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# Mobilizing more than Governmental Support for Distressed Neighborhoods

U.S. Redevelopment Approaches and  
Instruments Can Demonstrate New Ways of  
Private and Nonprofit Sector Support for  
German Neighborhood Redevelopment

Doctoral Thesis

Katharina Söpper



TECHNISCHE  
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# Abstract

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## Mobilizing more than Governmental Support for Distressed Neighborhoods U.S. Redevelopment Approaches and Instruments Can Demonstrate New Ways of Private and Nonprofit Sector Support for German Neighborhood Redevelopment

The present thesis compares **urban redevelopment approaches** in the **U.S. and Germany** and looks for transferrable elements from the U.S. model to enhance the German approach. Following recent cutbacks in governmental funding of the German 'Soziale Stadt' program, the research concentrates on instruments carried out primarily **by non-governmental engagement**, Community Development Corporations (CDCs) for instance. The theoretical part of the thesis reviews approaches of *Governance*, *culture*, and transfer of *policies*.

Urban redevelopment efforts aiming on the enhancement of distressed neighborhoods exist in Germany and the U.S., yet with different backgrounds and challenges. The German federal program 'Soziale Stadt' is part of the main urban development promotion program. The program consists of local, mainly investive projects in clearly defined neighborhoods and is funded by the government. The combined funding model consists of one-third federal and two-thirds 'Länder' and municipality support. Local redevelopment offices and their professional staff are the center of the local engagement. The time frame of five to ten years yields the challenge of building self-supporting structures and the sustainment of successful projects.

The recent 2011 cutbacks in the 'Soziale Stadt' funding add to the **call for extended private, non-governmental support** for neighborhood enhancement. The chosen example of U.S. CDCs shows how nonprofits, combined with further non-governmental stakeholders, can support distressed neighborhoods. Moreover, the thesis includes research on the Californian model of Redevelopment Agencies; however, the comparison did not provide transferrable elements. In contrast, transferrable measures were identified in the comparison of CDCs and the 'Soziale Stadt' program. Therefore, recommendations for transfer are phrased.

Crucial for **Community Development Corporations (CDCs)** is their founding process, which takes place without governmental influence, but with local stakeholders only (citizens, businesses, nonprofits, etc.). Professionals as well as local people without respective professional background work at the installed local offices. Local projects take place in collaboration with local partners (citizens, shop owners, large businesses, banks, nonprofits, etc.). Even funding is organized locally, supported by donations, and complemented by governmental funding (grants, etc.). No time restriction exists for CDCs, since they work with five-year plans and a long-term mission.

The present thesis conducts a **comparison** of both approaches ('Soziale Stadt' and CDCs), including the analysis of needs and strengths of both approaches, ending with **recommendations for transfer** from the U.S. to Germany. A combined funding model, including a long-term perspective seems useful. A stable and reliable governmental share should be combined with a changed time frame (five-year plan and long-term mission). Moreover, the German model could benefit from earlier activation and stronger participation of various stakeholders (citizens, civil society, shop owners, business, banks, etc.). This collaboration should be based on common goals and cooperative partnership. Stakeholders from outside the neighborhood might be attractive partners as well.

Importantly, establishing a national intermediary as support for local CDCs is regarded transferrable and reasonable, too. As a result, some U.S. measures of CDCs qualify for an advancement of the German model 'Soziale Stadt'. In stark contrast, neighborhood enhancement without stable governmental funding does not seem an alternative for Germany, due to the still strong role of the government in social services. Moreover, Germany misses the strong disposition for donations and voluntarism, as existent in the U.S., which hinders the development of a more non-governmental way of urban redevelopment.

In a further section of the thesis, research on the **theoretical background** on the practical study is presented. The different kinds of governance and collaboration are analyzed (*Governance* approach). This leads to the development of a new method of analysis, which combines *Governance* and *culture* approaches ('The *Culture*-based *Governance* Analysis'). In particular, cultural differences as form of government, level of economic development, differences in *political culture*, and different roles of civil society as well as planning culture have to be taken into account while researching transfer between countries. The present transfer of instruments was based on theoretical studies on *Policy Learning* and *Policy Transfer*. As a practical side of the transfer, the *Lesson Drawing* model was adapted and applied.

In conclusion, the present thesis provides theoretical research on *policy* transfer between Germany and the U.S. as well as the study on practical instruments of urban redevelopment. As a result, practical recommendations on transferrable measures from the U.S. to Germany are provided that should aid in enhancing the existing program 'Soziale Stadt'.

# Kurzfassung (Abstract in German)

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## Stadterneuerung durch privates Engagement

### Ein Vergleich von Stadterneuerungsansätzen in den USA und Deutschland

Die vorliegende Arbeit vergleicht **Stadterneuerungsansätze aus den USA und aus Deutschland**. Unter dem Eindruck der Mittelkürzungen im deutschen Programm ‚Soziale Stadt‘ wird nach übertragbaren Methoden aus den USA gesucht. Hierbei liegt der besondere Fokus auf Instrumenten mit überwiegend **nicht-staatlichem Engagement**, wie zum Beispiel Community Development Corporations (CDCs). Außerdem beinhaltet die Arbeit im theoretischen Teil Überlegungen zu den Themen *Governance*, Kultur und der generellen Übertragbarkeit von *Policy* Instrumenten.

Die Aufwertung von benachteiligten Stadtquartieren erfolgt sowohl in Deutschland als auch in den USA. Benachteiligte Quartiere existieren in beiden Ländern, obgleich die Ursachen dafür auf unterschiedlichen Entwicklungen beruhen. Eine konkrete Aufwertungsstrategie in Deutschland ist das Bundesprogramm ‚**Soziale Stadt**‘, das Teil der bundesweiten Städtebauförderung ist. Es beinhaltet lokale, meist investive, Maßnahmenförderungen in klar definierten Projektgebieten ausgewählter Nachbarschaften. Die Finanzierung erfolgt zu einem Drittel über Bundesmittel und zu zwei Dritteln aus Mitteln der Länder und Kommunen. Es werden vor Ort meist Quartiersmanagements (QMs) mit fachkundigen MitarbeiterInnen eingesetzt, und die Programmlaufzeit ist auf fünf bis zehn Jahre begrenzt. Eine besondere Herausforderung besteht in der Verstetigung der Projekte und in diesem Zusammenhang der Schaffung selbsttragender Strukturen.

Im Rahmen der 2011 vorgenommenen Mittelkürzungen im Programm ‚Soziale Stadt‘ auf Bundesebene, kommt es vermehrt zur **Forderung nach mehr außerstaatlichem Engagement**. Wie Nachbarschaftsaufwertung durch nicht-staatliches Engagement funktionieren kann, wird anhand des Beispiels der Community Development Corporations (CDCs) aus den USA gezeigt. Eine weitere Untersuchung von Redevelopment Agencies (am Beispiel Kalifornien), ergab wenige Übereinstimmungen zur deutschen Situation. Der Vergleich des ‚Soziale Stadt‘ Programms mit den US-amerikanischen CDCs führte dagegen zu von den USA nach Deutschland übertragbaren Elementen, die in Handlungsempfehlungen zusammengefasst wurden.

Die Besonderheit an **Community Development Corporations (CDCs)** liegt in der Tatsache, dass sie sich aus den benachteiligten Quartieren heraus gründen. Engagierte BürgerInnen oder Gewerbetreibende geben den Anstoß zur Einrichtung einer CDC. Die lokal agierenden Mitglieder des Büros vor Ort sind teilweise ExpertInnen, aber oft auch QuartiersbewohnerInnen ohne professionellen Hintergrund. Die Umsetzung der Projekte erfolgt in Kooperation mit lokalen PartnerInnen (BewohnerInnen, Gewerbetreibende, GeschäftsinhaberInnen, HauseigentümerInnen, Banken, Nonprofits, etc.). Auch die Finanzierung wird lokal organisiert (Spenden, etc.) und durch staatliche Mittel wie nationale Förderprogramme (bis zu 50 %) aufgestockt. Die Laufzeit der CDCs ist nicht begrenzt, sondern die Arbeit beruht auf der Formulierung langfristiger Ziele und Fünfjahresplänen.

Eine **Gegenüberstellung** der beiden Modelle (,Soziale Stadt' und Community Development Corporations), sowie eine Analyse auf Stärken und Schwächen ergibt verschiedene Ansätze zum **Transfer von Methoden** aus den USA nach Deutschland. Unter anderem werden die Übernahme einer kombinierten Finanzierungsmöglichkeit, sowie eines längerfristigen Finanzierungsplans für Projekte vorgeschlagen. Neben der Notwendigkeit einer stabilen und verlässlichen staatlichen Finanzierung wird auch ein veränderter zeitlicher Rahmen empfohlen (Fünfjahresplan kombiniert mit langfristiger genereller Zielsetzung). Eine stärkere Aktivierung und frühzeitige Einbeziehung von verschiedenen lokalen AkteurInnen scheint außerdem sinnvoll (BürgerInnen, Zivilgesellschaft, Geschäfte und Gewerbebetriebe, Banken, etc.). Die Formulierung von gemeinsamen Zielen und partnerschaftlicher Zusammenarbeit muss dabei im Mittelpunkt stehen. Auch PartnerInnen außerhalb der Nachbarschaften können miteinbezogen werden, und es wird die Einrichtung einer nationalen Koordinations- und Unterstützungsstelle für die einzelnen Quartiersmanagements in den ,Soziale Stadt'-Gebieten vorgeschlagen. Einige U.S. Maßnahmen eignen sich nicht zur Weiterentwicklung des deutschen Instruments. Eine völlig staatsunabhängige Strategie zur Aufwertung von benachteiligten Quartieren scheint in Deutschland nicht realistisch, da der Staat weiterhin eine starke Rolle in der Daseinsvorsorge und sozialen Projekten spielen wird. Diese Einstellung macht sich auch darin bemerkbar, dass in Deutschland keine mit den USA vergleichbar breite Bereitschaft zu Spenden und Freiwilligkeit vorhanden ist, was ein staatsunabhängiges Quartiersaufwertungsinstrument schwierig umsetzbar macht.

Die vorliegende Arbeit beschäftigt sich außerdem mit den **theoretischen Hintergründen** der praktischen Untersuchung. Anhand des *Governance*-Ansatzes werden die unterschiedlichen Steuerungs- sowie Koordinationsformen in den Stadterneuerungsmodellen analysiert. Hierbei wird eine neue Analysemethode entwickelt, die aus einer Kombination von *Governance*- und *Culture*-Ansätzen zusammengesetzt ist (,The *Culture*-based *Governance* Analysis'). Vor allem kulturelle Unterschiede, bestehend aus Unterschieden in der Staatsform, dem Grad der wirtschaftlichen Entwicklung, der politischen Kultur, der Rolle der Zivilgesellschaft sowie der Planungskultur müssen beim länderübergreifenden Vergleich und der Frage nach Übertragbarkeit besonderes Interesse erfahren. Als weitere theoretische Ansätze zum Instrumententransfer werden der *Policy Transfer*- und *Policy Learning*-Ansatz behandelt. Für die praktische Umsetzung wurde außerdem das Modell des *Lesson Drawing* adaptiert und angewendet.

Somit ermöglicht die vorliegende Arbeit sowohl eine theoretische Auseinandersetzung mit *Policy Transfer* zwischen verschiedenen Ländern, als auch konkrete praktische Handlungsempfehlungen basierend auf Erkenntnissen aus den USA zur Weiterentwicklung des Programms ,Soziale Stadt' in Deutschland.

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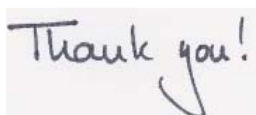
All professionals in Germany and the U.S., who provided their time and knowledge during interviews and talks have also contributed a central part to the thesis and are listed in appendix IV.

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A handwritten note in a light purple box that says "Thank you!" in a cursive script.





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# Challenges of Urban Redevelopment Efforts

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# 1

The term “Cities face different challenges nowadays” is on the one hand used almost inflationary; on the other hand it is an undeniable fact. This thesis will focus on **challenges cities face on the smallest level - their neighborhoods**. Neighborhoods are the part of the city which are most closely connected to its citizens and face particular problems and challenges, often different from problems faced on the city level. Of course, these challenges are most obvious on the micro-level of the neighborhood itself, but at the same time have to be looked at in the whole city context. For instance, city wide trends like employment rates, economical situations, or housing prices influence the situation in every particular neighborhood. Nevertheless, every neighborhood faces its distinctive challenges, regarding run-down building structures, inappropriate facilities, etc. Other problems can be the lack of infrastructure like schools, green spaces, streets, shops, job opportunities, etc. Also, the personal situation of inhabitants contributes to various challenges faced by neighborhoods: high unemployment rates, low-income jobs, challenges through migration backgrounds, and other personal problems are influenced by and do influence people’s surroundings. Furthermore, neighborhoods facing such challenges often have a bad image, as observed by the rest of the city.

Current challenges and former developments of neighborhoods can be conceptualized by the keywords **segregation, milieus, and lifestyles**. Detailed insight into the sociological background of recent developments of neighborhoods is given for instance by Hradil (1999) and Dangschat (2007). Milieu and lifestyle research concentrates on manifestation of social inequality and its reproduction (Dangschat 2007: 37). Some more information on this field of study can be found in chapter 6.

However, there are ways to **improve the situation** in neighborhoods. Such an enhancement needs the support of several institutions (governmental and non-governmental), the market (business in- and outside the neighborhood), and private contributions (time and money by inhabitants, business owners, foundations, and everyone else who is in some way attached to the neighborhood).

This thesis conducts a comparison on the international level. It focuses on the possible ways how neighborhoods can be enhanced and who has to be involved in what way during this enhancement process.

### 1.1 Existing Redevelopment Programs and their Challenges

In Germany, neighborhood improvement is achieved by **urban redevelopment programs**. This practice began more than 40 years ago. After concentrating on structural enhancement of buildings, current urban redevelopment measures focus on social aspects, as well. Specifically urban neighborhoods are affected by blight (run-down building structures and infrastructure, unemployment, migration-related challenges, etc.). Neighborhood redevelopment programs consist of measures to improve the quality of life in urban areas. Tasks are based on federal and state funding for infrastructure improvement, structural renewal of buildings, social events, and many other instruments and methods. Activities are provided by professional stakeholders and are more or less supported by local ones. However, most areas cannot be upgraded in a financially and socially sustainable way. Federal and state funding end after a particular time period. Hand in hand with the end of funding, most activities stop and the enhancement of the neighborhood stands still or even worse, evolves back to the initial situation.

This is precisely the phenomenon my diploma thesis was concerned with (Söpper 2008). A major result of the research was the finding that **neighborhoods lack long-term funding and long-term engagement of citizens and businesses**. The goal of building self-supporting structures and self-empowerment during the funding period is not reached, as all activities focus on federal and state money as well as professional stakeholders. After money and stakeholders are gone, activities cannot be kept alive.

Moreover, **governmental support for neighborhood enhancement declines** recently. In Germany, governmental redevelopment programs are cut back. Facing this situation, neighborhoods need substitution for the support provided by the government in past times. Non-governmental stakeholders are suggested as new partners, substituting lost funding support of the government. While local actors, like civil society, can be a reliable local partner, their particular role is not clear yet.

### 1.2 Looking for Redevelopment Programs Abroad

New ideas of sustainable neighborhood redevelopment programs therefore need to be identified. In this thesis, the approach of learning from existing alternative ways of neighborhood enhancement is followed. Therefore, researchers have to be aware of obstacles that a comparative approach and the attempt of transferring processes bear.

In looking for **examples of existing neighborhood programs**, the United States of America (U.S.) provide an existing, seemingly successful, program with long-term experience. In the U.S., urban redevelopment programs can be found in many cities. Programs are described as a successful approach of sustainable neighborhood enhancement. Often, methods and instruments of U.S. redevelopment are very similar to German approaches, regarding the objectives, projects, and the focus of their activities. However, as a nation with a high rate of private engagement, a larger number of (for instance) nonprofit organizations exists in the U.S. than in Germany. Therefore, more private and nonprofit stakeholders get involved in the enhancement of urban neighborhoods. Specifically, community development approaches are taking care of the revitalizing of neighborhoods. Besides federal and state programs, these initiatives bring in time and money that is spent for the neighborhood. Since this involvement was identified as a



missing component in German neighborhood programs, the question arises: Does more private and business activity (as in the U.S.) help neighborhood redevelopment to be more sustainable in terms of achieving long-time improvements?

### 1.3 Neighborhoods, Civil Society, and Stakeholders

Every kind of research must clarify the terms being used during the study. In particular, if different countries and cultures (including different languages) are part of the research the clear definition of terms is of great importance. Therefore, the following paragraphs introduce some key terms of the present thesis.

