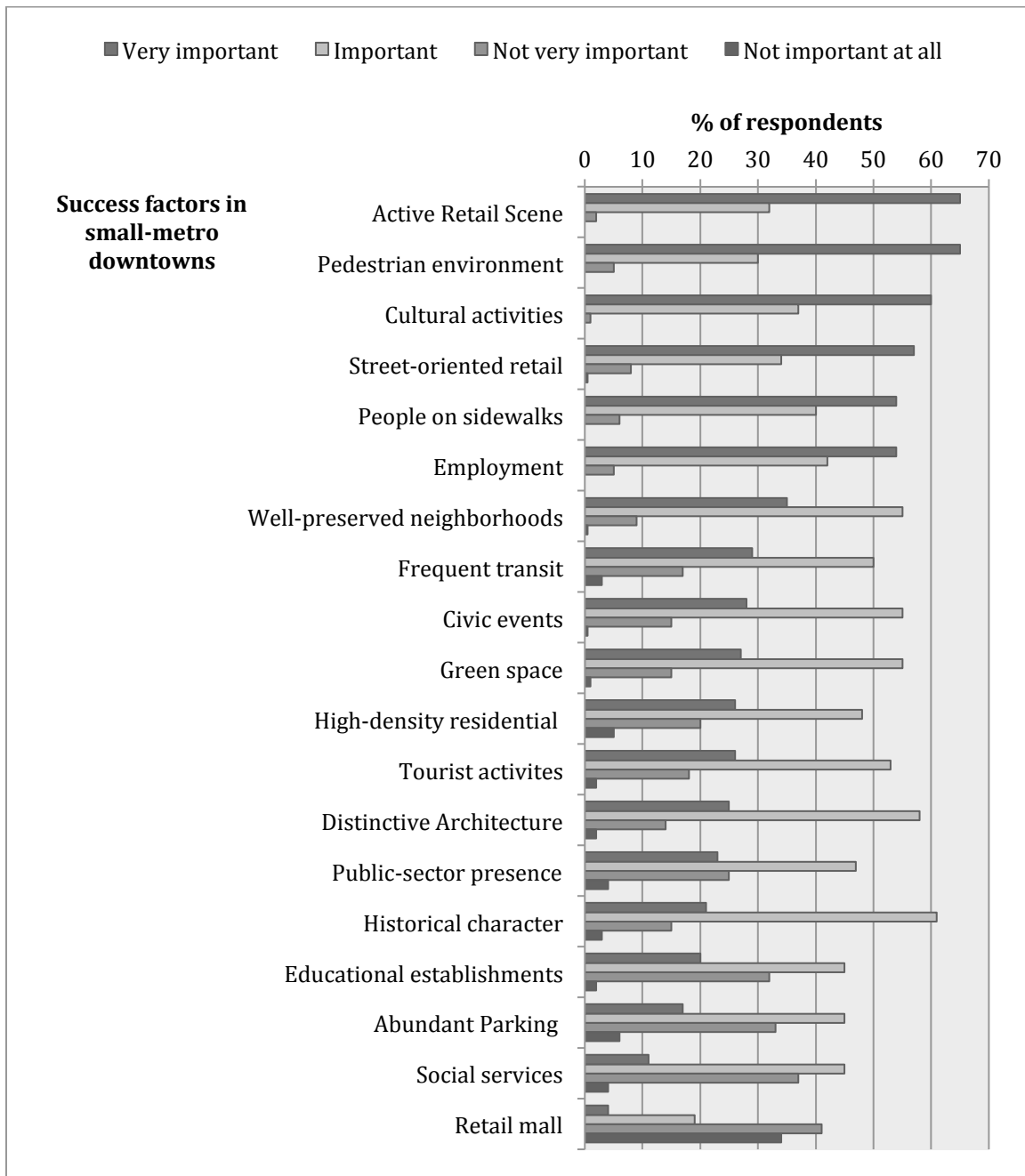
What makes a downtown “successful”?

Although the strategies and governance of the BID model has gained popularity in recent decades, there has been little research on the factors that actually contribute to making downtowns “successful.” There has also been relatively little research dedicated to downtown development in smaller cities compared to larger cities (Robertson 1999). According to Robertson, research on smaller city downtown development is critical because, “the very identity of a small city is intertwined with the image projected by its downtown, to an even greater extent than holds true for a large city” (Robertson 1999, 270).

What are the factors in smaller, economically weak cities that can make their downtowns destinations in the region for working, living, and entertainment? In the study “The Successful Few: Healthy Downtowns of Small Metropolitan Regions,” urban planning and economic development experts were asked to evaluate attributes based on their contribution to making a downtown “successful.” The graph illustrating the evaluation of these attributes is shown below in Table 1. Very important attributes included an active, street-oriented retail scene, cultural activities, concentrations of jobs, and a pedestrian-friendly environment with busy sidewalks. Important attributes included well-preserved neighborhoods, amenities and activities that attract and retain people in the downtown, historical character,

distinctive architecture, green space, civic events, and tourist activities (Filion et al 2004, 331). The anti-mall sentiment prevalent in the survey alludes to the desire for the downtown to be uniquely urban instead of imitating the suburban experience. “...the most frequently voiced comment concerned the need to properly blend and integrate the identified success factors.....more important than the presence of individual activities is how they interact” (Filion et al 2004, 332).

Table 1: Success Factors -- Respondents' attitudes regarding factors in the success of small-metro downtowns



Based on Filion et al 2004 "The Successful Few: Healthy Downtowns of Small Metropolitan Regions", page 331.

In addition to identifying the attributes that make downtowns successful, the surveying data and subsequent interviews also revealed six categories of revitalization efforts utilized in successful downtowns:

- 1) Initiatives intended to *stimulate development*, such as public-sector financial support to private investments in the form of tax increment financing, loan guarantees, and different forms of incentive funding – also includes public-sector involvement in land assembly and brownfield rehabilitation
 - 2) *Streetscape*, urban furniture, façade improvement programs, and public art
 - 3) Erection of *public buildings* such as convention centers, courthouses, and municipal offices
 - 4) *Transportation* and parking issues – traffic calming measures, creation of pedestrian malls, provision of municipally run parking
 - 5) *Restoration* of natural amenities, essentially waterfronts, and the opening of pedestrian-friendly corridors to these sites
 - 6) Efforts at *increasing the visibility* of the downtowns through marketing and event programming
- (Filion et al 2004, 336) *emphasis added*

Filion's six categories of revitalization efforts utilized in successful downtowns echo the six objectives of BIDs laid out by Caruso and Weber – suggesting an interplay between the multi-faceted role that a BID plays in a district and the factors that are necessary in making a downtown successful.

The authors of “Getting customers downtown: the role of branding in achieving success for central business districts” come to similar conclusions through their research when considering the factors that contribute to making a downtown successful:

Successful downtowns are those that create a sense of place, provide a safe environment and pleasant, walk-able surroundings. Surprisingly, the survey indicated that the business mix is not a major factor in determining downtown success....For city centers to be successful it will require the ongoing investment of resources in maintain a positive image and clear brand position. (Runyan and Huddleston 2006, 61)

The authors concede that the convenience of suburban commercial activity is appealing and a major hurdle to downtown revitalization. They contend, however, that if downtowns are branded and managed properly, the downtown can be a destination for retail and beyond. The authors add that the success of the downtown

is best assessed by its stakeholders, especially business owners and investors, who rely on the overall branding and management of the downtown and may pay into an assessment to manage the district, such as a BID (Runyan and Huddleston 2006).

How effective are BIDs?

Few empirical studies on BID efficacy exist, but those that do have used property values (Armstrong et al 2007), crime rates (Hoyt 2005), and district cleanliness as measurements of effectiveness or success. Some of the most notable property value studies have been generated by NYU's Furman Center. Their 2007 study, "The Benefits of Business Improvement Districts: Evidence from New York City" is unique in its use of quantitative data to attempt to establish a causal relationship between the formation and activities of a BID and the increase in property values in the district. Although there are a myriad of influences that effect property values in a given neighborhood, the authors of this study espouse that property values are a comprehensive indicator of neighborhood improvement and thus captures the impact of a broader range of a BID's investments and services. Their findings assert that not all BID "types" in New York City have a positive impact on district property values, but that "larger" BIDs, dominated by office space and an assessment tax of over \$1.2 million annually, experienced a 15% increase in commercial property values after BID implementation compared to the surrounding neighborhood (Armstrong et al 2007).

Studies of medium and small BIDs with a greater mix of uses, however, did not display a correlation between BID creation and changes in property values. The authors caution that a myriad of potential external factors affecting changes in

property values make it difficult to draw any direct correlations between BIDs and property values. “Unfortunately attributing property value, lease rate, and occupancy rate increases and site redevelopment to BIDs is difficult in most instances for other factors that have nothing to do with a BID may result in the same effect. Municipalities and BID proponents are quick to attribute increases in value to redevelopment policies” (Caruso and Weber 2006, 201). Although such findings are useful in bolstering the contributions of New York’s large, corporate-centric BIDs, caution should be taken when trying to translate these findings to other types of BIDs in different geographical circumstances.

The “clean and safe” programming often comprises a large portion of a BID’s budget and mission. Several studies have analyzed crime rates in and around BID boundaries in relation to BID implementation (Hoyt 2005). BID staffs often advertise the amount of trash collected by BID workers to convey the improved cleanliness in the district (Mitchell 2008). Although some studies have shown a correlation between BID implementation and lowered crime rates in the district (Hoyt 2005), academics and practitioners have criticized this method, “focusing on crime rates alone may understate the overall effect of BIDs, which attempt to improve the local environment in many ways” (x, Burtless). Using crime rates alone, as proof of BID efficacy, is problematic as there are numerous factors that can contribute to decreased crime in any district.

A conglomeration of empirical studies tracking changes in property values, district cleanliness, and crime rates collected over time and compared to nearby neighborhoods could provide a sense of the impact of a BID. Scholars and

practitioners, however, have yet to establish a checklist of factors that deem a BID effective or not for several reasons: “Despite the proliferation of BIDs, and the significant investments they make in their communities, very little research has been done to measure their effectiveness. Moreover, no quantitative study has compared the effectiveness of different types of BIDs” (Armstrong et al, 2). The lack of research on BID efficacy is due in part to the lack of benchmarking and data collection done by BID staff and field researchers (Armstrong et al 2007; Mitchell 2001). For BID studies to be more effective, longitudinal data analysis is necessary and is a challenge that presently has no clear solutions. Of the existing empirical studies, most have focused on BIDs in large, economically healthy metropolitan cities making them less relevant in researching, evaluating, and implementing BIDs in other types of communities (Ward, 2010).

How are downtowns perceived?

Changes in perception of the district by workers, visitors, and residents are an integral way in which many BIDs measure their success. BID organizations operate off of the assumption that their programs contribute to a positive change in the perception of the district that will in turn translate to the district being a more welcoming place for both visitors and investment. Many BID staffs, however, have come to recognize that there is often a negative perception of the downtown that does not reflect the positive changes taking place. In Ward’s 2006 article “Creating a Personality for Downtown: Business Improvement Districts in Milwaukee,” his interviews with BID Directors reflect the challenges of changing the perception of downtown, “We’ve got these quality-of-life programs in place; everything is clean,

safe, and friendly downtown. But you know what? Nobody out there knows about it” (Ward 2006, 791). Although measuring user perception has a significant impact on the alleged success of the BID as well as the BID’s programming and projects, very little scholarly research has been dedicated to the interplay between actual changes to the downtown and user perception and experience there.

Most of the related research on user perception investigates the disparity between the fear of crime versus actual crime (Hartnagel 1979; Kennedy and Silverman 1985; Milder 1987). This topic received much attention in the late 1980s and early 1990s when crime rates in American cities were at an all time high. Scholars have discussed the importance in distinguishing the two since programming decisions that try to mitigate actual crime differ from initiatives to mitigate the perception of crime: “...Fear of crime downtown is most influenced by how attractive respondents perceive a downtown to be compared to other shopping areas that they use. Far less important in explaining downtown fear are such particular aspects of its appearance as clean streets; the presence of abandoned structures, broken windows, or graffiti; and street lighting” (Milder 1987, 17). This research suggests that the “clean and safe” initiatives sponsored by BIDs are not the primary modes of dispelling fears of crime downtown. Milder suggests that there are other programming initiatives that are more effective in making the downtown seem like a desirable destination than making it appear clean and safe.

