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MUNICIPAL IMPLEMENTATION TOOL # 2 :

MAIN STREET PROGRAMS AND BUSINESS IMPROVEMENT DISTRICTS (BIDS)



Delaware Valley Regional
Planning Commission

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This brochure is the second in a series of "implementation tools" brochures based on the recommendations in *Horizons 2025*, the region's long-range plan, prepared and adopted by the Delaware Valley Regional Planning Commission (DVRPC). An introductory brochure, "Horizons 2025 Implementation: Municipal Tools and Techniques" also is available and describes numerous planning tools that municipalities can use to better plan their futures. This brochure covers basic information about Main Street Programs and Business Improvement Districts (BIDs), two highly effective tools for economic development and historic preservation. Each of these programs requires strong cooperation and involvement between the public and private sectors, citizens, business people, and elected officials and a patient commitment to long-term economic revitalization.

National Trust's Main Street Program

The National Main Street Program has been working with communities across the nation to help revitalize declining downtown commercial districts since 1980. Founded as a program to preserve the historic character of older downtowns, the Main Street Program is funded through the National Trust for Historic Preservation. In an effort to save historic architecture and simultaneously revive communities, the program has become a useful economic development tool for many small municipalities.

The Main Street Program is designed to "improve all aspects of the downtown or the central business district by providing economic management, improving public participation, and reinventing local downtowns as fun, attractive destinations." Planners and preservationists support the notion of building upon a municipality's existing architecture and assets as a foundation for creating a sense of place for both residents and visitors and combating sprawl.

Main Street Philosophy

The following eight principles are used by the National Trust as a guideline for Main Streets:

- Maintaining long-lasting progress with comprehensive projects.
- Incremental progress leading from small success.
- Strong community participation.
- Involvement from private and public sectors.
- Recognizing and capitalizing on existing assets.
- The need for quality in physical improvements.
- A change in negative community attitudes.
- An action-oriented approach.

How Should Communities Approach Main Streets?

The National Main Street strategy is based on a Four Point Approach, which addresses four important areas: **Design, Promotion, Organization, and Economic Restructuring.**

Design - enhance the physical appearance of the business district. Physical improvements include streetscapes, banners, signs, trashcans, ornamental decorations and seating. Business owners may also contribute to design with visual merchandising in their storefronts.

Promotion - promoting and marketing the characteristics to shoppers, investors, new businesses, tourists and residents is important to the success of your Main Street program. Retailers should work in a cooperative manner however; your Main Street should also carve out a niche for itself that makes it unique! A great tool to get people out is to promote special events, special holiday gatherings and social events.

Organization - building consensus and cooperation among various groups that play a role in the downtown - local officials, residents, and business owners - is essential for the success of your Main Street program.

Economic Restructuring - it is important to build off the existing assets and strengthen the economic base of your community while working hard to create a diversified niche, in order to attract several groups of people. Various incentives for your Main Street program could include business retention statistics, business recruitment ads, financial incentives and tax incentives and market information.

Smart Growth Tools for Main Streets

By the end of July 2002, superstores, or "big-box" retailers, accounted for over half of all new retail space being built. These stores may be popular with consumers, but they often create more retail space than the local economy can absorb and displace many smaller locally owned businesses. This results in a draining effect of economic vitality from the downtown and places huge burdens on public infrastructure.

THE NATIONAL MAIN STREET STRATEGY IS BASED ON A FOUR POINT APPROACH, WHICH ADDRESSES FOUR IMPORTANT AREAS: DESIGN, PROMOTION, ORGANIZATION, AND ECONOMIC RESTRUCTURING.

The following are examples of tools municipalities can use to encourage development in the Main Street District.

1. **Retail Caps.** In order to protect the economic vitality of the downtown, many communities have enacted "retail caps" or limits on the size of superstores. These limits may apply to the overall square footage of the store or just the "footprint", which would require the store to build up rather than out. Retail caps to protect the public interest are a legitimate planning tool, however, it is essential that local governments follow procedural and other legal requirements designed to protect the rights of property owners. While retail caps may be found to be effective in prohibiting large-scale development locally, tools such as this should also be considered on a regional level. Retail sprawl prohibited in one community may still be allowed to build in an adjacent municipality, where the affects will also be felt.

