Business Improvement Districts in Southern California: Constructive or Counterproductive?

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Research Question

What effect do business improvement districts have on crime and homelessness within a city?

Introduction

Business improvement districts are organizations that are created and authorized by their respective city, usually to revitalize downtown areas (Wolf, 2008). BIDs usually consist of three components: a committee of business and/or property owners, assessments or fees, and the goal of either augmenting or replacing government services (Morcol, 2008; Brooks, 2007).

Throughout the mass adoption of BIDs throughout the nation, there has been a central claim that the districts lower the crime rate of their respective city (Brooks, 2007; Hoyt, 2005; MacDonald, Strokes, Grunwald, Bluthenthal, 2013), however evidence also suggests that crime rates have been decline since before BIDs were largely implemented (Ellen, O'Regan, 2009). Still, BIDs continue to grow in power and capacity. Specifically in California, business improvement districts went from simply creating and maintaining parking lots, to marketing, to larger quality-of-life issues such as security (Brooks, 2007). However, along with the positive effects of possible crime reduction, research suggests there are other, negative effects on crime and homelessness (MacDonald, Strokes, Grunwald, Bluthenthal, 2013; Marquardt, Fuller, 2012; Lee, 2016).

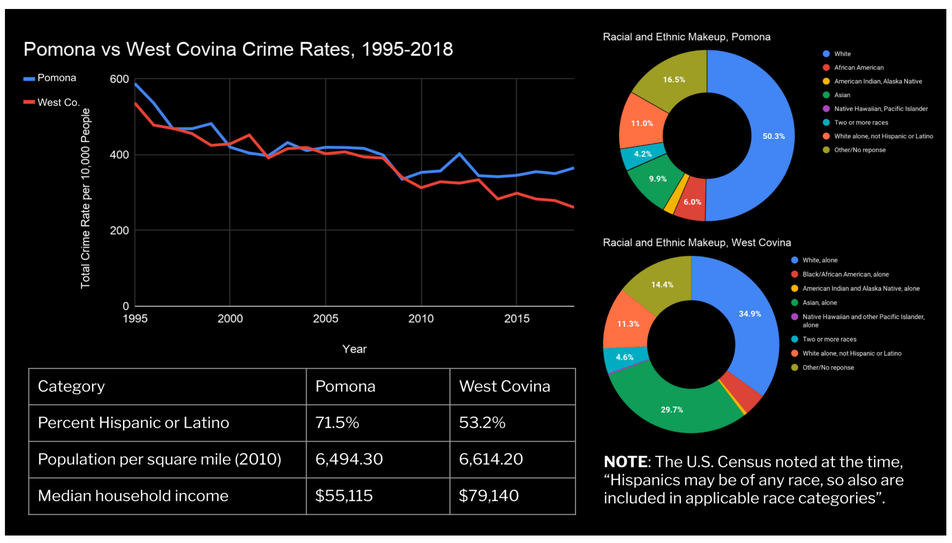
Hypotheses

Ho: Business improvement districts have no effect on crime.
H1: Cities with a business improvement district will have lower crime rates than those without.

Ho: Business improvement districts have no effect on homelessness.
H2: Cities with a business improvement district will have smaller, decreasing homeless population compared to those without.

Data and Methodology

Quantitative Data- Crime counts by the Universal Crime Reports of the FBI will be counted and standardized for rates per population of 10,000 people. Counts will be analyzed using a T-Test, which compares means for statistically significant difference, for the city of Pomona, before and after the established entry of its business improvement district. A separate T-Test will be conducted with the surrounding cities of Alhambra, Arcadia, Azusa, Baldwin Park, Chino, Diamond Bar, El Monte, Glendora, La Puente, Pasadena, San Dimas, South El Monte, and Walnut.
Qualitative Data- A case study will be conducted to analyze the difference of the homeless population between Pomona and West Covina.



Category	Pomona	West Covina
Percent Hispanic or Latino	71.5%	53.2%
Population per square mile (2010)	6,494.30	6,614.20
Median household income	$55,115	$79,140

NOTE: The U.S. Census noted at the time, "Hispanics may be of any race, so also are included in applicable race categories".