In addition to the research of fear of crime downtown, Rolf Monheim, a German scholar of Applied Urban Geography, has researched and published several studies on understanding user activity and accessibility in urban centers. He writes

that perception of users is an overlooked challenge and unaddressed bias in city center user surveying. His research shows that there is an unrecognized bias between what business owners believe their customers to think or want and what the customers actually think or want:

In most cases, the retailers and their lobbyists believe that they know the attitudes of their customers and colleagues very well and therefore do not understand that this unsystematic way of gaining information necessarily leads to bias. This is due to the fact that 'chats over the shop counter' are generally with those holding the same opinions or because clients avoid uttering opinions that differ from those of the shop owner. (285, Monheim)

This conclusion is relevant to BIDs and their concern over user perception of the downtown because BIDs represent the interests of property and business owners in the district, not the users they are trying to attract and retain. This may imply that the programs and initiatives taken on by the BID are fulfilling the needs that the property owners perceive the district's users to want instead of what the users actually want in order to make the district more of a destination.

Are BIDs a form of urban governance?

Public-private partnerships have emerged as a potential solution for urban revitalization efforts as a reaction to the decline in political will and government funding for these projects over the last several decades. The BID model combines both the public and private elements:

The intermingling of public and private elements raises difficult legal and policy questions....It challenges norms concerning the democratic control of urban government and the equal treatment of urban residents. BIDs represent a compromise, a trade-off of basic values of urban governance....by devoting attention and financing to urban public spaces, BIDs can enhance urban public life. On balance, BIDs have been net contributors to urban public life. (Briffault 1999, 477)

Supporters of the BID model see it as an innovative governance mechanism that may be better equipped and more efficient at advocating for and implementing the programs supported by property owners and business interests in the district. Critics of the BID model, however, have expressed concern that BIDs attempt to shift power, through governance, away from the public and into the hands of wealthy property owners.

In “Understanding Business Improvement Districts: A New Governance Framework,” Morcol and Wolf propose “that a network governance perspective is needed to understand the roles of BIDs in urban areas and their complex nature....The realities of new governance pose three major challenges to public administration: management challenges, accountability challenges, and legitimacy challenges” (Morcol and Wolf 2010, 907; Salamon 2002). The authors suggest that in order to address these challenges, BIDs must engage partners in horizontal networks in order to collaborate and accomplish goals. In terms of Molotch’s “Growth Machine,” BIDs are a coalition within the “growth machine” that represents the common interests of the business community and gains power through joint action (Molotch 1976; Morcol and Wolf 2010). BIDs should therefore be viewed as actors in the system instead of simply executors of policy. Moreover, they suggest that research must be dedicated to the role of BIDs in urban governance, how to assess their impacts, and how to define the accountability and management challenges they pose (Morcol and Wolf 2010).

Consensus as to whether BIDS as a form of governance can improve or damage the city economically or socially remains a debated topic (Schragger, 2010).

In “Does Governance Matter? The Case of Business Improvement Districts and the Urban Resurgence,” Richard Schragger defines BID success solely as improving district economic conditions. As mentioned, establishing a causal relationship between the impacts of a BID and economic conditions in the district is difficult due to a myriad of external factors. Schragger is critical of both BIDs and local governments playing a significant role in improving the economic conditions of a city because if, “technology, agglomeration, transportation, demographics, and land markets—dominate, then urban decline and ascendance may have relatively little to do with local governance” (Schragger 2010, 14). In other words, neither local government nor a BID can reverse the trajectory of a city, for better or for worse. Moreover, “the emergence of BIDs in the early 1990s may thus have been an early indicator of the coming urban resurgence, not a cause of it. On this account, BIDs are a *symptom* of rising city wealth, not a *generator* of it” (Schragger 2010, 15).

While Schragger is critical of BIDs as a new form of urban governance, many authors are enthusiastic about the emergence of this trend. These scholars see BID governance as a sign of neoliberalism and the belief that lower scales of government are more efficient, innovative, and responsive (Caruso and Weber 2006; Ward 2010). Briffault in his seminal work, “A government for our time? Business Improvement Districts and Urban Governance,” asserts that the debate over BIDs as a new form of urban governance is overstated. Private business interests have always influenced local governments and local governments themselves “are in some sense private...because of their small size, legal independence and political accountability to local constituencies” (Briffault 1999, 471). Additionally, “whatever

their place on the public-private continuum – can enhance the public environment and contribute to an enrichment of the public life” (Briffault 1999, 471).

How has the BID model been critiqued?

Critiques of the BID model generally fall into two categories – concern over the private management of public space and dissatisfaction with the lack of effective means of measuring BID impact. Since much of the programming carried out by BIDs is aimed at improving the physical environment, traditionally maintained by the public sector, there is the potential for conflict with local governments. Briffault references the claim that the BID model can decrease authority of public sector: “the successes of BIDs in cleaning streets, improving safety and providing amenities, in counter-point to the asserted failures of municipal government, are troubling because they threaten to delegitimize the local public sector” (Briffault 1999, 470). Briffault, however, disagrees with this claim, as he believes that local private business interests have always influenced the public sector. Some critics are also concerned that the privatization of public space can lead to discrimination and balkanization of districts within a city. By having BID revenue dedicated to benefitting a localized district and its property owners, there is concern that the BID can come to resemble a gated residential community and perpetuate greater inequality between areas within a city (Briffault 1999).

Aside from critiquing the mission and model of the BID, there is concern over the way in which the effectiveness of BIDs is measured. Much of the success attributed to BIDs is based off of anecdotal information comparing the downtown

before BID implementation to its current state. These success stories do not account for other factors taking place in the district, city, or region unrelated to the BID:

Determining the causal effect of BIDs is understandably complicated because of the need to “control,” by reasonable assumption or appropriate statistical technique, for what would happen without the BID. While we do not propose a methodology or research design to fill this gap, we would argue that contributing to the lack of evidence of BID’s effectiveness is the fact that most BIDs (and the agencies mandated to oversee them) do not attempt to collect data on performance. (Caruso and Weber 2006, 192)

Schrager identifies several issues in which correlation is confused for causation in BID evaluation. Amongst BID proponents, the prevailing notion is that urban revitalization is a result of BID implementation. According to Schrager, urban revitalization usually begins with job creation, not enhanced amenities. Proponents’ faith in the efficacy of BIDs as the appropriate tool for their community displays a lack of caution and understanding of failed past revitalization efforts. Schrager views BIDs more as an *indicator* of urban revitalization and positive momentum within a district rather than the cause of positive changes.

As mentioned earlier, many scholars and BID proponents see BIDs as the ideal organization to directly address or indirectly advocate for a myriad of issues related to urban revitalization. Schrager, however, believes that these goals are too disparate for a single entity to take on. Attempting to accomplish a myriad of seemingly unrelated goals often results in a conflation of what the BID is capable of accomplishing and confusion between correlation and causation. For example, many BIDs have failed to separate their goals and policies for encouraging economic development in the district from enhancing the district’s street life by providing improved amenities. BIDs will purport that an improved street life will bring

economic development to the district while Schragger contends that improved amenities will not draw people to a city, thus confusing a causal relationship between a vibrant street life and a healthy urban economy with their co-existence (Schragger 2010, 10).

In addition to BIDs conflating their various goals, BIDs are also criticized for inaccurately representing their accomplishments. It is often the BID staff that is promoting the accomplishments of the BID. The success of BIDs is difficult to measure as BIDs rarely establish benchmarks upon formation so there is no opportunity to generate longitudinal quantitative data. Upon the initiation of a specific program BIDs usually do not establish a baseline to measure performance indicators. BIDs are also criticized for neglecting to connect performance indicators with specific organizational objectives. A common performance indicator used by BIDs is measuring the amount of trash collected or graffiti removed by the BID staff. These actions may not directly relate to a specified goal such as creating a more pedestrian friendly or vibrant retail destination, but is a supporting role that allows other stakeholders to invest or develop. Such actions may be proudly self-reported by the BID staff, but may have little bearing on “improving” the state of the district or accomplishing any stated objectives. “By leaving expectations vague, contingent, or unspecified, those in an oversight position weaken their ability to enforce public policy goals....BIDs are tempted to over-attribute positive outcomes to their efforts given the difficulty controlling for the other factors that may have had independent influence on these same outcomes” (Caruso and Weber 2006, 216).

Chapter 3: Methodology

Research for this thesis began with a review of the literature on Business Improvement Districts in order to identify gaps in the existing research. As mentioned in Chapter 2, much attention has been given to the development, structure, and programming of BIDs in large cities such as New York and Philadelphia. The general tone of this research is in support of BIDs as an effective public-private partnership to manage urban districts. Conversely, very little research has focused on the effectiveness of transferring the BID model to smaller, less dominant cities. In theory, these smaller, weaker cities have a more difficult time attracting and retaining both visitors and investment and could therefore benefit the most from an organization like a BID. Based on a review of the literature, there is a gap in researching the perceived effectiveness of BIDs in mid-sized Rust Belt Cities.

The literature was intensively searched via Google Scholar and ProQuest first using the broad keyword search “Business Improvement District” to gain a sense of the breadth of the available literature. I then delimited my searches to “Business Improvement District urban revitalization” and “Business Improvement District Rust Belt” and found that much of the BID literature was identified in the former search, but very little in the latter. As I continued to research, I found scant examples of research that focused on BIDs in a specific type of city. Once I decided to focus on a specific type of city, I wanted Rochester to be the “control” for the type of city selected. This research is, in part, focused on finding cities like Rochester that already have BIDs and evaluating their perceived effectiveness. I referred to the

Brookings Institute for their studies on the categorization of American cities. As explained in Chapter 2, mid-sized Rust Belt Cities were the type chosen based on the categorization of the two studies, “Restoring Prosperity: The State Role in Reviving America’s Older Industrial Cities” and “State of Metropolitan America: On the Front Lines of Demographic Transformation.”

The 2007 Brookings Institute study, “Restoring Prosperity: The State Role in Reviving America’s Older Industrial Cities” provided the basis for my selection of which cities to profile. From a dataset of 302 American cities, 65 cities were classified as older industrial because they were the “weakest” -- ranked in the bottom fifth in terms of economic and residential well-being. 44 of these cities are located in 14 “Rust Belt” states with Pennsylvania, New York, and Ohio dominating. Several indicators were used to determine which of these 302 cities were characterized as “older industrial” based on economic conditions from 1990 to 2000 and residential economic well-being data from 2000. As seen in Table 2, the 65 older industrial cities lag behind the other 244 cities analyzed in the dataset in terms of economic health and well-being.

