Urban Development Grants in Germany
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Table of Contents
► Introduction
► New Challenges for Urban Development
► Urban Development Grants
► Urban Development Programmes, e.g.
  ► Protection of the Urban Architectural Heritage
  ► Urban Restructuring
  ► Social City
► Long Term Effect of Urban Development Grants
► Conclusion and Outlook
Summary

- (German) Cities have to deal with a multitude of demographic, economic, social and environmental challenges, for which there is a considerable need for investment.
- Financial assistance for urban development from the Federal Government and the federal states is becoming one of the central considerations in future city development.
- **Urban development grants** are a critical success factor to strengthen cities under changing general conditions (mostly demographic and economic factors).

Introduction

Cities are …

- market places and places to meet,
- architectural expressions of tradition,
- points of origin of technological and social innovations,
- living places,
- centres of work, trade and commerce as well as
- places of education and culture.
- They develop their own identities and compete for investors, residents and development funds.
New Challenges for Urban Development

- Global changes with impacts on the urban development policy

<table>
<thead>
<tr>
<th>Demographic change</th>
<th>Economic change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease of population</td>
<td>Globalisation</td>
</tr>
<tr>
<td>Ageing</td>
<td>Deregulation of markets/Internationalisation of the financial markets</td>
</tr>
<tr>
<td>Heterogenisation/diversification (e.g. pluralised lifestyles, broadening income spread)</td>
<td>De-industrialisation: tertiarisation of jobs Privatisation</td>
</tr>
<tr>
<td>Immigration</td>
<td>Rise in unemployment</td>
</tr>
</tbody>
</table>

Population Development in Germany and in selected German Cities

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2020</th>
<th>2040</th>
<th>2060</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population size in Germany [in million]</td>
<td>82,002</td>
<td>79,914</td>
<td>73,829</td>
<td>64,651</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Germany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemnitz</td>
<td>296,000</td>
<td>243,800</td>
</tr>
<tr>
<td>Halle</td>
<td>311,000</td>
<td>233,000</td>
</tr>
<tr>
<td>Schwerin</td>
<td>126,000</td>
<td>95,500</td>
</tr>
<tr>
<td>West Germany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bochum</td>
<td>396,000</td>
<td>378,600</td>
</tr>
<tr>
<td>Dortmund</td>
<td>598,000</td>
<td>584,400</td>
</tr>
<tr>
<td>Duisburg</td>
<td>535,000</td>
<td>494,000</td>
</tr>
</tbody>
</table>
Demographic Change

Parallelism between shrinking and growing cities

shrinking and growing cities
- strong decrease
- decrease
- stable
- growth
- strong growth

type of city
- large city
- middle city
- small city
- rural community
- urban region

Consequences for the Cities

<table>
<thead>
<tr>
<th>Key issues</th>
<th>“(historical) Compact City”</th>
<th>„Growth Sprawl”</th>
<th>„Shrinkage Sprawl”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population growth</td>
<td>moderate/high</td>
<td>high</td>
<td>negative</td>
</tr>
<tr>
<td>Dominating growth pattern</td>
<td>concentric</td>
<td>leap-frogging</td>
<td>-</td>
</tr>
<tr>
<td>Urban form</td>
<td>compact</td>
<td>dispersed</td>
<td>highly dispersed</td>
</tr>
<tr>
<td>Urban density</td>
<td>high</td>
<td>moderate/low</td>
<td>low</td>
</tr>
<tr>
<td>Centrality</td>
<td>monocentric</td>
<td>polycentric/dispersed</td>
<td>none</td>
</tr>
<tr>
<td>Infrastructure efficiency</td>
<td>high</td>
<td>moderate/low</td>
<td>low</td>
</tr>
</tbody>
</table>

Source: Fina/Siedentop 2009
Consequences for the Cities

Urban Development Grants

... in Germany are grants from the Federal Government and the federal states used for

- settlements development under changed general conditions,
- strengthening cities as business and innovation locations,
- creating socially stable urban neighbourhoods,
- safeguarding of the cultural and environmental heritage and
- improving cooperation of local planning and private investors by developing vacant, derelict or underused land or buildings in priority areas.
Urban Development Grants

- In 1971 urban development grants were introduced as an instrument to support structurally weak cities.
- Details of the grants are determined by the Federal Government and the 16 federal states in an annual administrative agreement.
- Since the introduction almost 6,000 projects in over 2,500 municipalities have been funded.
- The Federal State finances in each case as a rule about a third of the programme volume (to today over € 11.9 billion in financial assistance), whilst the federal states and communities have borne two thirds.

Urban Development Programmes

- Urban Redevelopment and Development Measures (since 1971)
- Protection of the Urban Architectural Heritage (since 1991)
- Social City (since 1999)
- Urban Restructuring in the New Federal States (since 2002)
- Urban Restructuring in the Old Federal States (since 2004)
- Actice City, District and Neighbourhood Centres (since 2008)
Financial Support of the Federal Government 1999 to 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban redevelopment and development measures [%]</th>
<th>Protection of urban architectural heritage [%]</th>
<th>Social City [%]</th>
<th>Urban Restructuring [%]</th>
<th>Active City, district and neighborhood centres [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2000</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2001</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2002</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2003</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2004</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2005</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2006</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2007</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2009</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Problem-orientated Distribution of Federal Government Funds to the Federal States

