

The Role of Partnerships in Urban Regeneration – Similarities and Differences between Germany and United Kingdom

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Key words: business improvement districts, demographic and economic change, public private partnerships, shrinking city, transformation, urban development, urban planning policy, urban regeneration.

SUMMARY

Urban regeneration means improving the physical, economic and social well-being of today's towns and cities. Over the past years it has played an important role due to the changing demographic and economic conditions. In both Germany and the United Kingdom, many cities face a range of demographic and economic challenges. Demographic challenges include shrinking populations, ageing, diversification of lifestyles and migration. Economic challenges include globalisation, the deregulation of markets and rise in unemployment. These dramatic processes lead to a strong pressure for urban change due to vacant land and building, an obsolete or under-utilised infrastructure and social segregation.

Especially the financial situation in a lot of cities is alarming so that almost every municipality ascertains a loss of revenues to finance urban development, local public transportation and the construction and maintenance of roads, schools, hospitals, cultural and sports facilities. In this case, partnerships between the public and private sector can be a reasonable instrument for urban development and urban revitalisation.

The paper describes the current basic conditions, strategies and instruments of urban regeneration in both Germany and the United Kingdom and analyses the differences in the urban regeneration process. Furthermore it exemplifies the trends and expectations to establish public private regeneration projects in both countries by addressing the questions: how renewal and partnership activities affect the economy and whether their strategies promote sustainable urban regeneration in cities in the long term. What is the role of community organisations in urban regeneration?

In connection with these questions, the article specifies the assets and drawbacks for the implementation of partnerships for urban revitalisation.

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1. INTRODUCTION

Urban regeneration is a widely experienced but little understood phenomenon (Roberts/Sykes, p. 3). Whereas urban planning and urban development in Europe have in the past been heavily development-orientated with the focus on extending infrastructure and designating new residential areas, globalisation, demographic and economic change leads to substantial changes in urban development policy. Urban growth has been replaced by stagnation and shrinkage processes at many places in Europe during the last decades (Kabisch et al. 2006). This process of change rises to new challenges and tasks for the federal governments, states and municipalities and results in a new “planning repertoire” (Jessen 2006) and readjusted urban support instruments coping with shrinkage.

The **purpose of the paper** is to analyse and to assess the differences in urban regeneration in Germany and in the United Kingdom. In the main part, the article wants to specify the assets and drawbacks for the implementation of partnerships for urban revitalisation in the two countries by addressing the questions: how partnership activities affect the economy and whether their strategies promote sustainable urban regeneration in cities in the long term. What is the role of the local authority and community organisations in urban regeneration? Table 1 gives a first overview about the basic conditions of the both countries. At first glance, the general differences between the two European countries seem not so big, but the article will show, that there are strong distinctions in urban regeneration policy in Germany and the UK.



Characteristics	Germany 	United Kingdom 
Government	Federal Republic	Constitutional Monarchy
Area	357,093 km ²	244,820 km ²
Population (2006)	82,310,000	60,209,500
Population Density	231/km ²	243/km ²
GDP (PPP) per capita (2005)	\$ 30,579	\$ 31,777

Table 1: Comparison Germany – United Kingdom (Sources: Federal Statistical Office Germany and Office for National Statistics United Kingdom (ONS))

2. SHRINKING CITIES IN EUROPE– URBAN DEVELOPMENT UNDER CHANGING DEMOGRAPHIC AND ECONOMIC CONDITIONS

Urban development and urban regeneration are complex processes, which are influenced by many general conditions. The most pressing problems in urban development today are the impact of demographic and economic change (cf. table 2).

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

Table 2: Global changes with impacts on the urban development policy

Typically, the process of **demographic change** is characterised by the decline of the population, its continued ageing, heterogenisation and immigration – even different at the regional level.

At present, Germany has 82.3 million inhabitants. According to the variants of the 11th coordinated population projection of the Federal Statistical Office Germany, in 2050, there will be a population of 69 million to 74 million. The causes of the population decline are a continuous decrease in the number of births and an increase in the number of deaths (Federal Statistical Office Germany, press release, 7 November 2006).

In contrast to this, the UK population is projected to increase by 7.2 million over the period 2004 to 2031. This is due to natural increase (more birth than deaths) and because it is assumed there will be more immigrants than emigrants (cf. Government Actuary's Department: 2004-based national population projections).

In common with most other countries worldwide, Germany and the UK have an ageing population. The proportion of people in the UK aged over 65 is projected to increase from 16 per cent in 2004 to 23 per cent in 2031. In Germany the age structure is shifting even more rapidly. The 'old-age ratio' for a retirement age of 65 years – that is the number of 65-year-old and older persons per 100 persons aged 20 to under 65 years – will rise from 32 today to 60 or 64 in 2050 depending on the population projection variant.

