

Reviewed by: **Haris Alibašić**
University of West Florida

Abraham Unger, Business Improvement Districts in the United States: Private Government and Public Consequences (Palgrave Macmillan, 2016). 206 pp. \$129 (hardcover), ISBN: 9783319322933.

In the NBC sitcom *Parks and Recreation*, a comedic take on local government’s inner workings, one of the characters, Ron Swanson, expressed the following sentiment about the role of government in service delivery:

I think the entire government should be privatized. Chuck E. Cheese could run the parks. Everything operated by tokens. Drop in a token, go on the swing set. Drop in another token, take a walk. Drop in a token, look at a duck. (*Parks and Recreation* 2010)

Governments have privatized many public services, although not at the extreme level suggested above. In response to urban decay and decline, reduced revenues, and diminished services for residents and businesses, local governments have had to utilize all available tools, including public–private partnership (PPP) and other forms of privatization. Most municipalities have privatized certain services or partnered with the private sector to deliver public services with varying degrees of success. Overall, privatization efforts have had significant public consequences and are now an essential part of urban governance.

Privatization is not only a U.S. phenomenon but a strategy employed by governments across the globe, both in developed and underdeveloped countries. Kikeri and Nellis (2004) discuss the divestment of infrastructure assets to private investors in countries across the world, while Rodd (2017) suggests that proponents of PPPs believe them to be an effective and efficient solution for restoring the eroding U.S. infrastructure. Moreover, in developing a tripod framework, Yang, Hou, and Wang (2013) describe the conditions necessary for the development of a PPP in transitional economies. Additionally, Newbold describes the global impact of the privatization of governmental services and how countries persist in their attempts to integrate “economic market approaches into the practices of public management” (2015, 633).

Framing the Issue of Governance and Democracy in BIDs

In light of these global trends, Abraham Unger provides readers with a new lens for understanding the inner workings of Business Improvement Districts (BIDs). In a timely study, Unger explores the implications for democratic governance represented within this type of PPP structure. Early in the book, he discusses the issue of distribution of power and attempts to answer the key question of what makes BIDs public, describing them as “a group of shadow urban private governments” with public authority. Beyond the examination of the importance of BIDs in revitalizing America’s business districts, commercial corridors, and neighborhoods, the book offers theoretical and practical reviews of the governance and democratic principles practiced in BIDs. Objectives of the book include finding what makes BIDs public and what makes them private. Unger’s new book may be of interest to BID boards and staff, local government officials, and legislators looking to improve the governance of various PPP arrangements, including BIDs. Undoubtedly, these types of PPPs between commercial property owners and local government have had positive effects on dilapidated commercial corridors, downtown districts, and businesses. While BIDs can be effective instruments of economic growth in cities, they may not be compatible with some aspects of democratic governance, including accountability, transparency, and their effects on the operational dynamics of local government. In the age of privatization of governmental services, Unger probes the reservations and uncertainties embedded into the core concerns for local democracy and urban political economy, where cities seek additional funding to supplant and supplement service delivery through PPPs.

Using BIDs’ primary documents, local government’s records of BID activities, interviews of BID representatives (both elected and appointed officials and staff), and scholarly studies and research, Unger sets out to discover the degree to which BIDs maintain the standards of democratic governance and

Haris Alibašić is assistant professor in the public administration program at the University of West Florida where he teaches doctoral, graduate, and undergraduate level online and in-class courses in ethics, political economy, public budgeting and finance, and public administration in American society. Prior to joining academia, Alibašić has brought 21 years of expertise and experience in the public sector, including working for the United Nations Mission and the Office of High Representative in Bosnia and Herzegovina and directing energy, sustainability, and legislative affairs policies, and programs for Grand Rapids, the second largest city in Michigan. In Grand Rapids, he promoted sustainable policies resulting in significantly reduced energy use and cost while spurring significant renewable energy investments. His research interests include sustainability, resilience, and ethics.
E-mail: halibasic@uwf.edu

Public Administration Review, Vol. 78, Iss. 1, pp. 169–172. © 2018 by The American Society for Public Administration. DOI: 10.1111/puar.12899.

publicness in their organizational behavior. A further examination of these districts through theoretical frameworks is warranted as most states continue to skirt their obligations to local governments, and the federal government seeks further privatization of governmental services through PPP arrangements (Dudley 2017; Minghine 2014; Van Slyke 2017).

