

**MP4 WP2.1**  
**Peer Review of**  
**Model Agreements for**  
**Place-keeping**

**Analysis of existing  
model agreements**

**BID experience Hamburg**

**DRAFT**

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## SUMMARY

This report presents an analysis of the formal model agreements based on the Hamburg legislation for Business Improvement Districts (BIDs) since 2005. On the basis of this legislation ten BID projects were implemented in Hamburg so far (December 2010) of which two BIDs are already running their second terms. Several more BIDs to come are in preparation in Hamburg, but not included in this analysis.

The existing Hamburg BID legislation is applied through private area-based initiatives from proprietors who want to improve the area around their property jointly with all neighbouring proprietors. In this respect the activities regarding place-making and place-keeping are of relevance in most of the running BIDs in Hamburg to ranging extents. To implement a formally designated BID proprietors have to contract a BID Manager to hand in a formal application to the public administration (in Hamburg the District Councils). Only after the approval from the public authority can the BID start to work and to collect the BID levy from all affected proprietors in the area. Responsible for the implementation is the BID Management Body – contractors for services, construction works etc. carry out the work on the ground.

Model agreements for place-keeping are understood here in a broad way, not necessarily only as legal written documents signed by a number of parties (formal), but can be also tacit arrangements between parties with or without a signed contract (informal).

The information for the analysis was collected via interviews with representatives of the participating stakeholders (BID Management Body). Analysis of documents and observation on the ground complemented the methods employed in data collection. The author has been following the BID practice in Hamburg since early 2007 as part of his research at HafenCity University HCU (please see <http://www.urban-improvement-districts.de/?q=English>).

The key activities the stakeholders are involved with which include model agreements in relation to place-keeping are:

1. **Improved street cleaning and waste disposal in BID areas:** Additionally to the public standard BIDs can deliver extra cleaning and maintenance services.
2. **Facility Management for open space:** Some BIDs contract a dedicated facility management for the all services in and around the open space, e.g. planting, cleaning, customer services
3. **Place-making through redesign of open spaces:** Some BIDs realise a redesign of privately and publicly owned open spaces paid by the BID levy from the proprietors (not in the focus of this analysis). In practice there is a range from minor improvements regarding street furniture to a complete redesign of pavements, squares etc.

The underlying model agreements existing for these projects were analysed (summary table page 11), identifying:

- project description – what is the aim of the project
- purpose of place-keeping agreement
- actors involved in the agreement
- agreement documents and phases (place-making plan, management plan, monitoring, redress) – within these:
  - how place-keeping is specifically addressed;
  - what is the role of the different actors.

Evaluating this model, a couple of issues which influence (or may influence in the future) the effectiveness of this partnership model were identified. These range from financial to management and attitude-related issues and include the need for secure funding and central coordination of activities.

## 1. INTRODUCTION

This report presents an analysis of the formal model agreements based on the Hamburg legislation for Business Improvement Districts (BIDs) since 2005. On the basis of this legislation nine BID projects were implemented in Hamburg so far (September 2010) of which two BIDs are already running their second terms (successful re-ballot for BID Sachsenator and BID Neuer Wall)<sup>1</sup>.

At the time of writing (September 2010) seven BIDs are running in different locations in Hamburg City Centre and District Centres:

1. City Centre Hamburg: BID Neuer Wall and BID Hohe Bleichen Heuberg
2. District Centre Bergedorf: BID Sachsenator und BID Alte Holstenstraße
3. District Centre Wandsbek: BID Wandsbek Markt
4. District Centre Harburg: BID Lüneburger Straße
5. Neighbourhood Centre Ochsenzoll: OXBID

All BIDs are located in Inner city shopping areas (apart from OXBID), all BIDs are focussing on a clearly defined geographical area and all BIDs vary in size (though they usually focus on one street) and in budget.

Several more BIDs to come are in preparation in Hamburg, but not included in this analysis. These initiatives are mostly located in Hamburg's Inner City (see map).

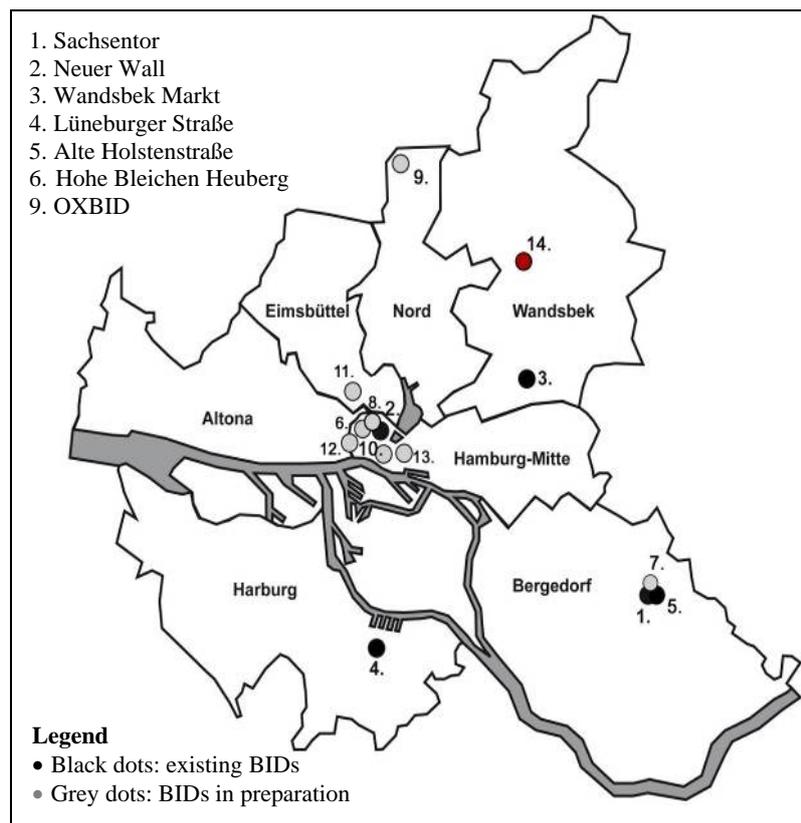


Figure 1 – Overview Hamburg BIDs in implementation and in preparation (Ministry of Urban Development and the Environment BSU Hamburg)

<sup>1</sup> Please refer to the MP4 case study report “The BID experience in Hamburg” for a detailed description of BIDs in Hamburg.