#### *Neighborhood*

Redevelopment takes place on the neighborhood level. *Neighborhoods* can be understood "... as place of local orientation for urban dwellers, a spatial entity whose residents share the same ethnic or socioeconomic characteristics, use the same local institutions, perceive themselves as having a distinct identity [...], and interact socially on a frequent basis." (Scherzer 1998: 518). Hereby, the size of a neighborhood area can vary between only a few streets or blocks to a whole suburban settlement. More crucial than structural boundaries are common social connections and mindsets (Scherzer 1998: 518). While *areas* describe zones with particular characteristics and distinctive limits, the term *district* is often used in combination with administrative borders. *Neighborhood* often means an area characterized by social frameworks, mostly not including more than an easy catchable number of streets and blocks, referring to the German words 'Quartier' or 'Viertel'. Regarding the thesis, the terms *area*, *district*, and *neighborhood* refer to the same meaning. Redevelopment areas have to be easily distinguishable and are often defined by a common understanding of the district (by name or history, etc.). Moreover, describing a mutual way of living present in a *neighborhood* can be referred to as *community* (details see chapter 6.2.4) (Peterman 2000: 20).

#### *Non-Governmental Actors, 'Zivilgesellschaft', Nonprofits, etc.*

In the present thesis, the role of *non-governmental stakeholders* in urban redevelopment programs will be discussed in more detail. As a consequence, the term *non-governmental stakeholder* has to be defined.

The approach to the definition will be by term *nonprofits*. Herefore, Habermas' theory about '*Zivilgesellschaft*' provides a good starting point. Habermas divides stakeholders into four groups: 'Staat' (government), 'Wirtschaft' (economy), 'Familie' (family), and '*Zivilgesellschaft*' (civil society). Organizations of the '*Zivilgesellschaft*' are described by Habermas as voluntary associations, which are not part of the government-sector, the business-sector, or the private family life. He names churches, clubs, committees, citizens' initiatives, foundations, and trade organizations as examples. (Habermas 1992: 443) Equal to Habermas, Friedmann provides the definition for the English term *civil society*, which makes clear that *civil society* is consistent with the term '*Zivilgesellschaft*': "[...] civil society, that is, the self-organization of social groups for public causes." (Friedmann 2010: 319). As shown in figure 1.1 Habermas' '*Zivilgesellschaft*' (*civil society*) is located between the stakeholders government, economy, and family.

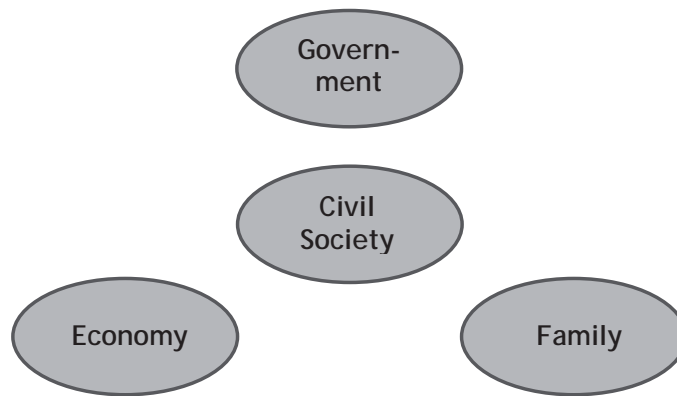


Figure 1.1: Civil Society between Government, Economy, and Family

Source: by author

By analyzing the '*Zivilgesellschaft*' group it becomes evident that *nonprofit organizations* are part of the *civil society*. *Nonprofits* can be described as a set of organizations that are privately constituted but serve some public purpose, such as the advancement of health, education, scientific progress, social welfare, or the free expression of ideas. (Salamon 2002: 7) Developed over decades, today's *nonprofits* are characterized by their legal standing (including a legal purpose) which makes them formally constituted. *Nonprofits* are not part of the government and have neither stakeholders nor investors. *Nonprofits* are self-governing, implemented by a board of trustees which is legally responsible for the actions of the organization. While being an organization with an organizational structure, the contributions are voluntary to a significant degree. Another important characteristic of *nonprofits* is the mutual benefit they are serving. (Grobman 2004: 14-15; Holland, Ritvo 2008: 31; Schönig, Hoffmann 2007: 17)

Now, the crucial term *non-governmental* can be defined. The given figure of Habermas displays all actors and arranges them with respect to the differences between them. Regarding the thesis, in which alternatives for governmental redevelopment are identified, the governmental actor has to be excluded. This leaves the actors economy, *nonprofits*/ '*Zivilgesellschaft*', and family as *non-governmental* actors, as shown in figure 1.2.

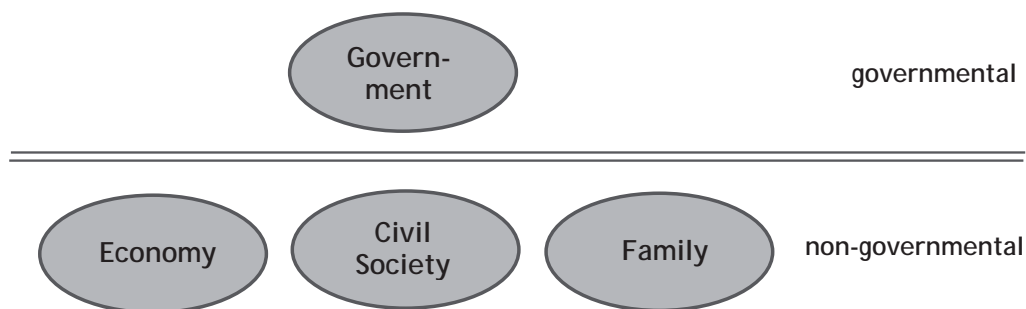


Figure 1.2: Governmental and Non-Governmental Stakeholder Groups

Source: by author

The particular role of each of these actors in the studied countries and their contribution to urban redevelopment efforts will be shown in the following chapters.

### *Actors/ Stakeholders*

Moreover, it has to be made clear, how the common German term '*Akteur*' will be translated and used. Possible translations for '*Akteur*' in English are: player (coll.), actor, protagonist, and stakeholder. All of these terms possess particular meanings, which are different to the German term '*Akteur*' and could therefore be misunderstood. Consequently, it is important to note that the terms *stakeholder* and *actor* are used synonymously in this work. *Actor* is used as in the political science context, not in the meaning of the "on-stage performer". *Stakeholder* is not strictly limited to someone who has a share or an interest in a particular enterprise. As a result, primarily *stakeholder* and *actor* are used to translate the German term '*Akteur*', which describes a *protagonist* or person of action in a particularly named context. Talking about the economic field in particular, the term *player* can be used as well.

### 1.4 Questions on Redevelopment in Germany and the U.S.

The research conducted in this thesis was lead by five major research questions, which are answered in the chapters named below:

- (1) What different as well as similar methods and instruments are used for urban redevelopment in the U.S. and Germany? (chapter 7.1)
- (2) What character do different structures of *Governance* have in urban redevelopment approaches in the U.S. and Germany? (chapter 9.1)
- (3) What instruments can be transferred from the U.S. to improve German redevelopment efforts? What methods cannot be transferred? What role do differences in the cultural environment of the countries play in this respect? (chapters 8.5 and 9.2)
- (4) Which ways exist to implement learned lessons from the U.S. in redevelopment approaches in Germany? (chapter 10.1)
- (5) What particular function do nonprofit organizations as well as other non-governmental supporters have in (successful) urban redevelopment? What positions need to be filled by these stakeholders in the future? (chapter 10.2)

The questions represent different topics which are examined within the thesis:

- *Urban Redevelopment*: Urban redevelopment efforts are discussed in detail to provide the background for the research conducted in the course of the present thesis. Hence, redevelopment measures in Germany and the U.S. are surveyed. (question 1; chapter 6)
- *Comparison*: Looking abroad for useful solutions implicates a juxtaposition of the investigated subjects. Therefore, instruments and projects of urban redevelopment programs in the U.S. and Germany are compared. (question 1; chapter 7)
- *Governance*: Investigating different roles of stakeholders and the participation of governmental agencies during redevelopment makes an exploration of the underlying *Governance* structure necessary. Although being familiar with the structures in Germany, structures in the U.S. had to be investigated further.

(questions 2 and 5; chapters 2 and 9.1)

- *Culture*: Cultural backgrounds have to be taken into account during the juxtaposition of different countries. Comparing instruments and approaches of urban redevelopment from two different contexts makes a theoretical and empirical discussion of the various *planning cultures* necessary. (question 3; chapters 3 and 9.2)
- *Transfer (Policy Transfer, Policy Learning, Lesson Drawing)*: A theoretical background is necessary for transferring knowledge and learning lessons from different countries. In the thesis, this background is provided by the approaches of *Policy Transfer* and *Policy Learning*. These describe ways and pitfalls during transfer across countries. The approach of *Lesson Drawing* by Richard Rose was rephrased for the use in the present research. (questions 3 and 4; chapters 4, 9.4, and 9.5)
- *Stakeholders*: In particular, *non-governmental actors* are seen as promising supporters of neighborhood redevelopment efforts. Therefore, the analysis of redevelopment efforts focuses on the role *non-governmental stakeholders* (compared to other actors) play in neighborhood projects in the investigated countries. (question 5; chapters 5, 6, and 10.2)

### 1.5 Mobilizing more than Governmental Support for Distressed Neighborhoods

The chosen title for the thesis is:

*'Mobilizing more than Governmental Support for Distressed Neighborhoods - U.S. Redevelopment Approaches and Instruments Can Demonstrate New Ways of Private and Nonprofit Sector Support for German Neighborhood Redevelopment.'*

Following this statement, the purpose of the conducted research lies on a scientific as well as practical level.

**Scientifically**, the research results provide additional knowledge on *Governance* analysis used for comparison and transfer between countries. Moreover, the important role of *cultural study* concepts is displayed - in particular in combination with the *Governance* approach. Moreover, the thesis assesses the usefulness of *Policy Learning* and *Transfer*, as well as how *Lesson Drawing* can be used to learn from abroad. These approaches are put into context with the background of planning in the countries. The scientific purpose of the thesis is to account for new findings on the aptitude of the chosen theoretical approaches. This is illustrated by the example of redevelopment in different countries. Additionally, the particular connection between transfer, learning, cultural research, and *Governance* analysis is shown (for theoretical results see chapter 9).

On the **practical** side, recommendations for German redevelopment approaches will be stated. Working with neighborhood management as a very low level instrument and a lot of 'hands-on' work, the author presents some ideas and approaches to neighborhood planners, citizens, business owners, and everyone who is interested in the wellbeing of the city's neighborhoods. At the same time, challenges that exist in transferring instruments from one *planning culture* to another will be considered in those recommendations. Above all, the recommendations have the goal to be readily installable, i.e. not

requiring major restructuring or big changes in the overall model. Nevertheless, general recommendations are given as well, to reorganize redevelopment to make it more sustainable and guide it into a prosperous future (chapters 8 and 10).

## 1.6 Hypotheses

After phrasing the research questions and stating the purpose of the thesis, seven hypotheses were developed. The hypotheses show the author's presumptions before starting the detailed research.

(1) *Policy Learning*, *Policy Transfer*, and *Lesson Drawing* provide the best guide for the theoretical approach of the thesis. These approaches can be used for the juxtaposition of different countries and demonstrate steps for successful transfer and learning. In contrast, *Comparative Studies* are not useful since the comparative approach does not provide guidelines for a subsequent learning process.

(2) Different *Governance* structures as well as different *planning cultures* in the U.S. and Germany have to be employed during the transfer between the countries to take different backgrounds into account. Hereby lead different backgrounds on the macro level to different approaches on the micro level (neighborhood). For instance, governmental agencies in the U.S. are not seen responsible for the improvement of the quality of life in neighborhoods. Therefore, projects for improvement are organized and funded by private stakeholders in the U.S., whereas they are governmental issues in Germany.

(3) Even though urban redevelopment policies exist in the U.S. and Germany, **redevelopment methods** differ due to different initial situations in the neighborhoods as well as different stakeholder involvement in redevelopment processes.

(4) Involvement of **non-governmental stakeholders** and funding in the U.S. urban redevelopment efforts seems a useful option for German redevelopment measures (in particular facing decreasing governmental support and funding).

(5) The transfer of certain redevelopment methods and instruments is considered impossible due to the existing different *planning cultures*. Especially the role of **civil society** and different attitudes regarding governmental duties strongly influences the redevelopment efforts, which are in question for transfer.

(6) On the scale of neighborhood projects (micro level), lessons can be learned from the U.S.. 'Quartiersmanagements' (QMs) can adapt methods used by **Community Development Corporations (CDCs)** regarding participation and activation processes. Hereafter, learned lessons can be implemented in German redevelopment efforts. Importantly, funding structures have to be changed, as well, to make these efforts more successful.

(7) So called **Intermediaries**, which act between the local redevelopment entities and the governmental level, have gained importance in redevelopment efforts in the U.S.. The introduction of such an intermediate stakeholder level would also support German neighborhood enhancement programs better.

## 1.7 Methodology

### Research Process and Time Line

The working processes of the thesis followed an inductive research process; which is displayed in figure 1.3.

The research process started in 2009 with the formulation of the **general research questions**. These were based on findings following the author's diploma thesis, combined with recent developments taking place in the redevelopment field at that time. Subsequently, relevant **site(s) and subjects** for the research were selected. Using the German redevelopment program 'Soziale Stadt' as starting point, redevelopment approaches in foreign countries were identified to transfer successful methods to Germany in order to enhance the existing approach. The U.S. instrument seemed promising due to its high level of non-governmental activities in redevelopment, particularly for fighting the current challenges of the German situation. After constituting redevelopment as subject and Germany and the U.S. as relevant sites, the **collection of relevant data** started. Using the methods introduced below, research started in Germany and was shifted to the U.S. in 2010. First **interpretations of data** took place after comprehensive research activities in the U.S. and **conceptual as well as theoretical work** on transfer and implementation methods was conducted. Back in Europe, the theoretical and empirical background on redevelopment and theories on *culture*, *Governance*, as well as *Transfer* and *Learning*, demanded a **revision of the research questions**. Afterwards, work with a tighter and more specified framework led to at least one processual loop in the study. After more **data collection and interpretation**, an intensive examination of **concepts and theories** followed and resulted in phrasing of the **findings** and answering the research questions in 2012.

### Research Design

The procedure of the research was of special interest, while focusing on the comparison between the two countries Germany and U.S.. Theoretical background of how to contrast various approaches was required for the comparison of different countries and (*planning*) *cultures*. Important approaches are *Policy Learning*, *Policy Transfer*, and the concept of *Lesson Drawing*. These approaches explain how knowledge can be transferred from one country to another. In particular, Richard Rose's framework on *Lesson Drawing* was studied thoroughly and adapted to the present research. It proved to be helpful and corresponds largely with the chosen research process introduced above.

Different *Governance* structures of the countries were studied as well. Using *Governance* as analytical approach bears interesting insight into underlying stakeholder and process structures. In combination with the comprehensive examination of different kinds of *culture*, crucial results could be gained for the comparative study, including transfer and implementation of methods and instruments. *Cultural studies* were discussed in general as well as with particular focus on *state*, *political*, and *planning culture* (Friedmann, Knieling, Othengrafen, Sanyal). Different approaches and understandings were analyzed regarding their impact on redevelopment and John Friedmann's approach on *planning culture* was chosen for the examination of the practical examples (Friedmann 2010).



