


German Business Improvement Districts (BIDs) as a model for Spain

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Abstract

Business Improvement Districts (BIDs) have spread across Europe since their first introduction in the United Kingdom in 2005. Among the countries that already have BIDs, Germany, with a territorial organization similar to Spain, can serve as a reference for the prospective introduction of BIDs in Spain. This paper aims to analyse the main characteristics of the German BID model and extract practical lessons from its introduction across the different German federal states.

Keywords

Business Improvement District, city centre management, urban regeneration, publicprivate partnerships.

Resumen

Los llamados distritos de mejora empresarial o de negocio - Business Improvement Districts en inglés (BIDs) se han difundido en Europa desde su primera introducción en el Reino Unido en el año 2005. Entre los países europeos que ya tienen BIDs, se encuentra Alemania. Dado que Alemania cuenta con una organización territorial similar a la de España, es posible que su experiencia sirva de referencia prospectiva para la introducción de los BID en España. Este documento está diseñado para analizar la configuración principal del modelo BID con el fin antes citado y para extraer las lecciones prácticas obtenidas por su introducción en Alemania en los diferentes niveles del gobierno federal.

Palabras clave

Distrito de mejora empresarial, gestión urbana, regeneración urbana, alianzas público privadas..

1. Introduction

Business Improvement Districts (BIDs) have come a long way since their creation in North America at the end of the 60s. After their international expansion in the 90s mainly to Anglo-Saxon countries (Ward, 2007), the model arrived in Europe via the United Kingdom (UK), where BIDs have been operating since 2005 and currently have nearly 300 active projects (British BIDs, 2016). As well as the UK, there are BIDs in other European countries such as Ireland and the Netherlands; however, it is Germany, due to its size, population and territorial organization, that is a better example to be used as a reference for the prospective introduction of BIDs in Spain.

BIDs have been operating in Germany since 2005 with the original ones located in Hamburg (Kreutz, 2009a). There is enough accumulated experience to review the introduction of the BID model in Germany since they have been operating for more than 10 years and bespoke BID legislation has been approved in 10 out of the 16 German states (DIHK, 2017a).

This article is divided into 5 sections. First, the introduction of BID legislation will be discussed showcasing the most relevant German states. Second, there will be an analysis of the key factors that influenced the implementation of the BID model across Germany. Third, the bespoke characteristics of the German model will be detailed and compared with the British model. Finally, some relevant BID projects will be showcased before summarising the conclusions of this article.

2. Implementation in Germany

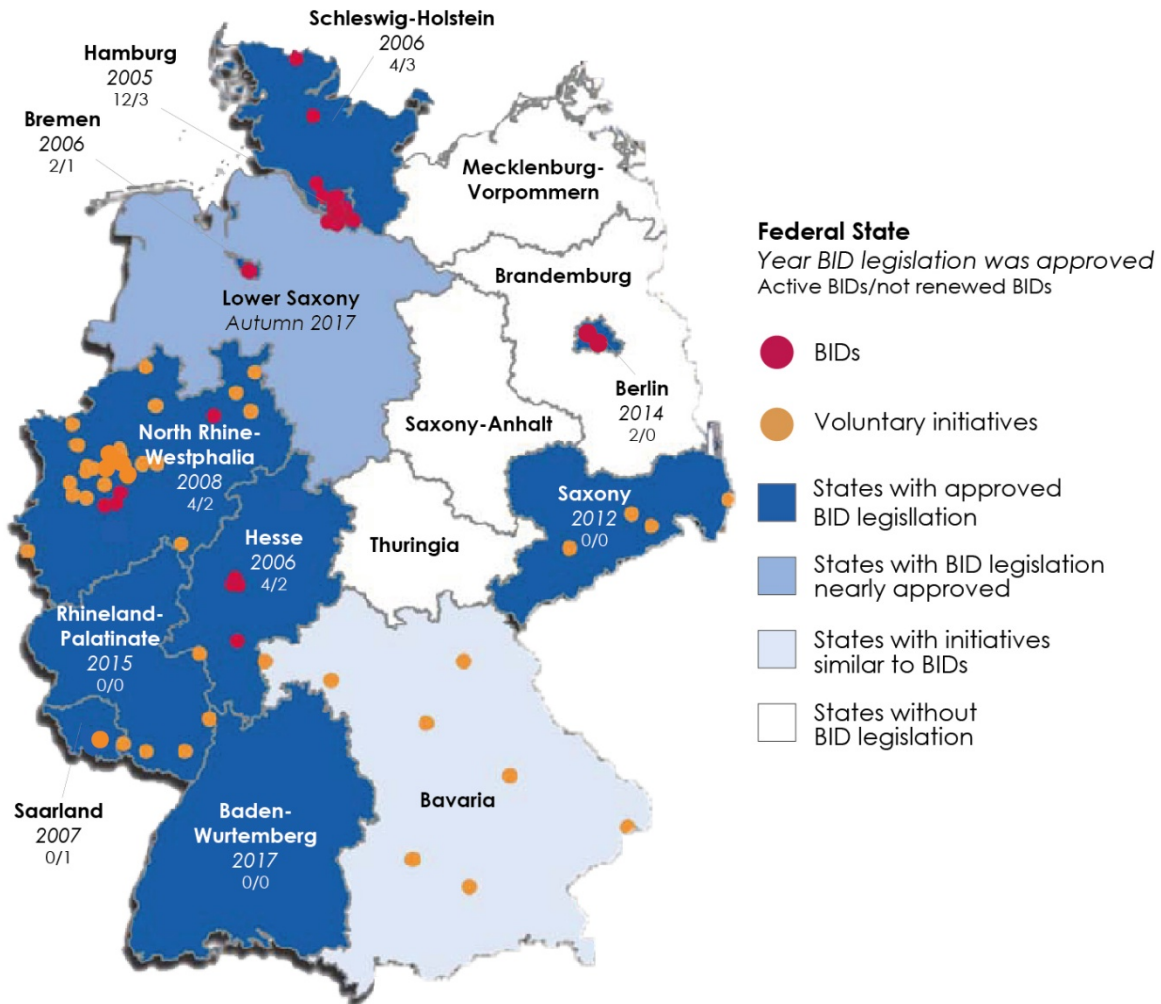
As highlighted by Brenner (2010), prior to the introduction of the BID model in Germany, urban development and regeneration policies were characterized by the leadership of the public sector. This period was focused around legislative reforms to provide greater powers to local authorities around town centre planning, and publicly funded regeneration schemes, especially the schemes in place after the reunification in East Germany during the 90s.