Not all Hamburg BIDs in implementation have a clear and strong focus on place-keeping issues and some BID agreements regarding place-keeping are still in preparation at the time of writing (BID Wandsbek Markt). Therefore this Model agreement analysis will focus only on BID Neuer Wall, BID Wandsbek Markt and BID Hohe Bleichen Heuberg – all three of them have a strong focus on place-making activities in the public realm (which means mainly publicly owned open space) with substantial private investments and corresponding place-keeping activities.

The existing Hamburg BID legislation is applied by private area-based initiatives from proprietors who want to improve the area around their property jointly with all neighbouring proprietors. In this respect the activities regarding place-making and place-keeping are of relevance in most of the running BIDs in Hamburg to a different extent. To implement a formally designated BID proprietors have to contract a BID Manager to hand in an application at the public administration (in Hamburg the District Councils). Only after the approval from the public authority can the BID start to work and to collect the BID levy from all affected proprietors in the area. Responsible for the implementation is the BID Management Body – contractors for services, construction works etc. carry out the work on the ground.

This report is intended as a practical tool to allow practitioners easily to understand the key elements of the model agreements regarding the BID practice in Hamburg. It will thus allow comparison with other types of model agreement and contribute to the peer review of these, as part of WP2 in the MP4 project.

To collect information for this analysis, semi-structured face-to-face interviews were carried out with representatives from BID projects (private company Otto Wulff BID Management). Analysis of documents and observation on the ground complemented the methods employed in data collection. The author has been following the BID practice in Hamburg since early 2007 as part of his research on Urban Improvement Districts<sup>2</sup> at HafenCity University HCU.

The report covers the following aspects:

- **Organisational context** for the model agreements.
- **Types of projects/activities** which model agreements are used in.
- **Model agreements** – a systematic presentation of these to allow cross-comparison.
- **Evaluation**, including a brief overview of key ideas & mental models influencing the model agreements, and a SWOT analysis based on stakeholder perceptions.
- Appendices describing some aspects of the **socio-cultural context** and providing further **detail on relevant organisations**.

## 2. ORGANISATIONAL CONTEXT

Model agreements for place-keeping are understood here in a broad way, not necessarily only as legal written documents signed by a number of parties. Model agreements may range from formal documents to tacit arrangements between parties. It is therefore crucial to understand the context in which each model agreement operates. Relevant aspects of the socio-cultural (and political) context are described in an Appendix 1 at the end of the report. This section focuses on key organizations involved, as explained below.

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<sup>2</sup> Please refer to <http://www.urban-improvement-districts.de/?q=English> for this research.

In the preparation phase of a BID usually a so called Steering Committee is responsible to develop the Business Plan (Implementation and Financing Plan). These Committees consist of active proprietors from the area and additionally representatives from the public sector for information and general support. Participation is voluntary – no one can be forced to participate. Other stakeholders in the area might be included if the Steering Committee has an interest in this, e.g. shopkeepers or residents – but this is not obligatory. Decision making powers in the preparation phase are only with the proprietors because they decide on envisaged activities paid with private funds. Usually the public sector is part of the Steering Committee as well, i.e. the responsible District Council (public authority) and the BID representative of the Ministry for Urban Development and the Environment.

The BID Management acts on behalf of the proprietors. The BID Management has to hand in the formal application for the creation of a BID. In the implementation phase the BID Management is responsible for the implementation of the activities and to regularly inform the proprietors about the ongoing activities

Overview of responsibilities by stakeholder:

- **Active proprietors (Initiators and preparer):** Group of proprietors from the area starting the initiative for the preparation of a BID. These are the most active stakeholders in the preparational phase – investing at least a lot of time, sometimes even money for the preparation of the application. They are responsible for development of the Business Plan and the choice of the BID Management. These stakeholders design the BID proposal and fix its aims and activities. Once approved and implemented they gain responsibilities for publicly owned open spaces in cooperation with the Local Authority.
- **Passive proprietors (Voter and payer):** These are all other affected proprietors in the BID area. They have the right to vote in the ballot over the application and might object when the proposal is on public display. If the BID comes into force these proprietors are forced to pay their levy even if they objected (if less than a third of all affected proprietors object). Some of the passive proprietors become more active during the process, others stay passive and ignorant (sometimes called the “silent majority”). Anyhow all proprietors keep responsibilities for their own properties – this is not affected by a BID.
- **BID Management (Executing Organisation):** This is a company chosen by the initiators of a BID to hand in the formal application and to implement all BID activities. Acting on behalf of the proprietors, the BID Management is responsible for the implementation of all activities with full risk. The contractual basis is a legal contract regulated by public law between the City and the BID Management. The BID Management is paid from the BID levy paid by all affected proprietors in the area. Sometimes an agreement or a contract between the proprietors and the BID Management is in place additionally to the contract with the City Council.
- **District Council (Public Authority and Authorising Body):** This is responsible for approval or rejection of the application and responsible for approval of certain activities following public regulations and rules – especially regarding the envisaged place-making activities and construction works. Information and consultation of the BID initiative and the BID Management in the preparation and during the implementation if requested. Usually the District Council invests time beyond “normal” administrative procedures in the preparational phase. The responsibilities of the District Council are large because they are accountable for the approval or refusal of the application based on the Hamburg BID Law.

