Neighbourhood Improvement Districts in Germany – A New Form of Urban Governance for the Improvement of Residential Areas

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### Private Initiatives in Urban Development

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<tr>
<th>Term</th>
<th>Type of areas</th>
<th>Main actors</th>
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</thead>
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<tr>
<td>Business Improvement District (BID)</td>
<td>City center, business area</td>
<td>Property and business owners, retailers</td>
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<tr>
<td>Neighbourhood Improvement District (NID)</td>
<td>Residential area</td>
<td>Property owners, tenants</td>
</tr>
<tr>
<td>Working Area Improvement District (WID)</td>
<td>Commercial and industrial area</td>
<td>Property owners, industrialists, manufacturer</td>
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Friesecke/Lockemann  
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Neighbourhood Improvement Districts in Germany
II. Where it all began...

- World’s oldest Business Improvement Area *Bloor West Village* in Toronto, Canada (1970)
- Today more than 1,000 BIDs in North America
- BID initiatives in Europe, Japan, Australia and South Africa
- Since 2003: formation and implementation of BIDs in Germany and United Kingdom

http://www.bloorwestvillage.com/

BID „Sachsenstor“ and „Neuer Wall“

– The first BIDs in Germany –

**Objectives**

- to enhance the quality of open spaces
- to create/conserve a retail mix in urban areas
- to assure the property values

**Measures**

- (Financial) incentives for new retailers
- Decorations in case of vacancy
- Seasonal planting
- Ameliorating street lighting
- Improving the public parking system
- Facility management
- Additional street/sidewalk cleaning
- Festival/special event programming
- Social services
Private Initiatives in Urban Development

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III. Defining NIDs

A Neighbourhood Improvement Districts (NID) is a geographically defined residential area in which the property owners make a collective contribution to stabilize and improve their residential district.

The NID services provided are supplementary to those provided by the municipality and usually include security, maintenance of public spaces, additional removal of litter and graffiti, parking improvements, special events, social services and/or marketing activities.

A NID is an additional instrument of urban development and urban regeneration – not a substitute!

IV. Legal Foundation

- In 2007, the German government ratified a new „Act Facilitating Planning Projects for Inner Urban Development“.
- A new section 171f in the Federal Building Code has been added to promote private initiatives in urban development.
- The section allows to establish special initiatives in agreement with publicly articulated goals to strengthen or develop inner-city areas, neighbourhood centers, residential areas, and commercial centers.
- The financing mechanism and the levels of the private-sector contribution will be determined by the Federal States.
NID Characteristics in Hamburg

- As a pioneer in Germany, the city of Hamburg established a “Law to Strengthen Residential Districts through Private Initiative”, which came into force on January 1st, 2008.

- The NID needs the support of 30% of the property owners (negative vote < 30%).

- After a successful ballot, every proprietor in the clearly defined residential area has to pay a special tax based on the value of the properties.

- Limited period of time (max. five years)

- Implementation through professionally-managed organization

V. Organizational Structure of a NID

- Property owners
- Free and Hanseatic City of Hamburg
- Credit institution for residential building of Hamburg
- District management organization/task manager

Contracts under private law

Transfer of funds

Resolution by passing a decree-law

Positive vote: \( \geq \frac{1}{3} \)