These funds focused mainly on housing, employment and training issues, moving towards regeneration projects in retail areas and city centres from 2008. The interest for the BID model increased during this period where the emphasis was around public-private partnerships to improve city centre management, especially retail areas.

The requirement of bespoke BID legislation in each German state along with the restriction in German legislation of the inclusion of any non-German words have led to a wide range of ways to refer to BIDs across Germany. Some states such as Saarland have managed to maintain the same acronym through a creative use of words with the *Bündnissen für Investition und Dienstleistung* (BID) "Alliance for investment and services"; while others have opted for creating a new name, such is the case of Schleswig-Holstein where BIDs are called PACT (*Partnerschaft zur Attraktivierung von City-, Dienstleistungs- und Tourismusbereichen*) "Pact for the improvement of the areas of urban and tourist services" or Hesse where the name is INGE (*Innerstädtischen Geschäftsquartieren*) "Core Retail Areas". In terms of academic papers the most common denominations are *Innovationsgebiete* (Innovation areas) and *Innovationsquartiere* (Improvement Neighborhoods) (Eick, 2012).

Even though the BID legislation approval lies within the competencies granted to the federal states in Germany, a minor amendment in the German Federal Building Code (*Baugesetzbuch*) was required in 2007 to include a reference to the involvement of the private sector in regeneration projects just to provide legal reassurance against BIDs being challenged (Kreutz, 2009a).

Map 1 BID implantation in the German states in 2017¹



Source: BID projects and initiatives map (DIHK, 2017a), legislative dates (Kreutz, 2009c), (Pütz, 2010), (Michel & Stein, 2015) and BID initiatives (DIHK, 2017c).

Despite the lack of legal barriers to approve BID legislation, the introduction of the BID model in Germany has not been evenly distributed across the German states, as shown in the map above. After more than 10 years since its original introduction, the number of states with approved legislation and the number of active BIDs projects are far from the reality of BIDs in the UK.

¹ To facilitate the reader's future research, a list of German states in English and German is provided: Baden-Württemberg, Bavaria: *Bayern*, Berlin, Brandenburg, Bremen, Hamburg, Hesse: *Hessen*, Lower Saxony: *Niedersachsen*, Mecklenburg-Vorpommern, North Rhine-Westphalia: *Nordrhein-Westfalen*, Rhineland-Palatinate: *Rheinland-Pfalz*, Saarland, Saxony: *Sachsen*, Saxony-Anhalt: *Sachsen-Anhalt*, Schleswig-Holstein and Thuringia: *Thüringen*.