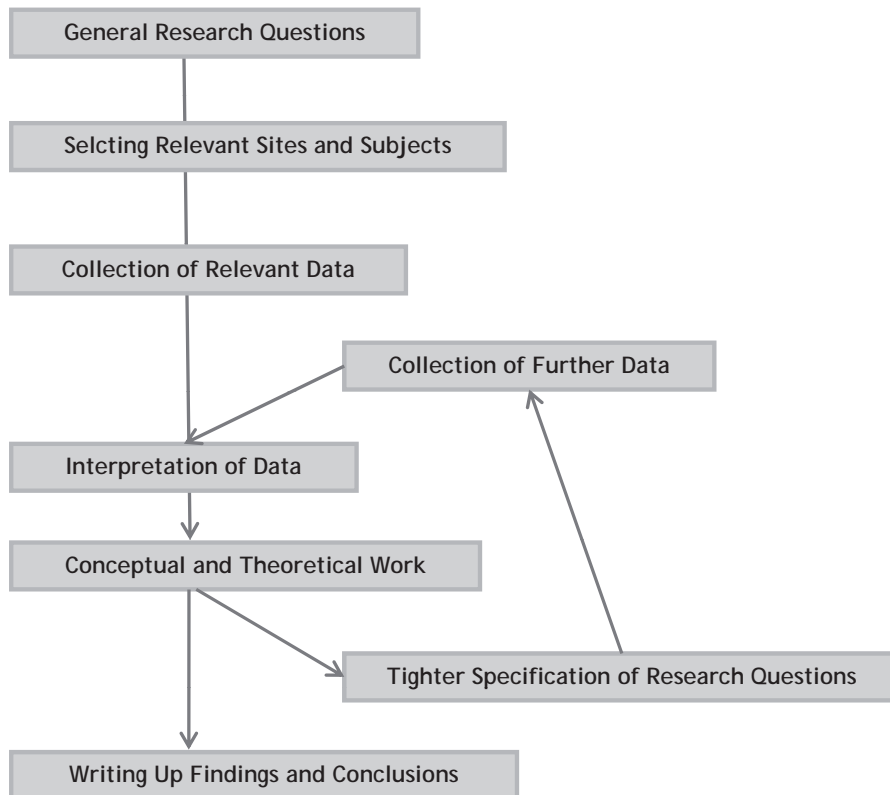


Figure 1.3: Example for Inductive Research Process

Source: Bryman 2004: 269

Phrasing **hypotheses** based on the theoretical framework of the thesis, was useful during the research on redevelopment. Hypotheses were either confirmed or objected at the end of the work. Following the juxtaposition of the different approaches, **concepts of transfer** and **guidelines for the implementation** process were given. Further ideas and **future prospects** on redevelopment in the studied countries are provided at the end of the thesis.

### Research Methodology

The following methods were used during the conducted research: **Literature research** provided a strong knowledge basis for the work on the thesis. It was conducted on redevelopment in the exemplary countries, on the contextual background of the U.S. and Germany as well as on the approaches of *Governance*, *cultures*, *Policy Learning*, *Policy Transfer*, and *Lesson Drawing*. In addition to literature studies, **internet research** was used throughout the thesis. The internet provided reports, protocols or information on recent developments. For example, urban redevelopment institutions of the U.S. possess comprehensive web presence, with a lot of informative content. Of course, **printed reports** and **evaluations** were investigated as well.

Crucial information was gained through **expert interviews**. These experts were chosen from the practical field of redevelopment, to give insight into processes, methods, and challenges on the local level. Moreover, interview partners with scientific background generated discussions on the topic on a theoretical level. Interviews were conducted personally or over the phone. All interviews were qualitative, structured interviews, followed by a qualitative analysis. The list of interview partners can be found in ap-

pendix IV.

Moreover, useful input was gained through scientific dialogs with various colleagues at San Diego State University, HafenCity University Hamburg, and Vienna University of Technology. The international and interdisciplinary exchange brought input on different parts of the thesis. Dialogue partners are listed in appendix xyz.

The work of the thesis was presented several times in seminars or faculty meetings at Vienna University of Technology and San Diego State University. This framework provided an advantageous opportunity for crucial feedback on the work, as well as in-depth discussions.

Finally, attendance on conferences, talks, and presentations provided further input and ideas: for instance, 3. Hochschultag der Nationalen Hochschulpolitik (Berlin), REAL CORP 2012 (Schwechat), Coffee with CCDC (San Diego), Redevelopment Project Area Meetings (San Diego).

### 1.8 Composition

The above mentioned research process is reflected in the composition of the thesis as well, as displayed in figure 1.4.

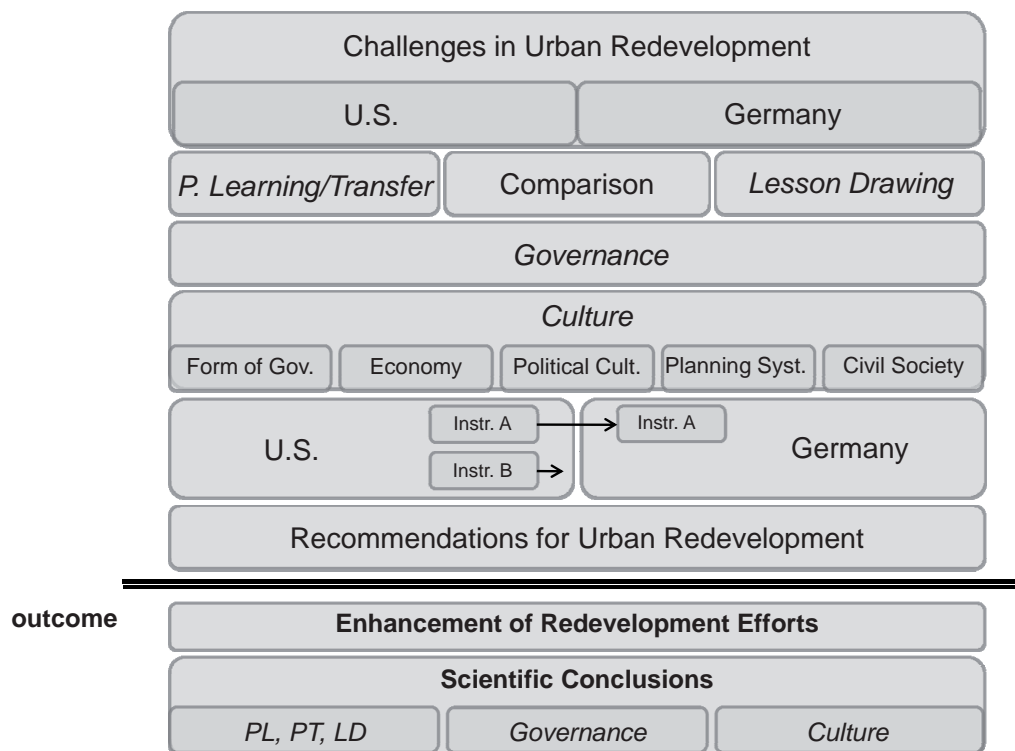


Figure 1.4: Composition and Research Process of the Thesis

Source: by author

The thesis first introduces the overall topic of redevelopment and the current problems of the German redevelopment program 'Soziale Stadt' (chapter 1.1). Searching for solutions to improve the existing program, U.S. redevelopment efforts were identified (chapter 1.2). Crucial keywords are defined in chapter 1.3. The research questions of the present study are outlined in chapter 1.4, followed by the purpose of the work



identified in chapter 1.5. The research is conducted along seven hypotheses (chapter 1.6) and the research methodology is summarized in chapter 1.7, before closing the initiatory chapter with the present composition.

Chapters 2, 3, and 4 contain the theoretical background of the thesis. An insight into *Governance* is given in **chapter 2**, including definitions of *Governance* and *Local Governance*, the chosen perspective, and the analytical focus within the thesis. Several theories on *planning cultures* (chapter 3.1) as well as *political cultures* (chapter 3.2) are described in **chapter 3**, ending with the description of how the term *culture* is used during the thesis (chapter 3.3). In **chapter 4**, the theoretical background closes with the presentation of the approaches *Comparative Studies* (chapter 4.1), *Policy Learning* (chapter 4.2.1), *Policy Transfer* (chapter 4.2.2), *Lesson Drawing* (chapter 4.3), and the comparison of the aforementioned methods (chapter 4.4), which serve as background for the studied transferability of redevelopment efforts.

Information on the context of the two examined countries is presented in **chapter 5**. Beginning with the United States of America (U.S.), the form of government (chapter 5.1.1), its *political culture* and the role of civil society (chapter 5.1.2) as well as the model of nonprofits is introduced. The latter deserved closer attention due to the high importance of nonprofits in U.S. redevelopment compared to Germany. A short overview of the planning system (chapter 5.1.3) closes chapter 5.1. The same information as for the U.S. is provided for Germany, respectively (chapter 5.2.1 to chapter 5.2.4). A comparison of the context information in both countries displays the differences and similarities, which have to be taken into account while comparing the redevelopment efforts and while looking for transferrable measures (chapter 5.3).

**Chapter 6** focuses on redevelopment efforts employed in the U.S. (chapter 6.2) and Germany (chapter 6.1). Both subsections start with information on the current situation in cities. One German redevelopment program ('Soziale Stadt') is introduced (chapter 6.1), followed by two U.S. redevelopment efforts (Redevelopment Agencies and redevelopment by Nonprofits/ Community Development Corporations) (chapter 6.2).

Subsequently, **chapter 7** introduces and compares the 'Soziale Stadt' program and the Community Development Corporations (CDCs) approach. After the juxtaposition of both efforts (chapter 7.1), the redevelopment structures are analyzed through the chosen *Governance* focus (chapter 7.2). The results merge into a conclusion of the comparison (chapter 7.3) and the presentation of the identified strengths and weaknesses of the redevelopment measures (chapter 7.4).

**Chapter 8** shows transferrable and non-transferrable measures from the U.S. approach to the German redevelopment program. First, strengths of CDCs matching with the needs of the 'Soziale Stadt' program are identified (chapter 8.1), followed by suggestions for possible transfer (chapter 8.2). Chapter 8.3 identifies U.S. strengths that do not match German weaknesses and are consequently non-transferrable. How the simultaneous transfer of U.S. weaknesses to the German model can be avoided is phrased in chapter 8.4. Eventually, transferrable and non-transferrable measures are summarized in chapter 8.5.

The theoretical conclusion of the thesis can be found in **chapter 9**. Critical reflections and recommendations on further development of the approaches are phrased for *Governance* (chapter 9.1), *(planning) culture* (chapter 9.2), *Policy Learning* and *Policy*

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*Transfer* (chapter 9.4), as well as for *Lesson Drawing* (chapter 9.5). The influence of the chosen theoretical approaches on the thesis is recapitulated in chapter 9.6.

**Chapter 10** provides further recommendations for the German 'Soziale Stadt' program, gained by the comparison of the instrument with the U.S. approach of CDCs. How the implementation can take place in practice is described in chapter 10.1. The importance of nonprofit stakeholders in the whole process is highlighted in chapter 10.2.

**Chapter 11** reviews the phrased hypotheses and draws a general conclusion including a feedback on 'Mobilizing more than Governmental Support for Distressed Neighborhoods - U.S. Redevelopment Approaches and Instruments Can Demonstrate New Ways of Private and Nonprofit Sector Support for German Neighborhood Redevelopment'.

The *Governance* approach focuses on collective modes of regulating and steering public policies. The term *Governance* originates in economy and is used in many different disciplines today. It is understood as totality of processes, structures, regulations, norms, and values that occur within a society and steer and guide mutual activities. (Antalovsky et al. 2005: 3; Frey, et al. 2008: 27) The approach accommodates the decreasing position of the state as unique ruler and administrator of public needs and provider of public goods. At the same time, it portrays the increasing appearance of coordinated cooperation between stakeholders of the state and of private entities as well as of civil organizations (for instance individuals, groups, organizations, companies, and other legal entities). All these groups produce shared regulations, which blur the line between the distinguished governing subject and the governed object. (Benz 2004: 17; Drilling, Schnur 2009: 12; Fürst, et al. 2004: 17; Kleinfeld, et al. 2006: 20) As put by Koimann (1993: 253; here in Benz 2004: 17): "Instead of relying on the state or the market, socio-political governance is directed to the creation of patterns of interaction in which political and traditional hierarchical governing and social self-organization are complementary, in which responsibility and accountability for interventions is spread over public and private actors."

Regarding the present thesis, the *Governance* approach will be introduced in general, without going into much detail of its history or uses in the different disciplines. Its use will be focused on the relevant aspects for the conducted research, relying on the research questions.

## 2.1 Governance Definition

Due to the broad usage of *Governance* in various disciplines, besides the above mentioned general understanding, **no common definition** of the term exists. Depending on the context of the discipline, *Governance* has its own understanding and meaning. Its intangible meanings can be criticized at the one hand, but on the other hand can also be seen as advantage, since thereby the use of the approach cannot be limited to one particular theory. (Benz 2004: 12)

Before presenting general understandings of *Governance* and the definition used within the present thesis, another important matter has to be outlined: the distinction

between *Government* and *Governance*. *Government* means the regulative authority of the state system. This regulative functions autonomous and is constituted in the political-administrative system. *Governance* however, is seen as interaction between private actors themselves (self-regulation) as well as between private actors and the state. *Governance* therefore includes every steering and regulating activity, irrespective of the subject in charge of the process. (Benz: 2004: 18; Frey et al. 2008: 28-29; Held 2009: 135)

However, no distinguishable common definition of *Governance* covering all disciplines exists; there are three main lines of understanding: **analytical understanding, descriptive understanding, and the normative perspective.**

The **analytical approach** is mainly used in political sciences. It focuses on the collaborative elements between hierarchy, power, and political networks. This way of understanding *Governance* is static, without examining the development of steering structures over time. High priorities lie on the understanding of ways of political and social cooperations and networks.

Structural changes in political steering are described by the **descriptive perspective**. Considering a shift from '*Government* to *Governance*' the descriptive approach focuses on the development of political and social networks over a longer period of time.

A **normative understanding** of *Governance* has a determined conception of how *Governance* should be constituted and should work in an appropriate way. In particular, the term *Good Governance* represents normative ideas of the quality, which should be included in political processes of steering and coordination. (Holtkamp 2007: 366)

Regarding the present thesis, an analytical approach is necessary to analyze the different ways of redevelopment efforts in the chosen examples. Therefore, the **analytical *Governance* understanding** (for instance provided by Benz 2004) will be followed: "Governance as a way of coordinating and steering (inter)actions." (Hamedinger, Peer 2011:10).

## 2.2 The *Governance* Perspective

As emphasized by Benz (2004), Holtkamp (2007), and Pierre (2005), a common perspective in the *Governance* approach exists. Using the analytical understanding allows a view that takes all relevant stakeholders (civil society, private actors, and state officials) into account. As Pierre puts it, the *Governance* perspective makes it possible "... to search for processes and mechanisms through which significant and resource-full actors coordinate their actions and resources." (Pierre 2005: 452, here in Holtkamp 2007: 367-368). Existing institutional regulators are, for example, state, market, and social networks as well as associations, which collaborate in various combinations. Important elements used in these collaborations are hierarchy, competition, and negotiation. In contrast to unilateral decisions as outcome of governmental regulations, the output of *Governance* collaborations is based on cooperative decisions. (Benz 2004: 19-20)

### 2.3 The Core of *Governance*

Another common understanding, while using the analytical approach of *Governance* can be described as general **core of *Governance***. Despite its usage in many different institutional, political, and personal contexts during steering and coordination processes, Benz formulates four characteristics of the core (Benz 2004: 25):

- 1) *Governance* means steering and coordinating (related to governing), focused on the management of interdependencies between (collective) stakeholders.
- 2) Steering and coordination are based on institutionalized regulating systems. These systems guide the stakeholders' actions. However, no single regulating system exists, since combinations of the systems market, hierarchy, majority law, and negotiation rule exist.
- 3) Ways of interaction and collective action within institutional settings are also part of *Governance* (networks, coalitions, contractual relationships, etc.).
- 4) Steering and coordinating processes go beyond organizational structures (defined as for example state or civil), while collaborations are built.

Regarding the thesis the approach of *Governance* will be used as it is described by Hamedinger and Peer (2011: 15): "Governance is grasped as an ongoing process of coordinating and steering, which is based on different fundamental, institutionalized forms (or structures) of coordinating collective actions (market/competition, hierarchy, networks, associations, negotiations), their inherent rules (or forms of interaction like majority decision-making or hierarchical order) and processes of interaction (or mechanisms of coordinating like mutual adaptation, mutual influence or arguing). The focus of analysis is on understanding the mode of operation of different forms and mechanisms of coordinating collective actions, their impacts on actors and their interrelations with institutional settings, in which actors are embedded."

### 2.4 *Governance* as Analytical Perspective

Before empirical research begins, *Governance* as an analytical perspective has to be filled with the appropriate theories and methods. The analytical approach can guide the description and evaluation of processes. The *Governance* approach itself does not provide any normative concept. Normative values have to be brought into analysis by the particular context of research. Therefore, adopting the *Governance* perspective always indicates a next step of contextualizing the understanding of *Governance* and choosing the appropriate empirical theories and methods for the research conducted. (Benz 2004: 27; Zimmermann 2005: 79) Benz (2007: 9) explains that the usefulness of *Governance* does not lie in its precise description of the reality, but in its particular perspective onto reality.

The research interest of the present thesis is given by the juxtaposition of two redevelopment approaches and the aiming at a transfer or learning process. Therefore, the analytical perspective of the *Governance* approach will be used for the comparative analysis of the redevelopment approaches and will be **guided by the analytical framework of *Policy Learning* and *Policy Transfer*** (chapter 4). As described below, a modified version of Richard Rose's **method of *Lesson Drawing*** also plays a role in the theoretical and methodological approach of the thesis. Normative values, which are not part

of the *Governance* approach, are added by the consideration of **cultural backgrounds** and restrictions existent during urban redevelopment efforts (chapter 3).

