

BID Assessment Method Subcommittee

Summary: Various BID Assessment Methods Calculated & Analyzed

Report to BID Board, February 4, 2010

- Current Method: Primary frontage at \$15 per LF, secondary frontage at 50%, assessment capped at \$0.30 per SF of building area.
 - Cap instituted to address corner properties/flatirons with high amount of frontage. [18 flatiron buildings in BID.]
 - Assessments capped for 11 properties (5% of total properties). 7 capped properties are flatirons; 4 are not.
 - 11 flatirons not subject to cap.
 - Lineal frontage an objective criteria; can be measured by anyone.
 - Spreads power to renew or terminate BID among many property owners. No property owner controls more than 12% of BID vote; only 10 property owners (of appx. 115) control more than 2% of the vote.
 - BID assessments of properties remain consistent and are predictable.

- Modified Current Method: Primary frontage at \$15.50 per LF, secondary frontage at 50%, assessment capped at \$0.20 per SF of building area.
 - Assessment capped for 41 properties (19%), compared to 11 properties (5%) in current method.
 - 12 capped properties are flatirons; 29 are not.
 - 6 flatirons not subject to cap.
 - Assessment increases for about 20% of properties.
 - Increased variation in assessment from highest to lowest.
 - Slight increase in Capitol Square area share (of total assessment); slight decrease in State St. area share.
 - Spread of power to renew or terminate BID among many property owners is slightly more concentrated among fewer property owners (indexes to increase in Capitol Square area share of overall assessment).
 - Lineal frontage an objective criteria; can be measured by anyone.
 - Spreads power to renew or terminate BID among many property owners.
 - BID assessments of properties remain consistent and are predictable.

- Blended Method (90%, 10%)
 - 90% based on \$15 per lineal foot of frontage (100% of primary & 50% of secondary)
 - 10% based on \$0.55 per \$1,000 of assessed value
 - Assessment capped at \$0.30 per SF of building area
 - Increased variation in assessment from highest to lowest compared to above two methods.
 - Assessments increase for about 8 property owners, some by as much as 14%; assessments drop for almost all other properties.
 - Increase in Capitol Square area share, decrease in State St. area share, compared to above two methods.
 - Assessed value in weighting of property owner vote to renew or terminate BID concentrates power with fewer properties. Biggest property owner now controls 15% of total vote.
 - BID assessments on properties will change each year, and amount is unknown until city property assessments are published. BID would need to create mechanisms to make this administratively streamlined.

- Blended Method (75%, 25%)
 - 75% based on \$15 per lineal foot of frontage (100% of primary & 50% of secondary)
 - 25% based on \$0.55 per \$1,000 of assessed value
 - Assessment capped at \$0.30 per SF of building area

- Increased variation in assessment from highest to lowest compared to other three methods.
 - Assessments increase for about 8 property owners, some by as much as 34%; assessments drop for almost all other properties.
 - Assessed value in weighting of property owner vote to renew or terminate BID concentrates power with fewer properties. Biggest property owner now controls 17% of total vote.
 - Increase in Capitol Square area share, decrease in State St. area and King St. area share, compared to other three methods.
 - BID assessments on properties will change each year, and amount is unknown until city property assessments are published. BID would need to create mechanisms to make this administratively streamlined.
- Assessed Value only
 - Results in extreme variations in BID assessments. Some BID assessments increase more than 300%.
 - Concentrates power to renew or terminate the BID with 6 property owners (make up 50%).
 - Would lead to fundamental shift of focus of BID priorities and services from retail to hotel, banks and office users (which make up top properties).
 - BID assessment would not be predictable from year to year. When area is distressed and property values go down, BID assessment goes down (when services needed the most).
 - Easy to calculate, based on objective information from assessor's office.
 - Square Footage
 - Results in extreme variations in BID assessments (similar to assessed value).
 - Concentrates power to renew or terminate the BID with 9 property owners (make up 50%).
 - Would lead to fundamental shift of focus of BID priorities and services from retail to hotel, banks and office users (which make up top properties).
 - Assessor's Office/city does not have reliable building square footage numbers.
 - Not a transparent measuring system; disputes could arise over property's square footage.
 - Lineal Frontage - Primary Frontage only
 - Lineal frontage transparent, easy to measure.
 - Reduces assessment for large properties (e.g., Capitol Square) and raises assessment for smaller ones (e.g., State St.)
 - Does not necessarily reduce flatiron building assessments more than current cap system.

B. Other methods discussed by Subcommittee.

- Location, Zones within current BID
 - No existing zone areas within BID; would need to be defined.
 - Difficult to reach agreement on zones, and value of zones.
- Type of property use (e.g., retail, restaurant, entertainment)
 - No current objective criteria on type of property use or type of business (e.g., city does not issue general business licenses).
 - Too complicated to track, changes too often.
 - Open to dispute.
- Square footage caps excluding residential part of mixed-use building
 - Per BID State Statute, only properties used exclusively for residential purposes are not assessed.
 - No objective criteria for determining residential portion of a mixed-use building. Assessor's Office/city does not have reliable building square footage numbers.
 - Not a transparent measuring system; disputes could arise over property's square footage.

Analysis of Various Methods

BID Assess Subcommittee Meeting Jan. 13, 2010

	Current Method	% total	Variation of Current Method	% total	Blended (90%, 10%)	% total	Blended (75%, 25%)	% total
TOTAL BID ASSESSMENT	\$257,210		\$256,258		\$259,554		\$262,685	
CAP SQUARE AREA SUBTOTAL	\$102,794	40%	\$104,619	41%	\$109,015	42%	\$117,662	45%
STATE ST AREA SUBTOTAL	\$139,019	54%	\$136,858	53%	\$135,775	52%	\$132,513	50%
KING ST. AREA SUBTOTAL	\$15,397	6%	\$14,781	6%	\$14,765	6%	\$13,616	5%
Highest single assessment	\$5,940		\$6,138		\$7,942		\$10,945	
Lowest single assessment	\$60		\$54		\$54		\$46	