



# **The Model of Neighbourhood and Housing Improvement Districts in Hamburg**

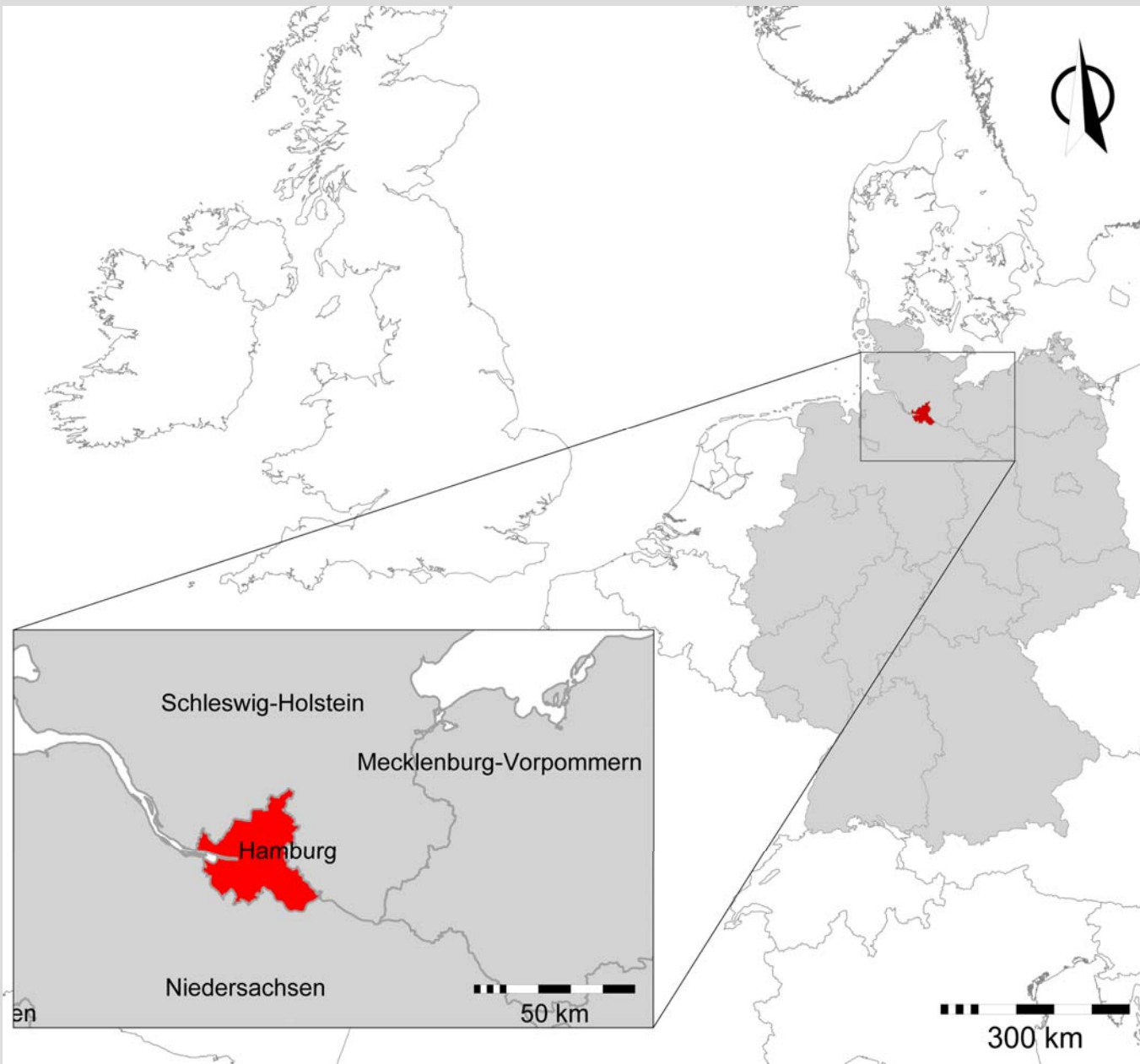
## **New strategies for private sector involvement in area development**