Table 2b. T-test Results,
Pomona Before v After BID,
Total Crime Rates
Per 10,000 People

T-value	Sig. Value	95% C.I.
4.608	.000	(-48.96, -129.08)

Table 3b. T-test Results
Pomona Before v After BID,
Property Crime Rates
Per 10,000 People

T-value	Sig. Value	95% C.I.
3.261	.004	(-18.64, -83.78)

Table 4b. T-test Results
Pomona Before vs After BID,
Violent Crime Rates
Per 10,000 People

T-value	Sig. Value	95% C.I.
6.739	.000	(-26.17, -49.44)

Table 5b. T-test Results,
Cities with No BIDs vs BIDs,
2009-2018, Total Crime Rates

T-value	Sig.Value	95% C.I.
-8.33	.000	(53.23, 86.66)

Table 6b. T-test Results,
Cities with No BIDs vs BIDs,
2009-2018, Property Crime Rates

T-value	Sig.Value	95% C.I.
8.72	.000	(51.50, 81.35)

Table 7b. T-test Results
Cities with No BIDs vs BIDs,
2009-2018, Violent Crime Rates

T-value	Sig.Value	95% C.I.
-1.13	.262	(-1.13, 8.18)

Results– Crime Analysis

Table 2b show us he T-test results give us a T-value of 4.608 with a significance value so miniscule it registers as .000. This significance value indicates that there is almost a 0% probability that the relationship is due to chance. Since this significance value is below the statistical cutoff of .05, there is reason to believe there is sufficient evidence to reject the null hypothesis.

After the first test was conducted the category of total crime rates was subdivided into property crimes and violent crimes. Table 3b show us the T-test produced a T-value of 3.261, which indicates a significance value of .004. This signifies that there is a 0.4% probability that this relationship is due to chance. This significance value is below the alpha level of .05, which would indicate that the null hypothesis can be rejected in favor of the alternative.

Table 4b shows us the T-value produced by the test is 6.739, which produces a miniscule significance value that registers again as .000; this indicates the probability of the observing this relationship due to chance is close to 0%. The significance value is much smaller than the statistical cutoff of .05, which means there is evidence to suggest there is a significant relationship between the DPOA and lower violent crime rates. Thus we reject the null hypothesis in favor of the alternative hypothesis.

Table 5b shows us the T-value produced is -8.33, which gives a significance value of .000. This indicates the probability of the observing this relationship due to chance is close to 0%. Because this significance value is below the .05 alpha level of statistical significance, we can reject the null hypothesis in favor of the alternative.

Table 6b shows the test produced a T-value of 8.72, and a significance value once again so miniscule it registers as .000. Again, this is indicative that the probability of the observing this relationship due to chance is close to 0%. This significance value is below the alpha level of .05, so the null hypothesis is rejected in favor of the alternative hypothesis.

Table 7b show the test for the violent crime rates. The t-value produced by the test is -1.13, which indicates a significance value of .262. In this case the significance value does not meet the alpha level cutoff of .05, and so we fail to reject the null hypothesis.

Results – Homelessness Analysis

A case study between Pomona and West Covina was conducted to analyze whether there is a difference in the homeless population between Pomona and West Covina. As the charts for the quantitative crime study establishes, Pomona and West Covina are very similar cases, which allows them to be compared in a similarities case study. The city of Pomona is being sued for allowing the belongings of homeless individuals to be taken and trashed (Smith, 2016). Along with this, a randomized survey conducted by the Downtown Pomona Owner's Association showed that 24.27% (50 of 206) of visitors indicated the business improvement district should address the homelessness issue in the area (Management District Plan, 2018), indicating high levels of visibility. Although it lacks a business improvement district, the city of West Covina reports that its number of homeless individuals have gone down (Yee, 2019) although previously the numbers had been steadily increasing (Yee, 2018). However it is also noted that West Covina has cited public services and officers as the reasons for the recent decline in its homelessness population (Yee, 2019). What this indicates is that there is possibly not enough evidence to reject the null hypothesis Ho. In other words, we cannot reject the hypothesis that business improvement districts have no effect on the homelessness population of a city.

Conclusion

In the case of Pomona, California, it is clear that following the establishment of the DPPBID and the DPOA, crime rates decreased across property, violent, and total crime rates. This supports the findings of Houston (1997) and Hoyt (2005) that suggest business improvement districts lower the crime rates of a city. Of course, the findings of Ellen and O'Regan (2009), which show that national crime rates had already been falling before 2004, suggests that there are other factors worth looking into to fully explain Pomona's decreasing crime rates.In the cases of the surrounding areas, the findings of this research are inconclusive. The results show statistically significant differences in the property and total crime rates, thus, it does suggest that the theory of spillover (Lee, 2016a) could very well be true as the cities have demonstrated different capacities for addressing property crime. There is a limitation as noted previously, it also serves as direction for future research.

While decreasing property crime rates is a good effect of business improvement districts, it is also important to remember their effect on the homeless population of the city. The Pomona versus West Covina case study serves as an example that business improvement districts can contribute to the mistreatment of homeless individuals. This supports the findings of Drummond- 31Cole and Bond-Graham (2012) as well as Selbin et al. (2018). Targeting the homeless by their property offenses may not be the most effective method of dealing with homelessness. Take it from West Covina, as they managed to reduce their homeless population by focusing on the promotion of services and case management, all without the aid of a business improvement district.

Complete works cited can be found here: https://docs.google.com/document/d/14Mo83jeujFP1f8N_kJOhNjhGw3JOjLQI7HVi2yMLQRo