

Urban Improvement Districts as a Tool: Experiences from Hamburg

Good practice example for cooperative strategy development

 Hamburg, Germany

 Hamburg Chamber of Commerce, District Office Administration, Retailers, Merchants, Service Providers, Land and Property Owners

 Since 2005

Background

Based on urban planning practices from the United States, the City of Hamburg was the first German city to introduce Improvement Districts as a tool for urban development. The establishment of Improvement Districts in Hamburg gained momentum in the early 2000s, when the city passed new regulations, one to strengthen retail, service and commercial centres in the city (adopted in 2005) and another to support the revitalisation of residential neighbourhoods through private initiatives (adopted in 2007).

Key Challenge

The establishment of Business Improvement Districts (BIDs) and Housing Improvement Districts (HIDs) attempts to counteract the economic decline of commercial areas and the deterioration of residential areas. Property and building owners are a driving factor for the revitalisation processes and key initiators of cooperation projects.

Initiative

BIDs and HIDs are clearly defined business or residential areas established as a bottom-up initiative with all affected parties such as merchants, retailers, service providers, property or landowners. Districts set a formal framework, within which retailers and property owners initiate self-organised projects and measures, which improve the value and attractiveness of the area. The districts are established for a fixed period of time, (usually 5 years), and requires the agreement of at least 15% of the property owners. They are coordinated by an appointed task manager, under the supervision of the Hamburg Chamber of Commerce. An agreement and action plan are essential components and emphasize the participation obligations of the partners during the implementation process. The establishment of a Steering Committee is not mandatory, but is recommended.

Since 2015, [25 BIDs](#) have been initiated in Hamburg, and 1 HID was established in Steilshoop, Wandsbek between 2012 - 2017. Previous experiences reveal several factors can slow down the cooperation process. The establishment of Improvement Districts requires intensive -



BID Neuer Wall (left) and BID Wandsbek Markt (right)
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preparation, which could last for up to 2 years. As the districts rely on 100% private financial investment, it is challenging to reach the necessary critical mass of property owners, in particular, institutional landowners. Once the necessary majority is reached, levy rates are determined, which are also imposed upon the direct neighbours. As a resultant risk, neighbours might declare disinterest in the cooperation and oppose the initiative due to determinations such as levy rates.

Success Factors

As a bottom-up process, initiated by private businesses and property owners, the Improvement Districts address on-the-ground needs. The city-level legislative framework for BIDs and HIDs in Hamburg has guaranteed a clear structure both for the establishment and the implementation of Improvement Districts. The property owners within the districts carry relatively low investment costs as they are bounded by contract to pay a levy. The levy collection and further administrative tasks are performed by state institutions. This enables retailers, merchants, land and property owners to fully concentrate on the planning and implementation of joint measures within the district.

Further Information

[BID and HID presentations](#) and [Overview of BIDs](#) (both in German) and [BID information](#) (in English)