But the urban population is not only decreasing (or increasing) and ageing, it is become more mixed, too. Increasing diversification in both countries ranges from growing multi-ethnicity to individualised value attitudes, as well as a broadening income spread, accompanied by a risk of small-scale segregation and polarisation (cf. Reiß-Schmidt 2006).

It is obvious that the urban development policy in both countries is faced by these new challenges.

But to consider the demographic aspect is not enough. In Germany, in the fifteen years since reunification, especially East German cities have been characterised by a **shrinking economic performance**. After years of accelerated growth at the beginning of the nineties, economic stagnation and even decline spread out, amongst others as a result of the growing competition because of the eastern enlargement of the European Union and the processes of de-industrialisation and suburbanisation. Urban Shrinkage in West Germany mostly refers to mono-structured old-industrialised areas with a loss of jobs and inhabitants as well as to an

ongoing process of suburbanisation. Currently a lot of cities and urban agglomerations are trapped in a 'downwards spiral' with decreasing tax revenues, declining investment activities, a struggling retail sector, high unemployment rates and growing permanent vacancies in housing and commerce (cf. also Friesecke 2006a).

Due to the fact that the demographic and economic change influence the financial situation of the cities, almost every municipality ascertains a loss of revenues to finance local public transportation and the construction and maintenance of roads, schools, hospitals, cultural and sports facilities.

In parts of the United Kingdom, the situation is nearly the same. In the second half of the 20th century, many UK cities were affected by the most severe industrial decline, leading to mass joblessness and subsequently an out movement of people (cf. Couch et al. 2003 and Davies 2004, p. 575). Especially the post-industrial north of England (Liverpool, Manchester, Leeds etc.) has suffered a remarkable economic decline. De-industrialisation brought about by reductions in demand for traditional products and intensifying competition from elsewhere has eliminated much of the industrial base, employment and social stability that existed in the sixties (Couch 2003, p. 14).

The **consequences** of the described processes **for the cities** are far-reaching and painful:

- Polarisation of demographic development between different regions: ‚growth islands‘ (e.g. Hamburg, Munich; London) adjacent to ‚shrinking regions‘ (e.g. Ruhr Basin, most parts of East Germany; Liverpool, Manchester, Leeds, Sheffield).
- Demographic decline in cities with severe impacts on municipal housing (vacancy, deterioration), real estate market (decrease of property values), technical and social infrastructure (under-utilisation) and retail development (lack of consumer traffic, slump in sales).
- Ongoing suburbanisation to the detriment of downtown development/population.

Even today, numerous municipalities in Germany and the United Kingdom are located with stagnating or shrinking population, so that the mentioned trends and consequences already pose a major challenge for urban development planning. Generally, a ‚**shrinking city**‘ is defined as a densely populated urban area with a minimum population of 10,000 residents that has faced a population loss in large parts of it for a more than 2 years and is undergoing economic transformations with some symptoms of a structural crisis (Shrinking Cities Project 2005).

From the **German perspective** the ways in which cities are affected by the processes of demographic and economic change differ extremely. On the one hand, some cities, for example the cities of the Ruhr-Area – Germany’s biggest old industrial region –register a declining population due to suburbanisation and other forms of out-migration or high mortality rates. On the other hand, other cities, e.g. Munich, Stuttgart or Bonn, still have a population growth due to positive migration rates or a positive relation of births and deaths. So growth and decline between cities and as well between regions exist at the same time (cf. Evelyn Sucato at the International Symposium "Coping with City Shrinkage and Demographic Change - Lessons from around the Globe" 30.-31.03.2006 in Dresden, Germany). Müller and Siedentop

(2004) figure out, that demographic change has become a major topic for German municipalities as more and more communities in East and West Germany embark on a "stagnation or decline path" in the coming 20 years.

Especially in East Germany a lot of cities have lost significant shares of their population since reunification in 1990, some of them more than 20 percent. This development is due to a decline in population because of much fewer births than deaths, but also due to suburbanisation and migration from peripheral, declining regions to stronger locations in West Germany. The declining population in six selected German cities is reported in table 3.

CITY	POPULATION		CHANGE
	31.12.1990	31.12.2004	
EAST GERMANY			
CHEMNITZ	296.000	246.000	-17 %
HALLE	311.000	238.000	-23 %
SCHWERIN	128.000	99.456	-22 %
WEST GERMANY			
BOCHUM	396.000	382.000	-3,5 %
DORTMUND	598.000	585.000	-2 %
DUISBURG	535.000	503.000	-6 %

Table 3: Population Development in selected German Cities between 1990 and 2004 (Sources: The Statistical Yearbooks 1992 and 2005, Federal Statistical Office of Germany and websites of the cities)

This dramatic (demographic and economic) development in the last 15 years led to more than one million empty apartments and houses in East Germany (14 % of all housing units in the region), the deterioration of innumerable industrial sites and the closing of social, leisure and cultural facilities (cf. Glock/Häussermann 2004, p. 920).