- **Hamburg Ministry of Urban Development and the Environment (Federal State Authority and Legislator) and Hamburg Ministry of Finance:** The Ministry is part of the Hamburg City State administration and responsible for the underlying legislation (the Hamburg BID Law from 2005) - also for the specific legislation for the creation of each single BID (created by public statute). The Ministry of Finance is responsible for the imposition of the BID levy and the collection of this levy on behalf of the BID. The BID representative from the Ministry of Urban Development promotes BIDs and supports as well as provides advice to BID initiatives.
- **Shop-keeper and other businesspeople:** These stakeholders have no formal or informal responsibilities in the process. They might participate in the preparation and implementation only if wanted by proprietors or if they are very active. Sometimes proprietors run their own business in their building at the same time and then they are usually more closely involved in the process. In the end the shop-keepers and businesspeople pay for the BID activities through their (increased) rents.
- **Residents:** If housing is included in the BID area the residents or tenants have no formal or informal responsibilities in the process. If the proprietors want to they might include residents or ask for their wishes and ideas.
- **Public Sanitation Department Hamburg SRH (*Stadtreinigung*):** This is a company owned by the Free and Hanseatic City of Hamburg. SRH has clear responsibilities for citywide street cleaning and waste disposal on a statutory basis (e.g. according to the Hamburg Street Cleaning Law). These responsibilities do not change even if a BID is in place. BID activities have to be additional to the activities and services from SRH and cannot substitute them.
- **Contractors / Service Deliverers:** For certain activities in the BID, e.g. street cleaning, gardening, planting, maintaining, technical services and customer services etc. dedicated companies are contracted by the BID Management. These are usually professional companies with certain skills. Their capacities depend on the contract and the available budget. Their responsibilities for certain tasks are fixed in the corresponding contract.

The formal contracts for all service delivery in BIDs regarding place-making and place-keeping are made between the BID Management (on behalf of the proprietors and financed by those via the BID levy, but on own risk) and the contracted companies. So they are purely private-private contracts without any public partner.

In parallel the ongoing place-keeping activities by the public sanitation department (SRH) are not affected by the BID activities, which have to be additional to the public standard. The sanitation department is sometimes involved at the planning stage to have their view and to know what they do in the area.

Public administration is involved in the application process of a BID mainly in terms of information and consultation. The responsible District administration in Hamburg has to approve the application. In the implementation phase of a BID the public administration is usually a member of the Steering Committee (on a voluntary basis). The public authority has to approve all envisaged activities following the public regulations and legislation as in all other areas of the city.

### 3. TYPES OF PROJECT/ACTIVITY

The whole process until the formal application for the creation of a BID is more or less informal. A “BID to come” in the initial phase has no formal rules and regulations, apart from the possibility to set up rules of procedure for the Steering Committee. These activities aim at the development of the formal Business Plan (Implementation and Financing Plan) – and not the implementation of activities. Once the BID Management is chosen the process becomes more formalised with the activities and elements described below.

The legal BID model is an example for formal agreements based on a specific legislation (on the Federal State level in Germany) with certain characteristic elements:

1. **Business Plan / Implementation and Financing Plan:** Clear definition of envisaged activities and their costs for the implementation phase with a maximum duration of five years. The Business Plan is the essential basis for the formal application to create a BID. The application needs the backing of at least only 15 % of the proprietors in the affected area. The responsible District Administration assesses the application with regard to the aims and rules for urban development and the general interest. After this assessment and in case of an approval the Business Plan is on public display for four weeks and (only!) the affected proprietors have the opportunity to object to the proposal. This is the so called BID ballot (min. 15 % positive votes and max. 33 % negative votes from affected proprietors, i.e. the total in the BID area). Activities implemented by a BID (or the corresponding NID for residential neighbourhoods) have to be additional to public services to avoid that public services e.g. regarding place-keeping will decrease because of private initiatives in the future. This issue is a critical point of the BID model because the public service standard is not fixed and the practical experience over the last years is showing that there is quite a substantial decline in terms of intensity and quality of the average public place-keeping efforts in Hamburg due to reduced available public funding for these tasks.
2. **Public statute:** After a positive proprietor ballot the BID is designated by public statute (strong legal status). Elements of this statute are the geographical borders of the area and the affected plots as well as the aims and objectives of the BID. Also the obligatory BID levy for all affected proprietors is fixed with this document by the public sector.
3. **Legal contract regulated by public law:** A legal contract between the BID Management responsible for the implementation (BID Task Manager) and the District Authority fixes all regulations regarding the implementation of the BID activities, e.g. aims and activities, responsibilities, controlling of the management etc. The BID Management is formally controlled by the Hamburg Chamber of Commerce regarding the proper business management, e.g. bookkeeping and accounting.
4. A second **contract between the proprietors and the BID Management** is possible but not obligatory. With this contract the proprietors can clarify their expectations towards the BID Management and the rules of communication between these stakeholders etc.
5. **Contracts with service delivery:** All contracts mentioned above are elements of the process to create and to implement a formally designated BID. To implement the specific activities the BID Management usually contracts chosen operators, e.g. architects, construction companies, facility manager, gardening companies etc. These contracts depend on the envisaged activities for the BID. The BID Management is the client (on behalf of the proprietors) and the chosen company is the contractor for the delivery.