Negative vote: \( \leq \frac{1}{3} \)
### Possible NID Measures

<table>
<thead>
<tr>
<th>Building and housing environment</th>
<th>Public spaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of new buildings (e.g. local authority center)</td>
<td>Park and public space enhancements, e.g. planting trees/shrubbery/flowers</td>
</tr>
<tr>
<td>Demolition of buildings</td>
<td>Establishment of playground areas/sports facilities</td>
</tr>
<tr>
<td>Change of use of buildings and apartments</td>
<td>Supplementary street/sidewalk cleaning, removal of graffiti from buildings</td>
</tr>
<tr>
<td>Temporary use of fallow areas</td>
<td>Deployment of security personnel for public safety</td>
</tr>
<tr>
<td>Facility management</td>
<td>Pedestrian-scale lighting</td>
</tr>
<tr>
<td>Vacancy management</td>
<td></td>
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<tr>
<td>Storefront improvement programs</td>
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<thead>
<tr>
<th>Transportation and parking</th>
<th>Local economy</th>
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<tbody>
<tr>
<td>Traffic management and calming</td>
<td>Employment incentives</td>
</tr>
<tr>
<td>Management of the public parking system</td>
<td>Establishment of new businesses</td>
</tr>
<tr>
<td>Promotion of existing public transport</td>
<td>Strengthening indigenous concerns</td>
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<tr>
<td>Establishment of additional parking lots</td>
<td></td>
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<tr>
<td>Noise protection planning</td>
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<thead>
<tr>
<th>Social services</th>
<th>District marketing and communication</th>
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<tr>
<td>Establishment and operation of social facilities</td>
<td>Development of a marketing and communication concept</td>
</tr>
<tr>
<td>Establishment of additional programs for different target groups (e.g. youth, seniors)</td>
<td>Image enhancement, district public relations</td>
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<td></td>
<td>Festival and special event programming</td>
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### NIDs as a Special Form of Urban Governance

<table>
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<tr>
<th>Mandatory elements ...</th>
<th>... cooperative tasks</th>
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<tbody>
<tr>
<td>legal foundation (&quot;NID law&quot;)</td>
<td>establishment through residents’ initiatives</td>
</tr>
<tr>
<td>NID levy for all property owners</td>
<td>privately directed organization</td>
</tr>
<tr>
<td>statutory conclusion of a contract under public law between city and task manager</td>
<td>solutions by mutual agreement:</td>
</tr>
<tr>
<td>supervision of the task manager by the state</td>
<td>- concept of measures</td>
</tr>
<tr>
<td>establishment of a NID for a limited period</td>
<td>- financing plan</td>
</tr>
<tr>
<td></td>
<td>- choice of the taskmanager</td>
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</tbody>
</table>
Hamburg Steilshoop – The First German NID?

- Housing Real Estate built between 1969 and 1975
- 6,380 dwellings – 14,300 inhabitants - 84 ha – 21 large buildings
- Urban Renewal Program between 1987 and 1999
- Working group of proprietors in action since 2006
- Political and administrative support for NID

NID „Steilshoop“

Problems
- Increasing vacancy rates
- Negative citywide image
- Mismanagement and neglect of public space

Objectives
- Development of concepts for area development
- Realisation of services like additional cleaning
- Security or resident-related services
- Capital improvements like the enhancement of the technical and social infrastructure
- Landscaping and improvement in the public realm
- Image campaigns and public events
VI. SWOT Analysis of a NID

**STRENGTHS**
- Providing additional services that improve the district environment
- Supporting the long-term sustainability of a geographically defined residential area
- Developing partnerships between the public and private sector, strengthening private initiatives
- Predictable and reliable funding source for supplemental services and programs
- No free-rider problem

**OPPORTUNITIES**
- Encouraging corporate social responsibility
- Attracting inward investment: helping to decrease vacancy rates and to increase the value of the properties
- Making the district more competitive with surrounding residential areas
### SWOT Analysis of a NID

<table>
<thead>
<tr>
<th>WEAKNESSES</th>
<th>THREATS</th>
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<tr>
<td>Lack of practical experience in Germany</td>
<td>Exorbitant expectations of the property owners</td>
</tr>
<tr>
<td>Mandatory district assessment as an unbalanced impact obligating all members of the property owners group and imposing no extra obligation on the other members (lack of tenant participation)</td>
<td>Step by step privatization of public tasks</td>
</tr>
<tr>
<td>Great efforts to mobilize the property owners</td>
<td>Strengthening &quot;strong districts&quot; with property owners that are able to pay the NID levy in debit of “weak districts”</td>
</tr>
<tr>
<td>Long foundation process (approx. two years)</td>
<td>Relocating problem areas to other districts</td>
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<td></td>
<td>Arising expenses even if the vote for a NID failures</td>
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### VII. Conclusions and Outlook

1. NIDs are compatible with constitutional law.
2. They can be used for all areas with mainly residential usage.
3. They provide enhanced services that improve the district environment.
4. Everybody that profits from the measures also has to co-finance (no free-riders).
5. Financing systems help make the measures easy to plan for.
6. The measures are less expensive if completed in a group than if completed separately.
7. NIDs encourage corporate social responsibility.
Thank you very much for your attention!

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