In order to provide some insights around the reasons behind this uneven spread of BIDs across Germany, there will be a brief review of the introduction of BIDs to the most relevant states to identify any factors which might have had an impact.

Hamburg

The city-state of Hamburg stands out among all the German states as it was the pioneer in introducing the BID model in Germany as well as for being home to the biggest concentration of BIDs which represent the majority of active ones in Germany (Eick, 2012) (DIHK, 2017b). Hamburg represents a paradigm for most of the states in Germany in terms of legislation development, with most states passing similar BID legislations to the one in Hamburg. BIDs from Hamburg are also showcased as good practice across Germany (Brenner, 2010). The legislative process in Hamburg began straight after the confirmation by the national political parties of their agreement to amend the *Baugesetzbuch*. This allowed Hamburg to approve their legislation by 2005.

The implementation of the BID model in Hamburg was driven by both the private sector represented by the strong support of the Hamburg Chamber of Commerce (*HK-Handelskammer Hamburg*), and the public sector represented by the mayor-minister-president (*Erster Bürgermeister*) of the city-state of Hamburg, Ole von Beust, who set the introduction of BIDs as a priority since he took office in 2001 (Michel & Stein, 2015).

During 2003 and 2004 there were several initiatives in place to speed up the BID process, including workshops in the Chamber of Commerce, feasibility studies about BID legislation and international visits to North American BIDs (Stein, et al., 2015). This dynamism led to the draft legislation law being ready by the end of the summer 2004. The Law for the Strengthening of Trade, Services and Commercial Areas (*Gesetz zur Stärkung der Einzelhandels-, Dienstleistungs- GSED*) was approved in January 2005 and the first two BIDs: Sachsenor-BID and Neuer Wall BID started operating in August and October respectively (HK, 2015).

It should be mentioned that even among the active BIDs in Hamburg there are huge differences in terms of the budget collected through the BID. The differences in the value of the buildings across the city impact heavily in the final budget available. As a result, there is a budget range between €100,000 and €1,000,000 (Kreutz, 2009a) with those BIDs with a higher budget being located in the city centre. On average, BIDs in Germany have smaller budgets than those in Hamburg since city centres across Germany have medium to low height buildings, which affects the final budget available (Michel & Stein, 2015).

Finally, it is also relevant to mention the pioneering legislation approved in December 2007 which enabled the creation of residential BIDs, NIDs/HIDs (Neighbourhood/Housing Improvement Districts), which will be commented on later in this paper.

North Rhine-Westphalia

Apart from the success in Hamburg, it is worth mentioning the failed attempt of the German state of North Rhine-Westphalia to establish BIDs in the 90s. In this state, North American BIDs were showcased at a conference about town centre management which triggered a debate about developing BIDs in Germany (Stein, et al., 2015). This led to the involvement of the federal state government who published a report on the possibility of establishing BIDs (MASSKS, 1999). However, the social democratic government finally preferred to back voluntary models rather than BIDs.

In 2008, the newly established coalition of Christian Democrats and Liberals approved the BID legislation although voluntary associations traditionally supported by the public sector are still the most widespread option across this state as reflected in map 1 (Michel & Stein, 2015).

Hesse

The first big German state to approve BID legislation was Hesse in 2006. Two lessons can be learned from the experience in this state.

First, it represents an example where the BID model has not spread as expected. Since their approval more than 10 years ago, there have only been six BIDs established in Hesse; of those, only four are currently active, while the other two were not renewed after their first term (Baunatal and Katharinviertel in Gießen) (DIHK, 2017c). During this period, there have been at least eight failed attempts to establish BIDs in this state (Stein, et al., 2015). The urban configuration of the cities and towns in Hesse, with small and medium buildings, have impacted on the level of BID budget available, with these ranging between €30,000 and €125,000, since the budget level is normally linked with property values. This situation has made it difficult to fund meaningful projects that can prove value for money to BID members, hence the struggle to renew them or establish BIDs.

Second, the BID legislation in Hesse is only valid for a period of 5 years, which means that political parties need to renew the law cyclically. In 2010 for instance, the Chamber of Commerce and Industry of Hesse had to make an intense lobbying campaign on the different political parties to push for a renewal of the BID legislation. The political parties were not particularly interested in renewing the model after the unsatisfactory results of the first five years (DIHK, 2010). During the renewal process of the BID legislation in 2010 some amendments were made to include alternative ways of setting the BID budget, since property values did not always reflect the real value of the property, and other alternatives were allowed such as using the meters of facade. The current BID legislation is in force until 31 December 2020.