2. **Land Use and Zoning Plans.** Main Streets may be heavily affected by land use plans, zoning ordinances, and capital improvement plans. These mechanisms may be used as incentives to keep existing businesses downtown and for new ones to locate there. A comprehensive land use plan is the groundwork for a community's growth, development and preservation. It is here that the community's assets - Main

Street, downtowns, and historic buildings - should be identified. The zoning code is then established to implement the policies set in the land use plan. The zoning code is intended to regulate the use of land, based on the policies established in the land use plan. Zoning deals with matters such as setbacks, building heights, locations and land uses. It is important that the Main Street organization have a thorough knowledge of the land use plan and the zoning code. It is these tools that can ultimately support and help to advance the Main Street downtown revitalization goals.

3. **Transportation Enhancements.** Transportation policies have several impacts on the economic vitality of the Main Street. Under federal law, every state must prepare a Statewide Transportation Improvement Plan (STIP), a multi-year list of projects proposed for federal, state, and local transportation funding. Similarly, a Metropolitan Planning Organization (MPO) must prepare a capital improvement program of transportation projects for their region. DVRPC's 3-5 year list of projects is called the Transportation Improvement Program (TIP). In essence, STIPs are compilations of regional TIPs. These planning documents are public, just as the planning of these documents is conducted openly and is open to all communities. To make sure that

transportation projects benefit downtowns, Main Street leaders should establish relationships with local and regional planning agencies as well as with the state transportation agency. Main Street leaders should also know how to compete successfully for transportation enhancement funds, which were authorized through ISTEA and TEA-21. This legislation has opened up funding for a variety of transportation related functions - downtown streetscape improvements, bicycle and pedestrian paths, traffic calming and historic restoration - which can benefit the Main Street. Main Street leaders should also pay close attention to design standards, such as lane and sidewalk widths, curbing and parking facilities.

New Jersey

Established in 1989, the Main Street New Jersey Program, administered through the Department of Community Affairs and based on the National Trust's format, was established to "encourage and support the revitalization of downtowns throughout the state." This perspective is one component of the NJ State plan, which also has similar goals and policies as *Horizons 2025*.

The benefits of becoming a Main Street Community require patience, as economic vitality is not something that will occur overnight. Main Street recognition can:

- Strengthen the community's tax base
- Increase business sales
- Heighten community pride
- Create aesthetically pleasing infrastructure
- Attract new and innovative businesses
- Preserve historic resources

Communities have the opportunity to become a Main Street Community every two years through an application process. If chosen, the town may receive technical support and training on marketing, business recruitment, volunteerism, and historic preservation. To become a Main Street community, three basic requirements must be met:

1. Have a population between 4,000 and 50,000 people.
2. Commit to employing a full time Executive Director with funding for a minimum of three years.
3. Have historic resources in a defined downtown district.

Aesthetically pleasing downtowns help create a sense of place for residents and visitors.



New Building Codes for Rehabilitation

An important goal of a Main Street program is to encourage and support revitalization while preserving the historic architecture of a community's downtown. While restoring and reusing existing buildings makes sense, building codes often do not encourage this. As such, a new form of building codes, "Smart Codes", have begun to change the way engineers, planners and architects view older buildings in downtowns. These "smart codes" recognize that while older buildings must be as safe and accessible as new buildings, they can be regulated differently to allow reuse.

In 1998, New Jersey rehabilitations were becoming more difficult with the old sub-code rule, the 25/50 percent rule. This rule stated that renovation projects that cost 50% or more of a building's value had to bring the entire building into compliance with standards for new buildings. Where the work cost less than 25% of the buildings value, the work had to meet standards set by the local code. It required more money to be spent on the safety of the building by property owners. Today, New Jersey has changed the code to be based on the amount of work planned and the current and proposed use of the building.