For each of the above types of project/activity, model agreements between stakeholders in relation to place-keeping are structured as is presented in the tables in the following section.

### Type of activities in the three BID cases analysed

Due to the fact that the author did receive no direct information from stakeholders regarding this analysis, it's not possible to present details of the specific agreements in the three BID cases, especially the contracts in this report. Nonetheless available information regarding activities is presented below.

#### **BID Neuer Wall (2006-2010 and BID 2.0 2011-2015):**

Contracts with Facility Management and other contractors not available

Application for a second term of BID Neuer Wall for the time 2011-2015 (Neuer Wall 2.0) is recently accepted. The first BID Neuer Wall (2006-2010) had a strong focus on place-making with a complete redesign of the public realm in this shopping street – place-keeping was also part of this.



Figure 2 – Map of BID Neuer Wall – marked in blue are the open spaces (BID Neuer Wall Management Body Otto Wulff GmbH)

The Business Plan for the re-ballot is now focussing on service-deliveries, especially on place-keeping, e.g.

- Continuation of a **District management** as a key player for the implementation on the ground and contact person for proprietors and businesses
- **Street cleaning:** One person will be contracted for street cleaning (additional to the public services) with support of a special cleaning machine – six days a week
- Additional **winter-service** (snow and ice) is also part of the programme
- A **technical service** will do smaller repairs in the public realm, e.g. fixing a bench or a broken planting pot
- **Maintenance of planting:** Seasonal planting of the whole street is envisaged as well as maintenance of plants.

Beyond these specific place-keeping activities a set of marketing activities and further service offers is part of the Business Plan for Neuer Wall 2.0. The overall budget for the five year lifespan is 3.2 Million Euros of which more than one million Euros are calculated for the above mentioned place-keeping activities.

Aims of these activities are to create and maintain an attractive inner city business location – valuable for proprietors, businesspeople and shopkeepers, customers and visitors. After the redesign of the public realm in the first BID the BID 2.0 is aiming to keep the higher standard and quality by intense maintenance and place-keeping activities financed from the BID levy of the proprietors. “Main aim of the proprietors was to transfer the high quality of Neuer Wall

to the public realm / open space to guarantee a long-term positive development of plot values in the area. (...) Neuer Wall developed to a prominent and attractive label. The central Unique Selling Point of Neuer Wall will be the long-term management of the area which will be further intensified in the future” (Application for Neuer Wall 2.0 from summer 2010<sup>3</sup>).

**BID Wandsbek Markt (2008-2012):**

Contracts with Facility Management and other contractors not available.

After finishing the place-making activities in the public realm of this BID (ie. redesign of streetscape and sidewalks) the contract for a Facility Management Wandsbek Markt is under public tender at the moment. The precise tender is not available.

In the 4 Million Euros budget of this BID no dedicated costs for place-keeping were calculated – but the issue is of growing importance since the place-making finished in July 2010.



Figure 3 – Aerial View of BID Wandsbek Markt (BID Wandsbek Markt Management Body Otto Wulff GmbH)

Aims of the BID activities in Wandsbek-Markt are stated in the approved application: “To develop a clearly distinguishable centre location – to create a connection between the heterogeneous parts of the area through a corporate design and improvement of attractiveness for customers to increase their length of stay in the area. The competitiveness and the economic potential of businesses shall be improved and the plot values and achievable rents increased” (Application for BID Wandsbek Markt from 2008<sup>4</sup>).

**BID Hohe Bleichen Heuberg (2009-2013):**

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<sup>3</sup> Translation by the author

<sup>4</sup> Translation by the author

In the 1.95 Million Euros budget there is no budget for place-keeping calculated, but approx. 1.6 million for material investment in the redesign of the public realm in the BID area. BID Manager for this BID is a gardening and landscaping company. They had to sign a commitment for the maintenance of the new planted trees over a period of 10 years (ie. longer than the BID lifespan) as part of their contract. Further details are regarding the contract not available.