Saarland

Saarland's BID legislation was approved in 2007 and, similar to Hesse, it has to be renewed. One of the peculiarities from the original BID legislation was the chance of including residents as BID levy payers. This option was included to reflect the socio-economic context of the city centres and towns where resident population was quite relevant and it tried to provide an integrated approach to city centre management by including both residents and businesses in BID projects (DIHK, 2010).

The renewal of the BID legislation was meant to happen in 2015 however it did not take place until 2017 due to several debates around various conflicts which had arisen since its enactment in 2007, among which were the possibility of having BID volunteer paying members, conflicts with the EU's (European Union) Services Directive and the possibility to include exemptions for residents. The new law eliminated both the possibility of voluntary paying members and the exemptions for residents (DIHK, 2017a).

Unfortunately, there are no longer any active BIDs in Saarland, since the only BID, Burbach BID, was not renewed after its first 5-year term (DIHK, 2015) (DIHK, 2017a).

Saxony and Berlin

Finally, there should be a special mention to Saxony and Berlin as the first states from the former East Germany block to approve BID legislations, which were approved in 2012 and 2014 respectively. In Saxony, despite having a BID pilot scheme in place between 2005 and 2008, none of those projects developed into BIDs once the legislation allowed it (DIHK, 2017b). Whereas in the city-state of Berlin, even though its legislation was approved two years later than Saxony, there are already two active BIDs-ISGs (Immobilien-und Standortgemeinschaften) which were established in 2017.

One of those BIDs is Ku'damm-Taunten BID, which focuses its budget on enhancing the environment and surroundings of the Kaiser Wilhelm Memorial Church by improving the cleansing levels, providing tourist information and free WiFi among others. Their budget is around nine million euro for its 5-year term.

The other BID is located in the historic town of Spadau whose one million euro budget for the 5-year term plan is to fund projects to increase the attractiveness of the area. One of the main initiatives will be to hire a dedicated person who will report problems from local businesses and the area along with performing maintenance tasks in public and private land. In both cases, there are great similarities with the BIDs in Hamburg; both BIDs are managed by private organisations and their budgets will allow them to provide significant added value for their members, which will facilitate their chances to renew their mandate beyond their initial 5-year term.

Overall, the different BID legislations across Germany have provided the BID model with a flexibility that facilitates its adaptation to the different contexts of each state (Kreutz, 2009a).

3. Conditioning/determining factors

Thanks to the brief analysis on the different German states already commented and complemented by papers by Eick (2012), Stein, et al. (2015) and Michel & Stein (2015), it is possible to identify some factors which have influenced and conditioned the introduction and spread of the BID model across Germany.

Political factor

The political factor has been one of the great barriers to the expansion of the BID model; the support of the different parties has not been homogenous and it has delayed the approval of the necessary BID legislation. Although all the major parties have been involved in the approval process of BID legislation, as shown in Table 1, those same parties have been against BID legislations in different federal states in Germany, mainly influenced by the specific socio-political context of each state.

The main reasons for right-wing political parties to oppose BIDs focused around their conception of BIDs clashing with the free right of association and their interference in the free market. The most representative case is Bavaria where the CSU (Social-Christian Union of Bavaria), partner at a federal level of the CDU (German-Christian Democratic Union), decided not to create a law for BIDs since they prefer to support the voluntary model supported by the public sector (Stoiber, 2003).

Similar to Bavaria, the CDU, who had majority in Baden-Württemberg, did not support the BID model. The BID legislation was approved thanks to a change in power through a coalition of the Green Party and the SPD (Socialist Party of Germany). Even the Liberal Party has opposed both at a local and state level, as was the case on the already mentioned Baden-Württemberg. Their main arguments against BIDs are their interpretation of the BID levy being seen as a tax increase, along with seeing it as the public sector hindering the free market (Stein, et al., 2015).

Left-wing political parties, including the SPD or the Green Party, have expressed their concerns on BIDs since they considered them a new tool of the neoliberal agenda of privatization of public spaces and public services. For this reason, they have preferred to prioritize voluntary schemes like the ones mentioned in North Rhine-Westphalia. Despite this, coalitions of these same parties have approved BID legislations in several states recently, such as the Rhineland-Palatinate, Baden-Württemberg and Berlin.

