

Principal Shopping Districts (PSD)  
Business Improvement Districts (BID)  
Business Improvement Zone (BIZ)

P.A. 120 of 1961

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# Agenda

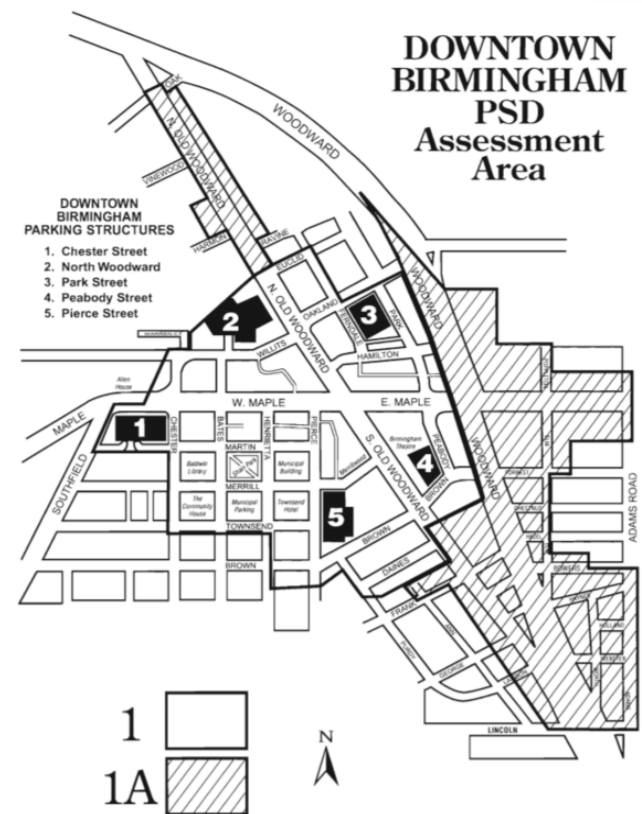
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- Overview & Purpose of Districts
- PSD's & BID's
  - Eligibility & Establishment
  - Implementation & Funding
- BIZ's
  - Eligibility & Establishment
  - Implementation & Financing

Principal Shopping Districts (PSD) Business Improvement Districts (BID) Business Improvement Zone (BIZ) : PA 120 of 1961

# Overview & Purpose

- Defined district/zone in need of special services
- Opportunity for shared marketing, management, operations, maintenance, development
- Leverage resources to increase impact and drive economic development
- Provide targeted services, projects, activities to benefit property owners and businesses within the district/zone
- Generate revenue to fund special services



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# PSD's and BID's: Who is eligible?

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Any “Local governmental unit”, or a city, village, or urban township may apply for a PSD or BID.

“Urban township” means a township that is an urban township as defined in section 2 of the local development financing act, 1986 PA 281, MCL 125.2152, and is a township located in a county with a population of more than 750,000

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# PSD's and BID's: Who is eligible?

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**PSD:** “Principal shopping district” means a portion of a local governmental unit designated by the governing body of the local governmental unit that is predominantly commercial and that contains at least 10 retail businesses.

**BID:** “Business improvement district” means 1 or more portions of a local governmental unit or combination of contiguous portions of 2 or more local governmental units that are predominantly commercial or industrial in use.

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# PSD's and BID's: Establishing a District

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## PSD Prerequisites:

- Local unit must have a Master Plan that includes an urban design plan designating a PSD (or redevelopment/development of a PSD).

## BID Prerequisites:

- Resolution by local governing board(s) outlining geographic boundaries, number of board members, and classes of property within district

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# PSD's: Establishing a Board

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Board shall be appointed by CEO of the local government with concurrence of legislative body.

- 1 member must be from adjacent residential area
- 1 member shall be a representative of local gov. unit
- Majority of members shall be nominees of individual businesses within the PSD

(If boundaries of PSD are the same as DDA, the governing body may designate that DDA board shall compose the PSD Board.)

## BID's: Establishing a Board

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The local governmental units determines the board and shall consist of:

- 1 representative of the local unit appointed by CEO of local unit with concurrence of local unit.
- Other members shall be nominees of businesses and property owners in BID.

(If any one property class is more than 50% of special assessments proposed, majority of members shall be nominees of that property class.)



# PSD's & BID's: Implementing Projects

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The district board shall develop a marketing and development plan that details all of the following:

- The scope, nature, and duration of the business improvement district project or projects.
- The different classes of property owners who are going to be assessed and the projected amount of the special assessment on the different classes.