Stefan Kreutz / HafenCity Universität Hamburg

Presentation at 'The Vital City' EURA conference  
Glasgow, September 13<sup>th</sup> 2007

# 0. Outline of the presentation

1. Hamburg – A brief introduction
2. The BID-model in Hamburg
3. Transfer of the BID-model to residential areas
4. Pilot project HID Steilshoop
5. Comments and open questions
6. Further information available



# 1. Hamburg - Brief introduction



## The Free and Hanseatic City of Hamburg

- second largest city in Germany
- nearly 1.8 million inhabitants
- Metropolitan Region with approx. 4 mill. inhabitants
- Economy-Cluster: Harbour, Logistics, Life Sciences, Media Aviation
- “The growing Metropolis”: HafenCity Development; Leap across the Elbe; International Building Exhibition 2013, Olympic Bid 2012 / 2016

# 1. Hamburg - Brief introduction



## The Free and Hanseatic City of Hamburg

- One of the 16 German Laender
- Legislation competences
- Government: Senate / Parliament: Buergerschaft
- Ministry of Urban Development and the Environment
- Innovation in urban renewal and development
- Polarisation between wealthy neighbourhoods and deprived areas (“hot spots vs. cold spots”)

# 1. Hamburg - Brief introduction



## Information about our research

- HafenCity Universität/Department of Urban Planning
- research assignment from the Ministry
- research team: Prof. Thomas Krueger (project management), Prof. Martin Wickel (law and administration) and Dipl.-Ing. Stefan Kreutz (research associate)
- 3 research tasks: advisory study on the HID instrument, search for international references, scientific concomitant research of the pilot project

## 2. The BID model in Hamburg

### The BID model in Hamburg

- BID legislation since 2005 (first BID-law in Germany)
- Improvement of shopping and service areas
- 2 BIDs in action:
  - Bergedorf - 150.000 Euro for 3 years
  - Neuer Wall - nearly 6 million Euro for 5 years
- 4 BIDs “to come” at the moment
- Focus on marketing, street cleaning and services
- Support from the Ministry of Urban Development and the Chamber of Commerce

## 2. The BID model in Hamburg

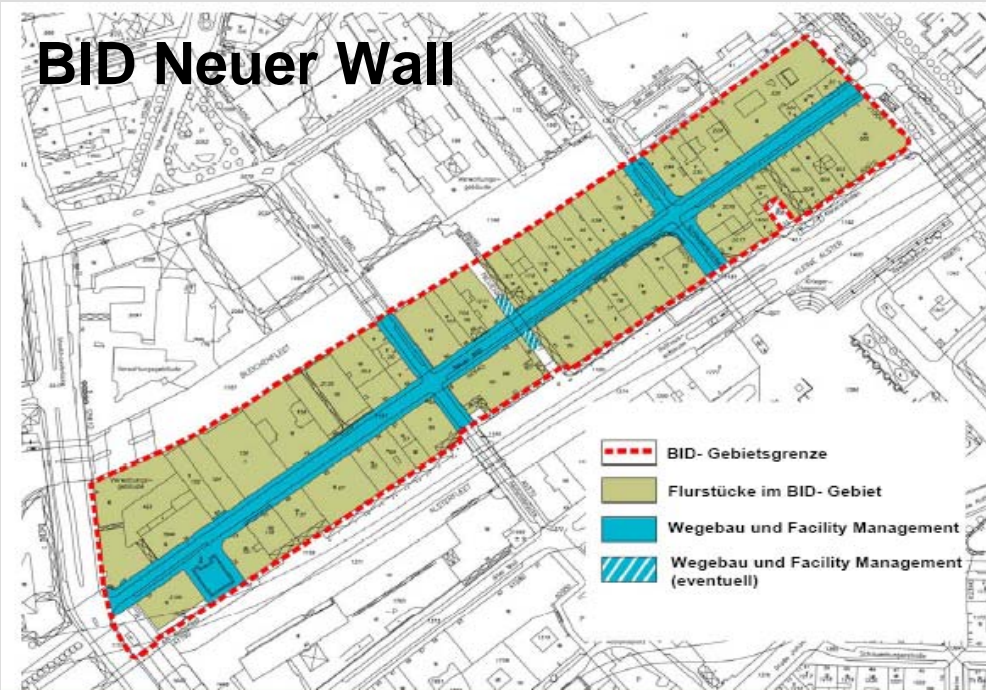
### Specific attributes of the Hamburg BIDs