Explaining BIDs

Briffault (1999), in a review entitled “A Government for Our Time? Business Improvement Districts and Urban Governance,” described BIDs as “one of the most intriguing and controversial recent developments in urban governance,” which in a combination of public, private, local governments, and neighborhood elements “undertake a diverse array of programs and services, including sanitation, policing, social services, infrastructure improvements and business recruitment and retention” (366). BIDs are nonprofit organizations, which, in the case of New York, are managed through the District Management Association (DMA) Inc. The DMA is a not-for-profit corporation contracted with the City of New York to supplement services to the community, with the public power to impose additional assessments on commercial property owners within district boundaries. BIDs then perform additional assessments on services such as public safety, sanitation, marketing, capital improvements, and promotion in their districts, defined by strict geographic boundaries. BIDs can be described as appointed bodies often operating in the shadows of local government. While controversies surrounding the BIDs and their role continue to grow throughout the United States, Mitchell (2009) contended that “BIDs shape the future of American cities every day” (111). Local governments’ favorable view of BIDs is understandable as they can shift some of the funding and expenditures for public services from local governments to commercial owners in the districts. In reviewing various BID reports in New York, the following statement from the Madison Avenue Business Improvement District (2016) explains the representative organizational and membership arrangements, including how the Board of Directors is elected:

While the BID serves all property owners, commercial tenants and residents within the district, only registered members may vote, elect and serve as members of the BID’s Board of Directors. (16)

The New York Model of BIDs

The six-chapter book by Unger utilizes a case study approach, highlighting some of the most representative BIDs in New York, and assessing standards of accountability and transparency and whether these sampled districts behave in a more governmental or

private sector manner. According to the author, per the International Development Association’s U.S. BID Census report, in 2011, there were over 1,000 BIDs in the United States, with most of them (74) located in New York (NYC Small Business Services 2016). Unger selects six New York BIDs for his study, based on their budget size and the socioeconomic importance in the community. These six BIDs are then divided into subgroups, two large BIDs from the Grand Central Partnership (GCP) and Union Square Partnership, two medium-sized BIDs from the 47th Street and Columbus Avenue, and two small BIDs from North Flatbush Avenue and White Plains Road. Each BID is named based on its history and socioeconomic status: The Corporate BID, The Neighborhood BID, The Mom and Pop BID, and so forth.

In Chapter 1, “Privatization in the Neighborhood,” Unger explains how BIDs work and are funded and describes the assessment or extra fee beyond annual real estate taxes of commercial property owners as coercive. “The assessment is collected by the municipality and then returned in full to a local, private non-profit board called a District Management Associations (DMA)” (2). Later in the text, Unger explains how each BID is governed by a DMA, acting as a caretaker of the BID, and how BID is “the informal term used for organizations” (30). He then reviews relevant literature and case studies. Additionally, he details the tests used to measure BIDs publicness and privateness with privatization and public administration theories. Using two analytical lenses to explain BIDs, the author posits that the first lens is “the size of BID’s budget effects its degree of publicness or privateness,” suggesting that “large budgets can encourage more or less public behaviors.” The second lens clarifies how organizational culture affects its degree of publicness or privateness. At the end of the chapter, Unger reveals that, beyond discussions of publicness and privateness, the broader purpose and goal of the book is to uncover implications for democracy for jurisdictions that adopt these types of PPPs.