Table 1 BID legislative process in Germany²

Federal State	Approval year	BID Legislation Name	Party in power when approved
Hamburg	Jan - 2005	<i>Gesetz zur Stärkung der Einzelhandels- und Dienstleistungszentren und Gewerbezentren (GSED)</i>	CDU
Hesse	Jan - 2006	<i>Gesetz zur Stärkung von innerstädtischen Geschäftsquartieren (INGE)</i>	CDU
Bremen	Jul - 2006	<i>Bremisches Gesetz zur Stärkung der Einzelhandels- und Dienstleistungszentren</i>	SPD-CDU Coalition
Schleswig-Holstein	Jul - 2006	<i>Gesetz über die Einrichtung von Partnerschaften zur Attraktivierung von City-, Dienstleistungs- und Tourismusbereichen (PACT-Gesetz)</i>	CDU-SPD Coalition
Saarland	Dec - 2007	<i>Gesetz zur Schaffung von Bündnissen für Investition und Dienstleistung (GBID)</i>	CDU
North Rhine-Westphalia	Jun - 2008	<i>Gesetz über Immobilien- und Standortgemeinschaften</i>	CDU-FDP Coalition
Saxony	Aug - 2012	<i>Sächsisches Gesetz zur Belebung innerstädtischer Einzelhandels- und Dienstleistungszentren</i>	CDU-SPD Coalition
Berlin	Nov - 2014	<i>Berliner Immobilien- und Standortgemeinschaftengesetz (BIG) o (ISG)</i>	SPD-CDU Coalition
Rhineland - Palatinate	Aug - 2015	<i>Gesetz über lokale Entwicklungs- und Aufwertungsprojekte (LEAPG)</i>	SPD-Green Party Coalition
Baden-Württemberg	Jan - 2015	<i>Gesetz zur Stärkung der Quartiersentwicklung durch Privatinitiative (GQP)</i>	Verdes-SPD Coalition
Lower Saxony	Autumn 2017	<i>Gesetz zur Stärkung der Quartiere durch private Initiativen" (NQPIG)</i>	SPD-Green Party Coalition

Source: (Kreutz, 2009c), (DIHK, 2017b) and (DIHK, 2017c).

It is worth mentioning the case of the Green Party, which during their coalition government with the CDU in Hamburg in 2008-2010 described BIDs as a tool to involve civil society in the management of cities (Töpfer et al, 2007).

Socio-economic and territorial factor

On the one hand, there are differences among German states in terms of population, size and economic development which have influenced the introduction of the BID model and uneven dissemination throughout the country. The early legislation in the city-states of Hamburg and Bremen in 2005 and 2006 respectively, pushed it by its commercial and entrepreneurial tradition is a good example of how important the socio-economic context is in the introduction of BIDs (Eick, 2012).

²CDU (*Christlich Demokratische Union Deutschlands*) German Christian Democratic Union, SPD (*Sozialdemokratische Partei Deutschlands*) Socialist Party of Germany. FDP (*Freie Demokratische Partei*) Democratic-Liberal Party. Green Party (*Bündnis 90/Die Grünen*) Alliance 90/Greens.

In case of a coalition government, the lead political party appears first.

On the other hand, the adoption of the BID model in the eastern states has been delayed due to the reticence of the private sector on any type of compulsory contributions since it brings links back to the communist period (Michel & Stein, 2015). The existence of federal funds for urban development schemes is also taking the pressure away from the private sector to set up BIDs.

In addition to those, there is a serious issue around the lack of enough critical mass in city centres and towns, which does not enable BIDs to raise enough budget to deliver meaningful projects that would prove value for money.

Commitment factor

Finally, a stable support and commitment of the public and private sectors is essential for a satisfactory establishment and diffusion of the BID model in the long term. The German Chambers of Commerce and Industry (*Deutscher Industrie- und Handelskammertag*) are the main supporters of the model in Germany. The aforementioned case of Hamburg represents the best example of a partnership between the private and public sector. The decisive impulse of Hamburg's mayor, Ole von Beust, and the support of the Chamber of Commerce made the city a successful case and good practice across Germany (Michel & Stein, 2015).

It is worth mentioning that the commitment factor is identified as one of the main factors of success in several countries with BIDs. In the United Kingdom and Ireland, the "indifference of the Government" (Means, 2013) and the lack of territorial agencies or business organizations that support the process (Communities and Local Government, 2007) caused that while in England and Scotland BIDs were established at a considerable pace, in Wales and Ireland hardly any BID projects were developed (Costela-Sánchez, 2016). London deserves a special mention where mayors from different political parties embraced the BID model. Both Boris Johnson, from the Conservative Party who included an electoral pledge to reach 50 BIDs in the capital during his term, as well as the current Labour mayor, Sadiq Khan, have endorsed and backed the BID model (Future of London, 2016).