<table>
<thead>
<tr>
<th>Programme</th>
<th>Urban (re-)development measures [%]</th>
<th>Protection of urban architectural heritage [%]</th>
<th>Social City [%]</th>
<th>Urban Restructuring [%]</th>
<th>Active City, district and neighborhood centres [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>proportion of the population</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>proportion of the depopulation</td>
<td>7,5</td>
<td>7,5</td>
<td>15</td>
<td>7,5</td>
<td></td>
</tr>
<tr>
<td>proportion of the unemployed</td>
<td>7,5</td>
<td>7,5</td>
<td>22,5</td>
<td>7,5</td>
<td>7,5</td>
</tr>
<tr>
<td>proportion of the housing units older than 1918</td>
<td>7,5</td>
<td>7,5</td>
<td>7,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>proportion of foreigners</td>
<td>7,5</td>
<td>7,5</td>
<td>7,5</td>
<td>7,5</td>
<td></td>
</tr>
<tr>
<td>proportion of vacant housing units</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>proportion of people older than 65 years</td>
<td>2,5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
Financial Support of the Federal Government 1991 to 2008 per city

Requirement of an Integrated City Development Concept to Obtain Funds
Programme „Protection of the Urban Architectural Heritage“

- The programme supports the preservation of especially valuable historical town and city centres.
- The intention is not to turn historical town centers into museums, but to develop vibrant areas that are attractive places to live and work.
Urban Development Grants to Renovate a Historic Monument

- Modernization costs: approx. 500,000 Euro
- Measures: roof, facade, insulation, windows, sanitary and electrical equipment
- Urban development grants: 50% of the modernization costs

Cost allocation:
- 50% property owner
- 50% Federal Government, Federal State, City

Programme „Urban Restructuring“

- Programme to respond to the high number of 780,000 vacant dwellings in Germany and the resultant loss of functions in towns and cities.
- The programme rests on several pillars:
  - Formulation of integrated approaches to urban development
  - Schemes to demolish vacant residential buildings
  - Repairing and modernising buildings that dominate the townscape
  - Revitalising industrial locations/urban derelict land or brownfields
  - City management, participation of leaseholders
Strategy 1 – Demolition of Buildings

urban development grant: 50 Euro/m² removed living space (50 % Federal Government, 50 % Federal State)

future use

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Strategy 1 – Demolition of Buildings

- Alternative: temporary use of land and buildings

  gardens
  public green spaces
  sports grounds
  arts and culture
  bars, clubs and restaurants
  offices and shops
  social institutions
  trade and business
  etc.

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Strategy 2 - Partial demolition of buildings

urban development grant: 50 Euro/m² removed living space (50 % Federal Government, 50 % Federal State)
Strategy 3 - Urban Development Grants to Renovate a Slab Building

cost allocation:

- min. 65% property owner
- max. 35% Federal Government, Federal State, City

Strategy 4 - Conversion of industrial, military and infrastructure sites

Urban development grants for demolition of buildings and contaminated land remediation
„Social City“ Programme

- In addition to structural investment the programme also focuses on **socially inclusive actions** in the fields of **school and education** and **employment promotion** to achieve an overall improvement of the housing and living conditions of the people in these neighbourhoods. Other fields of activity are
  - **Integration of immigrants** and
  - **Health promotion**.
- The programme’s further achievements include expanding opportunities for **participation** and **empowerment** of residents and other central players.

„Social City“ Programme - Example

- public participation in the course of the rearrangement of a playground
Long Term Effects of Urban Development Grants

- Grants can have a considerable effect in implementing changes in urban architectural, economic, environmental and social areas within communities.
- The urban development funds from the Federal Government, the federal states and communities of approx. 1.8 billion Euros per year have triggered approx. **11.3 billion Euros of private investment** in Germany.
- Urban development assures **310,000 jobs** in Germany.

### Long Term Effects of Urban Development Grants

<table>
<thead>
<tr>
<th>Urban Development Impact</th>
<th>Economic Impact</th>
<th>Environmental Impact</th>
<th>Social Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kick off effect through pioneering innovative initiatives</td>
<td>Incentive system for investors and property owners</td>
<td>Contribution to climate protection and energy efficiency</td>
<td>Strengthening the residential function of developed areas</td>
</tr>
<tr>
<td>Vital importance for measures concerning public spaces and traffic</td>
<td>Stabilisation of the retail market</td>
<td>Grant funding of internal development: Reduction of land consumption</td>
<td>Establishment of an improved social intermix, support of a social balance</td>
</tr>
<tr>
<td>Central funding for the public good</td>
<td>Job creation</td>
<td>Noise and exhaust fume reduction (industry and traffic)</td>
<td>Urban development assumes an intensive participation of all citizens: “additional benefit for society”</td>
</tr>
<tr>
<td>Great success in the preservation of buildings and management of structural defects</td>
<td>Space for socio-economic experiments</td>
<td>Contribution to the preservation of biodiversity</td>
<td>Public funding offers assistance to the integration of immigrants</td>
</tr>
</tbody>
</table>
Conclusion and Outlook

- Urban development in Germany has become an important instrument in solution orientated funding for the removal of serious deficits in the field of urban planning.
- In terms of a **sustainable urban development**, the following main topics are particular focuses of attention:
  - Creating socially stable urban neighbourhoods
  - Adapting the infrastructure to the needs of the elderly
  - Energetic modernisation of the existing building stock
  - Improving cooperation of municipal planning and private investors

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Conclusion and Outlook

- In only few countries in the world a system exists similar to the urban planning model of Germany.
- On the basis of the outstanding **success**, with relative **small investment** and nearly **40 years experience**, it is recommended to other countries to think about taking on similar models.
- Even when the national situations are different, the relevance towards the economic, environmental and social problems in the urban environment during this period of globalisation and climate changes is more pertinent though than ever before.
Thank you very much for your attention!

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