

New Strategies for Private Sector Involvement in Area Development: Neighbourhood and Housing Improvement Districts

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ABSTRACT

The Free and Hanseatic City of Hamburg, Germany's second largest city with approx. 1.8 million inhabitants, is planning to introduce a new legal instrument for a stronger private sector involvement and investment in area development: Neighbourhood and Housing Improvement Districts (NID/HID). The Ministry of Urban Development entrusted the Hafen-City University / Department of town planning with a research in fundamental questions about this strategy and international experience of comparable instruments and strategies. The political and public debate about this new instrument will take place in summer 2007. It is envisaged to pass the requisite legal framework in autumn 2007.

Since 2005 Hamburg already offers a statutory basis for Business Improvement Districts (BID) in commercial areas. Two BIDs are already working under this scheme, some more are in preparation. The City Council is planning to transfer the BID idea, now - e.g. to housing areas or mixed function areas.

In addition to the public sector driven area-development instruments and strategies on the Federal and the Laender-Level (e.g. urban regeneration), NID/HID could offer the opportunity to involve private proprietors in the development of private and public spaces in neighbourhoods. One central characteristic of both the BID and the NID/HID instrument is, that "free riders" will be included in the process and forced to pay for the envisaged measures.

In BID and NID/HID public and private sector in urban development will have to take new functions as e.g. discussed in the debate about "urban governance". The future role of the public sector will evolve to a more enabling and controlling function. The private sector will have to be more active and responsible. One important issue in this context will be to guarantee a proper participation of the local community in the process and the legitimacy of the measures.

The discussion about BID and NID/HID is a fairly new issue in Germany. It is also about a paradigm-change from the strong public sector (Etatism) to a more managing and enabling public sector. A stronger private sector involvement is seen as a risk by

many, e.g. because of a feared dominance of economical criteria in urban development and a lack of participation. At the same time BID and NID/HID offer the chance for a new instrument in the “tool-kit” of urban regeneration.

Key Words: Housing Improvement District, public-private-partnership, Urban Governance