Table 2: Older industrial cities are lagging other U.S. cities on several indicators of economic health and well-being

City Economic Condition Index (1990 to 2000)	Older Industrial Cities	Other 227 Cities
Change in Employment	-8.3%	18.0%
Change in Annual Payroll	14.0%	45.1%
Change in Establishments	1.4%	18.0%
Residential Economic Well-Being Index (2000)		
Median Household Income	\$29,138	\$38,510
Per Capita Income	\$16,019	\$20,424
Unemployment Rate	10.0%	6.5%
Poverty Rate	23.0%	15.2%
Labor Force Participation Rate	58.8%	65.5%

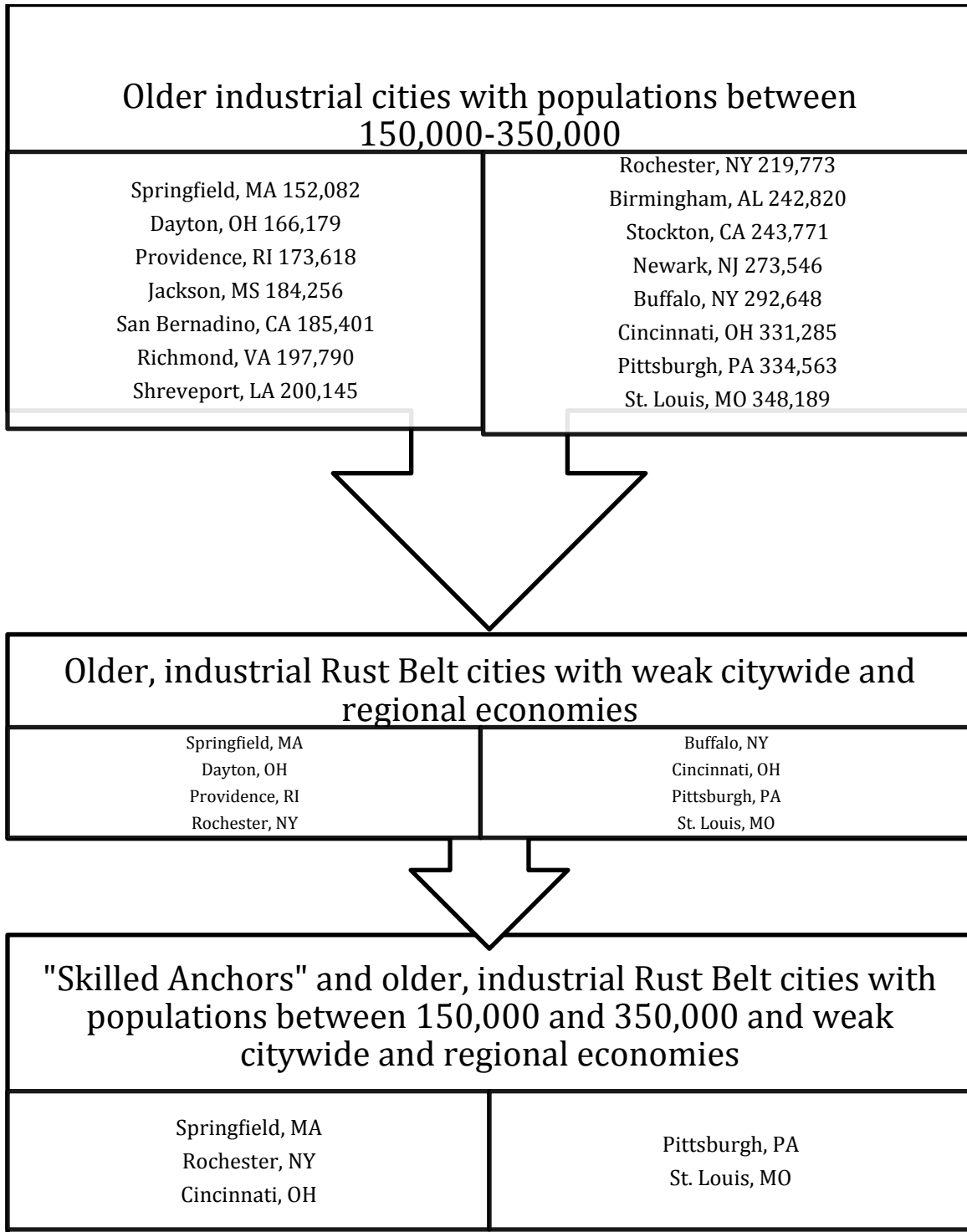
Source: "Restoring Prosperity: The State Role in Reviving America's Older Industrial Cities" Brookings Institute, 2007, page 15. Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University

Amongst the 65 older, industrial cities, all of the city economies are categorized as "weak" within the dataset of 302. Economic "weakness" is further categorized as having weak, moderate, or strong regional economies. The vast majority of older, industrial cities also suffer from a weak regional economy, underscoring the interplay between a city's health and its region. Rochester is categorized as having both weak citywide and regional economies. As seen in Figure 1, the list of cities

with weak citywide and regional economies is delimited by those cities with a population similar to Rochester's.

Drawing from the Brookings's 2010 report "State of Metropolitan America: On the Front Lines of Demographic Transformation," the list of potential profiled cities is further calibrated to take into account demographics and socio-economic characteristics that contribute to the creation of a "suburban-dominant" culture. The authors of this report classify numerous American cities based on the aforementioned factors – many of the older, industrial Rust Belt cities with weak citywide and regional economies described above are described in this report as "Skilled Anchors." Skilled Anchors are "slow-growing, less diverse metro areas that boast higher-than-average levels of educational attainment....Many boast significant medical and educational institutions" (Brookings, 2010, 9). Some Skilled Anchor cities such as Boston and Philadelphia have vibrant urban centers, but many Skilled Anchors have suffered from a residential flight to the suburbs and are thus dominated by a suburban-centric regional culture. The interplay of the enumerated characteristics from these two reports calibrates a list of cities, illustrated in Figure 1, that have developed economically, socially, and culturally weak downtowns and city centers.

Figure 1: Methodology for Choosing Profiled Cities



Sources: The Brookings Institution "State of Metropolitan America: On the Front Lines of Demographic Transformation" 2010 and "Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities" 2007

The five cities listed at the bottom of the Figure 1 share many challenges and histories, yet have dealt with urban decline and revitalization in different ways and with varying results. With the exception of Rochester, all of these cities have an active downtown Business Improvement District operated for at least a decade by a private, non-profit organization and funded in large part through an assessment tax on district properties. I limited my profiled cities to three – the Downtown Springfield BID was eliminated as it lacked the data collection, analysis and market tracking of the three other downtown BIDs.

To understand the role that the BID has played, if any, in the changes taking place in the downtown of these three respective cities, I interviewed three downtown stakeholders familiar with the BID. Prior to the interviewing process I applied for and received permission from the Institutional Review Board to perform my research without reviewing my findings. Before interviewing any of the stakeholders I ran a pilot test with a President of a downtown organization to ensure that the questions were clear and appropriate.

A representative of the BID staff was interviewed and provided contact information for the two other interviewees – a long-term downtown property owner and a City government employee affiliated with the economic development department. The long-term property owner was affiliated with the BID not only for paying the assessment fee, but also as a member of the BID's governing organization in a leadership position. Although a property owner provides a unique perspective on the role and efficacy of the BID compared to that of the BID staff, it is possible that their response was slightly skewed due to their affiliation with the organization.

In each of the three profiled cities, the three interviewees were contacted via email explaining the purpose of the study (Appendix A). Once they agreed to participate I sent them an informed consent agreement form explaining their anonymity in the research and a copy of the interview questions (Appendix B), if requested. The nine interviews took place via telephone and lasted between 45 minutes and an hour.

The content collected from the interviews served as the basis for the research on the three BIDs as the interviewees provided information about the history of the downtown, perceptions of the BID, the activities of the BID and its governing organization. The various documents published by the BID also provided information about changes to the downtown over the course of the BID's existence. I also referenced un-biased histories of the three cities in order to historically ground my understanding of the past and current conditions of the downtowns and BIDs. From this research I am able to report on the perceived effectiveness of the downtown BIDs in these three mid-sized Rust Belt cities. I then use thematic analysis to draw upon themes relevant to the three BIDs and evaluate the use of a BID as a revitalization tool for this type of downtown. Due to the lack of benchmarking and long-term quantitative data collection by BIDs, this research gauging the perceived effectiveness of BIDs is valuable for scholars, downtown stakeholders, and BID proponents.

Chapter 4: Interview and Research Results

As discussed in Chapter 2, similar economic, demographic, and political impacts have caused America's mid-sized Rust Belt cities to become both socially and economically disinvested. Although some of these regions have transformed into service-based economies, the downtown at the core of the region remains weak. In an attempt to bring back investment and interest in the downtown, stakeholders in many of these cities have recently been utilizing the popular revitalization tool -- Business Improvement Districts. As discussed in Chapter 3, St. Louis, Pittsburgh, and Cincinnati and their downtown BIDs were investigated in order to assess the perceived effectiveness of these organizations and their impact on the downtowns of mid-sized Rust Belt cities. Quantitative data relevant to the research of the three profiled cities, their downtowns, and BIDs are shown in Table 3. Drawing comparisons between the three cities is useful in contextualizing this research, but it is worth noting that different organizations collected and framed the data for each city, which may result in skewed comparisons. In this chapter each of the three profiled cities will be explored in depth through a brief history of the city, information collected and dispersed by the BID organization, and the narratives that resulted from the interviews with three downtown stakeholders: a representative from the BID, a long-term downtown property owner, and a City government representative. All of the interviewed stakeholders have either been in their current position or were very familiar with the state of their respective downtowns since BID formation.

Table 3: Three Profiled Cities by the Numbers

	St. Louis	Pittsburgh	Cincinnati
Investment in Downtown	\$5 Billion (2000- 2012)	\$5 Billion (2006- 2011)	\$3.5 Billion (1995-2012)
Population:			
MSA	2,817,355 (2011)	2,661,369 (2012)	2,138,038 (2011)
City	318,172 (2012)	307,484 (2011)	296,223 (2011)
Downtown	14,000 (2012)	7,796 (2010)	13,214 (2011)
% Change in Downtown Population	87% (2000-2012)	21% (2000-2010)	212% (2000-2011)
Downtown Workers	88,000 (2012)	126,000 (2012)	60,218 (2011)
Year of BID Implementation	1998	1997	1997
BID Budget (plus parent org.)	\$2,817,850 (2013)	\$3,546,272 (2012)	\$3,056,000 (2013)
Class A Vacancy Rate	19% (2011)	7% (2011, from 14% in 2008)	19% (2011, from 18% in 2007)
Class A Lease Rate	\$18/sq. ft.	\$24/sq. ft.	\$23/sq. ft.

Sources: Pittsburgh Downtown Partnership, Downtown Cincinnati Inc., Partnership for Downtown St. Louis, Colliers International

St. Louis

The City of St. Louis rose to become the fourth largest city in the U.S. after the Civil War with the height of its grandeur on display in 1904 as it hosted both the Summer Olympics and the World’s Fair. Positioned halfway between New York and San Francisco, the manufacturing and trade industry boomed while huge infrastructure development took place to accommodate the growing population and commerce. By 1907 planners identified sprawl as an issue for the region that weakened the urban core. By the 1940s, all new housing and commercial projects

clustered outside of the old urban core (Heathcott and Murphy 2005). The City of St. Louis and St. Louis County have not been contiguous since the 1870s -- causing a rivalry for development that remains today. The disparity between the predominantly wealthier, white county residents and the poorer, black city residents has added a dimension of segregation and racial tension to this governance model (Primm 1998).

Urban renewal projects demolished dense, working class neighborhoods in favor of more suburban scale super-blocks. Forty riverfront blocks were cleared in the 1940s for the Gateway Arch Park, although it was decades later until the project was completed (Heathcott and Murphy 2005). The 1950s brought a combined enthusiasm for “slum clearance” in the form of urban renewal and large-scale public housing – the infamous Pruitt-Igoe, was comprised of 33 eleven-story buildings and 3,000 units. Built in 1954, it was demolished in 1975 due to rampant crime and a lack of amenities and jobs available for the tenants (Primm 1998). According to the interviewed downtown property owner, urban renewal in St. Louis remains a legacy as the vitality and density that was demolished along with the neighborhoods has never been recovered. As suburbanization overtook the region throughout the second half of the 20th century, residents and businesses moved out of the downtown and left behind an increasingly crumbling and vacant urban core. The fragmented governance in the St. Louis region and rampant regional sprawl further corroded the old urban core as the scope of industrial development in postwar St. Louis shifted from an urban to a metropolitan focus (Heathcott and Murphy 2005).

Social and economic disinvestment of the urban core worsened during the second half of the 20th century – the city’s population was nearly cut in half from 1940 to 1980 with many neighborhoods marked by burned-out and abandoned buildings and vacant lots while further distressed by polluted air, filthy streets, juvenile crime, and suffering industries (Stein 2002). By 1995, “the St. Louis Development Corporation, responsible for urban renewal, built 100 new homes, rehabilitated another 100, and took in 1,000 units of tax-forfeited property” (Peirce and Johnson 1997, 40). The interviewed property owner described the city as having “hit rock bottom” in the late 1990s due to high levels of disinvestment and a lack of leadership in the City government.