In the **United Kingdom**, city shrinkage is concentrated mainly in the largest urban areas (cf. Sylvie Fol/Emmanuele Cunningham-Sabot at the International Symposium "Coping with City Shrinkage and Demographic Change - Lessons from around the Globe" 30.-31.03.2006 in Dresden, Germany):

- all of the eight largest conurbations (except London and West Yorkshire) lost population during the 90's,
- within the declining conurbations, the cities themselves fared worse than their suburbs,
- other large cities also lost population, although on a smaller scale,
- declining cities are concentrated in declining regions (industrial regions of the North East, North West and Scotland)

It is estimated that there are approximately 750,000 empty properties across England (8 per cent of the building stock), with a further 850,000 homes rapidly at risk of collapsing in value (OPDM 2004).

To summarise, the problem of shrinkage is not just limited to German Cities with an immense loss of population especially in the Eastern parts. It is a phenomenon that is occurring in every city and town which has been affected by the loss of a major industry.

3. STRATEGIES AND INSTRUMENTS OF URBAN REGENERATION AND DEVELOPMENT

3.1 What is Urban Regeneration?

As we have seen, the cities are undergoing a dramatic structural change and the kinds of problems are very much the same in both Germany and the United Kingdom. Thus, there is an urgent need of revitalising the abandoned and declining municipalities. This chapter aims to point out the main strategies and instruments to cope with urban decline.

But what does it mean urban regeneration? There are some differences in the specific objectives and structures of these “programme” for each country. While there is no standard definition worldwide, I intend to define urban regeneration following the definition of Roberts as a comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change (Roberts/Sykes 2000, p. 17).

Urban regeneration moves beyond urban renewal (a process of essentially physical change), urban development (general mission) and urban revitalisation (no precise method or approach) (Lang 2005, p. 8). It should be based upon a detailed analysis of the condition of an urban area and seek to ensure consensus through the fullest possible participation and cooperation of all stakeholders with a legitimate interest in the regeneration of the area (Roberts/Sykes 2000, p. 18). This may be achieved through partnerships which are explained in chapter 4.

Generally, the **priority objectives of urban regeneration** can be specified in the following categories:

- improving the housing and living conditions of the residents of older districts,
- strengthening and supporting the vitality and economic functions of such districts as well as
- renewing and preserving their building stock as well as their urban physical and social structure.

Figure 1 provides an illustration of the inputs and outputs related to the urban regeneration process. The diagram indicates the variety of themes and topics involved in urban regeneration and the multiplicity of interrelated outputs. Roberts (2000) grouped the outputs of urban regeneration operations into the five categories neighbourhood strategies, training and education, physical improvements, economic development and environmental action. But nevertheless, any regeneration strategy has to be adapted to the circumstances within which it operates.