Six different categories of work have been established with specific provisions for historic buildings being renovated. Older buildings being renovated or altered are not automatically required to meet all modern-day standards.



Municipalities have begun the transformation of their downtowns by installing new building facades, street furniture and new sidewalks.

Pennsylvania

Pennsylvania's downtown revitalization efforts are encompassed by several separate grant programs, which assist in implementing the Sound Land Use statewide initiative:

Main Street Manager Component is a five-year program designed to:

- Establish a local organization for the purpose of downtown revitalization.
- Manage downtown revitalization efforts by hiring a full-time professional main street manager.

Downtown Reinvestment and Anchor Building Components use business district strategies to support eligible commercial related projects located within a neighborhood's business district.

Pennsylvania's Main Street Program has recently been merged into the New Communities Program, which combines elements of the Enterprise Zone Program and enables communities to address their economic development opportunities and problems on a community-wide basis. The Main Street Program is available to communities by

applying through an application process and by adopting the national main street approach. Under this five-year program, a community is then eligible for state financial assistance to organize, as well as support marketing, partnership development, and educational opportunities. Pennsylvania offers many additional programs to help communities revitalize, such as a Facade Program, seminars for municipal workers and various loan programs.



Parks and sitting areas can be incorporated into the downtown to create civic meeting areas.

What are they?

A Business Improvement District (BID) is the generic name for a group of property owners and/or merchants who organize to use the power of assessment collection for economic development purposes. A BID uses assessments to fund supplemental services and economic development initiatives in a town or commercial center.

The success of BIDs is most evident by the growth of their existence in the past twenty years. First created in Toronto, Canada in 1965, the proliferation of BIDs increased with urban renewal efforts during and after the 1970s. Approximately 1,200 BIDs are currently operating in 42 states, the District of Columbia, and Canada. Sixty percent of these were created since 1990.

Legal Aspects - BIDs are a form of local government authorized by state legislation and, therefore, differ slightly across state lines. In New Jersey a BID is referred to as a Special Improvement District (SID), while, in Pennsylvania, it is called a Special Service District (SSD) or a Neighborhood Improvement District (NID). State legislation authorizes local government to create a BID, specifying the services that can be provided and the method of assessment collection, among other features.

How does a BID work to revitalize your community?

BIDs provide an extra level of public services, which may include any combination of the following:

- **Maintenance.** Collecting trash, removing graffiti, washing sidewalks, landscape maintenance, shoveling snow.
- **Security and Hospitality.** Hiring uniformed security, installing security cameras, staffing tourism information centers.
- **Marketing to Consumers.** Organizing festivals and events, promoting the area with advertising, newsletters, and special retail events, installing signage and producing maps to assist visitors.
- **Streetscape Improvements.** Installing new lighting and aesthetically pleasing street furniture or landscaping.
- **Business Recruitment and Retention.** Conducting market research, managing financial incentives to entice new businesses.
- **Parking and Transportation Management.** Solving public parking problems, managing public parking, maintaining public transportation shelters.
- **Urban Design.** Managing façade improvement programs, outlining urban design guidelines for renovations and/or new construction.
- **Strategic Planning.** Developing a vision and plan for the area.

The collective benefits of these services can:

- **Revitalize distressed commercial areas.** Physical improvements, marketing efforts, and the positive influence of new businesses combine to create commercial revitalization.
- **Increase property values and consumer patronage.** The result of BID-run marketing, events, security, cleaning and maintenance, hospitality, and cultural activities allows business owners to control some of the public spaces that drastically affect their property values and businesses. By investing in this space, economic returns are expected.
- **Allow the private sector to be proactive.** Business owners can make plans for improvements, establish contracts, hire labor, and solve problems with innovative, creative solutions.

Funding a BID

Assessments. BIDs receive most funding from additional, mandatory taxes on property and/or business owners in the district. Often exemptions are made for residences. BID assessments typically range from 3% to 6%, but can go as high as 10% of the value of real estate taxes. Assessment formulas vary geographically. Some BIDs calculate these assessments by using square footage or the proportion of

services to be provided in a specific area. Other BIDs have fixed fees that are paid by merchants.