The factors described can shed some light on the reasons behind the differences found across Germany, although it should be noted that normally the political factor and commitment can generate a change of attitude that promotes a successful introduction and establishment of BIDs.

Generally, except for the oasis represented by the city-state of Hamburg, it is still difficult to speak of a well-established implantation of BIDs in Germany (Stein, et al., 2015), or even of a direct transition from voluntary models to BID models (Michel, 2013).

4. Characteristics of the German model

Having analyzed the level of implantation of the BID model in Germany and having considered the possible factors that have influenced it, it is relevant to describe the main characteristics. For reference, the model will be compared with its counterparts in the United Kingdom, as the UK is the other large European country where BIDs have been established.

Members

One of the main differences with the British model lies in the designation of the BID members, in other words, those contributing towards the BID and deciding on the establishment of those.

In regard to BIDs in the UK, occupiers are those entitled to pay the BID levy and vote at BID ballots with the exception of two property owner BIDs located in London and Scotland (Costela-Sánchez, 2016). In contrast, in Germany property owners are those who decide on the establishment of BIDs and pay the compulsory contri-

bution (Kreutz, 2009a). It should be clarified that only one vote per property is granted in the case of more than one person owning a property; in this case, they would have to come to an agreement on whether they are in favour of or against the BID proposal.

Finance

Both in Germany and the UK, the local entity is responsible for collecting the BID levy and overseeing the BID. In Bremen and Hamburg, the Chambers of Commerce and Industry are the ones responsible for overseeing the BID (DIHK, 2010). Despite the similarity in the collection, it is relevant to mention that the English law allows the outsource of the different collection phases if there is an agreement with the local entity under the order of 2005 "The Local Authorities (Contracting Out of BID Levy Billing, Collection and Enforcement Functions)". Regarding caps to the BID levy, in Germany there is a maximum of 10% recharge on the value of the property, with maximum contribution set to protect large property owners.

Management

In both countries the management of a BID must be carried out by a management team, which can be either an agency, a company or a person (Kreutz, 2009a). In the case of North Rhine-Westphalia, the steering group that set up the BID must assign this task to a bespoke created company to manage the BID, since, according to their state law, it is not allowed to delegate it to any existing company (Kreutz, 2009b). BIDs are normally directed by the same steering group that leads on the different stages of establishing a BID, which is similar to the British model of an operating board controlling the BID.

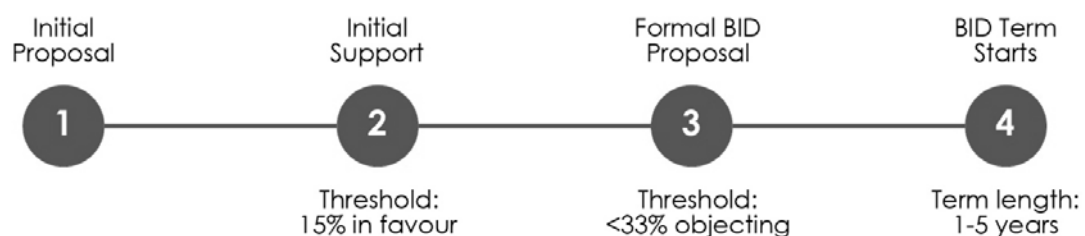
BID term

Similar to the UK, in Germany BIDs can be established for a maximum of five years (DIHK, 2010); the most common BID term is between three and five years (DIHK, 2017c).

Setting up process

The process of setting up a BID is relatively similar to the British model, however there are some differences especially in terms of the approval method. The process can be divided into four stages, as highlighted in figure 1, during those, the support of the Chamber of Commerce and Industry and the local authority are instrumental, focusing mainly around the feasibility study and the future projects delivered.

Figure 1 Stages to create a set up a BID in Hamburg³



Source: (DIHK, 2010).

³ The legal requirements from Hamburg have been chosen as a reference since they have been replicated across Germany.

Initial proposal

The first stage of setting up a BID involves the creation of a steering group who is responsible for leading the different stages of the process. During this first stage, the area in which the BID will operate is defined, a business plan for the area is drafted including the calculation of the prospective BID budget, its main services and projects are set, as well as the appointment of the managing organisation for the BID (Kreutz, 2009b).

In this stage, it is vital to communicate with all property owners within the proposed BID area to gather their opinion, needs and expectations.

Initial Support

Once the business plan, the budget and the area are defined, it is necessary to receive the endorsement from property owners within the BID area. In this stage, it is essential to obtain at least 15% of support to the BID proposal among the owners, both by number and by the total property value within the area; that way there is a balance between small and large owners.