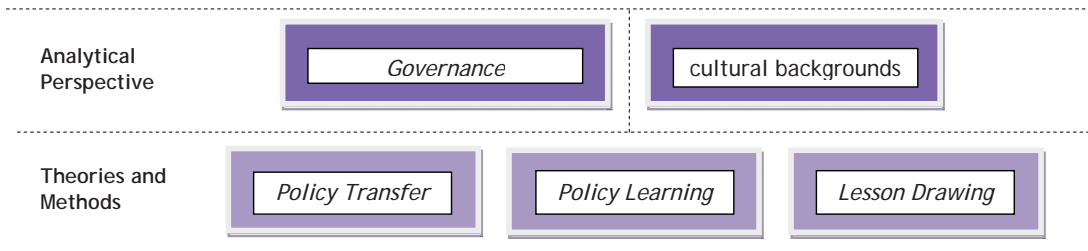


Figure 2.1: Analytical *Governance* Perspective of the Thesis

Source: by author

## 2.5 Local Governance

The term *Governance* is not only used in different disciplines, also different territorial approaches exist. Of particular interest for the present thesis is the understanding of *Local Governance*, also known as *Urban Governance*. Aiming on collaborations and networks of local stakeholders in their surroundings, the *Local Governance* approach fits into the research area of the neighborhood and its redevelopment instruments. Relationships between citizens, local economy, and local authorities mark the focus of the *Governance* approach on the local level. (Holtkamp 2007: 366-367; Lahner, Zimmermann 2005: 224).

*Governance* involves **vertical integrative action** as well as **increasing horizontal connections**. On the local city level, vertical networks build connections between the national, state, and local governmental levels. Horizontal cooperation exists on the one hand if new collaborations between different local authorities develop; on the other hand, if local authorities decrease top-down decision making in favor of common decisions with non-public stakeholders of the local level. The *Local Governance* approach searches for advanced collaboration processes and mechanisms between civil, business, and governmental actors on the local level. During redevelopment efforts, such new networks can and should be developed. (Antalovsky et al. 2005: 74; Breitfuss, et al. 2004: 85; Holtkamp 2007: 368)

## 2.6 The Analytical Governance Focus within the Thesis

As described above, *Governance* is seen as analytical approach, which has to be filled by methods (*Policy Learning*, *Policy Transfer*, *Lesson Drawing*) as well as an appropriate focus and background (*culture*) for the conducted research. Using *Governance* on the (local) level of redevelopment efforts brings three kinds of focus points into play (based on Hamedinger, Peer 2011: 16 ff.):

- Institutional frameworks: redevelopment efforts are embedded in their particular formal political-administrative systems and policies, including their organizational structures and processes; the current political situation plays an important role as well as historically developed political cultures.
- Regulatory system: during the redevelopment process different instruments by different actors are used; there are direct and indirect, as well as strategic and informal instruments.

- Forms of coordination: during redevelopment efforts vertical as well as horizontal forms of coordination exist; next to collaborations between government entities, informal coordination efforts take place (thematically, spatially, or project orientated).

The juxtaposition of the analyzed redevelopment instruments will be shown in chapter 7.2. Hereby, the named focus points will be adopted and the theoretical approaches mentioned above will be revisited.

# Different (Planning) Cultures

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# 3

It has been mentioned before that the transfer of knowledge and particularly the implementation of learned lessons have to take existing backgrounds and mindsets into account. These characteristically elements can be displayed by the **country's particular culture**. As put by Hofstede (2001: xix): "Cross-cultural studies proliferate in all the social sciences, but they usually lack a theory of the key variable, culture itself." To avoid this shortcoming in the thesis, the following chapter will outline the idea and use of the term *culture* and regarding the topic of the thesis, in particular *planning culture* as well as *political culture*.

The term *culture* has a long history beginning in ancient times. Since then, *culture* has been examined by various scientific fields. In general, *culture* can be seen in two ways: first, as antithesis to nature. Cultural goods are goods created by manhood and not by nature. *Culture* is seen as inside the human being. In contrast, *culture* is also lying outside people, present in institutions, language, experiences, etc., guiding human actions. (Ryan 2011: 15) Following the second lead of *culture*, Hofstede (2001: 9) gives an adequate definition: "[...] the collective programming of the mind that distinguishes the members of one group or category of people from another." Regarding to the thesis, *culture* will be understood as phrased by Harris (1999: 25, here in Othengrafen 2010: 76): "**Culture, in this sense, is understood as a practical tool to explain the invisible and taken-for-granted values and assumptions as well as to identify how actions and behaviours are controlled or influenced by these values, meanings, and intentions.**" During the research the hidden values of the different countries will be observed and thereby explain the actions of the stakeholders involved.

*Culture* has to be seen as very heterogeneous object. For example within a single population various **subcultures** exist as well. The summary of these subcultures builds the *culture* of the particular population or country. Groups that share common subcultures can be: occupational groups, social classes, genders, races, religions, professions, corporations, and social movements. All the members of these groups share common ideas of their system of values, beliefs, norms, rules, sings, symbols, traditions etc. (Knieling, Othengrafen 2009: 42)

*Planning culture*, in particular, should be part of the research process in every comparative work in the planning field. The recognition of existing planning styles and of differences and similarities between planning behaviors contributes to a well-grounded



research result. (Friedmann 1967: 235; Othengrafen 2010: 82) As Friedmann puts it, *planning cultures* will stay important even in a more and more globalizing world: "[...] communications must take place with a full understanding of the differences that divide us. American-style city planning is a form uniquely adapted to American political culture and institutional arrangements. It is not a universal 'model' that can be willy-nilly adopted globally." (Friedmann 2005: 43) Therefore, he suggests transferring knowledge and experience only after careful consideration of the cultural background and only in small amounts, for example on the neighborhood level in community redevelopment (Friedmann 2005: 44). The following paragraphs introduce different understandings of (*planning*) culture and conclude with the understanding of culture used during the thesis.

### 3.1 *Planning Cultures*

As mentioned above, planning activities are always embedded in the culture of its surroundings. As a result, the country's culture also defines the existing *planning culture*. Planning can therefore be seen as one of the mentioned subcultures above.

As stated by Knieling, Othengrafen (2009: 43) "[...] **planning culture might be understood as the way in which a society possesses institutionalized or shared planning practices. It refers to the interpretation of planning tasks, the way of recognizing and addressing problems, the handling and use of certain rules, procedures, and instruments, or ways and methods of public participation. It emerges as the result of the accumulated attitudes, values, rules, standards and beliefs shared the group of people involved. This includes informal aspects (traditions, habits and customs) as well as formal aspects (constitutional and legal framework).**".

Friedmann also stresses the fact that planning is still a governmental task; nevertheless other civil actors are involved and important in the planning process, too. Besides the strong ties in history, *planning culture* is also strongly influenced by the *political culture* of the country. (Friedmann 2011: 167-168)

In theoretical approaches not many but a few theories about how to distinguish *planning cultures* exist. For the presented thesis the authors Friedmann, Knieling, Othengrafen, Sanyal, and Selle were analyzed.

#### Theories of *Planning Culture*

An early examination of what has to be taken into account while **comparing different planning approaches** and activities can be found by Friedmann (1967). In his studies he describes three dimensions which, in his opinion, constitute the *planning behavior*: **bounded rationality, nonbounded rationality, and extra-rational thought** (Friedmann 1967: 234 ff.). Even if the term *planning culture* stays unverbilized by Friedmann, his categories examine many thoughts which are seen as important matters for the analysis of *planning culture* nowadays (Othengrafen 2010: 53). Therefore, a short insight in Friedmann's categories will be given, before current studies of *planning culture* will be presented (Friedmann 1967: 234 ff.).

Table 3 - I: Planning Behavior by Friedmann

Planning Behavior by Friedmann (1967)	
bounded rationality	<p>Planning follows a specific set of structural conditions, which are organizational and institutional (rules, customs, actors, etc.)</p> <p>This social context of planning are the environmental conditions (number of organized interest groups, structure of bureaucratic institutions, educational level, dependence of the economic system on private enterprise, etc.)</p>
nonbounded rationality	<p>Ideological and normative thoughts, which are objectives and principles of planning (for instance sustainability, growth principles, integration politics)</p> <p>Shows the picture of the ideal social order</p>
extra-rational thought	<p>Traditions, intuitions, wisdom</p> <p>"[...] not derived from coherent, logical structures, nor based on specific technical expertise." (Friedmann 1967: 238)</p>

Compilation: by author; Source: Friedmann 1967: 234-238

Friedmann considers comparative research in planning again in a more recent publication (Friedmann 2011). Therein, he names three main axes of cultural differences in planning practice, one of which he lists the institutional level (macro level), which differs for example in the form of government. Moreover, the job description of planners ('What do planners do for a living?') is seen as contribution to the differences in planning practice. Last but not least, planning varies in the ways of planning education. Following Friedmann, the affiliation to architecture, as in Europe, makes education (as well as the later work of planners) different from planning studies affiliated to social sciences in the U.S.. (Friedmann 2011:165-166) After giving an insight into different *planning cultures* (for instance U.S., Japan, U.K., Netherlands, and the European Union in general) he ends his recent work with the conclusion that the axis of the institutional level is shaping *planning culture* the most. He distinguishes the **institutional settings** even further into: form of government, level of economic development, differences in *political culture*, and different roles of civil society. Friedmann names the different **forms of government**, for example unitary states, federal states, multi-national entities, fully developed market societies, as well as countries in transition between these classes. Form of government marks the overlying structure of every decision, including the planning decisions of the countries. The **level of economic development** is also considered important by Friedmann. Planning has to react to very different situations, depending on the economic condition of the particular country. Impoverished nations and lower income nations, for instance, face different challenges. Moreover, economically strong countries with areas of mature economic growth, for example in rural areas, differ enormously from rapidly growing economies and their pressure by urbanization. (Friedmann 2011: 195-196) Friedmann also identifies *political culture* as

distinguishing element of planning and *planning culture*. He phrases “Finally, there are marked differences in political culture, a broad term that includes the extent to which organized civil society is an active participant in public decisions particularly at the local level, the degree to which the political process is dominated by a single party or subject to political competition, the degree of “openness” in the political process and the role of the media, the application of principles such as hierarchy and subsidiarity, legal traditions, the relative autonomy of local governments and so forth.” (Friedmann 2011: 196). In the context of the present thesis, the role of the **civil society** is of particular importance as additional player in redevelopment efforts. As stated by Friedmann the sovereign private associations are not able to play a strong counterpart to the government in every country. The level of their participation and influence on local planning processes also contributes to the particular *planning cultures* of the country. (Friedmann 2011: 197)

While *planning culture* accompanied Friedmann from the early beginning of his work until nowadays, *planning culture* started to be investigated in Europe during the 1990s. A study by Keller, Koch, and Selle about planning in four different countries in Europe, gave a first overview on the different *cultures* behind planning. Germany, France, Switzerland, and Italy were investigated and compared. The study marks the beginning of a European discourse about *planning cultures*. (Friedmann 2011: 167-168; Keller et. al 1993)

In 2005 a considerable compendium on *planning culture* was published by Sanyal in his book ‘Comparative Planning Cultures’. Sanyal defines *planning cultures* as “[...] the collective ethos and dominant attitude of professional planners in different nations toward the appropriate roles of the state, market forces, and civil society in urban, regional, and national development.” (Sanyal 2005: 3). The compendium includes three articles as introduction to the theoretical background of *planning cultures* (by Sanyal, Friedmann, and Castells), which are followed by eleven articles introducing different countries and their particular *planning cultures*. Following the output of these case studies, Sanyal argues for a redefinition of the term *planning culture*. It should be seen in a more dynamic way, since planners work in a world of constantly changing social, political, and technological surroundings. (Sanyal 2005: 22)

Current publications introduced a systematic model to compare planning systems while including their cultural background. Based on a European study on different *planning cultures*, ‘The Culturized Planning Model’ has been introduced by Knieling, Othengrafen in 2009. Taking into account different theories on *planning culture*, Othengrafen presents the details of the model in his 2012 publication ‘Uncovering the Unconscious Dimensions of Planning’. He states “[...] that each planning culture is affected by political, legal and administrative traditions and current developments, economic and technical practices, and demographic development, as well as societal traditions, values, beliefs, emotions, attitudes and contemporary societal movements or changes.” (Othengrafen 2012: 6). Therefore, Knieling and Othengrafen were looking for a model for comparative research in planning, which includes the cultural aspects of planning. Their special interest lies in the hidden aspects of planning, the culture of planning. The generated model aims on the one hand at providing researchers the possibility to find out the role of culture in planning and if there are common or different understandings of culture in the observed countries. On the other hand, the model operationalizes the

culture for planning to use knowledge about culture in planning processes and in comparative work. (Knieling, Othengrafen 2009: 54-55)

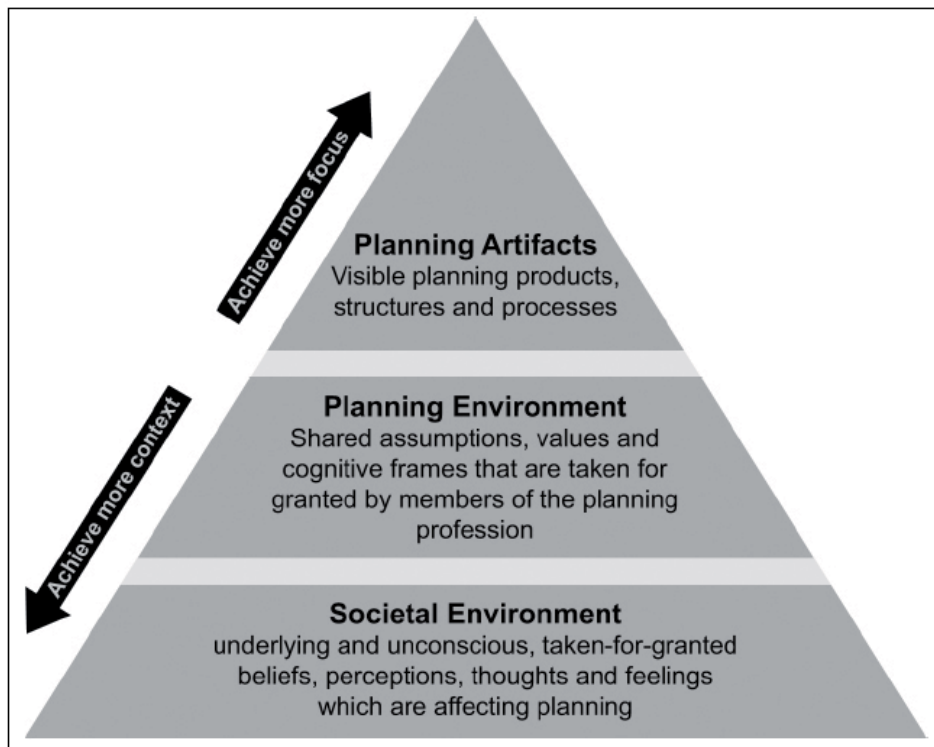


Figure 3.1: 'The Culturized Planning Model'

Source: Othengrafen 2010: 220

As shown in figure 3.1, 'The Culturized Planning Model' consists of three levels: Planning Artifacts, Planning Environment, and Societal Environment (Knieling, Othengrafen 2009: 55 ff.). **Planning Artifacts** are described as easy to observe from the outside, they consist of "visible planning products, structures, and processes" (Knieling, Othengrafen 2009: 57). These are, for instance, urban structures, urban plans, development concepts, planning institutions, decision making processes, as well as planning instruments and procedures (Othengrafen 2010: 221 ff.). The **Planning Environment** represents another level of the model. This dimension of *planning culture* is not easy to observe from the outside, since underlying struggles about dominance and power exist. "Shared assumptions, values and cognitive frames that are taken for granted by members of the planning profession" are the subjects of this level (Knieling, Othengrafen 2009: 57). This means for example: content of planning, objectives and principles of planning, norms and rules influencing planning, political, administrative, economic and organizational structures (Othengrafen 2010: 225 ff.). Another level is named **Societal Environment** and is considered difficult to observe from the outside. "Underlying and unconscious, taken-for-granted beliefs, perceptions, thoughts and feeling which are affecting planning" (Knieling, Othengrafen 2009: 57) are seen on this level. The Social Environment therefore includes the (self-)perception of planning, people's acceptance of planning, the general understandings that lie behind planning (social justice, responsibilities, environmentalism, concepts of justice, etc.) (Othengrafen 2010: 228 ff.). Built from the research on two European *planning cultures*, Othengrafen's 'The Culturized Planning Model' provides a first step to a general "[...] framework for the analysis and description of planning practices and cultures [...]" (Knieling, Othengrafen 2009: 59).