Neal Peirce, known for his journalistic investigations of America’s cities, prepared a series of articles known as the “Peirce Report” for St. Louis’ Post-Dispatch newspaper in 1997 that served as “a wake up call” for many of the downtown’s stakeholders as it portrayed the downtown “heading towards collapse” according to the Partnership for Downtown St. Louis representative. One article in particular, “Downtown holds key to region’s future” detailed the current state of the destitute downtown and highlighted the correlation between sprawl, non-contiguous governance, and a blighted urban core:

But, you say, what happened to the streetscape? Why those blocks of empty space? Why these decaying historic buildings? Why such an infinitesimal number of downtown residents - fewer than 3,000 - in a citistate of 2.5 million people? Why this profound aura of desertion, a city's soul lost? In many of America's downtowns there's fresh energy in refurbished squares and parks, new specialty retailing, historic buildings recycled. Yet at St. Louis' current demolition rate, not a single downtown building will be standing 20 years from now. "We're on the glide path of Detroit - even as it starts to gather itself up," one civic leader told us. (Peirce and Johnson 1997, 45)

One of the solutions that Peirce suggests to combat the decades of disinvestment in the downtown and reclaim its place as the center of the region is by forming, “an overarching downtown organization - coordinator and guide but not a dictator - that tries to focus all efforts connected with downtown....They represent the civic equivalent of the owner-manager of a well-run regional shopping center” (Peirce and Johnson 1997, 47). The popularity of public-private partnerships, especially BIDs, was already on the rise by the end of the 20th century and was about to take hold in St. Louis.

The Partnership for Downtown St. Louis, an organization of concerned downtown business and property owners, began advocating for a Community Improvement District (CID) in the late 1990s and succeeded in 1998. Prior to the CID’s formation, the Partnership was unable to actively address the issues plaguing the downtown, particularly high vacancy rates and considerable disinvestment. According to the representative from the Partnership, in 1998 St. Louis had a plan, a tool, and an organization come on line at the same time all dedicated to turning around the downtown. Along with CID formation, in 1998 the State of Missouri made historical tax credits available, which would make projects rehabbing historical buildings financially feasible for the first time. The Partnership played a central role in lobbying for the state to pass the historical tax credits. Third, the Mayor’s Office, having just experienced a regime change, brought together various stakeholders to create a five year “Downtown Now” Vision Plan in order to assess and improve the state of Downtown St. Louis. Although the Mayor’s office played a role in forging a plan, according to the downtown property owner, downtown

stakeholders took the lead on creating a vision and a plan for the future of the downtown while state and local politicians remained more conservative and reluctant to address St. Louis' ailments and negative perception.

According to all three interviewed stakeholders, the availability of the historical tax credits was pivotal for Downtown St. Louis – in 1998 there were over one hundred abandoned or grossly underutilized historical buildings in the district. The glut of dilapidated historical buildings in the downtown, unique to St. Louis, was the result of long-term disinvestment beginning with the post-war migration to the suburbs. Developers were not confident in knocking down buildings to build new, except for parking lots. In the final decades of the 20th century, the public sector spearheaded a few large-scale efforts aimed at turning around the downtown including the construction of “America’s Center” Convention Center, Busch Stadium, and Union Square, a mostly vacant downtown mall in a historical train station often referred to as a “ghost town.” These costly and isolated projects, however, did not spur on downtown-wide revitalization. As acknowledged in the “Downtown Now” plan, the key to the downtown’s revitalization would be found in having people invest and live downtown. According to the Partnership’s representative, this was a huge shift in thinking and the combination of these three events put downtown back on track. All interviewees agree that positive momentum began to build in 2002 as changes to the downtown began to accumulate and become noticeable as historical buildings were converted into housing. The interviewed City representative believes that the momentum built in the early 2000s was so significant because people saw

the city change from one “dying on the vine” to one with significant growth opportunities.

In 2002 the CID became a more noticeable presence in the downtown with the creation of the downtown guides program. The Partnership sees the CID’s imperative as creating value for the downtown. By contributing to the downtown becoming a more desirable place to live or work, the value of the downtown increases. Along with other organizations in the city, the Partnership is dedicated to creating a larger vision for the downtown. According to the CID representative, the existence of the CID played a role in changing the trajectory of the downtown by giving investors the assurance that their investments were protected day in and day out. The CID has provided resources for the downtown that the City could never do on their own, primarily daily cleaning and safety/guide services. Given the political climate in St. Louis, the property owners would not have endorsed the city taxing them more to carry out these services since there is low confidence that the City could deliver.

The interviewed downtown property owner has been developing real estate and living downtown since the mid-1990s and involved in the Partnership for Downtown St. Louis and the CID since its inception. His views, therefore, may also represent those of other downtown property owners, especially those in favor of the CID. He sees the advocacy work of the Partnership and its CID as pivotal in setting into motion the positive trajectory that the downtown has been experiencing since 2000. Stakeholders in downtown saw the CID as the organization that could use private resources to make the downtown a better place.

The goals and mission of the Partnership for Downtown St. Louis have evolved over time to better address the changing challenges and opportunities in the downtown. From the beginning, however, the CID has remained dedicated to making the downtown clean and safe to encourage activity and investment. As stated in its report, “Downtown Next, the 2020 Vision for Downtown St. Louis” its most recent set of goals are:

- Attracting Jobs: Building a Competitive Business Climate
- Growing the Residential Population
- Creating an Inviting Environment
- Making Downtown Accessible and Easy to Get Around
- Bolstering Educational Resources
- Cultivating a Retail Critical Mass
- Emphasizing Downtown’s Unique Character
- Building a Planning and Policy Framework
- Activating Downtown through Effective Programming
(Partnership for Downtown St. Louis website 2012)

As the goals of the CID have evolved, so have its boundaries. It originally was broken into sub-districts where in the property owners of each district was given the option of receiving various services. The current boundaries of the district are seen in Figure 2. This management plan proved ineffective and was converted into a single district in 2005. From the beginning, the Partnership wanted to ensure that the CID’s funds were carefully managed so a strict budget was implemented. In 2012, the CID was renewed for another ten years and was granted more flexibility to address specific challenges and opportunities as they came along.

The story of the downtown’s residential population is central to both the turnaround in downtown St. Louis and the work of the Partnership and CID since 1998. In addition to making the downtown a clean and safe place to live, work, and play, the Partnership took on the role of advocate to encourage and foster the

burgeoning residential market. According to the Partnership, their mission is to foster, “a vibrant, regional hub offering an authentic Downtown experience for residents, employees, and visitors” (2012 Progress Report, 3). Since 2000 the downtown residential population has increased from 8,200 to 14,000 in 2012 -- the 2010 Census showed an 87% increase in downtown population since 2000 (2011 Downtown Residential Survey, 4). According to the property owner, in the 1990s the downtown population was comprised of people who largely had nowhere else to go. The makeup of the downtown population has dramatically changed. According to the Partnership’s 2011 Downtown Residential Survey, 71% of renters are 34 or younger, 98% are households of 2 or 1, 84% white/Caucasian, and 82% have a college degree or higher attainment. The Downtown’s usage rate increases with household income with the highest usage rate among adults in households earning over \$150,000 (Perception Study 2008, 6). The new face of the downtown resident is white, educated, young, career focused, and has spending power. The downtown residential market is maintaining above 90% occupancy with new projects being fed by continuing demand.

Soon after the implementation of the CID and the historical tax credits, excitement began to build as small private development projects began to appear. According to the downtown property owner and resident, during this early phase of revitalization, residents and visitors to the downtown had to drive to destinations as there were big “dead zones” between nodes of activity – it was a big downtown with nobody in it and nothing was opened on the weekends. According to the property owner, the CID immediately had a positive effect because people invest money

where they feel confident and the CID has contributed to that confidence. In the past ten years, billions of dollars have been invested in the downtown and it's continuing. This positive trajectory is particularly noticeable in the downtown since there was only disinvestment prior to 1999. The perception of the downtown began to improve quickly as residents and workers began to see that there was something positive and exciting happening. The urban environment was slowly sliding downwards for so long that little changes like a street level coffee shop made a big difference.

The growing residential population has contributed to making the downtown a “cool” place to work – especially for young, tech start-ups. According to the property owner, the combination of the now significant downtown residential population and the burgeoning entrepreneurial and tech-based businesses locating in the downtown has increased its amenities and services while increasing the downtown’s general vibrancy. Due to the decline that Downtown St. Louis experienced in the latter portion of the 20th century, many large firms left the downtown by the late 1990s. Attracting major firms remains difficult despite the \$5 billion being invested in the downtown and the visible improvements resulting from these investments. The retention of large firms has increased since the beginning of the 21st century. The Partnership has led an initiative in trying to attract smaller, technology and creative based companies to the downtown. The office stock in the downtown lends itself to smaller, loft-style offices and the type of companies that are seeking such space have thus made the downtown a “cool” place to work. The T-Rex Program, a joint initiative of the Partnership and the City, is a shared space,

business incubator for small, tech start-ups. The program aims to attract and retain such businesses in the downtown and brand the downtown as a cluster for the industry. Since the inception of the program, the Partnership has been overwhelmed by the positive response and popularity of the program.

According to the Partnership representative, the inability to attract large firms to the downtown is a cultural factor unique to the region. Both the Partnership representative and property owner see the divisive relationship between the city and the surrounding region as a barrier to the downtown's success. There is a general resistance from suburban residents to working downtown – they feel unwelcome and unsafe. The racial conflicts that spurred on suburban migration decades earlier remain a legacy today. They believe that improvements made to the downtown or city to make it healthier will have a multiplier effect on the surrounding region and beget more positive impacts. Instead of believing that a strong and vibrant downtown is good for the entire region, the suburban communities surrounding St. Louis continue to spread outwards at low-density with little to no growth in population. The sprawl in this region is some of the worst in the country and is grossly disproportionate to the overall growth in the region. The conflict between the urban and suburban plays out not only culturally, but in government as well. The Regional Chamber represents the eight surrounding counties including the city and promotes the region equally with no preference given to the city. This practice often results in suburban markets appearing more attractive for investment and perpetuates urban disinvestment. The property owner

sees this regional view conflicting with the CID's agenda and harming the entire region.

The perception of Downtown St. Louis as an unsafe place, especially for visitors, remains one of its greatest challenges. The most popular reasons for not visiting the downtown are “no reason to go” or “can shop/dine/get entertainment closer to home” (Downtown Perception Study 2008, 8). The Partnership and its CID dedicate over 10% of its budget to image, communication, and special events to promote the downtown as a destination. For those more familiar with the changes taking place in the downtown, however, perception is improving. In the 2011 Downtown Residential Survey, 67% of respondents said that the downtown had improved significantly from 2009-2011 (2011 Downtown Residential Survey, 8). According to one of the respondents, “Downtown has REALLY improved over the last few years. I know people who come downtown after not being there for a while, and they are always amazed at how much growth and renewal there has been” (2011 Downtown Residential Survey, 17).

Although St. Louis still has undeveloped sections that contribute to a negative perception of the downtown, there have been over one hundred historic buildings restored and activated since the introduction of the CID and historic tax credits at the beginning of the 21st century. According to the CID representative, the downtown would “be in deep trouble” if the CID and historic tax credits hadn't formed both at the same time and during a period when action was needed to turn around the downtown. Since 2000 a large portion of investment and much of the revival in the downtown has taken place in historic buildings. The market still

cannot support new construction of residential or commercial space so the renovation of historic buildings remains essential for the downtown's positive trajectory. The City representative also believes that the CID contributed to laying the groundwork for the downtown to now be moving in a positive direction. Without the CID, residential development would have been unlikely – the clean and safe services reassure both residents and developers that their investments are protected. He adds that if the CID had not been in place, it would have been more difficult to convince investors to come downtown. He believes that the CID has been successful based on its numerous re-approvals since 2000.

When asked what role the CID has played in the changes to the downtown, the property owner believes that it has definitely been for the positive – the funding collected from the CID provided downtown stakeholders with the resources to “get things done.” The improvements and investments made by the CID laid a foundation for future investment. Furthermore, if the CID had never been created he believes that the downtown would be in worse shape – the downtown is successful because there was a collection of positive impacts to allow downtown stakeholders to “pull off a paradigm shift.” He emphasizes that it is the combination of the CID and historical tax credits that made such an impact – impossible to separate the effect of either independently.

The CID representative believes that Downtown St. Louis has “crossed the tipping point” and has built a lot of momentum since 2000. Looking forward, downtown stakeholders need to build on the recent investments made in the downtown and establish credibility to spur on more positive change. Collaboration

is key to building off of this momentum and accomplishing goals. According to the CID representative, the only way to succeed is through collaborating with other organizations that have a mission to improve the City. The CID believes that a healthy downtown gives way to a healthy region and should be the focus of regional development. Historically the CID and other downtown stakeholders have conflicted with organizations that promote the region without a focus on the downtown. Thanks to the recent recognition given to the CID, however, avenues of communication between regional organizations and the CID have better aligned the goals of the downtown and its regional communities.