Formal BID Proposal

Once the initial support from the owners has been obtained, the BID proposal is analysed by the local authority. When the local authority has granted its approval, the final BID proposal is put into public consultation for one month so that those owners against the BID can express their rejection.

In this case, there is not a ballot per se like in the British model, but a gathering of objections from those owners against the BID proposal. It is assumed that those who do not object are in favour of the BID. The proposal will go ahead if the objections do not represent more than a third of the total number of owners or the total property value (Kreutz, 2009a). This method grants a veto power if there is a considerable minority against the proposal of the establishment of a BID.

BID Term Starts

Once the establishment of the BID has been published in the local authority's bulletin, the BID is allowed to start delivering its business plan. The type of services delivered is defined by the specific needs of the owners in the BID area and the BID budget available.

In the aforementioned cases of BIDs in Hamburg, these have a large budget that allows them to carry out public realm improvements, enhancement of street furniture, hire cleaning and security staff or organise events, while other BIDs with smaller budgets focus just on basic maintenance of the environment and animation. Generally, the main duties undertaken by German BIDs are: the promotion of the BID area, maintenance services, security, cleansing and public realm improvements (Kreutz, 2009b).

5. Relevant BID examples

To finalise the analysis of the German BID model, three different BIDs from Hamburg will be showcased, as detailed in table 2.

First, Sachsentor BID will be showcased as it was the first BID to be established in Germany; followed by Nikolai-Quartier BID, located in the city centre and whose budget is one of the biggest across BIDs in Europe. Finally the innovative experience of Steilshoop HID (Housing Improvement District) the first and only residential BID in Europe will be commented.

Table 2 Showcased BIDs in Hamburg⁴

Sachsentor BID	BID I – €150,000 - (€50,000/year)	BID I – 24/08/2005 – 23/8/2008
	BID II – €600,000 - (€120,000/year)	BID II – 24/6/2009 – 23/9/2014
	BID III – €433,000 - (€144,333/year)	BID III – 6/7/2016 – 5/7/2019
Nikolai-Quartier BID	BID I – €9,300,000 - (€1,860,000/year)	BID I – 13/8/2014 – 12/8/2019
MitteSteilshoop HID	HID I – €4,100,000 - (€820,000/year)	HID I – 5/12/2012 – 4/12/2017

Source: (HK Hamburg, 2015), (DIHK, 2017c), (BergedorfProjekt GmbH, 2016) and (HID MitteSteilshoop, 2012).

Sachsentor BID

Sachsentor BID was the first BID to be established in Germany, just some months before the well-known Neuer Wall BID, which has been commented on and studied in numerous papers (Stein, et al., 2015) (Eick, 2012) (Kreutz, 2009a).

The BID is located in Bergedorf, in the suburbs of Hamburg, and includes the main high street, Sachsentor, and surrounding streets. As can be seen in the previous table, it is currently in its third term. Since its inception, its term length and budget have changed considerably since 2005 reflecting the different stages a BID can go through.

The first term lasted for 3 years, with a total budget of €150,000, which was mainly used to enhance the BID area, remove graffiti, add greening elements and promote the area by developing its identity.

During its second term there were substantial changes on the BID: the area was expanded to include surrounding streets to the main Sachsentor axis which meant an increase from 83 properties to 101; the duration of the BID term was increased to a 5-year term along with an increase in the total budget to reach €120,000 annually. In this second term, the impact of their activities was increased by the accumulated experience during the previous three years and the availability of a larger budget. The new activities included the strengthening of maintenance measures in the area, a more active role in the promotion of the area through the organisation of events and the enhancement of Christmas lights (HK, 2015).

During the campaign for its third and current BID term there were some challenges to the continuity of the BID. The process began in 2003 with initial meetings among the managing company of the BID, the BID steering group and members to develop a new plan for the third term for the Sachsentor BID. All the different stages already mentioned were met by December 2014. However, there was a considerable opposition which reached almost 25% of the members. Even though it was under the legal threshold, this reasonable level of opposition forced a change on the proposal for the third BID term.

⁴The different BIDs terms are identified with Roman numerals.

