

**A BRIEF GUIDE  
& THINK PIECE  
ABOUT PROPERTY  
OWNER BIDS**

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# BACKGROUND

**Regulations permitting the creation of Business Improvement Districts (BIDs) were introduced in 2004. Since when over 270 BIDs, funded by business ratepayers within defined geographic areas, have been created.**

The provisions for Property Owner BIDs at primary legislation level were incorporated into the Business Rate Supplement (BRS) Act 2009. This allowed for Property Owner BIDs, but only where a BRS and an occupier BID were already in existence. This meant that Property Owner BIDs were only applicable in London (where the only BRS exists). This has enabled invaluable testing of the model through its introduction by the Heart of London Business Alliance and the New West End Company.

In February 2017 the first draft of the Local Government Finance Bill (2017) was published and included the proposal that Property Owner BIDs should be extended to all areas within England. This would be achieved through the removal of the requirement for a BRS to be in place. The requirement for there to be an existing BID funded by occupiers remains.

# WHAT IS A PROPERTY OWNER BID?

**The rationale for Property Owner BIDs is to achieve a long term and strategic approach for places. To achieve this, it is felt important to engage with property owners alongside occupiers.**

Many existing BIDs are taking on an enhanced role within the economic development arena and are playing a dominant part in 'place-shaping' alongside their primary role of applying additional services to a locality. Whilst many BIDs have sought voluntary contributions and involvement from property owners, the results have been patchy and there is no mechanism that allows property owners to ensure that they engage and contribute. This is not to say that many existing BIDs have not secured long term and widespread engagement and contributions from their property owners. Nevertheless, for many, on a voluntary basis the ability to deliver a comprehensive and sustainable service is restricted.

It is important to note that many Property Owners want to play their part in wider improvement schemes and the existing BID Regulations (other than in London) do not allow them to do so.

A Property Owner BID is, like an occupier-funded BID, created through a ballot of those who will be subject to the levy. To succeed at ballot, it must exceed the same 2 minimum thresholds (1) a majority in favour by number, and (2) a majority in favour by rateable value. Once approved at ballot, the Property Owner BID can be for a term not exceeding 5 years. Like occupier-funded BIDs, a Property Owner BID may be cross-boundary and a ballot outcome may be subject to challenge and veto.

# OPPORTUNITIES AND CONSIDERATIONS FOR PROPERTY OWNER BIDS

**The new rules would mean that Property Owner BIDs might be developed across England but, importantly, only in locations where there is an existing or jointly developed occupier BID. If there is no occupier BID or it ceases to exist for reasons of termination, cessation or non-renewal, a Property Owner BID cannot be created or, if in existence, cannot continue beyond its current term.**

A Property Owner BID should develop a distinct stream of delivery and should address the needs of those who will pay the levy. Therefore research and consultation throughout development is critical. It is most likely, although not a requirement, that Property Owner BIDs will bring forward area improvements schemes such as physical projects (landscaping, streetscape, building enhancements etc.). Property Owner BIDs will require baseline statements although it may be that none are appropriate. (if any).

Property Owner proposals must be developed within existing occupier-funded BID areas. There is no apparent requirement that they should mirror the whole area or that there could not be more than one Property Owner BID within an existing area. However, they could not extend beyond.

Each Property Owner BID requires a Proposer who must be:

- a) a person (or organisation) with a relevant property interest
- b) a body whose purpose is to develop such proposals
- c) the relevant billing authority(ies)

Matters to be considered might be:

- 1) The opportunity that exists from viable and distinct Property Owner Proposals in any existing BID area.
- 2) The development of Property Owner BIDs is restricted by the location of occupier BIDs. If the latter ceases, so must the Property Owner BID, though it might be succeeding in delivering upon its objectives and there might be demand and need for it to continue.
- 3) That being the case, encouragement should be given to the development of small 'pocket' Property Owner BIDs bringing about localised improvement and/or redevelopment within any wider town or city centre (or industrial) BID area.
- 4) In reality, given the multiple property ownership profile within many BID areas, Property Owner BIDs may not apply or be viable for most.
- 5) Some occupiers may also be Property Owners and will contribute to both BIDs on the same property(ies).
- 6) The Proposer of a Property Owner does not have to be the existing BID Body.
- 7) The possible impact (positive or negative) and risks (if any) that the creation of a Property Owner BID may have upon the existing occupier-funded BID.
- 8) Given the nature of their likely work, Boards of Property Owner BIDs may seek additional funding/borrowing to achieve the outcomes required and this could add a level of additional exposure, particularly given its reliance on the continuing existence of the occupier-funded BID.
- 9) Given that Property Owner BIDs require baseline statements (if any), consideration should be given locally as to whether, as a separate legal entity, it may request baselines from the current occupier-funded BID.



# SUMMARY

**As the matter progresses through Parliament, the proposal to permit Property Owner BIDs beyond London is to be welcomed.**

The proposed Bill is likely to receive broad support from many in our industry and this should include support from British BIDs.

Factors that are likely to be debated are:

- I. Whether the exact location of Property Owner BIDs should be restricted by the existence of occupier-funded BID Proposals, particularly at their renewal, given the longer-term nature of their likely delivery. Encouragement should be given to 'pocket' Property Owner BIDs.
- II. Whether it is appropriate that the Proposer of Property Owner BID Proposals should be different to the existing or proposed BID Body, and whether this may lead in particular to local authority rather than business-led Proposals emerging.
- III. The methodology for the generation of the voter (and subsequently the billing) list will be important, particularly in larger areas.



- IV. The fact that many Property Owners may not be based in England, meaning that they could be more difficult to engage.
- V. The possible double charging of Property Owners who are also considered as occupiers within the existing BID.
- VI. Given that the rules governing Property Owner BIDs are constructed upon the BID Regulations 2004, the matters raised by British BIDs and others to the Government's Review of BIDs remain important.
- VII. The lessons learned from the successful implementation of Property Owner Proposals in Heart of London and New West End should be prioritised.
- VIII. Alongside the Parliamentary process, British BIDs and ATCM on behalf of DCLG should develop guidance notes for the implementation and operation of Property Owner BIDs.

# CONTACT US

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