Pittsburgh

Downtown Pittsburgh, bordered by three rivers and known as the Golden Triangle, has been a center for commerce and trade since Native Americans settled the region centuries ago. Thanks to its accessibility by river and rail and its supply of natural resources, the city became an industrial power – by 1911, it was producing half of the nation’s steel (Muller 2001). The city’s manufacturing strength continued throughout the 1960s at the cost of the pollution of air, land, and water.

“Renaissance I” began clearing dense neighborhoods and historical districts in 1946 through Urban Renewal projects in order to improve environmental quality and civic infrastructure. Many of the projects, profoundly impacting the urban fabric of Pittsburgh, were seen as failures (Muller 2006). Most notably, the lower Hill District, a predominantly African American neighborhood containing 1,500 families and 400 businesses on a 95-acre site was cleared for the construction of the Civic Arena.

“Hopes that the arena would spark further development of other cultural activities

did not materialize. Instead parking lots and the long-planned Crosstown Expressway isolated the Civic Arena from downtown” (Muller 2006, 11). The Civic Arena, rendered obsolete, was imploded in 2001.

The population of metropolitan Pittsburgh began to decline in the 1960s as suburbanization and white flight accelerated, especially after the race riots of 1968 following the assassination of Martin Luther King, Jr. (Muller 2006). During the 1970s and 1980s, the U.S. steel industry collapsed due in large part to foreign competition. In Pittsburgh, the closing of steel mills had a ripple effect on the rest of the economy – low-paying, non-union jobs and unemployment prevailed (Hoerr 1988). The downtown at that time was characterized by boarded up storefronts, a dwindling retail market, and the collapse of the steel industry. In the 1980s there were ten Fortune 500 companies based in the downtown – now there are only five. According to the Pittsburgh Downtown Partnership representative, large firms left for other markets altogether due to the decline in both the steel industry and the downtown.

Downtown Pittsburgh has long been viewed as the economic hub of the region, but by the early 1980s, there was no new development and the existing infrastructure was crumbling. Neither property owners nor civic leaders were leading an effort to reverse the trend of disinvestment in the downtown. Beginning in the early 1990s, downtown stakeholders, discouraged by the lack of attention given to downtown’s physical environment, took up forming the Pittsburgh Downtown Partnership (PDP). At first the PDP was funded through foundation support and addressed only the major cleanliness issues that the stakeholders saw

as their first barrier to revitalization. During this early phase several major property owners and civic leaders advocated for the creation and implementation of a BID which would levy a mandatory tax on all properties in the downtown district; ultimately gaining approval in 1997.

The City representative describes Downtown Pittsburgh before BID implementation as less cohesive and widely perceived as dirty and somewhat unsafe. Property owners were individually responsible for the maintenance of their properties so the quality of the upkeep varied widely. In the early 1980s the prestige of having a company located in the downtown diminished as locating in suburban office parks or other regions altogether became a more attractive incentive for business owners. The establishment of PDP was aimed at renewing the focus on improving the space in the downtown. According to the City representative, The BID's clean and safe program has set the stage for investment and has given the downtown a better image. The PDP has also assisted in retention of business and property owners in the downtown by being the voice for the district's property owners. According to the City representative, the downtown has changed "greatly for the positive" since the BID was implemented with increasing development over the past 5 to 10 years in the office and residential sectors. He concedes that the BID is doing something very unique for the downtown in terms of increasing interest in the downtown and contributing to a more positive perception – the City doesn't have the finances and the political wherewithal to support such activities.

The PDP's first and core tenet has been to retain and attract businesses to locate in the downtown. Throughout the last few decades of the 20th century,

however, the decision to stay in or locate to the downtown became more difficult for a company as concerns over the downtown's cleanliness and safety increased. The PDP has remained committed to addressing these deterrents by improving the cleanliness, safety, and offerings of services and amenities in the downtown while supporting improvements and marketing of the downtown as the regional business, cultural, and entertainment center.

As the PDP and its BID have evolved their programs and initiatives have become more sophisticated, but their goals are simple and remain dedicated to their mission to, "advance initiatives that foster economic vitality and improve Downtown life – for a moment or for a lifetime" (PDP 2012-2016 Strategic Plan, 19) and its vision that, "Downtown is essential to the region – the metropolitan heartbeat where business, culture and entertainment intersect" (PDP 2012-2016 Strategic Plan, 19). PDP's 2012-2016 Strategic Plan states its five main goals:

- Make Downtown Pittsburgh Safe, Clean, Efficient and Manageable
- Market Downtown Pittsburgh to Southwestern Pennsylvania and the World
- Foster Sustainable Economic and Physical Life within the Golden Triangle
- Be a Resource for Visitors, Businesses, Developers and Residents
- Assure Long Term Organizational Capacity and Capability (PDP 2012-2016 Strategic Plan, 21)

According to the interviewed City representative, the downtown began to change for the positive in 1997 with the formation of the BID and the creation of a downtown vision plan spearheaded by the Mayor's office. He adds that the real tipping point came in 2005 as the downtown began to experience an initial wave of investment. Larger scale development was taking place and potential investors saw that large projects could work in the downtown for the first time in decades. Due to

the financial crisis of 2008, the downtown economy did not experience a bottoming out as many other cities had since Pittsburgh had already bottomed out 30 years earlier and had reborn itself as a “meds and eds” economy. Since the crisis, the downtown’s development has been “slow and steady” according to the City representative -- holding true to Pittsburgh’s reputation as a very stable market with rental rates and depreciation remaining steady with very little decline.

In the early 2000s the PDP became dedicated to advocating for a downtown residential market, believing that it would spur on other development to make the downtown a district that runs 24/7 instead of from 9 – 5. The PDP did so through reports and analysis of the downtown market, marketing and branding campaigns, and establishing itself as the information holder for developers interested in the downtown. PDP’s advocacy initiatives also included lobbying for city tax abatement programs for condominium owners and developers of apartment buildings and creating a “vacant upper floors loan fund” to convert upper floors of office buildings into housing units while maintaining first floor retail options. From 2001 to 2011 PDP took a concerted housing effort, but was able to take a step back once the residential market began to thrive on private development and competition. The downtown had never been a residential district -- from 1964 to 1997, only 1,700 housing units were constructed in the downtown. From 1997 to 2013, however, 2,260 residential units came into the market with 2,200 additional units currently in construction or renovation.

PDP continues to focus on its core programming to make the downtown both clean and safe. It is the belief of the PDP Board of Directors and Staff that “clean and

safe” was a necessary foundation in order to bring development and investment interest to downtown. Once this foundation was established, the PDP was able to transition into more nuanced programming by promoting the downtown, attracting and retaining office and residential tenants, collaborating with government agencies, and working in economic development. According to the long-term property owner, PDP has been able to establish itself as a major force in the downtown by having its Board of Directors comprised of the “movers and shakers” in downtown – having the support of people who are in decision making and influential roles in their respective industries is a necessary component in a successful downtown organization.

The City representative has observed that the way people use the downtown has changed dramatically since 2005. The BID has been the organization to track these changes and analyze how the downtown is being used and perceived. The upsurge in residential development has spurred on development in restaurants, entertainment, and retail. The change in the uses of the downtown have affected the perception of the downtown – according to the City representative, visitors are consistently pleasantly surprised by the downtown. It is still a Rust Belt city and is perceived as a gritty, steel town, but people are discovering that the downtown offers much more than they expected. Workers’ perception of the downtown has also been steadily improving as there are now more restaurants and venues for people to visit after work. Ten years ago everyone emptied out of the downtown by 7 PM, but with the burgeoning residential population, the downtown is turning more into a 24/7 district. The upsurge in development has eliminated many of the

spots that were formerly perceived as “shady” blocks and has replaced them with uses that enhance the street life of the downtown.

In the past five years the PDP staff has also witnessed a rebirth in the downtown -- the physical environment has improved along with its perception. The PDP representative cited the conversion of Market Square and the Paris to Pittsburgh façade grant program as catalysts for positive change in the downtown that were born out of collaboration between PDP, the City, and private foundations. For decades Market Square was known as an open-air drug market occupied by pigeons and vacant storefronts. Now it is a vibrant destination for shopping, eating, and work in the heart of downtown. The Paris to Pittsburgh façade grant program aims to change how downtown looks by improving the streetscape and increasing its vibrancy. The program started in 2007 -- 43 projects have been completed, 50 have been approved, and \$2.1 million has been invested in projects mostly through private investment. The City representative believes these projects have improved both the perception and safety of the downtown. PDP is dedicated to collaborative projects such as these because, “the enhancement of public spaces and the overall downtown environment will continue to leverage other public and private investments, and continue to build upon the economic vitality of the region” (“State of Downtown Pittsburgh” 2012, 5).

The interviewed downtown property owner has been involved in the PDP and BID since their inception and believes his views are representative of both the PDP’s Board of Directors and the district’s property owners. After decades of working in downtown Pittsburgh he believes that people are considerably more

willing to come downtown more than ever before, especially in the last 3 years, but it's been a slow uptick. Before, visitors would only come downtown for sporting events or Cultural District events and not spend much time at other downtown venues on their trips. Many residents of the greater Pittsburgh area still don't think that there is anything to draw them to the downtown except sporting events, but when visitors make it to the downtown, they are surprised by the improvements in the streetscape and the available amenities and restaurants. He adds that negative perceptions of the downtown by those who rarely visit remain difficult to overcome despite the positive changes that are actually taking place – people who are uncomfortable in urban environments will remain fearful regardless of reality. Overall people in the downtown feel safe and think it's clean. According to the 2010 Resident Survey, safety and security issues were the number one concern mentioned in the 2008 survey and dropped down to number eight by 2010.

The PDP also combats the negative perception that there is nothing to do in this 9 – 5 district by producing and marketing events to attract and retain workers and visitors in the downtown outside of working hours. “Light Up Night” is produced by the PDP and draws a half million people to the downtown for the first night of holiday lights. For many people living in the region, this is the only reason to come downtown during the year. The Holiday Market in Market Square is a PDP event new in 2012 that provides regional residents and visitors with a new and unique reason to visit the downtown. Both of these events usually result in the visitors being pleasantly surprised by the vibrancy and variety of amenities available in the downtown compared to their earlier visits.

The City representative was cautious to comment on what the downtown would be like if the BID had never formed, but believes that the downtown's positive trajectory would have been slower or non-existent without the BID. Currently the downtown is a place where people are coming together – residents, entertainment, restaurants, and retail. The downtown has uniquely positioned itself as a place for innovation and opportunity.

The downtown property owner believes that the downtown has changed significantly since BID implementation with clear improvements in the residential, retail, and office sectors. He believes that if concerned downtown stakeholders had not come forward to establish an organization like PDP, Pittsburgh would resemble Detroit, instead of the thriving, vibrant urban center it is cultivating today. The last ten years have shown continual growth and investment interest, with momentum significantly increasing over the last three years, due in part to contributions made by the BID. Residential demand is high, remained well above 90% since 2009 -- many Class C office buildings have been converted to owner occupied and rental units while newly constructed residential projects also continue to enter the market (*State of Downtown Pittsburgh 2012*). Pittsburgh has one of the nation's highest office space occupancy rates -- well over 90%. Office space rental rates are starting to increase as there are very few large parcels remaining without plans for development.

Cincinnati

Cincinnati, situated on the Ohio River, became a prominent trading and commercial post between the North and the South in the 19th century and became a

stronghold for the Union during the Civil War. Although slavery was not allowed in Ohio, many in Cincinnati had ties with slaveholders across the river in Kentucky, depended on trade with the slave states, and disapproved of free blacks settling in their city. Racial tensions are a legacy in Cincinnati with the first racial riots beginning in 1829 (Uncle Tom's Cabin and American Culture 2012). As recently as 2001 racial tensions erupted in Cincinnati in what the media referred to as race riots (DCI representative interview; Downtown property owner interview).

Along with the Ohio River, Cincinnati became well connected for trade via the Miami and Erie Canal and railroads, as the manufacturing industry became a significant part of its economy. Cincinnati weathered the Great Depression better than many other cities due to its access to inexpensive river transit. Although many companies in the manufacturing industry left Cincinnati in the first half of the 20th century, according to the interviewed DCI representative, it has remained the home for a diverse group of corporations such as Procter and Gamble, Macy's and the Kroger Company.