Meetings among representatives of the Bergedorf district, the business community in the BID area and the steering group took place to agree a new proposal. After successful negotiations, the priorities of the BID were changed to focus the BID budget around the enhancement of the BID area with an especial emphasis on cleaning and maintenance in addition to increasing the funds allocated for Christmas lights; this led to an increase in the annual budget of the BID. Also agreed was a reduction of the BID term from five to three years. Finally, the local Association for the Development and Marketing of Bergedorf (*Wirtschaft und Stadtmarketing für die Region Bergedorf eV*) was forced to sell of all their shares of the BergedorfProjekt GmbH, the company created to manage the BID, to two new owners: the property agency 'ICE Immobilien Consulting und Entwicklung GmbH (Karl-Dieter Broks)' and a property owner within the BID area (BergedorfProjekt GmbH, 2016).

Nikolai-Quartier BID

Nikolai Quartier BID has operated since 2014 and it is the BID with the largest budget in the whole of Germany with €9,300,000 to invest during its 5-year term. It is located in the city centre of Hamburg; its location and valuable properties in the BID area are responsible for its large budget. Its location at the heart of the city, as well as impacting positively on its budget, has also conditioned the objectives of its first term. The main project is an investment of more than six million euro to improve the public realm in the BID area, including a restructuring of traffic and public transport in the area. In addition, marketing measures will be carried out to promote the area and complementary cleansing and maintenance services will be put in place to ensure the preservation of the enhanced public realm developed by the BID funded works.

These public realm improvements in the Nikolai Quartier BID are a good example of the multiplying effect that BIDs are able to generate. The planned investment of six million euro by the BID are complemented by a contribution of 2.8 million euro by the local authority and a one million euro voluntary contribution by property owners in the BID area, reaching a total investment of 10 million euro (HK, 2015). The size and budget levels in Nikolai Quartier BID required a 5-year negotiation process with initial meetings taking place in 2009 where the *Otto Wulff BID Gesellschaft mbH* was appointed as the managing company for this BID (DIHK, 2010).

BID Steilshoop

Finally, it is worth mentioning the HID initiative in the residential area of Steilshoop. This residential estate in the suburbs of Hamburg was built in the 70s and has a population of 14,300 people spread across several blocks of flats. In terms of property, there is a mix of buildings owned by the public sector, individual owners and real estate funds. The area was part of different regeneration schemes during the 90s which focused on improving the attractiveness and solving the issues around bad reputation (Kreutz, 2007). Once the regeneration schemes ended the original issues reappeared, which is why in 2006 different owners carried out a campaign to improve the image of the neighbourhood. This campaign attracted the attention of the local authority and pushed the proposal to set up an HID in that area. In 2009, the area was included in a national program and selected as one of the 15 ESGs (*Eigentümerstandortgemeinschaften / Associations of Local Owners*) designated pilots.

The main achievements during the pilot period consisted of the development of a business plan for the residential area which included key actions: the enhancement of the main artery in the neighbourhood, the improvement of the communication among neighbours, owners and main stakeholders in the neighbourhood, the design of a marketing campaign to improve the image of the area and finally the improvement of the cleansing and maintenance services delivered by the local authority (Kreutz, 2009a), (Innovations Quartier-Steilshoop, 2011).

After the completion of the pilot in 2011, Steilshoop was the only initiative among the pilots which continued to operate thanks to the financial support of one of the main real estate funds. In 2012, MitteSteilshoop HID officially became the first HID in Germany and Europe (Tantow, 2012). The HID was established in December 2012 for a 5-year term and a total budget of four million euro for the development of the business plan devised during the pilot phase by the *Otto Wulff BID Gesellschaft mbH* (HID MitteSteilshoop, 2012).

6. Conclusions

Socio-economic, territorial, political and commitment factors have conditioned the introduction of the BID model in Germany leading to an uneven distribution across the different federal states which have impacted on the number of active BID projects. Since the socio-economic and territorial factors are given and are difficult to change in the short term; political and commitment factors are the ones which should be prioritised in order to promote the establishment of BIDs. A strong partnership between the public and private sectors, backed by a stable support of the political parties to the BID model, facilitates the approval of BID legislation and the creation of BIDs as shown in the paradigmatic case of Hamburg.

BIDs cannot be seen as a panacea for all the issues affecting city centres, high streets or areas that are in need of regeneration schemes. However, they are a powerful tool to strengthen the links between the public and private sector and develop a common approach to face common issues.

The success of a BID is based on a close collaboration between the local business community, the support of the public sector and major stakeholder along with the existence of a substantial BID budget which allows funding relevant projects that will provide value for money to their members.

The German model in which owners are the members of the BID and the veto power granted to a minority group of owners reflect the flexibility of the model when adapting in a new country. The majority of BIDs in their first term focus on public realm improvements, the development of the identity of the area and the enhancement of cleansing, maintenance and the attractiveness of the area. 🌐

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