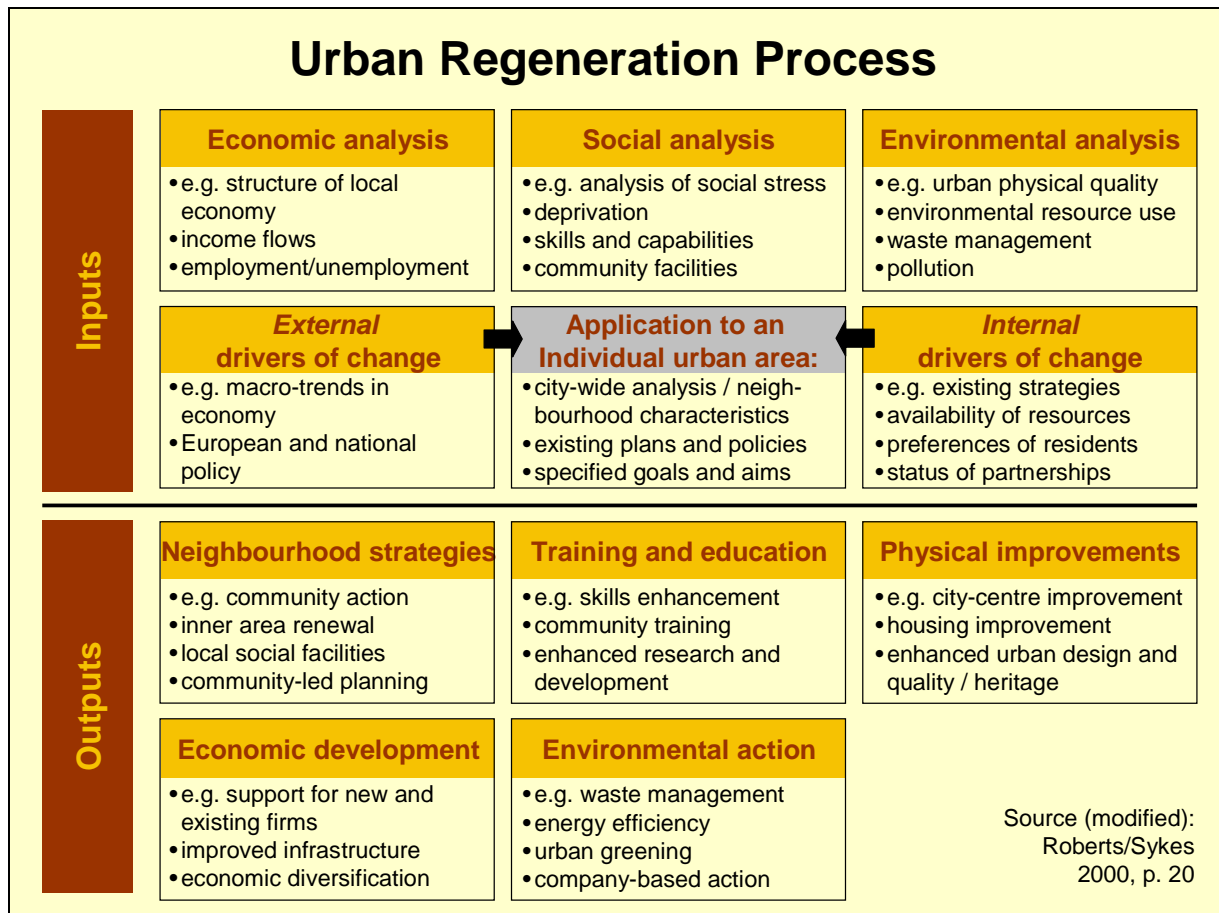


Figure 1: The Urban Regeneration Process (cf. Roberts/Sykes 2000, p. 20, modified)

3.2 Urban Restructuring in Germany

At present, in Germany three comprehensive and multidimensional approaches are directed at coping with problems of shrinking cities: The federal-state programmes “Urban Restructuring in the new/old federal states” (*Stadtumbau Ost/West*) have a focus on physical measures and are ruled by the philosophy of revitalisation without growth. The programme “Socially Integrative City” (*Soziale Stadt*), eligible for growing as well as shrinking cities, is directed at strengthening social inclusion (cf. <http://www.sozialestadt.de>).

In 1999 the federal and state governments adopted the “Districts with special developments needs – **the Socially Integrative City**” programme (*Soziale Stadt*). Its goal was to create socially stable resident structures and to counteract the widening socio-spatial rifts in the cities. The programme fosters participation and cooperation in 214 cities and towns and represents a new integrative political approach to urban district development. Among others, the fields of activity are employment, social activities, urban district culture, integration of diverse social and ethnic groups, living environment, public space and image improvement (cf. also <http://www.sozialestadt.de/en/programm/>).

The programme “**Urban restructuring in the new federal states**” (*Stadtumbau Ost*) has been launched by the German Federal Ministry of Transport, Building and Housing with a duration from 2002 to 2009 and a budget of 2.7 billion € Federal funding depends on state governments and municipalities each contributing one third of total project costs. It reacts to the oversupply of housing in East Germany which has its origin in the extensive construction of new buildings by the end of the 1990’s, stagnating household figures and migration to West Germany. It aims at strengthening inner cities, reducing oversupply of housing and revitalising cities affected by deconstruction in East Germany (BMVBS/BBR 2006). Focusing on the most visible part of urban shrinkage - the housing vacancies – the declared goal of the programme is the demolition of up to 350.000 vacant buildings by 2009. Nearly all eastern cities are participating in the programme. Meanwhile, the demolition has led to a far lower increase in vacant housing. However, the means available for demolition are regarded as insufficient by far.

To help towns and cities in East Germany as well as the housing industry to reduce the number of vacant dwellings, to promote inner-city development, and to adapt the technical and social infrastructure, the Federal Government will continue the programme of urban restructuring in the new federal states at a higher level beyond 2009 by combining existing programmes.

In addition to this programme for the eastern part of Germany, the programme “**Urban restructuring in the old federal states**” (*Stadtumbau West*) was launched in 2004. It is tailored to the towns and cities in the old federal states to create sustainable urban development structures in areas affected by significant functional losses (BMVBW, BBR 2003 and <http://www.stadtumbauwest.info>).

In summary, social urban development and urban restructuring have become a new planning paradigm for shrinking cities in Germany. The holistic approach of the three explained programmes is based on a broad analysis and an interactive decision making process that involves both public and private actors. Nevertheless, it would be useful to ensure better linking of these three programmes with other promotion initiatives (e.g. housing promotion, labour-market programmes, infrastructure programmes). All these programmes affect urban space but obey different spatial or subject-related criteria (Sander 2006).