In Chapter 2, focusing on the structure of BIDs, Unger continues to build the case for understanding the BIDs’ level of publicness and privateness based on their organizational structure. Running the issue of publicness and privateness of BIDs through the criteria of accountability, scope of mission, and autonomy, Unger determines that BIDs are hybrids of PPP with private-style autonomy and transparency. In addition, given their institutional mission, they are more public than private. An important distinction and review of other types of PPPs similar in structure and aims is provided in this chapter. This includes Common Interest Developments (CIDs), Tax Increment Financing (TIFs), and Special Assessment Districts (SADs). SADs may be considered the

predecessors of BIDs, but each employs different strategies to promote economic development and revitalization of cities. Adding to the overall confusion about the types of PPPs utilized by cities, in Michigan, for example, there are also Corridor Improvement Districts, which are sometimes used in conjunction with other tools. This chapter would benefit from a visual representation of these PPP instruments and their interconnectedness. Organizational charts would help the reader better understand the dynamic roles of various power agents in BIDs, from the DMA to other aspects of local government. In this chapter, it is easy to get lost in a myriad of acronyms and lose track of the meanings behind them.

After establishing the publicness and privateness benchmarks in previous chapters, in Chapter 3, “The Real Lives of BIDs,” Unger analyzes BID behavior using the case studies of six BIDs in New York. Chapter 3 neatly summarizes the different organizational paths, the original and current mission statements, budget, boundaries, and history behind the six BIDs under review. This chapter enables the reader to grasp the core of respective roles and responsibilities of BIDs with history and background. Because of the focus on New York’s BIDs, the book falls short as a comparative analysis of BIDs. At the risk of sounding critical, a very elementary level of comparison was provided in the book. Such comparative analysis would add significant weight to this study for those interested in BIDs’ dynamics in other states and countries. The GCP gets an extensive treatment in this chapter, focusing on, among other issues, three scandals the BID became embroiled in since its creation. This BID faced a certain level of animosity from city government, which other BIDs have not received. Twenty years prior to the publication of Unger’s book, in a lengthy review of the GCP BID, Kennedy called for restraining the power of BIDs, stating that, “concerted efforts to increase oversight, compel BIDs to adhere to democratic principles, and link their success to the city’s welfare are prerequisites for the survival of BID” (1996, 329). In examining the GCP, also known as The Corporate BID, the author, in passing, compares it to Philadelphia BIDs, Wisconsin BIDs, and South African models of BIDs. There is a clear benefit to understanding the dynamics of BIDs in other states. In even less detail, the other large New York BID, Union Square Partnership BID, is compared to a San Francisco BID. The mid-sized BID, The 47th Street BID, is juxtaposed with Canadian BIDs based on the single characteristic of consumer marketing focus. The lack of any comparative analysis between the two small BIDs can easily be missed if not for the author’s promise to do so earlier in the chapter.

Despite tense interactions and controversies in some of them, BIDs play an important role in economic

recovery and revitalization of cities, each in its own distinct way with provision of supplemental services. While some BIDs are more focused on sanitation, marketing, and promotions, other BIDs with bigger budgets are concerned with capital improvement. The evidence offered is that BIDs are useful to economic recovery and the rebirth of neighborhood and business districts across the landscape of the U.S. urban centers, small and large. While the author suggests that reviewing histories of BIDs does not reveal the level of publicness and privateness each assumes, it invariably offers a meaningful insight into the type of governance in each BID, from corporate developer BID to neighborhood organizer, and from service provider to community building BID. Such findings are helpful for practitioners and city government employees involved in the oversight of various aspects of such PPPs.

In Chapter 4, Unger further tests the publicness and privateness of BIDs, using four indicators: mission and activities, decision-making norms, constituency relations, and fundraising (91–148). Ultimately, Unger concludes that, while many elements offered in this research are important, “the dimensions of BID’ publicness and privateness are highly particular based on differing cultural values that guide the organization’s choices” (140). In Chapter 5, Unger addresses the essential subject of government oversight and the role local governments play in holding the BID leadership accountable, finding that in five of six cases reviewed, the New York City Department of Small Business Services, charged with the oversight of the BIDs, acted more as an advocate than an overseer of the BIDs. The final chapter, entitled “Epilogue,” serves as a summary of findings, a recap for what the readers went through in previous five chapters, and a critical review and set of recommendations for improving the democratic governance of BIDs.