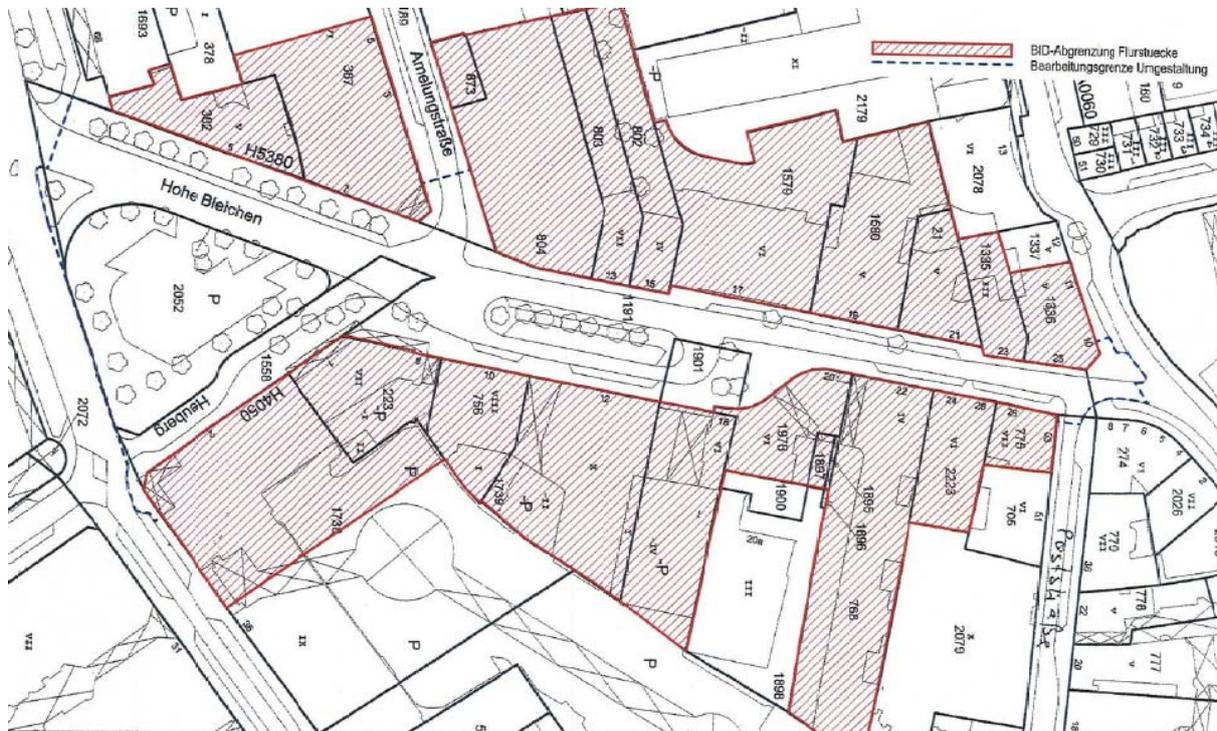


Figure 4 – Map of BID Hohe Bleichen Heuberg (BID Hohe Bleichen Heuberg Management Body Zum Felde GmbH)

Aims of the activities in the BID: “To increase the amenity values of the area, to sustain and increase the plot values of both private real estate and public space. A distinctive feature of the area will be the newly planted 50years old and 10 meters high trees (Thuja Plicata)” (Application for BID Hohe Bleichen Heuberg from February 2009<sup>5</sup>).

#### 4. MODEL AGREEMENTS

The following tables present, in a summarised format, the key elements in model agreements used by Hamburg BIDs, as well as the process which these form part of.

<sup>5</sup> Translation by the author

**Business Improvement Districts BIDs – The Hamburg experience**  
**Private initiatives on a legislative basis for area-based improvements funded through an obligatory levy from affected proprietors in the area, including open space improvement – e.g. redesign and maintenance of publicly owned open space**

Purpose of PK: Keeping the improved quality of open spaces “on top“ of the public standard

Actors		Place-Making: Redesign	Place-Keeping: Maintenance+Service	Monitoring	Redress
Contractors / Service Companies	Contracted by Management Body on behalf of proprietors	Construction-Works, Refurbishment	Cleaning, Marketing, Ambassadors etc.	Contract	Contract with Management Body
BID Management Body ( <i>Executing organisation</i> )	Responsible for application and implementation	Additional place-making activities “on top” of public services	Additional place-keeping activities “on top” of public services	Regular progress reports	Contract with City – and with proprietors
Active proprietors ( <i>Initiators and preparer</i> ) – usually Steering Committee	Initiate the process, develop the plan and choose the Management Body	Develop and agree on the Business Plan for place-making	Develop and agree on the Business Plan for place-making		
Passive proprietors ( <i>Voter and payer</i> )	Have a right to vote on the BID-proposal				Right to object in the ballot
Public Sanitation Department Hamburg (SRH)			Standard maintenance of public open spaces		
District Councils Hamburg (Local Authority)	Information and counselling Formal approval of application		Standard maintenance of public open spaces		Refusal of application possible
Ministry of Urban Development and the Environment (BSU) Hamburg	Legislation, Information and support				Legislative adjustments

## 5. EVALUATION

A series of issues which influence (or may influence in the future) the effectiveness of these partnership model were identified. These range from financial to attitude-related issues. The ways in which different stakeholders and organisations perceive their roles within these partnerships are also fundamental.

### 4.1 Ideas and mental models

Model agreements are forms of organisational co-operation which are based both on the nature and capacity of the organisations involved, and on the expectations that given societies have of such organisations. From this point of view it is important to understand mental models (in the form of traditions, habits, ideas and ideologies) in order to understand organizational arrangements. This subsection describes key ideas and mental models put across by interviewees.

One of the largest challenges for the implementation of the BID model are the existing expectations and the established division of responsibilities in the past. The public realm (i.e. the publicly owned open space) was (and officially still is) purely in the responsibility of the Local Authorities. They took care of it and were funding both the creation and the maintenance of these spaces – funded from the public budget and paid by taxes from all inhabitants.

With the BID model a new group of private stakeholders (in Germany the proprietors) is now becoming substantial influence on the public realm. This is new and blurs the clear distinction between public and private responsibilities as in the past. This development is both a chance to improve public spaces with coordinated public-private action and additional private investments and a risk that private interest are becoming more and more influential on the public realm with the possible consequences of further segregation, privatisation, exclusiveness of open spaces etc. Local communities, e.g. residents, have no formal influence in a BID process. The interest of the wider public must be regarded by the Local Authority, the District Council, in the application process.

If the BID model will be successful in urban development in Germany a cultural change is necessary to develop a joint understanding between public and private partners and to create cooperative action of these stakeholders. This is a long way ahead, especially regarding the longstanding welfare state tradition in Germany – compared to the privatist tradition in the USA where BIDs are very successful in some states and cities. In Germany private stakeholders still expect a range of high-quality public services financed by tax. At the same time the public sector, especially the Local Authorities are facing severe budget cuts and limited possibilities to offer wide-ranging public services.

Form the proprietor's point of view the inclusion of in-active free-riders is an important benefit and advantage of the legal BID model. Especially proprietors active in area development and improvement are frustrated from passive neighbouring proprietors not paying but benefiting from activities. In some Hamburg BIDs the proprietors regard the BID Model as very successful and in two BIDs they voted already for a second term (BID Sachsentor and BID Neuer Wall).