### 3.2 Political Culture

One part of Friedmann's understanding of *culture* regarding comparative analysis is the field of *political culture*. *Political culture*, in German 'Politische Kultur', provides an insight into different levels of the state. *Political culture* can be understood as:

- Analysis of the relationship between citizens and their government,
- in particular, the analysis of politically relevant differences in basic orientations, demand, and behaviors of citizens,
- in relation to political structures and processes of the political-administrative system. (Arlach, et al. 2007: 22; Dachs 2009: 5)

*Political culture* analysis was first conducted by Almond and Verba in 1963, resulting in their publication 'The Civic Culture. Political Attitudes and Democracy in Five Nations'. They researched five countries by comparative analysis, following the question: How does congruence of *political culture* and political institutions influence the stability of political systems? Their study was based on the recent developments that took place during that time (for instance, World War I and II) and the state of the democratic systems in the reviewed countries. As result, Almond and Verba stated three types of *culture*: parochial culture, subject culture, and participant culture. All are about the relationship of citizens with the political system. **Parochial culture** means citizens are only interested in their direct surroundings, without developing a relationship with the overall political system. **Subject culture** stands for inhabitants with relations to their political system, but who feel like objects to the actions of the system. Citizens as active part in the system are meant by the **participant culture**, which even have the opportunity of influencing the system. Following Almond and Verba, a combination of all cultures stabilizes the democracies the most. The title of their work 'The Civic Culture' describes a mixture between the subject and participant culture as ideal way of *political culture*. (Almond, Verba 1989; Arlach, et al. 2007: 22 ff.; Dachs 2009: 6; Greiffenhagen, Greiffenhagen 2002: 392-393)

More than the mere result of the study, which also received some criticism, the book's biggest impact was the introduction of an approach that pictures all facets of a state system for comparative politics analysis. Many studies followed 'The Civic Culture' and moreover improved and corrected the approach - for example, Almond and Verba themselves revisited their own approach 26 years later. (Almond, Verba 1989; Arlach, et al. 2007: 22 ff.; Greiffenhagen, Greiffenhagen 2002: 392 ff.)

Nowadays, *political culture* research is established in comparative political studies. It is still understood as objective investigation of political attitudes, based on the subjective dimension of the political system's society (Dachs 2009: 5; Greiffenhagen, Greiffenhagen 2002: 387) It will be used during the thesis as well, since it is a helpful tool for the presentation of particular differences and similarities existent in different states.

### 3.3 Cultures within the Thesis

After considering various theories on *planning culture*, Friedmann's **institutional settings approach** will be followed during the conducted research of the thesis. His explanation of the different institutional settings shows the distinctions between the coun-

tries in the clearest way. However, he says about the theory: "As a way of classifying planning cultures, the following distinctions may be a bit crude, but these institutional settings do exert a substantial influence over both the substance of what planners do and how they do it." (Friedmann 2011: 195). His job description of planners and the planning education are also important, but, as distinguished by him, retreat into the background compared to the strong influences of the institutional settings.

The approach of Knieling and Othengrafen is also seen useful for the definition of *planning cultures*. They cover three important fields which build up the planning system: Planning Artifacts, Planning Environment, and Societal Environment. Nevertheless, the focus of Knieling and Othengrafen lies on the comparison of the systematic of whole planning systems of the studied countries. This includes for example legal status of plans, zoning, processes of participation, etc. Regarding the thesis, the neighborhood level is field of research. Sure, redevelopment efforts are concerned by the overall planning. However, the question of stakeholder participation and non-governmental funding is based more on the four institutional settings named by Friedmann, than by the Planning Artifacts and Planning Environment of the Knieling and Othengrafen theory.

Therefore, the institutional level, given by Friedmann, will be used for the distinction of planning practices in the U.S. and Germany. Focus will lie on the *political culture* as well as the role of the *civil society* of the examined states. The description of the different settings in the countries will be given in chapter 5. The role the approaches on *culture* played in the thesis is reviewed in chapter 9.2.



# *Comparative Studies, Policy Learning, Policy Transfer, Lesson Drawing*

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# 4

After examining the initial situation and existing problems in blighted neighborhoods, the question arose, how experiences from abroad can be helpful for the improvement of existing urban redevelopment approaches in Germany. Focused on the comparison between Germany and the U.S., special interest lies in the procedure of the research. The idea of looking abroad for helpful ideas and approaches lead to the question of 'how to' look abroad, transfer knowledge, and learn from the different context. Therefore, a background on approaches on transfer and learning was needed to build the analytical framework for the thesis.

Assuming that urban redevelopment, as the matter of interest, belongs to the area of policies, leads to the approaches of *Policy Learning* and *Policy Transfer*. Related to these, Richard Rose's *Lesson Drawing* approach provides a guideline for the creation of a framework on 'how to' learn from abroad. In the beginning, the idea of using the approach of *Comparative Studies* was considered, too. However, since *Comparative Study* approaches only compare and analyze a small number of existing programs without going further and examining the possibilities of transfer from one country to another, this was not useful for the present work. To justify this decision, *Comparative Study* is introduced shortly below. Thereafter, the approaches of *Policy Learning*, *Policy Transfer*, and *Lesson Drawing* are outlined in greater detail, including their relation to the thesis. The named approaches will be revisited in chapter 9 and their usefulness regarding the conducted research will be discussed.

## 4.1 Comparative Studies

*Comparative Studies* are used for cross-country studies. Hereby, existing programs and approaches are compared and observed, differences are analyzed as well as similarities explained. *Comparative Studies* examine existing situations and therefore are "[...] making sense of heterogeneous institutions and practices" (Clark et al. 2005: 2).

Benefits of *Comparative Studies* lie in the deeper understanding of foreign cultures and instruments, as well as in establishing collaborations and knowledge sharing. Moreover, the evaluation of various approaches is possible. (Hantrais 1995: 5)

*Comparative Studies* gained importance through globalization and an increased amount of exchange between countries. This necessitates dealing with different cultures, but

also gives new chances for a better understanding “[...] of different societies, their structures and institutions” (Hantrais 1995: 2).

Goals of *Comparative Studies* are listed by Ragin (1994: 108 ff.): Diverse approaches can be explored, foreign cultures can be better interpreted, and existing theory about diversity can be deepened, while getting a clearer picture of the differences and similarities of other countries.

However, *Comparative Studies*’ research usually stops at the point where learning from different contexts through transfer of researched topics could take place (Rose 1993: 24). As Rose distinguishes, *Comparative Studies* do not inquire the possibility to learn and to transfer knowledge, although knowledge potentially useful for this purpose is embedded in their results. For the research conducted during this thesis, an equally leveled comparison between two countries would not have been helpful since knowledge is needed particularly about the situation in the U.S. as well as about the transfer from the U.S. to Germany. Hence, the *Comparative Study* approach was not followed, but the necessary juxtaposition of the different planning approaches in urban redevelopment was instead influenced by Richard Roses’ framework of *Lesson Drawing* (chapter 4.3); moreover, a framework with regard to content was provided by *Governance* (chapter 2) and *culture analysis* (chapter 3). An analysis of the countries is conducted, while the overall focus always is identifying aspects for transfer from the U.S. to Germany.

## 4.2 Policy Learning and Policy Transfer

As mentioned above, the transfer of knowledge and instruments of urban redevelopment from one country to another requires a stable analytical framework. With respect to this thesis, the approaches of *Policy Learning*, *Policy Transfer*, and *Lesson Drawing* were chosen and will be presented below. Furthermore, it will be discussed, how these approaches are used for the purpose of the thesis.

First of all, the necessary keywords of the studies will be defined. Therefore, a short insight into *Policy Analysis* will be provided, as well.

### *Policy Analysis*

*Policy Analysis* is the study about activities of policy makers and the reasons for, as well as, the outcome of their actions. The focus lies on the content of their activities called policy (definition below). Policy makers are not politicians only, but all stakeholders involved in policy making. (Schneider, Janning 2006: 15 ff.; Schubert, Bandelow 2003: 4) The **objective** of *Policy Analysis* is the explanation of the process of policy making and the policies’ impact on their environment. Being able to explain the process also allows for transferring the gained knowledge to other policy makers. (Schneider, Janning 2006: 32) *Policy Analysis* also takes place in *Governance* analysis, which investigates different policy fields concerning the structures of regulation and the collaborations between governmental as well as private stakeholders (Schneider, Janning 2006: 40-41).

The three terms *Polity*, *Politics*, and *Policy* have to be distinguished to explain *Policy Analysis*. *Polity* can be defined as institutions that are elements of the political system and consist of political norms and values as well as normative regulations (Schneider, Janning 2006: 15; Schubert, Bandelow 2003: 4). *Politics* describes the political process



of creating political norms, understandings, and interests in public matters. This exchange process between policy makers includes discussions and conflicts. In conclusion, the process converts political ideas into precise demands, agreements, plans, and decisions. (Schneider, Janning 2006: 15; Schubert, Bandelow 2003: 4, 5)

A crucial term for the present thesis is *Policy*, which portrays the contents of polity, consisting of laws, regulations, decisions, and programs etc. regulating the civil order. These measures might influence citizens directly or indirectly. (Schneider, Janning 2006: 15, 18; Schubert, Bandelow 2003: 4) Most commonly, *Policy* is defined as “[...] a program of action [which] is adopted by a person, group of government, or the set of principles on which [the actions] are based.” (Kemp, Weehuizen 2005: 3). Nevertheless, the term *Policy* has multiple meanings, as shown by Rose (1993, 2005). First, Rose defines *Policy* as any governmental concern, for example foreign policy or economic policy. This definition does not explicate the governmental activities tied to the concerns. Second, the intentions of politicians can be understood as *Policy*. However, no special actions are associated with this meaning of *Policy*. As a third description, Rose names governmental programs used to realize political purposes. (Rose 2005: 15-16) For the purpose of the thesis, urban redevelopment is the examined *Policy*. Consequently, *Policy* is used according to Kemp’s and Weehuizen’s definition. Since redevelopment purposes are not only carried out by governmental agencies, the *Policy* definition of the thesis has to expand Rose’s definition, which per se is only related to governmental policies.

Nevertheless, the three terms *Polity*, *Politics*, and *Policy* overlap in practice, which has to be kept in mind during research as well (Schneider, Janning 2006: 15; Schubert, Bandelow 2003: 4).

### *Learning*

The general definition of *learning*, given by the Oxford American Dictionary, is to gain knowledge or skill through study or experience even as becoming aware of something through observing or hearing about it. In the field of *Policy Learning*, there is no common definition but *learning* is understood as providing information based on which an individual can change its thoughts and conduct. Information is brought about by new knowledge or experience. More specifically, changes of habit or mindset are more important than mere acquisition of new capabilities. Being influenced by different values, targets or mental attitudes also displays a way of *learning*. (Kemp, Weehuizen 2005: 7)

### Three Ways of *Learning* Processes

Stakeholders are able to learn in different ways: as individual, within their organization, or in a way of social learning.

*Individual learning* suggests itself as there must be someone undergoing the learning process. *Individual learning* means that some individual gains knowledge or skill as described above. (Colomb 2007: 361; Tedesco 2010: 185-186)

*Individual learning* can lead to *organizational learning*, if the *individual learning* process takes place on behalf of an organization. The individual leverages the gained knowledge into a behavioral change and as a consequence thereof, its performance within the institution is affected. Special concern lies in the interaction of the individual with other individuals of the organization. As different individuals are affected by an

individual's learning process, individual becomes *organizational learning*, which helps the organization to stay up-to-date and to solve newly arising problems. The learning thus changes organizational behavior. (Colomb 2007: 361; Löwis 2008: 195-196; Tedesco 2010: 185 -186)

A third category of learning is called *social learning* and can occur while both, individuals and organizations, learn. Crucial content of *social learning* is the topic on which is learned. If the outcome of the learning process is a change in values, higher order properties, ideas, norms, etc., a paradigm shift has occurred and social learning has taken place. (Colomb 2007: 364)

#### 4.2.1 Policy Learning

First, the term *Policy Learning* will be defined. This part gives an overview of how *Policy Learning* works and what obstacles exist.

In terms of *Policy Learning*, particularly the 'change in thinking' plays the key role in the learning process. The change pertains to a specific policy matter and evolves from a systematic and deliberate alteration in the way of thinking. Therefore, *Policy Learning* is an information-based adjustment of a previous attitude. (Kemp 2005: 3, 7, 8; Schmid 2003: 38)

*Policy Learning* exists as collective learning and occurs as *institutional learning* rather than an *individual learning* process. Policy related topics entail collective thoughts and therefore are adjusted by common or institutional changes in thinking. The entities most involved in *Policy Learning* are organizations, which learn within their structures and through interaction with various organizations. (Kemp, Weehuizen 2005: 3, 7, 8)

#### Learners

When discussing the term *learning*, one also has to ask the question 'Who learns what?'. In general, actors involved in *Policy Learning* are part of the policy sector. Therefore, everyone who is in touch with policies personates a potential *Policy Learning* stakeholder. In particular, state officials, policy networks, and policy communities are involved in *Policy Learning*. (Kemp, Weehuizen 2005: 17)

*Policy Learning* was coined for *organizational* rather than *individual learning*. Policies, which are adopted, contain progress or actions, which have to be implemented by a group of people and not only by one individual. In fact, *Policy Learning* is most frequently observed in organizations as collective learning. In many cases the policies learned are based on goals, values, norms, ideas, etc. Therefore, *Policy Learning* is also part of a *social learning* process, as will be shown further below. (Colomb 2007: 364)

#### Three Types of Policy Learning

*Policy Learning* can be separated into three types: *instrumental learning*, *conceptual/problem learning*, and *social learning*.

If instruments and their effects are the main interest during the *Policy Learning* process, it is referred to as *instrumental learning*. The goal is to draw a lesson from instruments that are in place elsewhere, by checking the effects, learning how they can be improved and what can be achieved by implementing these methods. In general, *instrumental*

*learning* results in a program change. (Kemp, Weehuizen 2005: 8, 17 ff.)

Another form of *Policy Learning* occurs during *conceptual or problem learning*. Results of *conceptual learning* can be seen in changed principles and the use of new concepts. These new ways of solving problems evolve from a new viewpoint, which gives way to new solutions. The ideas of the new viewpoint are learned from other circumstances. In order for concept transfer to be possible, contexts have to handle similar problems. This way of learning leads to an organizational change, occurs very process-related and is used by governments for instance. (Kemp, Weehuizen 2005: 8, 17 ff.)

As already mentioned above, *Policy Learning* is defined as a change in the way of thinking and often facilitates a *social learning* process. Paradigm shifts happen when values, norms, and ideas are transferred from one system to another. *Social learning* changes the course of a whole system, because not only instruments but the frame and the general conception are modified. (Kemp, Weehuizen 2005: 8, 17 ff.)

### *Single Loop and Double Loop Learning*

The presented types of *Policy Learning* can be classified into two categories of learning: *single loop learning* and *double loop learning*. These two classes describe the way how the learning process takes place.

*Instrumental learning* belongs to *single loop learning*. The change in instruments and methods does not question the fundamental design, goals, or activities of the organization. *Single loop learning* means adaption learning. During the day-to-day routine new instruments are used to correct mistakes and increase the effectiveness of work. (Kemp, Weehuizen 2005: 8-9; Löwis 2008: 194-195, 197)

*Conceptual learning* and *social learning* are both part of the complex *double loop learning* type. During *double loop learning*, process change happens, norms and values are changed, and i.e. theories in use alter after reconsidering the conception. Since people are in general *single loop* learners, increased effort is required to get the *double loop learning* process started. In fact, it is not uncommon that a crisis or revolution precedes

Table 4 - I: Three Types of *Policy Learning*

Three Types of <i>Policy Learning</i> (overview)				
	What is learned?	Objective of Learning	Result of Learning	Who learned?
Instrumental Learning	instruments and effects	transfer methods	program change	everyone using policy instruments
Conceptual Learning	strategies, new viewpoints	solving problems by transferring concepts	changed principles/ organizational change	governments/ state officials
Social Learning	values, ideas, norms	change of view and general perspective	paradigm shift paradigm enlargement	policy communities

Compiled by author, based on Kemp 2005: 17

this process. *Double loop learning* contains a complex learning process, changes in knowledge, changes in operative rules, as well as changes in norms and values of the organization. By having gone through the *double loop learning* process, the competency of the organization is improved, since changes in concepts and behavior bring about solutions for current problems and altering circumstances. (Kemp, Weehuizen 2005: 8-9; Löwis 2008: 194-195, 197; Schmid 2003: 38)

### Problems and Obstacles to *Policy Learning*

*Policy Learning* as introduced above is often used during transformation processes in the public sector. As shown by Kemp and Weehuizen (2005) referring to Chapman, obstacles to learning in the public sector exist.