3.3 Urban Regeneration in the United Kingdom

Urban policy in the United Kingdom is a very complex system of initiatives and programmes. Even the regeneration minister, Lord Rooker, has described urban policy as like “a bowl of spaghetti” (cited in Cullingworth/Nadine 2006, p. 379). The reasoning for complexity is that differing legal, economic, social and demographic conditions of each area in the UK (England, Northern Ireland, Scotland, and Wales) require variety and flexibility in the policy response. Because of that, the following explanations focus on the main programmes for regeneration beginning in the 1990s.

A major change in urban regeneration policy was announced in May 1991, in the form of **City Challenge initiative**. City challenge required partnerships to be set up between local

authorities, the private and voluntary sectors to bid for resources (Jones/Evans 2006, p. 1493). The initiative encouraged an integrated approach, with a focus on property development but cutting across a range of topic areas, including economic development, housing, training, environmental improvements, and social programmes (Cullingworth/Nadine 2006, p. 366). The total central government expenditure of the initiative amounted to £ 1.15 billion. In 1994, City Challenge was replaced by the **Single Regeneration Budget (SRB)** with the intention of promoting integrated economic, social and physical regeneration through a more flexible funding mechanism (Cullingworth/Nadine 2006, p. 370). The SRB was discontinued in 2001, superseded by neighbourhood initiatives like the New Deal for Communities (NDC) and city-wide coalitions, Local Strategic Partnerships (LSPs) (Davies 2004, p. 578).

The **New Deal for Communities** is a key programme in the Government's strategy to tackle multiple deprivation in the most deprived neighbourhoods in the UK. The NDC provides £ 1.9 billion for seventeen first round partnerships and twenty-two second round partnerships to spend over ten years (1998 – 2008). The key characteristics are long-term commitment with a partnership approach to deliver real change, community involvement and ownership as well as action based on evidence 'what works' and what doesn't (cf. <http://www.neighbourhood.gov.uk/>).

A **Local Strategic Partnership** is a single non-statutory, multi-agency body, which matches local authority boundaries, and aims to bring together at local level the different parts of the public, private, community and voluntary sector.

Finally, the above explained initiatives and strategies from central government show that the United Kingdom has experienced with a multiplicity of urban regeneration programmes in the last decades. Some of the programmes have lacked clarity in their objectives. Furthermore, there has only been a limited amount of coordination between programmes.

4. THE ROLE OF PARTNERSHIPS FOR URBAN REGENERATION

4.1 The Urgent Need for Partnerships

Partnerships have currently become something of a buzzword within urban regeneration (Apostolakis 2004, p. 103). As described in chapter 3, effective urban regeneration should be based on the participation and co-operation of a wide range of actors and stakeholders, including local municipalities, states and national governments, property owners and investors, and institutions and organisations at all levels from the global to the local. The idea behind partnerships is quite simply that one gathers together the different actors and participants in the urban regeneration process in order to achieve a synergetic effect.

In its widest sense, a **partnership** can be defined as a formally organised coalition of interests comprising actors of different sectors (public and private) aiming at joint policy-making and implementation with a common agenda and action programme. Such an understanding does not depict informal relations as partnership (cf. Lang 2005, p. 17).

The motives for establishing partnerships for urban regeneration are manifold and dependent on the special situation in the respective cities. Due to the fact that the demographic decline and the slow economic growth influence the financial situation of the cities, almost every municipality ascertains a loss of revenues to reverse economic, social and physical decay and to finance public sector services such as the construction and maintenance of roads, schools, hospitals, cultural and sports facilities. So, above all, budgetary constraints play a major part in encouraging many municipalities to explore partnership solutions.

But there are several other reasons for the current interest in creating partnerships for urban regeneration. One of them is greater efficiency in the use of public resources. Experience has shown that many public sector activities can be undertaken more cost effectively with the application of private sector management disciplines. Besides the advantages already mentioned, there are a lot more **benefits** that can give reasons for the municipalities to think about the establishment of urban regeneration partnerships, e.g.:

- Local partnerships can lead to better policy coordination and facilitate a multi-dimensional approach, using the knowledge, skills and resources of different actors (Lang 2005, p. 18),
- Due to the multi-dimensional and complex nature of urban problems partnerships can help to co-ordinate activity and extend across traditional policy boundaries (Roberts/Sykes 2000, p. 44) and
- Partnerships have the potential to distribute the risk to the party best able to manage it.
- Nevertheless, primarily the public sector must recognise the **disadvantages of partnerships** if it adopts a partnership approach, e.g.:
- Partnerships for urban regeneration imply a loss of management control by the public sector resulting from the transfer of responsibility to the private partner (Davies 2004, p. 579: *Collaboration can produce negative synergy and undermine governing capacity*).
- Partnerships bear the risk of creating less accountable policy arenas and losing democratic legitimacy (Lang 2005, p. 18).