- Compulsory self-assessment on real property = self-taxing funding mechanism of the proprietors
- Quorum for the proprietor-ballot:  
min. 15 % positive / max. 30 % negative
- Clearly defined area
- Limited period of time (max. five years)
- Management/Implementation through a third party
- Supplementary / complementary services, e.g. enhanced services (street cleaning), capital improvements, marketing activities



# 2. The BID model in Hamburg

## BID Neuer Wall



### 3. Transfer of the BID model to residential areas

#### **Political aims of the new HID/NID law in Hamburg**

*“In addition to the public programmes for urban regeneration residential property owners will receive the opportunity to develop and realise joint activities to stabilise and raise the attractiveness of residential areas in private initiatives.*

*The initiative for a HID, the stipulation of aims and activities as well as the definition of the affected area lie in the responsibility of the proprietors. The public sector will merely accompany and support these private initiatives (law, specific statute and tax-collection).”*

## 3. Transfer of the BID model to residential areas

### **Housing and Neighbourhood Improvement Districts**

- Transfer of the BID-model to other areas, e.g. residential or mixed-use areas
- New law with only slight amendments (almost 1:1 adoption of the existing BID law)
- Senate will present the outline of the law in mid September
- Subsequent political and public debate
- Parliament will pass the law at the end of this year (election campaign in Hamburg for spring 2008)
- Pilot-project for a HID in Steilshoop estate

## 3. Transfer of the BID model to residential areas

### Specific attributes of the Hamburg HID/NIDs

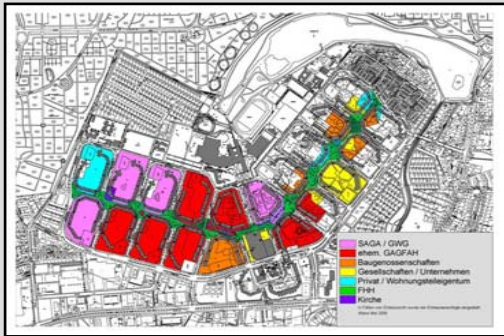
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## 4. Pilot project HID Steilshoop

### **Steilshoop – A HID to come?**

- Housing estate built between 1969 and 1975
- 6.380 dwellings – 14.300 inhabitants
- Urban renewal programme from 1987 - 1999
- Largest proprietor sold to Fortress (2.160 dwellings)
- Working group of proprietors in action since 2006
- Issues: marketing, groundskeeping, services
- Political and administrative support for HID
- Parallel: Special initiative in 2007 and Integrated neighbourhood management from 2008 on

# 4. Pilot project HID Steilshoop



## 4. Pilot project HID Steilshoop

### **First comments on the Steilshoop HID-process**

- Broad spectrum of ownership
- Discussion only with large and already active proprietors – no “amateur” and small landlords involved so far
- Initiative for HID came from the public sector
- Lack of professional process management
- Decision making powers are fragmented
- Low vacancy rate at the moment
- Public defaults in the past cause some of the problems today, e.g. mismanagement of public space

## 5. Comments and open questions

**So what is this all about  
and what does it mean?**



# 5. Comments and open questions

## Pros and Cons of Urban Improvement Districts

Arguments of proponents	Arguments of opponents
<ul style="list-style-type: none"><li>• involvement of free riders</li><li>• leverage of private investment</li><li>• stronger obligation of local proprietors as natural agents of urban change</li><li>• new perspectives for an integrated neighbourhood management</li></ul>	<ul style="list-style-type: none"><li>• withdrawal of public activity</li><li>• privatisation of public space</li><li>• erosion of accountability</li><li>• lack of resident participation</li><li>• only profitable developments</li><li>• growing disparities</li><li>• worst case scenario: “gated communities” vs. even more neglected neighbourhoods</li></ul>