In 1948 the City of Cincinnati unveiled a Comprehensive Plan that aimed to revitalize and modernize the city through urban renewal efforts that cleared low-income neighborhoods for new factories and highways (Miller and Tucker 1998). Although these efforts were meant to retain white city residents and restrain the growing, poor African American and Appalachian neighborhoods, white residents fled to the developing suburbs and many of the city's neighborhoods fell into disrepair (Miller and Tucker 1998; Dutton 1999). One such neighborhood, Over-the-Rhine (OTR), is adjacent to the Central Business District and considered part of the

downtown. It has a wealth of historic buildings that have been renovated for arts and culture venues, commercial space, and upscale living. This transition gained momentum in the mid-1990s due the joint efforts of the City government, preservationists, Downtown Cincinnati Inc. (DCI), and private developers. OTR, according to the interviewed downtown property owner, is seen as an economic development success and the bright spot of downtown living, retail, and entertainment. The “success” of OTR, however, is the result of gentrification that pushed out many poorer residents and dismissed grass roots community organizations such as the Over-the-Rhine People’s Movement (Dutton 1999). The leader of this organization, Buddy Gray, opposed redevelopment efforts in OTR that did not address issues of low-income housing and the civil rights of the current residents. As the push for redevelopment began in earnest in 1996, Gray was assassinated by a homeless acquaintance with a history of mental illness – the details of the murder were never investigated (Dutton 1999).

According to all three interviewees, the racial tensions between the Cincinnati Police Department and various neighborhoods have been long-standing and came to a head in 2001 after a series of fatal police shootings of unarmed citizens, which erupted into riots. Downtown Cincinnati Inc. was formed in 1994 and its Special Improvement District (SID) was implemented in 1997, but both organizations were restructured in 2002 as a reaction to the riots and ensuing negative publicity given to the downtown.

In 1994 DCI was formed by government and business leaders to market and advocate for the downtown in order to reverse the trend of retail leaving for the

suburbs and having the downtown no longer being viewed as an attractive place to do business. In 1997 the SID was formed in order to make DCI self-sufficient through the enforcement of a district tax. In 2001, partially as a result of the riots, the downtown appeared unsafe and unwelcoming to both visitors and potential investors. According to the downtown property owner, you could stand in the center of downtown during the workday and not see a single person on the street – suburbanites saw the downtown as Gotham, a lawless place with nothing to offer them. All three interviewed stakeholders agreed that the downtown hit “rock bottom” around 2002. In response the organization shifted to emphasize a clean and safe program. The DCI representative described the needs of a city and the duties of a well-run SID as a pyramid-like hierarchy: a clean and safe program is the essential foundation. Once that is established, the SID must invest in helping people find their way around the downtown with way finding signs, parking signs, and maps. Next comes marketing of the downtown – if the downtown is unnavigable, threatening, or dirty there is nothing to market. Finally, at the tip of the pyramid is advocacy work. From 1994 to 2002, DCI had this pyramid inverted with advocacy as the main component of its work. In order to advocate development and thus contribute to a more vibrant downtown, the DCI representative believes that a clean and safe program is a necessary prerequisite. DCI’s 2011 Annual Report states its three core program goals as:

- Maintaining and enhancing a safe, clean and welcoming environment downtown
- Maintaining and enhancing the image, awareness and usage of downtown as a vibrant hub of activity
- Advocate for and support business and residential growth downtown

Functioning in its restructured state since 2002, the Downtown Cincinnati SID, according to the DCI representative, has been a very effective way to engage and empower property owners. Its focus remains on the clean and safe program and is held highly accountable by its stakeholders for maintaining a high level of service. The focus on clean and safe has resulted in an environment that has attracted a great deal of further investment. In addition to the clean and safe program, the interviewed property owner and City representative value DCI's marketing efforts and analytical reports to aid downtown stakeholders in making informed decisions. The City representative also recognizes DCI's unique ability to be a resource to connect various downtown stakeholders as a means of facilitating collaboration.

The interviewed City representative, who works closely with the downtown community and DCI, also believes that the SID provides necessary services for the downtown and has been a force for positive change by improving the perception of the downtown. He sees the clean and safe program as invaluable for the downtown. This set of services performed by the SID's ambassadors does wonders to improve the way investors, meeting planners, and potential tenants perceive the downtown and diminish reasons not to be downtown. Although the City representative believes that Cincinnati's crime rates are lower than comparable cities, it suffers from a negative perception as an unsafe place. The clean and safe ambassadors, however, make visitors feel comfortable and help counter negative perceptions. Overall he believes that the SID has played a supporting role in improving the perception of the downtown – it's telling a new story about the downtown by

marketing and branding it as a high-demand office and residential district with growing demand for nightlife. The downtown property owner, who has also taken on a past leadership role at DCI, believes that the SID has made a significant impact on the downtown – it’s cleaner and the change in perception has been “huge.”

The impact of intensive downtown investment and development over the past seven or so years has only recently been detected in peoples’ perception of the downtown. Every year DCI conducts perception surveys and has found that in 2011 and 2012 there were significant changes reflecting a newly positive perception of the downtown. Overall, those most familiar with the downtown, residents and workers, are most positive in their perception of the downtown and its amenities. The perceptions of suburbanites who seldom visit the downtown remain difficult to shift. DCI recognizes that the challenge moving forward is to listen to the concerns of commercial property owners, mostly white males, while also trying to make downtown accessible to all different groups. All three interviewed stakeholders mentioned the positive benefits of DCI’s quadrant meetings in which all stakeholders in a downtown neighborhood are welcome to participate and troubleshoot issues together with representatives from the Police Department and City Hall in an effort to address issues as they arise.

Although DCI reprioritized its organization in 2002, it took until 2005 to 2007 for developer interest to respond. Since then, the DCI representative claims that there has been enormous investment in the downtown. Once people began to realize that there was some confidence in the environment and that downtown stakeholders were committed to cleaning up and maintaining the downtown, other

investment followed. The effects of buildings falling into disrepair can act like a cancer spreading from building-to-building and block-to-block – the revitalization process can work in the same way and the DCI representative believes that he has seen this in Downtown Cincinnati. The renovation of Fountain Square – both the parking garage and public plaza is one of the largest and most visible investments to be made recently in the downtown. The year-round programming on the Square brings thousands of visitors to downtown who now find a cleaner, safer and more vibrant downtown than ever before thanks to the work of the SID. Building off of this momentum of developer interest in downtown, visitors, workers, and new residents began to think differently about downtown and caused the downtown to experience a positive tipping point around 2008. At that time, the work that the DCI was doing through its clean and safe programming along with joint initiatives with the City government and downtown stakeholders created enough momentum to spur on other downtown development.

The residential market in particular has contributed to this positive momentum. The number of new downtown residents is steadily on the rise as is the demand for more units. Both the City representative and downtown property owner see DCI as the foremost advocate for downtown living – it has been telling the story of the upward trends in the downtown residential population for years. With the increased demand for residential units in the downtown it makes sense that Class B and Class C office buildings suffering from high vacancy rates should be converted into housing, but there are still considerable barriers to renovating these buildings. Both the City and the SID are committed to making such projects feasible as they

recognize that when public subsidy is put towards residential space the office market stabilizes and the growing residential population creates demand for retail.

The City representative believes that the downtown is getting a fresh look from people who haven't been downtown for a long time and they are pleasantly surprised. The SID is capitalizing on this momentum and making a "huge" contribution through its clean and safe program because if people feel safe and welcome in the downtown, that good impression is likely to stay with them. Additionally, the SID is playing a critical complementary role by helping to create a healthy business climate. The City representative believes that absent the SID's efforts, there would be some real problems in terms of perception, visitor experience, and data analysis for the downtown market. The experience would be totally different, especially for convention goers. The convention business is critical to the downtown, as it comprises half the visitor spending in the downtown. The downtown is dependent on convention-goers having a good experience and being repeat visitors -- The SID works to ensure this.

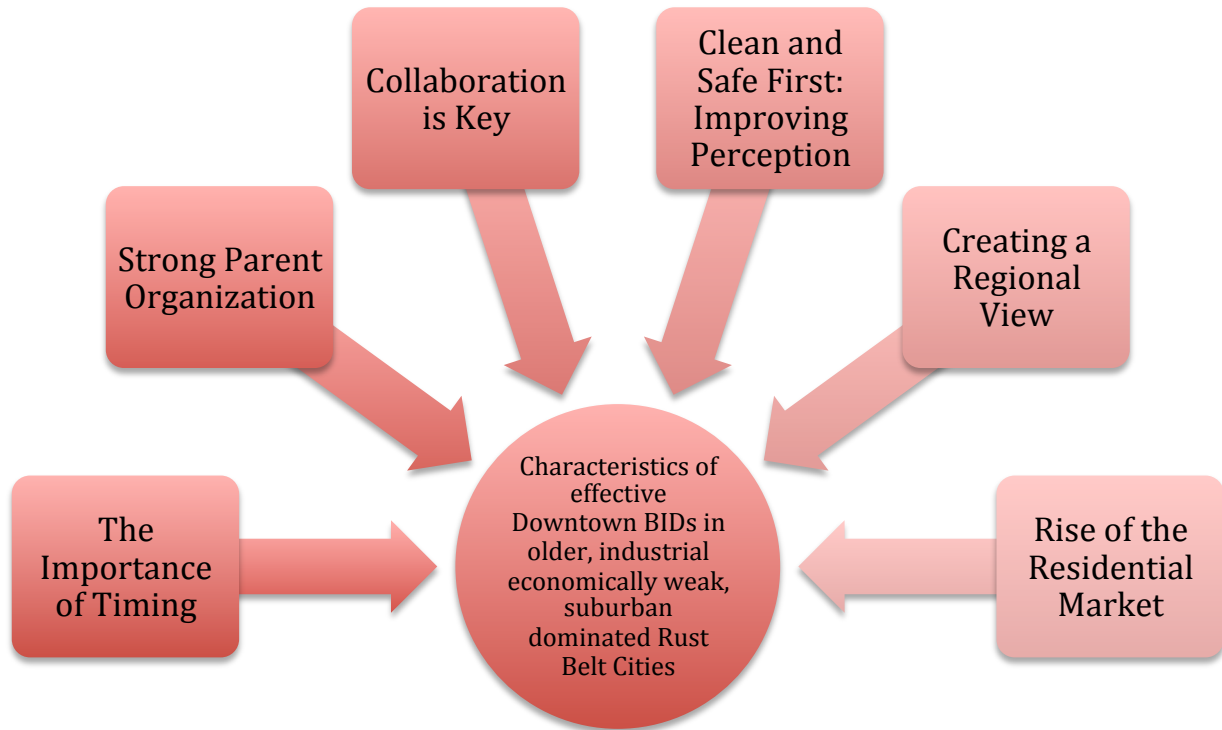
The downtown property owner echoes these sentiments by saying that since DCI and other organizations restructured in 2002, there has been a 180-degree turn around – people are out during the day, investment interest is on the rise, and amenities are improving. He also believes that the downtown would have improved, but not as quickly without DCI. Other, disjointed organizations would have stepped forward but it would have been less effective. Government would have been forced to do more if the business community would not have stepped forward and formed DCI.

Moving forward DCI sees itself continuing to provide enhanced clean and safe services to downtown stakeholders. The DCI representative has seen that by shifting away from advocacy work as the primary purpose of DCI and instead focusing on clean and safe, the property owners and stakeholders, instead of DCI, have been able to drive the redevelopment process and priorities. DCI has come to recognize that there is no silver bullet for downtown revitalization. For a healthy downtown, all aspects of the downtown experience need to be addressed and attended to by its stakeholders. They need to work together do it all even with limited resources – holistically improving the downtown must be the goal. If one factor fails it will have a negative impact on all other aspects of the downtown.

Chapter 5: Analysis

The purpose of this research is to evaluate the perceived effectiveness of downtown BIDs in mid-sized Rust Belt cities. Throughout the interviewing process of downtown stakeholders in St. Louis, Pittsburgh, and Cincinnati, themes emerged about why the BID was formed and what the BID does for its downtown. The emergent themes are illustrated in Figure 2. Above all, the interviewed downtown stakeholders echoed each other's belief that the BID has been effective in making the downtown a better place for visitors and investment. Through qualitative research and analysis it is not possible to determine *how* effective the BID has been, but all stakeholders agreed that the downtown would not be making progress at all or would not have made as much progress in such a short amount of time without the implementation of the BID.