Most prominent criticism of the BID model is regarding the growing influence of private interests in urban development, especially commercial and economical interest. This might lead to an uneven development of areas in one city (segregation), to the displacement of persons and activities not wanted by proprietors and shopkeepers and to the development of exclusive public spaces with private rules. The practical experience in Hamburg and Germany is not validating these fears yet, but it will be important to assess and evaluate the further developments in BIDs from different points of view.

## 4.2 SWOT Analysis

SWOT analysis	
strengths	weaknesses
<p>Policy support and legislation</p> <p>Focus on land-owners</p> <p>Legal compulsion to pay the levy for all proprietors affected by the activities – no free-riding of passive proprietors possible</p> <p>Additional private funding available for activities to improve the area – additional to public services (“on top” activities)</p> <p>High degree of obligation and longer-term activities of private stakeholders</p> <p>Direct benefit of investments</p> <p>Creation of qualities that are above the average public standard</p>	<p>No compulsion for private stakeholders to co-operate – only to finance activities</p> <p>No influence on private property against the proprietor’s wishes</p> <p>Possible hidden costs for public sector (e.g. management beyond the BID-lifespan)</p> <p>Lack of wider public consultation – especially the local community is not obligatory involved</p> <p>Public standard of place-keeping is not defined – difficulties to clarify which activities are “on top”</p> <p>Model is especially attractive for wealthier areas, i.e. the higher the property values the higher the possible BID levy</p>
opportunities	threats
<p>Evolution of a joint public-private responsibility for the area</p> <p>Private investments might activate public and community activities</p> <p>Proprietors have a stronger voice and can influence public decisions and activities</p> <p>Coordinated joint area-based action is possible instead of fragmented and uncoordinated activities</p> <p>Private investors take more care of keeping the value in a long-term – this logic is different from public sector action</p>	<p>Danger of further city-wide segregation</p> <p>Danger of exclusive developments (“gated communities without fences”)</p> <p>Danger that problems are relocated to other areas outside a BID</p> <p>Danger that public standards regarding service delivery in place-keeping will further decrease</p> <p>Declining public investments in open spaces</p> <p>Long-term management not guaranteed due to the limited lifespan of each BID (5 years)</p>

So far the BID model is implemented only in attractive and more or less prominent locations in Hamburg with high property values and economically viable properties. Here BIDs are used in a sense of “Making good places better”. Less attractive places or even deprived areas will have difficulties to implement a BID – or a NID if housing is the dominate use – because the available private money is usually far less than in the prime locations. If proprietors are not able to act because of vacancies and low property values other models are required. A combination of public funding and BID/NID models is possible, e.g. if this aim

is clear from the start of a public funding programme. A combination of both public and private investments would be useful in certain places.

In general it is quite early to evaluate the BID experience in Hamburg after five years of implementation (Legislation is in place since January 2005). Two BIDs are already in their second phase after a successful re-ballot (BID Bergedorf Sachsenor and BID Neuer Wall 2.0) – so from the point of view of the proprietors in these areas the model is positive and useful. Place-keeping issues are now becoming more and more relevant in those BIDs that started with place-making investments first. So the place-keeping experience is even less easy to evaluate today.

Even if a BID is not created at all (due to either too many objections or no application at all) the results of the informal processes might already improve the situation e.g. due to better coordination and communication between stakeholders. The NID Steilshoop case<sup>6</sup> shows how much could already happen parallel to the formal application process based on informal decisions and activities between the partners and stakeholders. So even in this formalised model regulated by law the informal communications and agreements are very important.

### **Some final remarks on resources**

Place-keeping in a BID area is resourced from different sources: The standard resources for place-keeping in all locations come from a) each proprietor for the maintenance of their own property and b) from the public sanitation department and the District Council for the maintenance of the public properties (e.g. streets, squares, parks, pavements).

The advantage of the BID model is to lever extra resources for place-keeping through the BID levy from all proprietors in the affected area. These amounts can be really substantial, e.g. more than one million Euros for place-keeping activities in the BID Neuer Wall 2.0 for five years (see above).

So in MP4 terms the BID model is very interesting as a funding mechanism for additional place-keeping activities “on top” of the public standard. But available resources are depending on the location of the BID and the plot values in the area – the poorer or more deprived an area the less a BID levy can fund.

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<sup>6</sup> Please refer to Case study report and Model Agreement Analysis “NID Steilshoop”

## APPENDIX 1: Socio-Cultural Context

### BID legislation and pre-requisites

To implement BIDs as described above with the obligatory levy for all affected proprietors in the designated area a specific legislation is required. In Germany this legislation can be made at the Federal State level (like Hamburg) in other countries it might be the National Level (like in England and Scotland and since recently with a model-legislation in The Netherlands). Without such legislation the implementation of a BID following the model's specific characteristics and compulsorily including a certain number of proprietors (or shopkeepers in the UK BID legislation) at least to pay is not possible.

