

Working towards the BID vote

Key issues facing property owners

A number of key issues have been flagged up in relation to the property sector and BIDs:

1. Making the numbers 'stack up'

The levy on occupiers alone is unlikely in many cases to raise enough funds to make a meaningful difference to an area, e.g. the Heart of London Business Alliance can raise approximately half of its annual budget from the BID levy on occupiers and the remainder is raised through voluntary contributions from property owners.

In addition, many businesses now look for voluntary contributions from property owners as an added investment into the area.

2. Finding mechanisms to 'sign up' the property owners

If a BID is planning a budget based upon a mix of levy income and voluntary contributions, it is important that the management team are able to sign up the property owners' 'voluntary contributions' for a specified term at a guaranteed level. This will help persuade the occupiers to commit to a positive vote. To assist in this process The Circle Initiative commissioned Denton Wilde Sapte to develop a legal template for a membership agreement that ties voluntary members into a specified period linked to the business plan objectives. This can be downloaded from the BID Toolkit at www.londonbids.info.

3. Finding market solutions for service charge tenants

It is well recognised that the benefits of a BID to occupiers within a service charge area, such as a covered shopping centre, may be less than those in a traditional high street. Therefore, it will be essential in such circumstances to introduce a differential charging policy where shopping centre tenants pay a discounted levy. For example in both the Heart of London Business Alliance and CV One in Coventry a tenants in managed centres receive a discounted levy, with the potential for the landlord to pick up the remaining part of the levy.