Figure 2: Characteristics of Effective Downtown BIDs Based on Results of Three Profiled Cities



The Importance of Timing

The three BIDs profiled in this thesis were all implemented within a few years of the downtown “hitting rock bottom” according to its downtown stakeholders. The description of these downtowns was a common one amongst disinvested downtowns across the country nearing the end of the 20th century. The downtowns were marked by boarded up storefronts and empty streets. Companies were incentivized to move to suburban office parks as crime rates and fear of crime in the downtown increased – suburbanites avoided the downtown for work, entertainment, and shopping. When asked why they thought the BID was formed in

their downtown, the interviewed stakeholders conveyed that a sense of urgency and desperation about the state of the downtown was prevalent at the time. Downtown business and property owners wanted to protect their investments and knew that the over-burdened and under-funded City government was incapable of reversing the downtown's downward trajectory.

In each of the three cases, the implementation of a BID was lobbied for by a private organization representing the interests of downtown business and property owners. These private, "parent" organizations had been formed a number of years earlier with the goal of protecting their investments in a declining downtown. These organizations, however, found that their power was limited within both the downtown business community and the City government because of their voluntary funding structure. With the formation of the BID, the parent organization had more political influence to advocate for certain policies and programs in the downtown as well as the financial power to change the physical environment through their own programming initiatives.

The successful formation of a BID requires buy in from a myriad of stakeholders – City government, property owners, business leaders, and prominent non-profits and foundations in the community. The notion of paying a tax for enhanced services in addition to city taxes is often difficult for property owners to endorse, especially in fiscally and culturally conservative regions, as is much of the Rust Belt. As evidenced from the stakeholder interviews, the desperate state of the downtown may have worked in favor of BID proponents since those who needed to

approve of the BID did so believing that a new approach to downtown revitalization was necessary.

A BID cannot be given full credit for “bringing back” a disinvested downtown, but the ability to form and implement a BID is a positive sign of downtown stakeholders’ commitment to improving their district. As discussed in Chapter 2, “the emergence of BIDs in the early 1990s may thus have been an early indicator of the coming urban resurgence, not a cause of it. On this account, BIDs are a *symptom* of rising city wealth, not a *generator* of it” (Schragger 2010, 15). Schragger comments on what the presence of a BID may indicate about a district, but does not take into account the potentially transformative effects of programming and activities unique to a BID.

Strong Parent Organization

As mentioned, a private downtown organization took the lead in forming the downtown BID in each of the three profiled cities. Since all three profiled BIDs were evaluated as effective in contributing to the positive changes taking place in the downtown by the interviewed stakeholders, there is no way to compare the practices of these “effective” BIDs to their “ineffective” counterparts. Through the interviews, however, it became clear that the strength of the parent organization has a positive correlation to the perceived effectiveness of the BID. The interviewed Downtown Pittsburgh property owner, who also played a significant role in both the formation and direction of PDP and its BID, asserted that the PDP has been able to establish itself as a major force in the downtown by having its Board of Directors comprised of the “movers and shakers” in downtown. Having the support of people

in influential, decision-making roles in their respective industries is a necessary component in a successful downtown organization. Although PDP has no legislative power, it is considerably influential and is always “at the table” when decisions involving downtown are deliberated.

The leadership of the BID and its parent organization must not only be influential, but willing to adapt to a changing downtown environment. The Downtown Cincinnati SID restructured after five years in operation because the downtown was continuing to decline and the SID was not addressing its most pressing concerns. At that time the SID turned its focus away from advocacy work and towards a clean and safe program to address more immediate concerns -- the downtown was being perceived as an unclean and unsafe place for visitors and investment. Once that foundation of clean and safe was solid, DCI and its SID were then able to extend into other programming activities. The Downtown Pittsburgh property owner, speaking from a leadership role at PDP, emphasized the need for a parent organization and its BID to stay current on what is working for other BIDs and thinking about how a program that is working for one BID can be adapted to solving a problem in another. At the same time, however, PDP and its BID remain committed to providing exceptional clean and safe programming. PDP acknowledges that they could not pursue higher-level programming without having that strong foundation.

Collaboration is Key

Strong leadership is necessary for a BID and its parent organization to be effective, but it must also be willing to collaborate with other prominent, local

forces. All of the interviewed stakeholders agreed that collaboration with other downtown stakeholder groups is necessary not only for political reasons, but for effective implementation of programs and initiatives as well. Several examples were given that proved how much more effective certain programs can be when government, business, and non-profit or foundation interests are brought together. The most significant example of such collaboration mentioned in the interviews was in Downtown St. Louis. The CID was advocated for and formed by the Partnership for Downtown St. Louis at the same time that this same organization was lobbying the Missouri State government to approve historical tax credits that would make the rehabilitation of Downtown St. Louis' historic building more feasible. All three Downtown St. Louis stakeholders named this effort as the catalyst that put the downtown on a positive trajectory. More recently the Partnership for Downtown St. Louis has led an initiative to attract smaller, technology and creative based companies to the downtown. The office stock in the downtown lends itself to smaller, loft-style offices and the type of companies that are seeking such space have thus made the downtown a "cool" place to work. The T-Rex Program, a joint initiative of the Partnership and the City, is a shared space business incubator for small, tech start-ups. The program has been successful at attracting and retaining such businesses in the downtown and is contributing to branding the downtown as a cluster for the industry.

DCI and its SID have used collaborative powers as a means of finding solutions for downtown social issues that usually extend beyond the duties of a BID. Cincinnati has a significant homeless population that has been very visible and

perceived as a threat to those visiting and working in the downtown. The interviewed City representative is particularly impressed with the SID's dedication to addressing this issue and thus improving the perception of the downtown. The SID works with the City's social service agencies and homeless community to give those homeless who want to get off the street housing and job training so that they can change their lives. The SID's homeless program has dual benefits of making the downtown seem safer and more welcoming while also providing a needed social service. DCI's sector meetings also address a long-standing social issue in Cincinnati – miscommunication between the Police Department and the public. By facilitating open communication between the Police and downtown stakeholders, DCI is able to mitigate issues and help find solutions.

The PDP and its BID have used the power of collaboration to improve the physical environment through three recent projects. First, "Project Pop Up," a joint initiative between Urban Redevelopment Authority (URA), the City government, and PDP has received much attention for reminding downtown users that there are fun activities and destinations to be found in the downtown. The project is aimed at activating vacant retail locations in the downtown – some were used as boutiques while others for art installations. The positive attention and momentum caused by "Project Pop Up" continued with the conversion of vacant parcels into three nighttime holiday markets, a pop up bocce court, and a venue for learning and watching curling. The project was inspired by the need to shift the perception of vacant spaces in the downtown. Although much of the remaining vacant space in the

downtown is slated for development these parcels still stand out as “missing teeth” in the urban fabric.

The PDP and its BID have recently partnered with the City government, private foundations, and the District Attorney’s Office to administer the Paris to Pittsburgh façade grant program and the conversion of Market Square.

For decades Market Square was known as an open-air drug market occupied by pigeons and vacant storefronts. Now it is a vibrant destination for shopping, eating, and work in the heart of downtown. According to the PDP representative, the “Paris to Pittsburgh” façade grant program aims to change how downtown looks by improving the streetscape and increasing its vibrancy. The program started in 2007 -- 43 projects have been completed, 50 have been approved, and \$2.1 million has been invested in projects that improve downtown’s streetscape. The City representative believes these projects have not only improved the physical environment, but the perception and safety of the downtown as well. The collaborative projects led by these BIDs display the wide range of possible BID programming while also showing the myriad of possible ways of achieving the same goal of improving the downtown as a welcoming and attractive place for visitors and investment.

Clean and Safe First: Improving Perception

The three profiled BIDs have now evolved into “maturity” having been formed in the late 1990s, but the representative from each of the BIDs emphasized the importance of keeping the mission of its organization simple. They all emphasized that successfully implementing “basic” clean and safe programming was

necessary before trying to perform more nuanced services for its downtown stakeholders. Perhaps it is the result of these downtowns being located in suburban dominated regions, but negative perceptions of the downtown as a dirty, dangerous place is a major barrier to attracting visitors and investment. Both scholarly research and anecdotal observation from practitioners have suggested that the fear of crime and urban spaces is much more about perception than actual threats. Despite decreased crime rates and increased amenities available in the downtown, perception of the downtown, especially of those who rarely visit, has remained largely unchanged. This challenge, particularly pronounced in the type of city researched here, may warrant a more significant clean and safe program than is needed in BIDs in other types of cities. The three BIDs have found that the most effective way to combat negative perception is by conveying the downtown as a welcoming, clean, and safe place. Each BID contributes a large portion of its funds to the clean and safe program. The BID's "ambassadors" serve the dual purpose of welcoming committee and janitorial staff. They wear easily recognizable uniforms that reflect the BID's brand -- they are available to answer questions or give directions while enhancing the streetscape through thorough cleaning and beautification.

All interviewed stakeholders agreed that a central benefit of the clean and safe program is that it provides property owners and other investors the physical evidence that their investments are being protected through this high level of care. The Downtown St. Louis CID representative in particular attributes much of the downtown's change in trajectory and investor confidence to the early-on

implementation of the clean and safe program. The importance of a clean and safe program is also effective at gaining supporters of the BID. Often the most visible and easily recognizable BID contribution to a downtown, a clean and safe program can be a means of increasing buy-in and educating the public on the greater benefits of a BID. For those less familiar with the BID, the effectiveness of the clean and safe program may be the primary way in which people evaluate the success of the BID. For instance, the St. Louis City representative viewed the CID almost exclusively as the clean and safe program. If a BID is unable to successfully fulfill these basic programming goals, it is difficult for both stakeholders and the general public to endorse the BID at all.

Creating a Regional View

Many of the barriers to success that these three downtowns face include negative perception, disinvestment, and a decrease in jobs and businesses in the downtown. These barriers are in part the result of a divisive relationship between the city and the surrounding suburban region. The causes of this dynamic are deep-seated political, racial, and cultural differences. Many suburbanites bemoan the destitute state of their downtown and claim that the downtown does not offer them any unique amenities or experiences, but do not see themselves as part of the problem or the solution to changing the trajectory of the downtown. Neil Peirce and Curtis Johnson in their report on St. Louis in the *St. Louis Post-Dispatch* in 1997 wrote about this divisive relationship that still has relevancy today not only in St. Louis but other mid-sized Rust Belt cities:

When a part of a region is allowed to wither, the neighboring communities have to carry it around on their backs, bearing soaring social costs for increased disarray and crime, plus the sheer loss of productivity to the region's economy. Taxes are forced up, economic output down. Like it or not, the center city is your region's global image. It is the site of your founding, your fascinating history as Gateway to the West, your great cultural institutions. Allowing it to decline is like abandoning your heritage, your birthright. It is like dropping the sails on your flagship. It means the whole fleet slows down (Peirce and Johnson 1997, 64).

These three downtowns, and the downtowns of other mid-sized Rust Belt cities, are rapidly increasing their residential populations, but still need support from their surrounding communities to reclaim their place as the cultural, business, and commercial center of the region. The interviewed stakeholders not only identified the need for residents throughout the region to give the downtown a fresh look, but for regional governments to shift their view of the downtown as well. For downtown stakeholders and urbanists alike, the health of the region is dependent on the health of the downtown and vice versa. The interviewed stakeholders identified regional governments and agencies as propagating competition over companies and funds between the city and its suburbs that often led to the suburbs “winning out” and leaving the downtown further disinvested. The disassociation between the city and its suburbs is made more evident in these regions when looking at the correlation between sprawl and population. All three regions have had little to no regional population growth, but continue to grow outwards into the rural parts of the region. According to the Partnership for Downtown St. Louis representative, the St. Louis region is noteworthy for having some of the worst sprawl in the country despite its lack of population growth.

