

WHAT IS A CALIFORNIA PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT?

A property-based business improvement district (PBID) is a private sector initiative to manage and improve the environment of a business district with services financed by a self-imposed and self-governed assessment. Similar to a common area maintenance (CAM) charge commonly found in shopping malls and office parks, a PBID can help a business district remain competitive in the regional marketplace. Services financed by a PBID are intended to enhance, not replace, existing city services.

In California, the Property and Business District Law of 1994 paved the way for a whole new generation of PBID financing. Key provisions of this law include:

- Wide range of service options, including public safety, maintenance, marketing, economic development, special events, parking management and other enhanced services or improvements in a business district.
- An “owners association” of property and business owners to govern the district, ensuring that a district is directed by those who pay.
- Encourages services to be delivered by private nonprofit organizations, as opposed to government.
- Petition support from private property owners paying more than 50% of proposed property assessments. A subsequent law on special assessments, Proposition 218, creates an additional mail ballot process.
- Cap on assessments and a maximum 5-year district life, requiring a new petition process to renew. Renewal can be for a term of up to 10 years.

While PBIDs are relatively new to California, they have been used extensively throughout the rest of the U.S. and Canada for nearly 50 years. The International Downtown Association estimates that more than 1,000 PBIDs currently exist in North America. More than 100 PBIDs now exist in California, including the downtown business districts of San Diego, Long Beach, Los Angeles, Hollywood, Santa Monica, Stockton, Sacramento, San Jose and Oakland.

PBIDs provide numerous advantages over California business license-based business improvement areas (BIAs) that have existed since the 1960s.

- PBIDs engage property owners – stakeholders that tend to have a long term investment and community improvement goals.
- PBIDs are administered more efficiently with a smaller and more stable base of ratepayers.
- PBIDs raise from five to 10 times more revenue than business-based BIAs.
- PBID assessments are collected through property tax bills and carry the same enforcement mechanisms.
- All classes of property within a PBID must participate, including commercial, government, residential, non-profits and mixed-use.
- PBIDs can have a term of 5 years (and be renewed up to 10 years) as opposed to one year for business-based BIAs.
- PBIDs can offer different levels of services by geographic benefit zones.
- The PBID petition and 218 mail ballot processes require majority support from property owners – this provision compels greater involvement and creates a strong mandate for new services.



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