Characteristic to the public services is a need of uniformity, to make measures comparable and combinable. This need can also be seen as pressure to uniformity that restricts independent transfer of new approaches. Moreover, during the fast process of policy making under urgent actual pressures, there often is no time to properly evaluate previous projects. Former policies are not subject to crucial evaluation prior to developing new policies. The reason for the high speed that is commonly required in policy making is brought about by various events occurring in the real world. As a consequence, policy makers are overwhelmed by challenges they have to react to and there is insufficient time for long-term planned actions. Further obstacles lie in inefficient organizational structures and ongoing budget cuts. As Kemp and Weehuizen put it "The barriers have to do with mentalities, tradition and with power by obstructing learning feedback." (Kemp, Weehuizen 2005: 19).

### 4.2.2 *Policy Transfer*

As further approach, *Policy Transfer* will be discussed. First, the term will be defined and explained followed by addressing obstacles and criticism received by this approach. The summary is based on publications authored by Dolowitz (2000) and complemented by ideas of Wolman and Page (2002), whereas critique is adapted from a paper by James and Lodge (2003). Which influence the *Policy Transfer* approach had on the present thesis will be shown in chapter 9.4.

*Policy Transfer* is understood as a process in which existing policies, programs, negative lessons, etc. are used to develop new policies or programs in different time and space contexts (Yuan, Hübner 2004: 35). Learning from external experiences is also possible through transfer of knowledge without the necessity of entirely transferring a program (Wolman, Page 2002: 480).

Already part of the policy making process since the 1960s, *Policy Transfer* involvement increased during the last decades. *Policy Transfer* is defined by Dolowitz as "[...] the occurrence of, and processes involved in, the development of programmes, policies, institutions, etc. within one political and/or social system which are based upon the ideas, institutions, programmes and policies emanating from other political and/or social systems." (Dolowitz 2000: 3). *Policy Transfer* presents an enhanced insight into the policy making process, while broadening the knowledge in policy through giving examples of other systems and approaches (Dolowitz 2000: 34).

*Policy Transfer* occurs during policy changes. To change existing structures, policymakers search for alternative knowledge and ideas to implement. Seeing foreign models as solution for existing problems is caused by three factors: shifts occur in structural or systemic determinants of policy as well as in ideological stances. These facts lead to the desire of learning from other political systems. (Dolowitz 2000: 121)

Reasons for the growing interest in *Policy Transfer* are the interpretations of the challenges of rapid economic growth and global economic forces. These developments lead to similar challenges faced in different countries. The need for solutions and new ways to deal with the pressures makes policymakers look beyond borders. Learning lessons from other countries is getting more common because of the increasing amount of information available from different political systems. (Dolowitz 2000: 3-4; Dolowitz, Marsh 2000: 6-7, 21)

### Process of *Policy Transfer*

As mentioned above, *Policy Transfer* serves as technique to convey knowledge from one political system to another. As Dolowitz and Marsh define it: "[...] process in which knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting [...]" (Dolowitz, Marsh 2000: 5).

### Contents of *Policy Transfer*

In general, there is no limit in contents that can be transferred from one system to another. However, eight categories are described in which the exchange can be classified: policy goals, policy content, policy instruments, policy programs, institutions, ideas, attitudes, negative lessons. While policies (as policy goals) consist of more general declarations concerning the overall line of their political ideas on a larger timescale, programs present instruments for actions that can instantly be taken. Policies are implemented by using consistent programs to achieve the political objective. Therefore, policies have to contain specific programs, whereas programs can exist and be transferred on their own. (Dolowitz 2000: 22 ff.; Dolowitz, Marsh 2000: 12; Dolowitz 1998: 20-23)

### Grades of *Policy Transfer*

Transferring policies or programs from one system to another does not mean to take over every detail of the original system. Dolowitz (1998) distinguishes between four degrees of *Policy Transfer*: copying, emulation, combinations, and inspiration. (Dolowitz 1998: 26-28) Copying means to convey policies and programs in a straight and absolute fashion. If emulation takes place, only policy-conceptions on which programs are based, are moved. Shifting different policies as a mix and putting them together as a new one is called combination. In contrast, inspiration means being inspired by foreign concepts, albeit not making the original scheme appear in the outcome. (Dolowitz 2000: 25; Dolowitz, Marsh 2000: 13)

### *Policy Transfer* Stakeholders

Actors of *Policy Transfer* are also categorized by Dolowitz and Marsh (2000): elected officials, political parties, bureaucrats/ civil servants/ administrators/ professionals,



pressure groups, policy entrepreneurs and experts, international corporations, think tanks, networks, supra-national governmental and non-governmental institutions, and consultants. (Dolowitz, Marsh 2000: 8-9; Dolowitz 1998: 15-20)

These groups of stakeholders can be involved in different ways during the transfer, and every category plays their own role. For instance, some actors like civil servants or consultants do their work especially in the beginning of the procedure; in contrast, political parties make their decisions in the end of the undertaking. Interest groups can be built on special topics, to represent the people affected by the policy and give a counterpart to civil servants and consultants. (Dolowitz, Marsh 2000: 8) To implement *Policy Transfer* one crucial condition must be met: actors must have access to the government decision making process. (Dolowitz 2000: 21) Being aware of the different stakeholders is also important, since every actor has his own motivation. Therefore, different people can lead to diverse ways and results of *Policy Transfer*. (Dolowitz 2000: 36-37)

### Reasons for *Policy Transfer*

The reasons why different actors engage in *Policy Transfer* are manifold. Motivations occur as financial, ideological, political, social or even pragmatic (Dolowitz 2000: 11, 124).

### Ways of *Policy Transfer*

Most notably two kinds of transfers exist: *voluntary transfer* and *coercive transfer*. *Voluntary transfer* is based upon logical and deliberate reasons, on which policymakers convey knowledge from one country or time to their own system. In contrast, *coercive transfer* means that new policies, programs etc. are foisted on a political system by international organizations for example. Even though the exact way of *Policy Transfer* often cannot be categorized, since it depends on what matter or issue is addressed, mixtures of *voluntary* and *coercive transfers* occur. (Dolowitz 2000: 12; Dolowitz 1998: 7-15; Yuan, Hübner 2004: 35)

### Origins of Transferred Policies

Knowledge can be transferred from the past or the present. Former experience and evaluation of previous measures can provide input for present policy decisions (Dolowitz 1998: 23-26). Moreover, current policies and programs can be studied to get assistance in addressing contemporary challenges. Transfer can take place between different entities. (Yuan, Hübner 2004: 35)

Three main levels offer experiences for policy transfer: **international level, national level, and local level**. Depending on which level wants to learn lessons from other levels, different sources exist. Local levels can take advantage of their own skillset, the local level within their own nation, or local levels in foreign countries. Even national and local levels can provide lessons for each other, applicable within the same country or foreign nations. Moreover, national levels can search for knowledge using international connections on the national level or through knowledge from supranational agencies, working on international levels (e.g. European Union). (Dolowitz 2000: 24) During the lesson drawing conditions must be met: policies or programs must be transferrable, respecting different cultures and systems, for example when knowledge is adopted from foreign countries or other government levels (see chapter 3 for details).

Transferring knowledge between different countries leads to the question if there are dedicated **borrowers and lenders**. Following Dolowitz and Marsh (2000), no classification can be made, since different topics require various experiences. Therefore, different countries will be leader (borrower) in one field but need advice (lenders) in other policy realms. (Dolowitz, Marsh 2000: 8-9)

**Information sources** for *Policy Transfer* can be found in form of media, internet, reports, and studies as well as physical meetings. (Dolowitz 2000: 29 ff.; Dolowitz 1998: 32-34)

### *Policy Transfer Framework*

Summing up all mentioned characteristics of *Policy Transfer*, the framework developed by Dolowitz (2000), helps to understand all correlations within *Policy Transfer* (see figure 4.1 on the following page).

### *Policy Transfer Failure*

Regardless of the effort spent on getting good examples transferred successfully, policy transfer stakeholders also encounter *Policy Transfer failures*. This means successful approaches in one country are not obligatorily successful everywhere else. Following Dolowitz and Marsh (2000), reasons for *Policy Transfer* failure can originate from *uninformed transfer*, *incomplete transfer*, or *inappropriate transfer*. (Dolowitz, Marsh 2000: 21)

*Uninformed transfer* occurs when the borrowing country does not precisely investigate the original way of the program or policy that should be transferred. Any information of the existing policy/program and its role and impact must be studied. Otherwise, the knowledge about the transferred policy/program will be insufficient and will result in uninformed transfer. If stakeholders study the policy well, they have to make sure that the critical components are moved or else the program will not meet the expectations, since the structures crucial for success are missing. This is called *incomplete transfer*. At least differences between the lending and the borrowing country must be considered. Differing economic, social, political, and ideological contexts may lead to varying results of the same policy in different systems. Transferring policies and programs without respecting these crucial contexts is referred to as *inappropriate transfer*. Caused by the shown ways of transfer, borrowed policies and programs can induce problems in the new context that have never occurred in the original context. (Dolowitz, Marsh 2000: 6, 17, 33-34)

Wolman and Page (2002) also mention ways of failure in the *Policy Transfer* process. Caused by restrictions in time and money, the search for examples in other countries is narrow at most. This fact leads to "[...] **insufficient understanding** of the way the program interacted with other elements of the political system in that [foreign] country." (Wolman, Page 2002: 481). This approach corresponds to *inappropriate transfer* as described by Dolowitz and Marsh (2000). Wolman and Page suggest another problem through policy transfer: **evaluation** of what should and can be transferred. Assessing which program is the most successful in a foreign country context is a difficult task, yet crucial before deciding about the transfer. (Wolman, Page 2002: 492-493)

**A Policy Transfer Framework**

Why Transfer? Continuum Want To.. . . . . Have To			Who Is Involved in Transfer?	What Is Transferred?		From Where		Degrees of Transfer	Constraints on Transfer	How To Demonstrate Policy Transfer	How Transfer leads to Policy Failure
Voluntary	Mixtures	Coercive			Past	Within-a Nation	Cross- National				
Lesson Drawing (Perfect Rationality)	Lesson Drawing (Bounded Rationality)	Direct Imposition	Elected Officials	Policies (Goals) (content) (instruments)	Internal	State Governments	International Organizations	Copying	Policy Complexity (Newspaper) (Magazine) (TV) (Radio)	Media	Uniformed Transfer
	International Pressures		Bureaucrats Civil Servants	Programs	Global	City Governments	Regional State Local Governments	Emulation	Past Policies	Reports	Incomplete Transfer
	(Image) (Consensus) (Perceptions) Externalities	Pressure Groups	Institutions			Local Authorities		Mixtures	Structural Institutional	(Commissioned) (uncommissioned)	Inappropriate Transfer
	Conditionality	Political Parties	Ideologies					Inspiration	Feasibility	Conferences Meetings/ Visits	
	(Loans) (Conditions Attached to Business Activity)								(Ideology) (cultural proximity) (technology) (economic) (bureaucratic) Language		
	Obligations	Policy Entrepreneurs/ Experts	Attitudes/ Cultural Values							Statements (written) (verbal)	
			Consultants Think Tanks Transnational Corporations Supranational Institutions	Negative Lessons			Past Relations				

Figure 4.1: *Policy Transfer Framework*; Source: Dolowitz 2000: 10



### *Policy Transfer Restrictions*

Besides avoiding *Policy Transfer* failures, the borrowing stakeholders have to be aware of restrictions which interfere with an easy transfer of policies and programs from foreign countries. According to Dolowitz, Wolman and Page, the following categories limit *Policy Transfer*. As already mentioned, the **complexity of policies** in different countries can make transfer impossible. Even the significance of problems and their solutions differ between the countries. While moving policies and programs, existing policies in the borrowing country and its policy statements from the past have to be considered. In addition, **institutional and structural constraints** exist in learning from foreign contexts. They include institutional settings as well as political, cultural, and historical concerns. As a consequence, constraining feasibilities have to be kept in mind while transferring programs. As a final point, different languages can lead to **misunderstandings or wrong conclusions**. (Dolowitz 2000: 25-26; Dolowitz 1998: 28-32; Wolman, Page 2002: 479, 480)

### *Critique on Policy Transfer*

Dolowitz' *Policy Transfer* (2000) is criticized by James and Lodge (2003). Above all, they criticize the lack of a unique feature in the approach. In their opinion, Dolowitz' *Policy Transfer* is equal to other general policy making theories: "[...] 'policy transfer' is very difficult to define distinctly from many other forms of policy-making." (James, Lodge 2003: 179). Therefore, no exclusive benefit is seen in the approach presented by Dolowitz. In particular, the framework to *Policy Transfer* developed by Dolowitz is not valued by James and Lodge. They criticize it as being a combination of different theories, put together without rewarding their single qualities. Especially, the composition of *volunteer* and *coercive transfer* is criticized by the authors as alliance of two dimensions of policy making types in one framework. While they claim *voluntary transfer* as a rational form of transfer, they see *coercive transfer* as part of political power performed through persuasion and direction. In their opinion, the framework leads people to follow only Dolowitz' approach while other useful policy making theories are neglected. "In this sense, 'policy transfer' is less than the sum of its parts." (James, Lodge 2003: 190). Moreover, James and Lodge question the increase of *Policy Transfer* stated and the evidence given by Dolowitz. In their opinion, no proof can be given for the increase. Due to the fact that Dolowitz' *Policy Transfer* approach cannot be clearly distinguished from other policy making theories, no evidence can be provided that this particular process has risen. (James, Lodge 2003: 183, 190) Besides their critique, James and Lodge do not suggest other theories or present their own model or ideas on how to encounter the drawbacks they found in Dolowitz' approach.

The lack of a useful framework for *Policy Transfer* is also pointed out by Wolman and Page (2002). They ask for an analytical framework, which can be used for a better comprehension of *Policy Transfer* and helps in creating a theory on *Policy Transfer*. Their critique pertains to all existing case-studies which are used for classifying *Policy Transfer*. In their opinion, another important step must be following the analysis of the transfer: building an independent *Policy Transfer* theory which is not directly related to the studied examples. (Wolman, Page 2002: 477, 478)

Critique on the *Policy Transfer* approach by the author regarding the present thesis and its research will be provided in chapter 9.4.

#### 4.2.3 Comparison of *Policy Learning* and *Policy Transfer*

After illustrating *Policy Learning* and *Policy Transfer* a comparison of the two approaches can be provided (see table 4 - II).

*Policy Learning* means a 'change in thinking', which is caused by a learning process. Political stakeholders, such as state officials, policy networks, or policy communities are involved in an *organizational* and *social learning* process. This process leads to an information-based adjustment of a previous attitude. The change involves a policy matter and evolves from a systematic and deliberative alteration in the way of thinking. The learning process can be *instrumental*, *conceptual*, or *problem-based* as well as *social*. During the process, *single* or *double loop learning* appears. Policies, practices, and handling solutions in different contexts or countries are studied in order to learn from these approaches. The initial situation should be modified through a change in political actors' thinking. (Kemp, Weehuizen 2005: 3, 7, 8; Schmid 2003: 38)

*Policy Transfer* is seen as a shift of knowledge and ideas from one political system to another system which changes through the new experience. Existing policies, programs, negative lessons, and knowledge are used to develop new policies or programs in different time and space contexts. Between the borrowing and lending countries, nine categories of political actors can be involved in the transfer (e.g. political parties, elected officials, experts, consultants). Transfer can take place as a *voluntary* movement or as *coercive* shift. The transfer consists of knowledge about policy goals, policy content, policy instruments, policy programs, institutions, ideas, attitudes, and negative lessons and leads to a change in the political system. (Dolowitz 2000: 3 ff., 21, 34, 121; Wolman, Page 2002: 480)

*Policy Learning* compared to *Policy Transfer*: While stakeholders are practically the same in both processes, the general idea and the way of transfer are entirely different. *Policy Transfer* can be regarded as a subset of *Policy Learning* (Wolman, Page 2002: 478). Both procedures alter the policy of the country. Nonetheless, *Policy Learning* has a greater idea of change in thinking and a focus on changes in thought and general behavior. In contrast, *Policy Transfer* utilizes knowledge and ideas about policies and programs gained in different contexts.