According to Davies (2004) three types of partnerships are distinguishable, principal-agent relations (contracts), inter-organisational negotiation (formal partnerships) and systematic coordination (networks). In form of a **Business Improvement District (abbr.: BID)**, there exists another instrument which can be regarded as a partnership with the objective of urban revitalisation and economic development.

Business Improvement Districts are a partnership between a municipality, property and business owners that develop and take forward projects and services that make a collective contribution to the stabilisation and improvement of their commercial district. The BID services provided are supplementary to those provided by the municipality and usually include security, maintenance of public spaces, removal of litter and graffiti, economic development, public parking improvements, special events and social services (cf. for more information Friesecke 2006a).

4.2 Urban Regeneration Partnerships in the United Kingdom

Even if the state is still dominant in a highly mediated form, urban regeneration in the United Kingdom is characterised by an independent network of state and non-state actors (Jones/Evans 2006, p. 1491). More than ever, co-operation between the different tiers of government and external agencies is central to urban regeneration practice.

Following the dominant discourse in US urban regeneration, partnership with the private sector to achieve mutually beneficial (and otherwise no attainable) goals, started to be viewed as increasingly desirable by neo-liberal Conservative governments of the 1980s and early 1990s (Jones/Evans 2006, p. 1493). Whilst various recent initiatives such as City Challenge, Single Regeneration Budget (see chapter 3.3) and Urban Regeneration Companies (see below) have achieved mixed success, there is no disputing that partnerships have emerged as an important trend in urban regeneration policy (cf. Hemphill et al. 2006, p. 60). Multi-organisational partnerships have emerged in urban regeneration as arrangements involving public, private, community and voluntary interests (cf. Apostolakis 2004, p. 103).

Urban Regeneration Companies (URCs) have been promoted by the government and established by a partnership of local authorities, the regional development agency and other business and community stakeholders, in order to achieve a focused, integrated regeneration strategy for key towns and cities (cf. <http://www.urcs-online.co.uk/companies/>). In England, English Partnerships is also a partner in many URCs. **English Partnerships (EP)** is the operating name of the Urban Regeneration Agency and Commission for New Towns and is a non-departmental public body. It was launched in 1993 with the objective of

- promoting the regeneration of areas of need through the reclamation or redevelopment of land and building;
- increasing the quality and quantity of private-sector investment in housing and regeneration;
- setting and promoting best practice in urban design and construction standards across the regeneration and development industry and
- improving regeneration skills (<http://www.englishpartnerships.co.uk/about.htm>).

URCs are experts in their local areas. They co-ordinate investment plans from both the public and the private sectors, and attract new investment through the purposeful and imaginative promotion and regeneration of their areas. URCs are independent companies whose operation costs (revenue funding) come from the partners (Cullingworth/Nadine 2006, p. 377).

The first URC, Liverpool Vision, was established by English Partnerships together with Liverpool City Council and the North West Development Agency in early 1999.



Picture 1: Liverpool Vision (<http://www.liverpoolvision.co.uk>)

Furthermore, the idea for **Business Improvement Districts**, which are a special form of partnership, has attracted many UK municipalities, so that by now they play an important role in the urban development process and downtown revitalisation.

In the United Kingdom, a National Business Improvement Districts Pilot Project spearheaded by the Association of Town Centre Management and supported by an alliance of public and private sector organisations piloted the development of twenty-two BIDs between 2002 and 2005. The priority objective was to guide locations through a structured process to set up a BID and to obtain the practical experience needed to run a BID (ATCM 2005). Meanwhile, a BID can be developed in any business location.

4.3 Partnerships in Germany

In Germany, the partnership approach lacks a long history as in the UK, but the interest in partnerships for urban regeneration and for public service delivery continues to grow. It was not until 1999 that the Federal Government has declared that it will create new forms of co-operation between the state, the private sector, the welfare organisations and other non-profit-making institutions (Federal Government 1999, p. 13).

As a result, over the past years a marked increase in cooperation between the public and private sectors for urban development and the operation of (neglected) public services and infrastructure has been observed. Such **Public Private Partnerships (PPP)** for a wide range of economic activities were driven by a shrinking economic performance in many regions (cf. chapter 2).

According to the German Institute of Urban Affairs (Difu) more than 100 PPP real estate projects are in the planning and implementation phase at the present time (cf. Grabow 2005). Compared to the United Kingdom, it is only a limited number of PPP projects, but nevertheless, they include a large variety of different building types, such as administrative buildings, sports facilities, military barracks, medical institutions and judicial buildings (see figure 2). The overall investment volume of all projects together amounts to more than 4 billion Euro.