Other States’ Models of BIDs

While the book focuses primarily on how the select six New York City BIDs are governed and the role of and interactions between the BIDs and DMAs, as emphasized by the author, each state has a different set of legislation and rules regarding how BIDs are set up and governed. These rules deviate from each other even further at the local government level. Every state has different legislations and different sets of rules for establishing, managing, and governing BIDs, and each state has its own distinct preferences for the role that BIDs and other types of PPPs play. For example, in Michigan, the Downtown Development Authority (DDA) serves as Tax Increment Financing (TIF) capture districts, while BIDs are used for special assessments. Kara Wood, the Managing Director of the City of Grand Rapids Economic Development Services, oversees BIDs in the City and contends that, regardless of their size, “BIDs are instrumental

in accelerating economic growth in business districts, and if used as leverage or in combination with other economic development tools and under a rigorous governmental oversight, ultimately benefit cities seeking public private partnerships” (Wood, Kara. 2017. E-mail message to author, June 12).

Conclusion

While the author did not set out to evaluate the effectiveness and usefulness of BIDs, Unger’s book is timely and ultimately offers an original inquiry into these intricate PPP arrangements. The author’s in-depth analysis and methodological approach to reviewing New York BIDs will serve countless practitioners and academics studying internal complexities of BIDs and the role of government and private sector and may ultimately lead to improved levels of accountability and transparency in BIDs and improved models of governance in PPPs.

References

- Briffault, Richard. 1999. A Government for Our Time? Business Improvement Districts and Urban Governance. *Columbia Law Review* 99(2): 365–477.
- Dudley, Scott. 2017. The 2017 Legislative Session: A 60-day Assault on Home Rule. Quality Cities. *Florida League of Cities*. May/June 2017.
- Kennedy, David J. 1996. Restraining the Power of Business Improvement Districts: The Case of the Grand Central Partnership. *Yale Law & Policy Review* 15(1): article 7.
- Kikeri, Sunita, and John Nellis. 2004. An Assessment of Privatization. *World Bank Research Observer* 19(1): 87–118.
- Madison Avenue Business Improvement District. 2016. 2016 Annual Report 60–86 Madison Avenue District Management Association, Inc. <http://madisonavenuebid.org/wp-content/uploads/2011/12/MadAveBid-2016AnnRep.pdf> [accessed June 1, 2017].
- Minghine, Anthony. 2014. *The Great Revenue Sharing Heist*. <http://www.mml.org/pdf/advocacy/mml-revenue-sharing-heist-2014.pdf> [accessed June 25, 2017].
- Mitchell, Jerry. 2009. *Business Improvement Districts and the Shape of American Cities*. Albany: State University of New York Press.
- New York City (NYC) Small Business Services. 2016. Business Improvement Districts. <http://www1.nyc.gov/site/sbs/neighborhoods/bids.page> [accessed June 17, 2017].
- Newbold, Stephanie P. 2015. Understanding Your Liability as a Public Administrator. In *Handbook of Public Administration*, 3rd ed., edited by James L. Perry and Robert K. Christensen. San Francisco, CA: Jossey-Bass.
- Parks and Recreation*. “Sweetums,” Episode 15. Directed by Dean Holland. Written by Alan Yang. NBC, February, 2010.
- Rodd, Scott. 2017. A Rocky Road: How Can We Afford to Fix Our Aging Highways and Bridges? *State Legislatures* 2: 20–23.
- Van Slyke, David. 2017. Trump’s Infrastructure Plan: How “Private” Will He Go? June 7, <http://www.politico.com/agenda/story/2017/06/07/trumps-infrastructure-public-private-partnership-000454> [accessed June 25, 2017].
- Yang, Yongheng, Yilin Hou, and Youqiang Wang. 2013. On the Development of Public–Private Partnerships in Transitional Economies: An Explanatory Framework. *Public Administration Review* 73(2): 301–310.