Related to the thesis, the approaches of *Policy Learning* and *Policy Transfer* build the theoretical scaffolding about transfer and learning between countries. This background is crucial with regard to the performed comparison of urban redevelopment in different countries. The search for transferrable approaches and instruments in redevelopment belongs to the part of the *Policy Transfer* approach rather than the *Policy Learning* theory. This is due to the fact that during the recommended transfer/learning process, the overall program is not on stake, only minor changes will lead to a more sustainable and successful way of urban redevelopment. A detailed review on how the presented approaches have been used and were useful for the thesis can be found in chapter 9.4. While the approaches provide a basic approach for identification and classification of *Policy Learning* and *Policy Transfer* processes, the question about how to act during learning processes is still unanswered. Therefore, the "10 Steps of Lesson Drawing" by Richard Rose (2005) will be introduced in the next chapter. Rose's approach provides a practical framework on how learning can take place.

Table 4- II: Comparison *Policy Learning* and *Policy Transfer*

Comparison of <i>Policy Learning</i> and <i>Policy Transfer</i>					
	Idea	Definition	Who is involved?	What is transferred/learned?	Kinds of transfer/learning
<b>Policy Learning</b>	'Change in thinking'	Information-based adjustment of further attitude. Change involves a policy matter and evolves from a systematic and deliberate alteration in the way of thinking.	State officials Policy networks Policy communities ----- Organizational and social learning	Policy matters: policies, practices and handling solutions.	Instrumental learning, conceptual/ problem learning, social learning.  Single or double loop learning.
<b>Policy Transfer</b>	Transfer of knowledge and ideas from other political systems to change own system.	Existing policies, programs, negative lessons, and knowledge are used to develop new policies or programs in different time and space contexts.	Nine categories of political actors (e.g. political parties, elected officials, experts, consultants).  Countries as borrower or lender.	Knowledge about policy goals, policy content, policy instruments, policy programs, institutions, ideas, attitudes and negative lessons.	Voluntary transfer  Coercive transfer

Source: by author

### 4.3 Lesson Drawing

This chapter gives insight into the methodology of the thesis aligned with Richard Rose's model of "Learning from comparative public policy". Rose (2005) outlines a model for learning from abroad. He emphasizes the importance of learning from foreigners, since in current times countries face similar problems and therefore can help each other solving these problems. (Rose 2005: 1 ff.) Rose's ten steps model provided a starting point for the process of transfer in the thesis. In particular chapter 8, dealing with the transferability of approaches, shows results developed in the following and based on the *Lesson Drawing* approach.

#### *Lesson Drawing*

Rose (2005) defines a lesson as the result of learning and as the basis for action. During the learning process, knowledge is gained from studying diverse solutions. To draw a lesson, the knowledge is transferred and adapted to a distinct program. The created program is based on the information acquired elsewhere, but adjusted to the problems at home. Therefore, a lesson introduces something new, albeit based on empirical knowledge gained somewhere else. (Rose 2005: 16, 18) Therein, the lesson must be an explicit account, including a detailed description of the program at the source of information, as well as defining what effects the new program may cause in the aimed situation (Rose 1993: 27). Lessons can be drawn, provided that the encountered problems are common to the observed as well as the learning country. In addition to learning from foreign countries, lessons can also be learned from own history. In general, lessons are most relevant to governments, since state officials are in charge of presenting new solutions for policy problems. (Rose 2005: 16, 18) In short, Rose defines a lesson as „[...] a program for action based on a program or programs undertaken in another city, state or nation, or by the same organization in its own past.“ (Rose 1993: 21).

#### **Program**

Regarding his model, Rose defines *program* as course of action for operating public policy. Public employees use programs to lead and maintain the procedure of policy making. Programs consist of hardware as laws, money, personnel, and everything else needed to reach the policy objectives. Second, programs include software necessary for assimilating the new procedures into the present administrative scheme. Program makers have to be aware of administrative and political levels to succeed. (Rose 2005: 16-17)

#### **Requirements for Drawing Lessons Successfully**

Before Rose's step model in lesson drawing is presented and linked to the thesis, requirements for successful lesson drawing are discussed. As already mentioned above, *Lesson Drawing* is about transferring methods from one context to another. Rose points out that successful transfer from one organization or country to another requires parallel programs as well as similar problems. Comparison is possible while programs are different but corresponding. (Rose 2005: 18 ff.)

Rose answers his analytic question for *Lesson Drawing* ("Under what circumstances and to what extent can a programme that works there provide a lesson that can be applied here?" Rose 2005: 24) with the accomplishment of some case studies. However, the case study only marks the first move. To draw a lesson, the knowledge gained in an-

other country's context has to be adopted and rearranged to meet the challenges in the home country with equivalent results. (Rose 2005: 23) The crucial point of transferring a program from one context to another is not the detailed description of the measures in effect elsewhere, but the detailed treatment of the possible consequences of its implantation onto the local situation (Rose 1993: 22).

### Ten Steps in *Lesson Drawing*

In addition to framing a general approach about *Lesson Drawing*, Rose also developed a ten step system about how *Lesson Drawing* should be performed. Herein, Rose describes order and content of the transferring process of programs from abroad to the system at home. Rose's precise definition of the ten steps during *Lesson Drawing* are shown in table 4 - III below.

### Critique on *Lesson Drawing*

Rose's first thesis from 1993 was criticized by James and Lodge (2003). Rose's publication "Learning from comparative public policy" in 2005 enhanced his ideas from 1993 and reworked the approach into a practical guide for *Lesson Drawing*. Therefore, not the whole critique by James and Lodge is applicable at present, even though some parts still apply. Nonetheless, the reviewers neither propose an alternative model nor advise to use alternative approaches.

"The lack of a clear distinction makes finding evidence of 'lesson drawing', as opposed to rational policy-making in general, a difficult task." is pointed out by James and Lodge (James, Lodge 2003: 181). The approach reviewed 1993 is seen as only one in a series of similar theories on policy making. Particularly, since no explanation of the different learning types exists. Therefore, a lack of theoretical disquisition is seen on the topic of learning type processes. (James, Lodge 2003: 184) Already in Rose's 1993 publication, James and Lodge perceive the value of this *Lesson Drawing* approach in giving a 'how to' guide for *Lesson Drawing*. This part was covered in more depth in Rose's publication of 2005 "Learning from comparative public policy - A practical guide." James and Lodge welcomed the possibility to define "[...] Rose's perspective more narrowly and distinctively as a 'how to' guide [that] could involve identifying techniques to improve 'lesson drawing', such as linking different sources of data or developing search tools to help overcome information overload." (James, Lodge 2003: 187). Therein, they see a change of comparing behaviors of different policy makers while drawing lessons, which helps making lesson drawing more analyzable and rational (James, Lodge 2003: 189-190).

Table 4 - III: Ten Steps of *Lesson Drawing* by Rose

Ten steps of <i>Lesson Drawing</i> by Rose	
	Definition of the steps
<b>STAGE I</b>	
<b>Step 1 - Understanding Programs and Lessons</b>	<p>"Learn the key concepts: what a programme is, and what a lesson is and is not."</p> <p>Before starting drawing lessons, the key concepts must be known. What a program is and what is not? What does constitute a lesson and what does not?</p>
<b>Step 2 - Creating awareness of problems</b>	<p>"Catch the attention of policy makers"</p> <p>The attention of policy makers can be gained, when the local situation is dissatisfactory and examples from elsewhere seem helpful, since they are satisfactory there.</p>
<b>Step 3 - Where to look for lessons?</b>	<p>"Scan alternatives and decide where to look for lessons."</p> <p>Solutions can be found in own history as well as in foreign approaches. However, foreign examples should be chosen carefully. For useful transfers, the foreign country should be similar or comparable to home in some way. Only then, transfer of knowledge has a common basis.</p>
<b>STAGE II</b>	
<b>Step 4 - Finding out how a program really works there</b>	<p>"Learning by going abroad."</p> <p>Crucial part of lesson drawing is visiting the reviewed country to talk to important stakeholders to learn about criticism and problems. Collectively, the gathered information provides a rounded picture of how to learn from a foreign program.</p>
<b>Step 5 - Turning anecdotes into a model</b>	<p>"Abstract from what you observe a generalized model of how a foreign programme works."</p> <p>All gathered experiences have to be turned into a 'cause and effect' model of the program. Therein, all essential parts of the program have to be identified, without concentrating on country specific details. Thereby a new and transferrable program for the home country can be developed.</p>



Ten steps of <i>Lesson Drawing</i> by Rose	
	Definition of the steps
STAGE III	
Step 6 - Drawing a lesson	<p>„Turn the model into a lesson fitting your own national context. [...] A lesson is created by 're-contextualizing' the generic model.”</p> <p>By Rose lesson is understood as adaption or synthesis of programs observed elsewhere. The program that comes out of the lesson drawing process is based on experiences gained in a foreign country, but ready to be implemented in the home country. Ways of drawing a lesson/ designing a program are photocopying, copying, adaption, hybrid, synthesis, disciplined inspiration, selective imitation.</p>
Step 7 - Should a lesson be adopted?	<p>“Decide whether the lesson should be adopted.”</p> <p>Adoption of the prepared lessons is politicians' duty. The creator of the lesson has to check if the political mindset is ready for the prepared lesson. This has to be clarified before the lesson is blocked during the political legislation process.</p>
Step 8 - Can a lesson be applied?	<p>“Decide whether a lesson can be applied.”</p> <p>After a lesson got accepted by the political stakeholders, it had to be verified if the lesson is applicable in the given context and if there are adequate resources to implement the scheme (claims on laws, money, human capital and organizations). Moreover, there must be enough space in the public policy field to add a new program in between all existing regulations.</p>
Step 9 - Increasing chances of success	<p>“Simplify the means and ends of a lesson to increase its chances of success.”</p> <p>The success of the program will increase if the goals and the scheme are defined simply. The more flexible a program is, the more successful it is.</p>
Step 10 - Looking ahead	<p>„Evaluate a lesson`s outcome prospectively and, if it is adopted, as it evolves over time.”</p> <p>Because the adopted program is already in use somewhere, experience exists on how it works. Therefore, speculations about the results of the future program are limited. Nevertheless, an accompanying evaluation of the learned lessons and their effects is necessary.</p>

Source: Rose 2005: 8 ff.

### *Lesson Drawing within the Thesis*

The theoretical approaches of *Policy Learning* and *Policy Transfer* serve as theoretical framework for the transfer and learning processes in the thesis. In addition, Rose's *Lesson Drawing* approach has proven useful as starting point for developing a novel "Ten Steps How To Learn Lessons" model for the thesis (table 4 - IV on the following page).

To avoid Rose's shortcomings the following changes needed to be conducted. Rose's approach is based on U.S. governmental structures and regulative formations; therefore, an adaption to Germany was necessary. Some contradictions that exist in Rose's model could be dispelled as well.

Although the rephrased model seems to be straightforward in its consecutive steps, there will and has to be back coupling during the learning process. Such complex transfer cannot take place in the simplistic manner displayed in the model. New findings and unexpected outcomes will make a rearrangement of the steps necessary.

After tailoring the "Ten Steps How to Learn Lessons" model to the needs of the thesis, the further research was guided by the adapted steps. If and how these steps proved useful will be shown in chapter 9.5.

### 4.4 Comparing *Lesson Drawing* to *Policy Learning* and *Policy Transfer*

As already mentioned above, *Lesson Drawing* differs strongly from *Policy Learning* and *Policy Transfer*. These theories stand for the absolute theoretical approach, while Rose puts his approach more to the real context. Nevertheless, *Lesson Drawing* can appear during *Policy Transfer*, if the transfer is voluntary as stated by Dolowitz (Dolowitz 2000: 13). A complete comparison is developed in table 4 - V.



Table 4 - IV: Ten Steps of *Lesson Drawing* Matching the Thesis - I

Ten steps of <i>Lesson Drawing</i> matching the thesis I			
Step by Rose	Examination of the steps	Step in the thesis	Explanation of the step in the thesis
(1) Learn the key concepts: what a programme is, and what a lesson is and is not.	As a first step, one has to identify the program and its challenges; therefore, the step was rephrased.	(1) Detect a problem or challenge.	Existing programs bear problems or challenges, which have to be identified.
(2) Catch the attention of policy makers.	Calling attention is not necessary in this early stage. Awareness might be already existent or has to be created only as early as during the process of problem solution, to be able to present first recommendations for change. Therefore, the condition of the program has to be identified first.	(2) Know about the strengths and weaknesses of the program.	First step of improvement: becoming aware of reasons for weaknesses and strengths. How can they be leveraged?
(3) Scan alternatives and decide where to look for lessons.	Decision where to look for lessons has to be based on knowledge about the condition of the program, which will guide scanning for alternatives.	(3) Find strengths for your weaknesses; decide where to look for lessons.	Study former or existing programs (abroad) to find out if approaches exist that contain strengths needed to correct your weaknesses.

Ten steps of <i>Lesson Drawing</i> matching the thesis I			
Step by Rose	Examination of the steps	Step in the thesis	Explanation of the step in the thesis
(4) Learning by going abroad.	Useful step; however not vital. Going abroad is often not possible for politicians or practical professionals, for example, but if possible (as for scientists) can be very fruitful. Most important part: gathering as much information about the foreign program as possible.	(4) Finding out how a program really works there. (by Rose)	Useful part of lesson drawing is visiting the reviewed country to talk to important stakeholders to learn about criticism and problems. Collectively, the gathered information provides a rounded picture of how to learn from foreign program.
(5) Abstract from what you observe a generalized model of how a foreign program works.	This step is seen as useful and will be used for further research.	(5) Turning anecdotes into a model. (by Rose)	All gathered experiences have to be turned into a 'cause and effect' model of the program. Therein, all essential parts of the program have to be identified, without concentrating on country specific details. Thereby a new and transferrable program for the home country can be developed.
(6) Turn the model into a lesson fitting your own national context.	This step is seen as useful and will be used for further research.	(6) Drawing a lesson. (by Rose)	The program that comes out of the lesson drawing process is based on experiences gained in a foreign country, but ready to be implemented in the home country. Ways of drawing a lesson/ designing a program are photocopying, copying, adaption, hybrid, synthesis, disciplined inspiration, selective imitation.

Ten steps of <i>Lesson Drawing</i> matching the thesis I			
Step by Rose	Examination of the steps	Step in the thesis	Explanation of the step in the thesis
(7) Decide whether the lesson should be adopted.	This step is seen as useful and will be used for further research, but has to be complemented by the fact, that not only politicians are crucial stakeholders, but all existing actors in the neighborhood have to be part of the adaption process.	(7) Should a lesson be adopted? (by Rose)	Adoption of the prepared lessons is politicians' duty. The creator of the lesson has to check if political mindset is ready for the prepared lesson. This has to be clarified before the lesson is blocked during the political legislation process.  Additional for redevelopment: not only political actors are important, but local stakeholders have to be ready for learning lessons, as well.
(8) Decide whether a lesson can be applied.	This step is seen as useful and will be used for further research, focusing on the neighborhood level.	(8) Can a lesson be applied? (by Rose)	After political stakeholders accept a lesson it had to be verified if the lesson is applicable in the given context (neighborhood).  Availability of adequate resources to implement the scheme has to be assured (claims on laws, money, human capital, and organizations).
(9) Simplify the means and ends of a lesson to increase its chances of success.	This step is seen as useful and will be used for further research.	(9) Increasing chances of success. (by Rose)	The success of the program will increase if the goals and the scheme are defined simply. The more flexible a program is, the more successful it is.

Ten steps of <i>Lesson Drawing</i> matching the thesis I			
Step by Rose	Examination of the steps	Step in the thesis	Explanation of the step in the thesis
(10) Evaluate a lesson's outcome prospectively and, if it is adopted, as it evolves over time.	This step is seen as useful and will be used for further research.	(10) Looking ahead. (by Rose)	Because the adopted program is already in use somewhere, experience exists on how it works. Therefore, speculations about the results of the future program are limited. Nevertheless, an accompanying evaluation of the learned lessons and their effects is necessary.

Source: by author as well as Rose 2005: 8 ff.