Federal State	Specific UID Legislation	UID-Projects in Implementation
Bremen	<b>BID-Legislation:</b> Bremisches Gesetz zur Stärkung von Einzelhandels- und Dienstleistungszentren (July 2006)	<ul style="list-style-type: none"> <li>• BID Ansgarikirchhof</li> <li>• BID Das Viertel</li> </ul>
Hamburg	<b>BID-Legislation:</b> Gesetz zur Stärkung der Einzelhandels- und Dienstleistungszentren (GSED) (December 2004 / Amendments in November 2007)	<ul style="list-style-type: none"> <li>• BID Sachsentor Bergedorf 2</li> <li>• BID Neuer Wall 2.0</li> <li>• BID Wandsbek Markt</li> <li>• BID Lüneburger Straße Harburg</li> <li>• BID Alte Holstenstraße Bergedorf</li> <li>• BID Hohe Bleichen Heuberg</li> <li>• OXBID</li> </ul>
Hamburg	<b>HID/NID-Legislation:</b> Gesetz zur Stärkung von Wohnquartieren durch private Initiativen (December 2007)	No HID/NID in implementation yet HID to come in Steilshoop
Hesse	<b>BID-Legislation:</b> Gesetz zur Stärkung von innerstädtischen Geschäftsquartieren (INGE) (January 2006)	<ul style="list-style-type: none"> <li>• 4 BIDs in der Giessener Innenstadt: Seltersweg, Katharinenviertel, Marktquartier und Theaterpark</li> <li>• BID Baunatal</li> </ul>
North Rhine-Westphalia	<b>BID-Legislation:</b> Gesetz über Immobilien- und Standortgemeinschaften (ISGG) (June 2008)	No BID in implementation yet
Saarland	<b>BID-Legislation:</b> Gesetz zur Schaffung von Bündnissen für Innovation und Dienstleistungen (BIDG) (May 2007)	• BID Burbach - Saarbrücken
Schleswig-Holstein	<b>BID-Legislation:</b> Gesetz über die Einrichtung von Partnerschaften zur Attraktivierung von City-, Dienstleistungs- und Tourismusbereichen (PACT) vom (July 2006)	<ul style="list-style-type: none"> <li>• PACT Flensburg (City Centre)</li> <li>• PACT Elmshorn</li> <li>• PACT Schmuggelstieg (Norderstedt)</li> <li>• PACT Rendsburg</li> </ul>

Figure 5 – Overview UID-Legislation and Projects in implementation in Germany (Table from the author / November 2010)

The BID model itself is from North-American origins with a long privatist tradition of special assessments from private stakeholders and the like. In contrast the (West-)German welfare state has a tradition of a strong public sector with substantial influence and responsibilities for place-making and place-keeping of publicly owned open spaces in the past. This situation is changing due to declining public budgets in general and declining budgets for place-keeping in particular. Private Initiatives on a legal basis like BID and NID are very new in Germany (since 2005) and a cultural change of minds and expectations might be necessary to establish these new models.

Hamburg has a tradition of civic pride and private investments in the city due to its longstanding history as an independent “Free and Hanseatic” city with merchants and ship-owners. Hamburg still is one of the richest cities in Europe, although deprived areas do exist at the same time.

The BIDs mentioned above focus on Inner City locations either in Hamburg City Centre or in District Centres like Wandsbek (District has 411.000 inhabitants).

BIDs focus usually on the prime locations in the city centres – not on the locations at the periphery. Plot values are usually quite high and have the potential to be further increased. So it's more about making good places even better than about making worse places better.

BID Budgets in Hamburg vary from 150.000 Euros for four years (BID Sachsenor 1) to almost 6 million Euros for five years (BID Neuer Wall 1). The Budget of all nine running or finished BIDs in Hamburg totals nearly 17 million Euros. These budgets are allocated differently in the BIDs regarding the specific locations and specific problems and potentials. A rough calculation of the usage for different activities comes to the result that the Hamburg BIDs so far spend on average approx. 43% of their budgets for place-making activities (range from 23% to 80%) and 20% for place-keeping activities (range from 20% to 53%).