## 5. Comments and open questions

### First comments on Housing Improvement Districts

- Implementation of the model still to come – no practical experience yet (beginning of a “new story”)
- Transfer from US BID-model to German HID requires more than “copy and paste” but specific adaptation, e.g. public sector involvement and participation
- Additional instrument in the tool-box of urban regeneration and development – not a substitute
- Suitability: HIDs not right for every neighbourhood
- Participation should be tailored to the specific type and extent of HID activities

# 5. Comments and open questions

## Further comments

- Coalition of proponents is broad and heterogeneous: neoliberal politicians, chambers of commerce, housing associations (cooperatives and public housing) and parts of the public administration
- Concurrence of the sale of public housing and the promotion of private initiatives for urban development in Germany
- What kind of neighbourhoods should HID create: gated communities, proper estates or sustainable neighbourhoods managed by all stakeholders?

## 5. Comments and open questions

### Open questions for further research

- Is there more in the concept than “clean and safe”, e.g. a strategic perspective for a new integrated neighbourhood management?
- Can HIDs integrate all types of proprietors, e.g. private “amateur” landlords as well as housing companies listed on the stock exchange?
- What kind of neighbourhoods are most likely to implement a HID (owner-occupied or rented)?
- Will the HID-model support growing polarisation within the city, i.e. making good places better and neglected places even worse?

## 5. Comments and questions

### More open questions for further research

- Are Urban Improvement Districts a paradigm change in urban development (“urban governance) or just an example of “rolling back the state”
- Are HIDs the dusk of public-led urban regeneration or the dawn of sustainable integrated neighbourhood management with a strong private involvement?
- Research and discussion to be continued...

## 6. Further information

### Available Online resources for further information

- **[www.hamburg.de](http://www.hamburg.de)**  
City of Hamburg on the web
- **[www.bsu.hamburg.de](http://www.bsu.hamburg.de)**  
Ministry of Urban Development and Environment
- **[www.urban-improvement-districts.de](http://www.urban-improvement-districts.de)**  
Information Website regarding our research
- **[www.hcu-hamburg.de](http://www.hcu-hamburg.de)**  
HafenCity Universität Hamburg



## Neue Formen der Eigentümerkooperation: Urban Improvement Districts (BID, HID, NID)

Herzlich Willkommen beim **Internetportal für "Urban Improvement Districts"**!

"Urban Improvement Districts" sind Gebietsverbände und privater Initiative unter Beteiligung der Betroffenen vor Ort, die von den Gemeinden rechtlich festgelegt werden, damit die Grundeigentümer mit eigenen finanziellen Mitteln die eigene Verantwortung für Maßnahmen zur Verbesserung der Situation im Quartier übernehmen können. Hierzu wird ein Anlagenträger beauftragt, der mit den Grundeigentümern und den Nutzern im Quartier ebenso kooperiert wie mit den öffentlichen Dienststellen. In der Regel werden die "Urban Improvement Districts" durch eine Abgabe, die von der Gemeinde bei allen Grundeigentümern in dem Gebiet eingezogen wird.

"Urban Improvement Districts" können als eine neue Form von public-private-partnership in der Stadtentwicklung charakterisiert werden. Hoheitliche Instrumente werden eingesetzt, um private Initiative und Engagement z.B. zur Verbesserung des räumlichen Umfeldes zu unterstützen. Gleichzeitig hilft das Instrument dabei, die Aktivitäten der privaten und öffentlichen Träger in den Gebieten besser zu koordinieren.

"Urban Improvement Districts" befinden sich in Deutschland noch in der Entwicklung. Die derzeit bekannteste und in einigen Bundesländern bereits in der Umsetzung oder Diskussion befindliche Form sind die **Business Improvement Districts (BID)** zur Aufwertung von Geschäftsstraßen und Einkaufsgebieten. Noch neu in der bundesdeutschen Diskussion sind die **Housing Improvement Districts (HID)** für Wohngebiete und die **Neighbourhood Improvement Districts (NID)** für gemischt genutzte Quartiere.

**www.urban-improvement-districts.de**  
**www.housing-improvement-districts.de**  
**www.neighbourhood-improvement-districts.de**

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