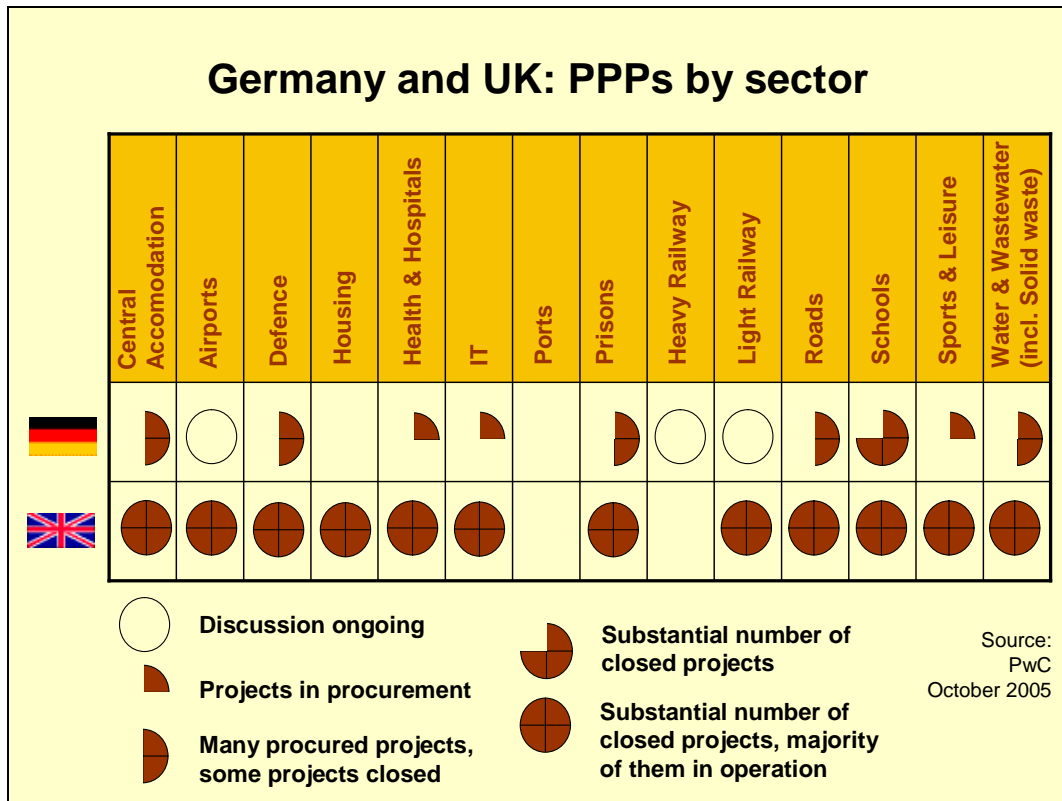


Figure 2: Public Private Partnerships in Germany and the United Kingdom by sector (Source, modified: PricewaterhouseCoopers (2005), p. 36)

One example for the vast opportunities of a public private partnership for urban regeneration is the German armed forces, which made efforts to convert unused barracks into economically attractive areas for urban development. Therefore, the Federal PPP Task Force developed a specific PPP model and the German armed forces could be regarded as the binding element between private economy and the municipalities. The Fürst Wrede Barracks in Munich is an internationally known example for an urban development project dealing with conversion (cf. http://www.ppp-bund.de/en/ppp_projekte.htm for detailed information).

Another example for an urban regeneration partnership can be found in the City of Chemnitz (247,000 inhabitants) in the eastern part of Germany. In November 2001, a company called *Stadtumbau GmbH* was specially founded for the co-ordination and realisation of the city reconstruction processes in predetermined city areas, the development of funding concepts, and social planning for residents whose houses are meant to be demolished in the process of urban restructuring.

The limited liability company is a private association consisting of five big property companies and the *Stadtwerke AG*. The long-term objective is the demolition and restructuring of at least 27,000 untenanted flats in chosen areas until 2020. The basis of urban restructuring is the resolution of the city council concerning “Integrated City Development Concept” from 2002, as well as eight estate specific quarter concepts with emphasis on city reconstruction.

In short, the partnership in Chemnitz can be a reasonable instrument for urban regeneration in the shrinking city Chemnitz on the basis of the following advantages:

- coordination of city constructing (official) aims and entrepreneurial economic aims of the proprietors and supplying firms,
- improved guidance of tenants of property companies of the Stadtumbau GmbH,
- balance the different burdens/costs of the property companies in the city reconstruction, as well as
- better grouping and directing of public/official and private funding (cf. <http://www.chemnitz.de/>).

