

# Business Improvement Districts (BIDs) and Special Service Areas (SSAs)

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## Chicago's new Business Improvement District program adds another option for commercial areas to self-fund services

**BIDs are similar to Special Service Areas (SSAs)**, funding public services and programs to commercial areas above and beyond what the City of Chicago can provide on a city-wide basis. Services may include Customer Attraction, Public Way Aesthetics, Sustainability and Public Places, Business/Economic Development, and Public Health and Safety.

## Why are BIDs being added as a new, separate program?

DPD expects SSAs to continue in most communities.

**However, any of the factors listed below could limit the feasibility of a SSA district.**

- TIF districts divert tax levies from SSAs, but not BIDs
- Property owners cannot agree on a single tax levy rate (as used by SSAs)
- There is a diverse set of building types, uses, and densities in an area
- There are several tax-exempt properties (churches, universities, hospitals)
- Want to provide services to a wider area than just a commercial strip

See the chart on the back side of this page for detailed distinctions between BIDs and SSAs.

## Learn more about the BID program

Program descriptions and applications for BIDs and SSAs are posted on DPD's website. Pre-applications must be received by November 1<sup>st</sup> each year. The estimated application, community, and legislative process will take 1-2 years until the start date of the BID or SSA.

## Questions?

Contact Mark Roschen, Assistant Commissioner, at [mark.roschen@cityofchicago.org](mailto:mark.roschen@cityofchicago.org) or 312-744-1083.

## Business Improvement Districts (BIDs) vs Special Service Areas (SSAs)

	Business Improvement Districts	Special Service Areas	Considerations
Funding Source	<ul style="list-style-type: none"> <li>Property owners agree to a customized formula to determine the amount paid.</li> </ul>	<ul style="list-style-type: none"> <li>Property owners pay an extra tax levy on their real estate tax bills.</li> </ul>	<ul style="list-style-type: none"> <li>SSAs offer the simplest funding process if property owners can agree on a set SSA levy rate.</li> </ul>
Support Signatures	<ul style="list-style-type: none"> <li>Support signatures from owners paying <b>at least 50%</b> into the budget.</li> </ul>	<ul style="list-style-type: none"> <li>Support signatures from <b>at least 20% of PINs</b> within SSA boundaries.</li> </ul>	<ul style="list-style-type: none"> <li>The 50% requirement for BIDs may not be achievable in many areas.</li> </ul>
Determining how much each property pays	<ul style="list-style-type: none"> <li>Funding formulas are flexible and may use property area, value, level of services used, or something else.</li> <li>Individual properties won't be charged more than 20% of the total BID budget.</li> </ul>	<ul style="list-style-type: none"> <li>A fixed levy rate is multiplied against the Equalized Assessed Value (EAV) of each property.</li> <li>No max limit on amount charged to individual property owner as long as overall levy rate cap is not exceeded.</li> </ul>	<ul style="list-style-type: none"> <li>Determining a BID assessment formula can be more complex, but it allows more flexibility in setting service levels for different property owner types and geographic locations.</li> </ul>
Tax Increment Financing (TIF)	<ul style="list-style-type: none"> <li>BID charges are fixed and not based on EAV. No portion of the BID charge is diverted to the local TIF.</li> </ul>	<ul style="list-style-type: none"> <li>Increases in EAV over time means a growing portion of the SSA levy is diverted to the local TIF.</li> </ul>	<ul style="list-style-type: none"> <li>BIDs may be a good option in communities with TIFs that have experienced property value increases. Because BID fees are not affected by TIF.</li> </ul>
District Management	<ul style="list-style-type: none"> <li>Sponsors create a non-profit specifically to manage the district.</li> <li>To manage services, the non-profit can hire staff or contract with a local organization.</li> </ul>	<ul style="list-style-type: none"> <li>A service provider agency provides daily management of the SSA.</li> <li>Service providers may be non-profits active in the community like a chamber of commerce.</li> </ul>	<ul style="list-style-type: none"> <li>Contracting with an existing local organization to manage a BID may be most efficient.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>BID board members and are elected by property owners.</li> <li>Meetings are open to the public.</li> </ul>	<ul style="list-style-type: none"> <li>SSA commissioners are nominated by the mayor and approved by the city council.</li> <li>Meetings are open to the public.</li> </ul>	<ul style="list-style-type: none"> <li>BID board elections require participation from property and business owners to elect their representatives.</li> <li>As mayoral appointees, SSA Commissioners serve until they are renominated, resign, or are replaced.</li> </ul>
Term Length of Districts	<ul style="list-style-type: none"> <li>Budgets, district plans, and organization authorization are subject to an initial term of five years. And renewal every 10 years</li> </ul>	<ul style="list-style-type: none"> <li>Initial terms are 10 years and can be renewed for 15-year terms.</li> <li>Budgets are renewed annually.</li> </ul>	<ul style="list-style-type: none"> <li>The five-year BID plan is more complex but does not need annual City Council approvals unless an increase in budget or services is requested.</li> </ul>