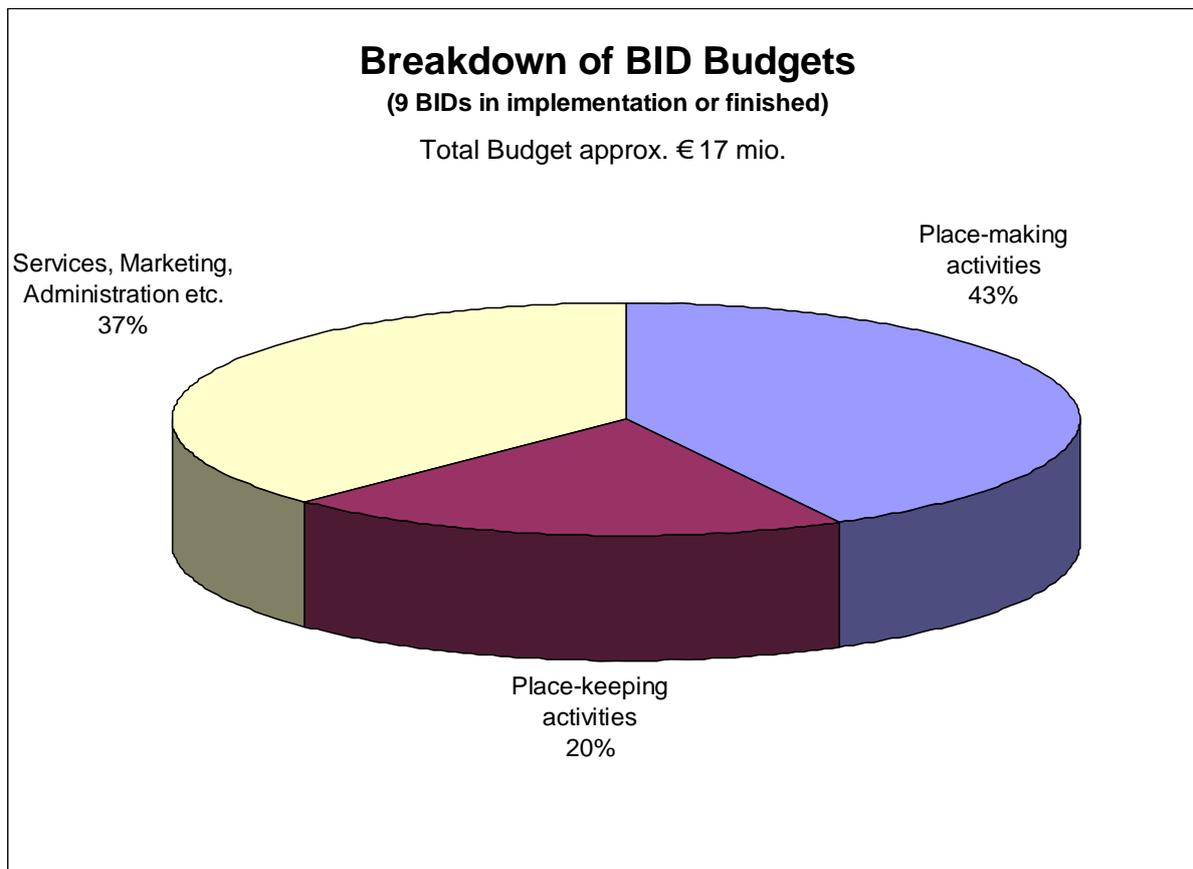


Figure 6 – Breakdown of BID Budgets regarding activities – Calculation for all Hamburg BIDs running or finished (Calculation from the author / September 2010)

## The Free and Hanseatic City of Hamburg

The Free and Hanseatic City of Hamburg is Germany's second largest city with almost 1.8 million inhabitants and has a Metropolitan Region with more than 4,3 million inhabitants. As a city-state Hamburg is one of the 16 German Federal States. The parliament of the city state is known as Buergerschaft, the government is the Senate. Head of the Senate and Prime Minister of the city state is the First Mayor. It is he who actually determines the political guidelines. Since 2001 Hamburg is ruled by a christian-democratic government (CDU) after more than 40 years of social-democratic governments. Since 2008 the government is a coalition of CDU and GAL (Green Party).

The government is split into nine Ministries or Departments, each one headed by a Senator. The Ministry for Urban Development and Environmental Affairs is responsible for urban development.



The city is divided into seven districts (Bezirke): Altona, Bergedorf, Eimsbüttel, Hamburg-Mitte, Hamburg-Nord, Harburg and Wandsbek. All of them have the size of large cities (between 117.000 and 407.000 inhabitants). The districts have their own elected parliaments (Bezirksversammlung) and their own administration (Bezirksamt). The level of the districts is comparable with the Municipality or Local Authority in other structures, while the Senate represents the regional Laender-level, between Federal government and Local Authorities. In many relevant fields of policy the districts strongly depend on the city-state structures, i.e. Senate and the Ministries.

Since the German reunification and the transformation of Eastern Europe Hamburg is centrally located in Northern Europe with a strong linkage to the states around the Baltic Sea. The formerly strong manufacturing basis of the city (e.g. shipbuilding) had to be transformed to a service-orientated economy over the last years in the process of de-industrialisation. As a reaction to these processes of change the city of Hamburg decided to grow and to strengthen its role as a metropolis in Northern-Europe - stated in the political Lead-concept: "Metropolis Hamburg - The Growing (or expanding) City" (Wachsende Stadt).



The future prospects of the city refer mainly to economic aspects but to education, environmental and social affairs as well. Further to housing with the aspects of saving resources, creating attractive accommodation for families returning to the city as well as for students and young seniors. Unexploited derelict areas in the harbour and former military areas are currently converted into potentials for the future economic and socio-demographic development. The most prominent example for this strategy is the development of the so-called "Harbour-City" (HafenCity) as an enlargement of the Inner City.

Hamburg is a very green city with lots of water. With an area of 755 square kilometres (seven times the size of Paris and 2½ times that of London) the density of the built up area

is fairly low. The largest reach in both east-west as well as in north-south direction is approx. 40 kilometres.

13 per cent of the municipal area is made up of parks, recreation areas and woodlands with lakes, rivers and other bodies of water accounting for a further eight per cent. Beside the Elbe River the Outer Alster lake is the most important water right in the centre of the city.

The Port of Hamburg along the Elbe River, the second largest container port in Europe and seventh in the world, covers an area of 74.4 square kilometres, almost ten per cent of the total area of Hamburg. The port stretches along the southern banks of the river and has recently moved further to the East with the modern container-terminal in Altenwerder.

## Hamburg - Facts and Figures: An overview

### Socio-demographic

Population of the City of Hamburg	1.771.100
of which under 18 years old (in %)	15,3
of which older than 60 years (in %)	23,9
of which ethnic minorities (in %)	13,8
Population of the Metropolitan Region	4,3 million
Size of Hamburg's total area (square kilometres)	755,2
Size of the Metropolitan Region (square kilometres)	19.801

### Housing

Number of households in Hamburg	970.000
of which one-person-households (in %)	49,8 (2007)
of which households with children	18,9 (1999)
Average size of accommodation per person (in square-metres)	37

### Economy and Labour

Gainfully employed persons in Hamburg	1.114.200
Gainfully employed persons by sector (in %)	
Industrial / Manufacturing	15,2
Trade, transport, hotels and restaurants	29,3
Financial services, letting and leasing, corporate services	27,4
Public and private sector service providers	28,0
Gross Domestic Product GDP (EURO)	89.600.000
Unemployed persons in Hamburg	9 % (April 2009)

Sources: Bureau of Statistics Hamburg and Schleswig Holstein: Facts and Figures 2009