The partnership in Chemnitz marks a milestone for a German urban regeneration partnership and has an important catalyst function for the establishment of further partnerships in urban renewal in Germany. Beyond Chemnitz, a lot of other municipalities are using partnerships to develop integrated urban development concepts (e.g. Halle, Gelsenkirchen).

Finally, in form of a **Business Improvement District** there exists another instrument which can be regarded as a public private partnership with the aim of urban regeneration.

In the Federal Republic of Germany, BIDs are currently being discussed on two major fields. Firstly there is the controversial debate on the question how far BIDs are an effective instrument for urban revitalisation and economic development for (partly shrinking) cities with regard to increasingly urgent redevelopment needs and the constraints imposed by scarce municipal financial resources. Secondly, on the statutory level, one may ask in which way the method requires special legislation, especially because of the federal system in Europe's most populous country.

As a pioneer in Germany, the city of Hamburg established a "Law of Strengthening Retail Districts" which entered into force as from January 1, 2005. Meanwhile, three other Federal States (Hesse, Bremen and Schleswig-Holstein) enacted BID laws, comparable to the Hamburg legislation.

The implementation of BIDs can play an important role in the urban regeneration process, because they represent a fundamental basis for economic and social development potential and for the ability to be successful in international competition. Especially in East Germany, where a new phase of urban development has been introduced since the Unification in 1990, they represent a reasonable response to the ongoing suburbanisation.

5. CONCLUSIONS AND OUTLOOK

Global economy is changing radically. Besides, nearly unnoticed, the process of population decline is taking place at the same time (and even more dramatic in the near future). As birth rates in more and more countries plummet, shrinking-city syndrome is becoming a worldwide crisis (Theil 2007). Between 1950 and 2000, more than 350 large cities (over 100.000 inhabitants) lost a significant share of their inhabitants. While international urban discussions focus exclusively on the growing megacities and agglomerations, zones of urban shrinkage have

been forming at the same time, and are generally ignored even so the share of shrinking cities is continuously growing (cf. Shrinking Cities project 2005).

Due to the described far-reaching processes of change, especially partnerships can play a significant role in the urban regeneration process. As this paper clearly illustrates, they represent a fundamental basis for future urban planning policy as a contradiction to ongoing top-down policy. Partnerships in urban regeneration can be seen as the mobilisation of “a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed strategy for the regeneration of a defined area” (Bailey 1995).

But nevertheless, local partnerships are a complex policy to introduce. Some of the conclusions that can be made include the following:

Conclusion 1:

Partnerships for urban regeneration can be considered as various types of coalitions formed between a wide range of actors (public and private) to reverse economic, social and physical decay in a defined urban area.

Partnerships can take a positive approach to manage the impact of shrinkage in terms of sustainable urban development (“*Shrinkage as an opportunity!*”). They can combine the best resources and strengths of different sectors in various types of long-term arrangements for example to put vacant land and buildings to a new use, restore the social function of urban areas and improve the residential attractiveness or public services.

It should be understood, however, that the urban regeneration process is extremely dynamic and that the particulars of most arrangements are tailored to the specific circumstances involved. Partnerships are not a remedy for *all* “urban illnesses” and urban developments in times of fiscal constraint.

Conclusion 2:

Partnerships for urban regeneration attract new private investment in a wide spectrum of local activities and policies.

In recent years, public sector financial constraints in Europe, and increasingly in Germany and the UK, have given rise to a substantial reduction in approach to regeneration and public sector investment. With partnerships for urban regeneration and other new forms of communication and co-operation, the private sector aids government and municipalities to tackle the social, economic and physical problems found in many urban areas. Often, these are urban regeneration projects that would otherwise have to wait until government or municipal funds become available.

In the United Kingdom, for example, partnerships have become a common way of developing a strategic vision and framework for urban revitalisation for a long time. However, over the past years, a marked increase in cooperation between the public and private sectors has been observed in Germany. Nevertheless, compared to the UK, a remarkable backlog in the utilisation of partnership solutions is evident.

Conclusion 3:

Local Partnerships need to be integrated into a wider framework for the region.

Normally, partnerships for urban regeneration involve community organisations and local residents. But partnerships cannot work in isolation. They require the support of agencies and organisations at the level of the city, region, state or nation, if their actions are to be successful and sustainable (Roberts/Sykes 2000, p. 56).

To summarise the short analysis, especially in Germany there has been too little practical experience in the field of local partnerships for urban regeneration so far. Greater market orientation through incentive systems for private agents and more public private partnership projects are the order of the day in many cities (Sander 2006).

However, the demand for regeneration financing in form of partnerships is increasingly gaining attention and in near future partnerships will be the most preferred method to deal with urban decline and transformation. This not only rings true for Germany or the UK, but for the whole European Union.

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