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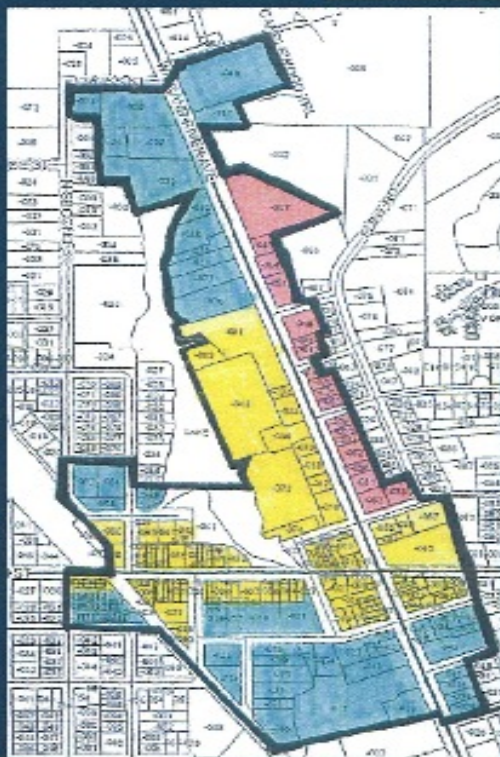
# PSD's & BID's: Financing Sources

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- Grants and gifts
- Local Governmental Unit
- General Obligations Bonds or Revenue Bonds
- Special Assessments (limited to \$10,000 per parcel/annually)
  - Benefit zones possible

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# Boundary



## Three Benefit Zones

- ◆ Zone A
- ◆ Zone B
- ◆ Zone C

# Proposed Special Assessment District

To determine annual assessment

## Zone A

Second Floor  
\$0.08 per sq. ft.

First Floor  
\$0.16 per sq. ft.

$\$0.08 \times 1500 \text{ sq ft} = \$120$   
 $\$0.16 \times 1500 \text{ sq ft} = \$240$

## Zone B

Second Floor  
\$0.06 per sq. ft.

First Floor  
\$0.12 per sq. ft.

$\$0.06 \times 1500 \text{ sq ft} = \$90$   
 $\$0.12 \times 1500 \text{ sq ft} = \$180$

## Zone C

Second Floor  
\$0.05 per sq. ft.

First Floor  
\$0.10 per sq. ft.

$\$0.05 \times 1500 \text{ sq ft} = \$75$   
 $\$0.10 \times 1500 \text{ sq ft} = \$150$

# PSD's & BID's: Example Activities and Services

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Promote development and activity in the district by:

- Conducting market research
- Developing, coordinating, and conducting retail and institutional promotions
- Sponsoring special events and related activities
- Improving pedestrian and vehicle infrastructure
- Managing off-street/structured parking
- Acquiring, improving and operating property

# BIZ's: Eligibility & Establishment

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Initiated through petition signed by more than 30% of property owners in zone within a city or village.

Requires 10-year zone plan that outlines goals, strategies, objectives, guidelines for operation

- Proposed Board; process for appointing/removal
- Planned projects, cost estimates, source of funds
- Any proposed assessments and basis for assessing

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# BIZ's: Eligibility & Establishment

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Requires public hearing; notification of owners by mail.

Public body of governing unit must approve or reject establishment of zone and zone plan at public hearing or next scheduled meeting of the body.

Property owners within zone must vote by mail on the plan, establishment of zone and initial board; approval by 60% of owner authorizes creation of zone.

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# BIZ's: Implementation & Financing

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Board of Directors approved by vote of property owners oversees daily activities and operation.

- Odd number of directors; not smaller than 5 and not larger than 15
- May include one director nominated by CEO of city or village and approved by local unit
- May be operated by a Non-Profit Organization

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# BIZ's: Financing Sources

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- Grants and gifts
- Special assessments
- Loans
  - Term may not extend beyond 10-year zone period
  - 50% of annual average revenue for previous year
  - 25% of project revenue if less than 1-year in operation

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# BIZ's: Example Activities and Services

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- Streetscape improvements and maintenance
- Propose lighting standards
- Security services
- Promote cultural & recreational activities
- Business promotion and marketing
- Acquire, maintain and operation property
- “Other activities with the purpose to enhance the economic prosperity, enjoyment, appearance, image and safety of the zone area.”

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# PSD, BID & BIZ: Q&D and Reference Material

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## Questions and Discussion

[PA 120 of 1961](#)

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# Principal Shopping Districts & Business Improvement Districts

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What is the purpose of the PSD/BID?

PSDs & BIDs allow areas of concentrated commercial activity to provide and fund coordinated marketing and economic development activities.

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# BID's: Who is eligible?

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## BID Prerequisites:

One or more portions of local government unit that is predominantly commercial *or* industrial in use.

(Allows multiple units of government to form BID, but a resolution outlining geographic boundaries, number of board members, and classes of property are also required.)

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# PSD's and BID's: How is it established?

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A local governmental unit with a *master plan* for the physical development of the local governmental unit that includes an *urban design plan* designating a principal shopping district or includes the development or redevelopment of a principal shopping district, or 1 or more local governmental units that establish a *business improvement district* by resolution.

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# PSD & BID's: How To...

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How can a municipality utilize a PSD or BID?

Promote physical economic activity in the district by:

Acquisition, ownership of, maintenance, demolition, redevelop, improve, or operate properties, off-street parking lots, or structures

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# PSD's & BID's: Financing Sources

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Why would you want a PSD & DDA within your jurisdiction?

\*Special Assessments with more accountability – narrow focus for specific PSD, BID related projects.

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# BIZ: Board Composition

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Board of Directors to oversee day to day activities.

- Shall consist of an odd number of directors
- Not smaller than 5 and not larger than 15
- May include 1 director nominated by chief executive of city or village and approved by local unit
- May be operated by a Non-Profit Organization