Additional funding. BIDs can also pursue additional funding through public and private grants, donations, and local subsidies.



Additional funding for BIDs can be collected in order to purchase street furniture such as benches, trashcans and sidewalk planters.

BID ASSESSMENTS TYPICALLY RANGE FROM 3% to 6% BUT CAN GO AS HIGH AS 10% OF THE VALUE OF REAL ESTATE TAXES.

1. **Make sure a BID is appropriate for your community.** Can adequate support be cultivated from business owners and local government? Will BID services offer solutions to current problems?
2. **Review state legislation carefully.** Check to see which services BIDs can provide, as well as funding requirements.
3. **Hire an experienced consultant.** Many planning firms specialize in economic development and have extensive experience with BID formation.
4. **Investigate preliminary financial resources for BID formation and operations.** Ensure that adequate primary and secondary funding is available to provide the desired services. A combination of public and private funds is ideal.
5. **Collaborate to create a strong foundation.** Forming a BID is a tough job. A full-time administrator or BID manager needs to be assigned the task of getting the BID started.
6. **Build support among business and government.** Building support for a BID takes time. The formation of a BID ranges from two to five years. Be prepared to educate the community about the benefits of a BID, and schedule time to sit down and speak with skeptics.

7. **Begin with the basics.** There is no "one-size-fits-all" BID formula. Begin with those services that address local problems and build on initial successes.

8. **Monitor success.** Be sure to evaluate programs and progress. Benchmarking, or setting a goal and achieving it, helps a BID meet community and business owners' expectations.



With patience and determination from merchants and residents, a BID can make your community a special place to be.

National Main Street Center for the National Trust for Historic Preservation

www.mainstreet.org

Located in Washington D.C., the National Main Street Center offers information on how to become a Main Street Community and provides national examples of successful communities. For more information, call 202.588.6219

The American Planning Association

www.planning.org

The American Planning Association is the leading organization for planners across the nation. They publish several journals and periodicals each month to keep planners and other professionals up to date with new trends in the planning field. For more information, call 312.431.9100

International Downtown Association

www.ida-downtown.org

The International Downtown Association is a leader in livable communities. It provides a guideline for towns that want to create new partnerships and economic growth. Information is also available about various communities across the nation and various conferences where municipal officials can learn more about Main Streets and BIDs. For more information, call 202.293.4505

New Jersey Division of Housing and Community Resources, Main Street New Jersey

www.state.nj.us/dca

Main Street NJ is a professional downtown revitalization program providing business communities with the skills and knowledge to manage their own business districts, improving the economy, appearance and image of their traditional downtown, through the organization of business persons, local citizens and resources. For more information, call 609.633.6266

The Pennsylvania Downtown Center

www.padowntown.org

Since 1987, the Pennsylvania Downtown Center has been providing local groups with the techniques and strategies they need to recapture or sustain their downtown as a vibrant civic, social and economic center of activity. For more information, call 717.233.4675

Pennsylvania Department of Community & Economic Development (DCED)

www.inventpa.com

The Department of Community and Economic Development fosters opportunities for businesses and communities to achieve a better quality of life. Invent PA and the DCED work together to promote ways to improve communities in Pennsylvania. For more information call 215.560.2374

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Created in 1965, the **Delaware Valley Regional Planning Commission (DVRPC)** is an interstate, intercounty and intercity agency that provides continuing, comprehensive and coordinated planning to shape a vision for the future growth of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties, as well as the City of Philadelphia, in Pennsylvania; and Burlington, Camden, Gloucester and Mercer counties in New Jersey. DVRPC provides technical assistance and services; conducts high priority studies that respond to the requests and demands of member state and local governments; fosters cooperation among various constituents to forge a consensus on diverse regional issues; determines and meets the needs of the private sector; and practices public outreach efforts to promote two-way communication and public awareness of regional issues and the Commission.



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