The Rise of the Residential Market

The three narratives described the correlation between the implementation of the BID and the increased demand in the downtown residential market for which each of these BIDs was a leading advocate. The BID-published resources and interviews all suggest that a rise in the residential population has a multiplier effect on the downtown. The type of resident who is choosing to move downtown is highly educated, professional, and wanting to spend their high incomes on luxury housing and nearby amenities. The demand for residential units is outpacing the availability so many Class B and Class C office buildings are being converted into housing, in turn decreasing the office vacancy rate and increasing the office lease rate. The increase in downtown residents also encourages retail, restaurants, and entertainment venues to locate near this growing population. No BID could or would take credit for creating a residential market where none existed before, but the BIDs investigated here played the lead advocacy role in marketing the downtown as a budding residential market for both developers and potential residents. BIDs and their parent organizations are often the ones to identify a trend in its infancy and advocate for others to bring it into fruition. BIDs must be able to identify and advocate for trends that will keep both their organizations and their downtowns relevant to ensure that downtowns continue with their positive momentum.

Chapter 6: Conclusion

The purpose of this research was to answer the question: what are local leaders' perceptions of BID activities in mid-sized Rust Belt cities in contributing to downtown revitalization despite weak citywide and regional economies and a suburban dominated culture? Through an extensive literature review, downtown stakeholder interviews, and analysis of BID-published reports, it is clear that the BIDs in the three profiled cities are perceived as effective in contributing to downtown revitalization efforts. These three downtowns are "back from the edge" from their lows in the 1990s. According to downtown stakeholders, their downtown BIDs have positively contributed to this change. The downtowns of St. Louis, Pittsburgh and Cincinnati have reached "the tipping point" and are headed in a positive direction for the first time in decades. The coming together of various stakeholders and interests to make positive changes in these downtowns proved to be a powerful force that may prove difficult to replicate. The question as to whether the BID model can be transferred to cities facing similar challenges and be effective without all of the accompanying factors remains unanswered. With this limitation in mind, this research shows that BIDs can be perceived as effective tools for urban revitalization in mid-sized Rust Belt cities.

The perceived effectiveness of these three BIDs are defined by the six following characteristics:

- The Importance of Timing
- Strong Parent Organization
- Collaboration is Key
- Clean and Safe First: Improving Perception
- Creating a Regional View

- Rise of the Residential Market

A successful BID may not be able to be fully replicated and transferred to another downtown without these six factors in place. Keeping these factors in mind, however, may be useful for a similar city when assessing if the timing is right to try to form a BID and what to focus on once it is in place. The conclusions of this research could have been more definitive if a similar city with an ineffective or dissolved BID was profiled as well. This counterpoint would have given more weight to the factors identified as contributing to a BID's perceived effectiveness. The perceived effectiveness of the three profiled BIDs may have been positively skewed since the interviewed downtown property owners were all voluntarily involved in the leadership of some aspect of the BID. The small sample size of three interviewees per city may have also caused some biased results.

In making the case for a downtown BID in Rochester, NY, it is useful to evaluate the current state of the downtown in regards to the six characteristics of successful downtown BIDs in mid-sized Rust Belt cities. In terms of the timing being "right" to form a BID in Downtown Rochester, it is difficult to determine if a BID formed now in Rochester could be as effective as a BID formed in the three profiled cities in the late 1990s. For Rochester, NY and the potential formation of a downtown BID, it is difficult to determine if a BID is the most effective and appropriate downtown revitalization tool even though Rochester shares many similarities with the three profiled cities. Perhaps the era of BID implementation has passed – the state of disinvestment experienced by downtowns in the 1990s is no longer as extreme. Many cities and their downtowns have improved, even without

BIDs, due to a myriad of factors including national urban policy changes and demographic shifts. The problems faced by downtowns that continue to struggle may require alternative solutions to what the BID model offered the three profiled cities when they were formed in the late 1990s. Downtown Rochester is already experiencing a dramatic upswing in the residential market. New and converted residential units are coming online all the time and remain outpaced by ever-growing demand. Since Rochester is already experiencing this positive trend now common to many contemporary American cities without the presence of a BID, it may be more difficult to galvanize property owners and developers to see the value of such an organization when it appears that the “market” is creating positive momentum all on its own.

In drawing from the results of the three profiled cities, it is clear that the downtown BIDs were contributors to making their downtowns a better place for investment and visitors. It is therefore possible to use these findings to argue that the positive changes experienced by Downtown Rochester would be greater if a BID were to be formed. Many of the interviewees stated that their downtowns might have experienced positive improvements without the formation of the BID, but that it would have taken much longer to do so.

The current advocate for a BID in Downtown Rochester is the Rochester Downtown Development Corporation (RDDC) – its Board of Directors is already comprised of influential downtown property owners. In order for a BID to be widely accepted and approved, it is essential that these influential property owners believe that a BID can and will maximize the positive changes already taking place in the

downtown. The onus is on the Board of Directors of this organization, not its staff, to convince property owners that the assessment tax would be to their benefit. As made evident from this research, the success of a BID is determined in part by the power and influence of the parent organization and its Board of Directors. The staff and Board of Directors of RDDC are active collaborators with the City of Rochester and other organizations working to improve the state of the downtown. Thanks to this positive reputation and its influence in the downtown community, a BID created out of RDDC would immediately benefit from this association.

If a BID had enough support to be implemented in Downtown Rochester, it should focus the majority of its funds and energy into a clean and safe program to give confidence to both investors and visitors that the downtown is a safe and welcoming place. Although the downtown has low crime rates when compared to the rest of the city, the sensationalized news reporting of the downtown has led many to have negative perceptions of the downtown. A strong emphasis on a clean and safe program in the first few years of operation would send a message that contradicts negative perceptions. Rochester, like many other mid-sized Rust Belt cities, struggles to amend the divisive relationship between the City and its suburban and rural counterparts. This is in part due to the negative perceptions held by non-city dwellers of the downtown and in part to the competition for business between the city and suburban markets. As more stakeholders see the condition of the downtown improving and understand that a strong downtown benefits the entire region, policies and business decisions that value a strong urban core will become more prevalent.

The findings derived from this research should give confidence to the downtown stakeholders in Rochester and other mid-sized Rust Belt cities considering the BID model as an urban revitalization tool. The analysis of various urban revitalization tools as they are applied to various types of cities remains a topic in need of further research. If such research is taken up, this thesis will gain more relevance. This research presents a new way to analyze BIDs as an urban revitalization tool. It not only evaluated the perceived effectiveness of the BID by downtown stakeholders, but also examined the BID model in the context of a specific type of city. Arguably, mid-sized Rust Belt cities proportionally deserve more research into appropriate urban revitalization tools compared to other types of cities. To make this study fuller and more accessible for future comparisons, the effectiveness of BIDs should be evaluated in other “types” of cities. Similarly, as new urban revitalization tools become popular, they should be vetted using a similar methodology and applied to various “types” of cities.

The study of mid-sized Rust Belt cities has proven to be very fruitful. The trajectory of these three downtowns has become increasingly positive since the start of the 21st century. If interest and investment continues to build, this type of city will have to react to a new series of challenges and opportunities. Larger American cities that have gone through periods of depression have in many ways recovered their diversity of uses whereas mid-sized Rust Belt cities are creating a diverse mix of uses for the first time. The decreased presence of the manufacturing industry and the increase in the residential market and a more diversified commercial sector will require new ways of thinking about the form and function of

this type of city. At this point in time, there is little precedent for converting a mid-sized Rust Belt city into a walkable, diverse, sustainable 21st century city.

Through this research I have identified some future challenges for these cities. If the residential populations of these downtowns continue to grow at record rates, what affect does this have on the governance structure, duties, and budgeting of an inherently commercial sector-focused BID? If these downtowns continue to improve, how will projects that are often approved and developed in depressed economies, such as the recently constructed casinos in Downtown Cincinnati and Downtown St. Louis, be reconciled in the future? In order to build off of the positive momentum in these downtowns, how can a more regional, less divisive relationship between the urban and suburban municipalities be fostered? More research must be devoted to how to implement pro-urban policies in suburban dominated regions. How can consensus be built amongst stakeholders that a healthy city begets a healthy region? The Brookings Institution has identified this urban-suburban conflict as an area deserving of more research:

The Pittsburgh metropolitan area, for example, which declined in population in the 2000s, still contains 775 separate local governments that include municipalities, townships, counties, and special districts. Fragmentation such as this keeps governments weak: the vast majority of municipalities have limited tax bases and struggle to provide even the most basic services (Brookings 2010, 165).

Suburban and urban places increasingly share the same demographic struggles, but current governance structures are such that these issues are not being addressed in an efficient or comprehensive manner.

Business Improvement Districts are perceived as effective participants in revitalizing downtowns in mid-sized Rust Belt cities. The three BIDs profiled in this

thesis were implemented when the downtowns were deeply disinvested and just before each of these downtowns began to build positive momentum in attracting both investment and visitors to their districts. It is possible that the BID model was most successful and appropriate in bringing back struggling downtowns when implemented in the late 1990s or early 21st century. It cannot be determined whether the BID model is the appropriate urban revitalization tool for bringing back the struggling downtowns of today and tomorrow, but it is likely that private organizations will need to be a part of the solution. The six characteristics of an effective BID as determined in this research will provide a useful roadmap for any future urban revitalization efforts in similar cities.

Appendix A: Introductory E-mail to Interviewee

My name is Laura Fox and I am a graduate student at Tufts University studying Urban and Environmental Planning and Policy. My master's thesis is an examination of the Business Improvement District model as a revitalization tool for Rust Belt Cities. I am interviewing stakeholders in three cities that have long-established downtown BIDs – Cincinnati, Pittsburgh, and St. Louis. Stakeholders include a representative from the BID, the City's department of economic development, and a long-term property owner or tenant in the district. All interviews will be confidential and used solely for the purpose of this study. I will take notes during our conversation. I will provide each stakeholder with a draft of the section written about the relevant downtown BID to review before anything is finalized. In return, I will provide a written narrative of the relevant downtown and the observed impact of the BID.

Appendix B: Thesis Interview Questions

Introductory Questions:

- How long have you been in your current position?
- What are your general duties in this position?

Questions about perceived change over time:

Since BID implementation in [year], how do you think downtown has changed?

- When did you first become aware of the BID?
- Why do you think the BID was formed?
- What was the impetus to form the BID?
- What was the downtown like before BID implementation in [year]? Please describe.

Probes:

- Compared to downtown before BID formation, how is downtown a destination as an economic center of the region? As a cultural center? As a social center? As a living center?
- Compared to downtown before BID formation, how has the office vacancy rate changed over time?
- How has the perception of downtown as a location for business changed over time?
- Compared to downtown before BID formation, how has downtown residency rate changed over time? How many new units, residents, etc
- Compared to downtown before BID formation, how has retail changed over time? (how many stores, types, quality, and rate of tenancy)
- Compared to downtown before BID formation, how has development investment changed over time?
- Can you identify a specific date in time when it felt like the downtown was experiencing an overall shift for better or for worse?

Run quickly through these questions:

- What is your opinion of how visitors to [your city] perceive the downtown?
 - Residents?
 - Workers?
 - Have you noticed a change in these perceptions over time?
 - As a safe place
 - A clean place
 - For entertainment
 - Restaurants
 - Shopping
 - Events
- How does the media represent the downtown? Has there been a change over time?

BID-specific Questions:

- What is it that the BID does for the downtown? Why does it do these things?
- What do you see as the BID's goals and most essential imperatives?
- How well do you think the BID is doing at accomplishing these goals?
 - Probe with questions evaluating the perceived effectiveness of the BID in accomplishing specific goals – connect to specific goals from above
- What role do you think the BID has played in changes to the downtown, (for better or for worse)?
- What do you think are the downtown's greatest challenges?
- How effective do you think the BID has been at mitigating these challenges or advocating for solutions?
- What do you think are the downtown's greatest opportunities?
- How effective do you think the BID has been at capitalizing on these opportunities or helping others to capitalize?
- What BID strategies have had an effect on downtown, good, bad, or neutral?
- Which BID strategies/activities do you think have been ineffective? What was the consequence of these strategies/activities being ineffective?
- Do you think there have been changes in the district that can be attributed to the formation and implementation of the BID? If so, what?
- As someone familiar with the state of downtown prior to the BID, can you predict what downtown would have been like if the BID had not been formed?
 - What would the impact have been of *not* having a BID?
- Have strategies/activities to encourage downtown revitalization carried out by other organizations conflicted with or complimented those of the BID?
 - Have there been opportunities for collaboration?
 - Have these opportunities been successful?
- Is there one particular example of an initiative or project completed/initiated by an organization other than the BID that has hindered downtown's growth?

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