Table 4 - V: Comparison *Policy Learning*, *Policy Transfer* and *Lesson Drawing*

Comparison <i>Policy Learning</i> , <i>Policy Transfer</i> and <i>Lesson Drawing</i>					
	Idea	Definition	Who is involved?	What is transferred/ learned?	Kinds of transfer/ learning
<i>Policy Learning</i>	"Change in Thinking"	Information-based adjustment of further attitude Change involves a policy matter and evolves from a systematic and deliberate alteration in the way of thinking	State officials Policy networks Policy communities Organizational and social learning	Policy matters: policies, practices and handling solutions	Instrumental learning Conceptual/ problem learning Social learning Single or double loop learning
<i>Policy Transfer</i>	Transfer of knowledge and ideas from other political systems to change own system	Existing policies, programs, negative lessons, and knowledge are used to develop new policies or programs in different time and space contexts	Various political actors (e.g. political parties, elected officials, experts, consultants). Systems as borrower or lender.	Knowledge about policy goals, policy content, policy instruments, policy programs, institutions, ideas, attitudes and negative lessons	Voluntary transfer Coercive transfer
<i>Lesson Drawing</i>	Learning from others to transfer programs	Lesson Drawing relays on "[...] a program for action based on a program [...] undertaken in another city, state or nation, or by the same in its past." (Rose 1993: 21)	Governments State officials All kinds of policy makers Citizens	Programs = course of action for operating public policy	Voluntary transfer, knowledge gained in foreign country, put into model and turned into lesson for home context

Source: by author

# Context - U.S. and Germany

# 5

In order to study whether or not approaches can be transferred between the different systems one has to thoroughly compare the two countries. As a first step, a sophisticated view of the context is necessary. Using John Friedmann's (2011) approach of cultural differences that should be considered in comparative research, the subsequent levels are investigated: form of government, differences in *political culture*, and different roles of civil society. The field of economical development will only be investigated in the chapters below insofar as it impacts the neighborhood level. As further contextual condition, the two kinds of planning systems are shown in this chapter. A conclusion about the differences and commonalities is given as well.

## 5.1 Introducing: United States of America (U.S.)

Table 5 - I: Facts U.S.

OFFICIAL LANGUAGE	None on a federal level (English is declared as official language in 28 states)
CAPITAL CITY	Washington, D.C.
FORM OF GOVERNMENT	Constitution-based federal republic
ADMINISTRATIVE DIVISIONS	50 states and 1 district
HEAD OF STATE	President Barack H. Obama
HEAD OF GOVERNMENT	President Barack H. Obama
AREA	9,826,675 sq km
POPULATION	313,847,465 (July 2012 est.)
DENSITY OF POPULATION	32 inhabitants per sq km
GROSS DOMESTIC PRODUCT (GDP)	\$15.04 trillion (2011 est.)
GDP per capita	\$48,100 (2011 est.)
LEGAL SYSTEM	federal court system based on English common law; each state has its own unique legal system, of which all but one (Louisiana) is based on English common law

Sources: CIA 2012c; Feder 2007: 2



Figure 5.1: Map U.S.

Source: CIA 2012c

### 5.1.1 Form of Government in the U.S.

#### Federal and State Government

The structure of the U.S. government is based on the 1776 Declaration of America's independence from Great Britain by the Second Continental Congress. In 1788, the Constitution was ratified and the fundamental principle was set: All people have the right to life, liberty, and the pursuit of happiness. The document brought the states together to act as one, without losing the sovereignty of each state. (The White House 2010a)

The governmental work is split in **three branches**, each of which has its own competencies and duties. This model secures that no branch has too much power on its own. The duties of the **executive branch**, **legislative branch**, and **judicial branch** are creating, implementing, and adjudicating laws, respectively. While fulfilling its task, each branch is balanced by powers in the other two branches: "The President can veto the laws of the Congress; the Congress confirms or rejects the President's appointments and can remove the President from office in exceptional circumstances; and the justices of the Supreme Court, who can overturn unconstitutional laws, are appointed by the President and confirmed by the Senate." (The White House 2010a). The duties passed to the branches are described in the following passages.

#### *Legislative*

The legislative branch is built by the **U.S.-Congress**, which consists of two bodies, the House of Representatives and the Senate. Together, they have the sole authority to enact legislation, declare war, confirm or reject many Presidential appointments and have substantial investigative power. Legislations which are sent to the President for his signature must pass the House of Representatives and the Senate with a majority vote. To override a President's veto a two-thirds voting of each, the Senate and the House, is necessary. (The White House 2010e)

The **House of Representatives** is elected every two years and has exclusively assigned powers: initiate revenue bills, impeach federal officials, and elect a President in case of an Electoral College tie. Their competency only approves appointments to the Vice-President and any treaty involving foreign trade. The proportion of the elected members is based on the respective state's population. (The White House 2010e)

The **Senate** is elected every four years. Its members are 100 Senators, two from each state. They confirm Presidential appointments and ratify trials.

### *Executive*

The executive branch consists of the **President of the United States** and the Vice President, who assumes the President's duties if necessary (The White House 2010c). President and Vice President are elected every four years by representatives of the states, elected through the voters (CIA 2012c). Duties of the President are implementation and enforcement of law, as well as appointments of the federal agency heads and the Cabinet (The White House 2010c).

### *Judicative*

Parts of the judicative branch are the **Supreme Court**, **United States Court of Appeal**, **United States District Courts**, as well as **State and Country Courts**. Members of the Supreme Court are appointed by the President and confirmed by the Senate. (CIA 2012c) Supreme Court judges are appointed lifelong and can only retire or be convinced by the Senate to resign their position. The structure of the Courts is duty of the Congress. It established the United States District Courts judging the federal cases and the United States Courts of Appeal for review of appealed district court cases. The Supreme Court as the federal court overrules all inferior courts. A law interpretation made by the Supreme Court is obligatory for all courts and their particular cases. Local cases are judged by State and Country Courts. (The White House 2010d)

### *State Government*

As already mentioned, the constitution of the United States **brought various states together** as one federal state without the loss of the sovereignty of each state. The Tenth Amendment to the U.S. Constitution gives all power to the states and the people that has not been granted to the federal government. (Schroeder 2006: 313) Therefore, the fifty different states of the U.S. have their own very elaborate constitutions. The state governments' duties are among others police departments, libraries and schools, and driver licenses. (The White House 2010b)

The **structure of the state government** also consists of three branches: legislative, executive, and judicative. In general, the structure of the state government mirrors the federal system. Nevertheless, there are many different forms of organization, so none of the states is identical to any other state. (The White House 2010b)

### **Local Government**

The Local Government is located on the **lowest level of the government hierarchy**. The structure of the local governments is defined by the respective states and all their power is given to them by the states. (The White House 2010b) In addition, the home rule principle makes larger cities more flexible as they are in charge of everything that



has not been explicitly prohibited by the state. In contrast, local governments without the home rule can only act if they received permission from the state. (Schroeder 2006: 321-322) Another way used by federal and state governments to limit local power is re-mitting mandates. "Mandates are rules issued by these higher levels of government that require local governments to perform certain services." (Schroeder 2006: 322). Some higher levels do compensate the lower governments for the mandate-related costs, some do not (Schroeder 2006: 322). The local government cannot be seen in a line with the federal and state government since **municipalities have no legislative competence**; all their powers are given by the state. The local government bodies and councils are elected by the people. (The White House 2010b)

In general, **duties of the local governments** are park and recreation services, police and fire departments, housing services, emergency medical services, municipal courts, transportation services (including public transportation), and public works (streets, sewers, snow removal, signage, etc.) (The White House 2010b).

Local governments can be split into **primary type** and **secondary type**. The primary type includes counties, municipalities, and townships. The secondary type comprises school district governments, and special district local governments. The **counties** provide various public services and are permitted to levy taxes, user charges, and intergovernmental transfers as revenues; **municipalities and town(-ships)** can have the same function at most and also perform a number of public services. They are built of large cities, small towns, and even villages. In contrast, entities of the secondary type, such as school district governments, have an independent board of elected individuals and are allowed to levy certain taxes, receive intergovernmental transfers, and incur debt for education. **Special district governments** are in charge of a limited number of services, e.g. fire protection, water supply, sewage services, and airports. They are completely independent from other local governments and can levy taxes on their own. (Schroeder 2006: 314 ff.) How redevelopment efforts influence district governments will be shown in chapter 6 below.

### 5.1.2 *Political Culture* and Role of the Civil Society in the U.S.

*Political culture* can be researched in a broad range, as described in chapter 3.2. Regarding the present thesis, the citizens' attitude towards the political system is the most important matter. The interaction between citizens and the state determines the output in services provided by government and services provided by non-governmental stakeholders, in particular on the local level. Therefore, the *political culture* presented here, will focus on the characteristics of the relationship between citizens and the government and will end in the detailed presentation of the Civil Society in the U.S., represented by so called 'nonprofits'.

#### 5.1.2.1 *Political Culture*

In the U.S., citizens mainly **distrust the government**. The relationship can be described as "normative anti-statism", which means citizens' attitude is anti-governmental. The support brought to the state is marginal and the state is not seen very helpful in taking care of the common good of the people. Nevertheless, people expect sufficient care by

the government, but are at the same time reluctant to pay for such services. (Gottdiener, Hutchison 2006: 247; Hula, Haring 2007: 65; Stoecker, Vakil 2000: 442, 453)

Moreover, the American society attributes high significance to the **individual**. The citizen and its individual rights are more important than the state. This is described by Peterman: "We are a nation of individualists who like to believe that we can control our own destiny. We are also a nation of organizations or associations, [...]. The mix of rugged individualism, combined with our urge to form into associations of like-minded individuals, leads us to believe that what we strive for as individuals is even more achievable through group association. We look, therefore, to accomplish private goals through group action." (Peterman 2000: 62). Details on the way this group action takes place, for example in nonprofit organizations, are provided below.

The **individualistic society** often functions in contradiction to the governmental aims and limits its options. Governmental long-term strategies interfere with short-term oriented citizens. Tax payments are seen critical by the society, since private profit should not be used for common goods. (Fishman 2000: 3, 5; Gottdiener, Hutchison 2006: 246 ff.)

The following section will discuss how this attitude differs from the German relationship with the government and how this difference influences urban redevelopment efforts. First, the particular role of nonprofits due to this relationship will be introduced.

#### 5.1.2.2 Civil Society, the U.S. Nonprofit Model

As mentioned in chapter 1, the role of non-governmental stakeholders in urban redevelopment efforts is investigated. According to Habermas, actors can be categorized into four groups: state, economy, family, and civil society (Habermas 1992: 443). In the following paragraphs, the civil society of the U.S. will be introduced with focus on nonprofit organizations.

##### *Academic Definition*

Nonprofit organizations are part of and therefore active stakeholders in the **civil society**. They can be described as a set of organizations that is privately constituted but serves some public purpose, such as the advancement of health, education, scientific progress, social welfare, or the free expression of ideas. (Salamon 2002: 7)

Notably, a broad range of expressions is used when speaking of the **nonprofit-sector** in the U.S.: "non-governmental organizations," "not-for-profits", "voluntary sector", "Third Sector", "philanthropic sector", "voluntary agencies", "independent sector", "social sector", "the charitable sector", "collective", and "nonmarket" organizations (Grobman 2004: 13). For the purpose of this thesis, the expression nonprofit will be used.

In general, it is impossible to speak of one particular structure of nonprofits in the U.S. since nonprofits vary extremely in size and orientation. Therefore, it has to be kept in mind that a distinctive nonprofit organization performing civil engagement cannot be defined as such. (Schönig, Hoffmann 2007: 18)

Today's nonprofits have **developed over decades** and are nowadays characterized by their legal standing (including a legal purpose) which makes them formally constituted.

Nonprofits are not part of the government and they have neither stakeholders nor investors. Nonprofits are self-governing, which is implemented by a board of trustees which is legally responsible for the actions of the organization. While being an organization with an organizational structure, the contributions are voluntary to a significant degree. Another important characteristic of nonprofits is that they are serving a mutual benefit. Importantly, every nonprofit organization assigns a mission statement to itself, which shows its motives and objectives. (Grobman 2004: 14-15; Holland, Ritvo 2008: 7, 31; Schönig, Hoffmann 2007: 17)

### *Legal Definition*

Nonprofits are classified as organizations that meet **section 501C of the U.S. Internal Revenue Service's tax code**. More specifically, they are listed under Section 501 (c) (3) of the tax code. Organizations filed under this section have to be active „[...] exclusively for religious, charitable, scientific, or educational purposes“ (Salamon 2002: 7). Nonprofits do not seek profit, however, they can generate surplus which has to be used for the fulfillment of purposes and objectives of the institution and cannot be distributed to any private party. Tax exemption is given to the organizations for fulfilling their missions, which are “[...] expected to serve broad public purposes as opposed to the interests and needs of the members of the organization alone” (Salamon 2002: 7). As a result, they are able to receive tax-deductible donations from individuals and businesses (Grobman 2004: 14; Holland, Ritvo 2008: 4, 31).

### *Distinction Between Nonprofit and For-profit Organizations*

The **legal distinction between nonprofits and for-profits** is given by the United States federal tax code, which defines nonprofits as receiver of tax deductible donations that do not have to pay taxes themselves (Holland, Ritvo 2008: 4). Moreover, there are a number of characteristics that distinguish non- and for-profit organizations (Grobman 2004: 13, 14):

Table 5 - II: Distinction Between Nonprofits and For-Profits

	nonprofits	for-profits
<i>purpose</i>	achieving their mission-goal	making profit
<i>governance structure</i>	community members	business people
<i>income</i>	donations, grants, loans	profit
<i>net revenue/profit distribution</i>	used for fulfillment of purpose	shared out to private parties
<i>public accountability</i>	significant	negligible
<i>products</i>	intangible	tangible

Source: by author

Nevertheless, there are many aspects the two types of organizations have **in common**. For instance, both have to operate in an economically suitable manner to produce positive outcome. Parts of the organizational challenges are: capital necessary for projects; available cash flow to cover monthly costs; revenues needed for rent, equipment, and paid staff. (Grobman 2004: 16)

Compared to for-profit organizations, nonprofits offer a number of **benefits as well as disadvantages**. First of all, exemption from most taxes combined with the tax deductions for donors make them unique. Getting donations is alleviated by the fact that, in the public opinion, nonprofits do support the common good. Additionally, nonprofits have an advantage in grant applications due to their inability to pass on money to shareholders. Conversely, nonprofits face disadvantages in contrast to for-profit organizations. For example, nonprofits are not able to rapidly react to unexpected challenges, since every decision has to correspond with the overall mission. In addition, nonprofits are limited in terms of salaries, whilst for-profit organizations can be more generous in this respect. (Holland, Ritvo 2008: 50)

### *Numbers*

Providing **reliable numbers on existing nonprofit organizations is not an easy task**. Since the data available is incomplete and many of the organizations are very small as well as not incorporated and can therefore easily be missed in official inquiries. (Salamon 2002: 7-8) Hence, the available numbers of nonprofit organizations in the U.S. range from approximately 2 million (Holland, Ritvo 2008: xiii) up to around 8.4 million (Schönig, Hoffmann 2007: 17). It is a fact that most existing organizations were established during the last four decades (Holland, Ritvo 2008: 31). The workforce employed by nonprofits is estimated to be 12 million people and an additional 6 million volunteers (Holland, Ritvo 2008: xiii). Approximately, 43 percent of the known nonprofits are active in health services, 22 percent in education, followed by 18 percent in social services (Salamon 2002: 7-8).

### *Different Kinds of Nonprofits and their Projects*

Like the **undetermined number of nonprofits**, their **different types are not easy to define**. The literature mentions several thousand types in 26 major fields (Salamon 2002: 7-8), however this thesis will describe two models of classification introduced by two authors. While Grobman divides organizations that primarily serve the public versus organizations that primarily serve their members (Grobman 2004: 17 ff), he classifies nine thematic subsectors of nonprofits: religious, private education and research, health care, arts and culture, social services, advocacy and legal services, international assistance, foundations and corporate funders, and mutual benefit organizations (Grobman 2004: 20). Only four subsectors are described by Holland and Ritvo: service providers, advocacy, expressive, community building (Holland, Ritvo 2008: xiii). Nonprofits as service providers, such as health care providers, nursing homes, educational institutions, day care centers, etc., serve public needs that neither the public nor the for-profit sector can cover. In contrast, most American social movements in history and recent times were driven by advocacy nonprofit organizations, for instance civil rights, environmental issues, women's issues, gay rights, progressive and conservative movements, etc. Similarly, people engaged in artistic, religious, cultural, ethnic, social, recreational matters often are part of a dedicated nonprofit organization. Additionally, a subsector of nonprofits, termed community building sector, is an important part of democratic and civil processes serving as associations, charitable foundations, etc. (Holland, Ritvo 2008: xiii; Salamon 2002: 9 ff)

## Role of Nonprofits in the U.S. Society

### *Reason for Existence*

As mentioned above, **nonprofits are mission- and value-driven**. Values include altruism, benevolence, cooperation, community, and diversity. The objective is to achieve social good in their particular field of interest. Altogether, these are the reasons for their acceptance and in particular for the amenities they receive. (Grobman 2004: 5-6) On the other hand, four reasons for their existence are shown by Bennett and DiLorenzo (here in Holland; Ritvo 2008: 26-27): thin markets, public goods, contract failure, and equity promotion. Following their reasoning, for-profits are not interested in any particular business if the existing demand will not be sufficient for making profits (thin markets). Moreover, people in need are not addressed adequately by services they need, which is a result of the existing inefficient political process (public goods). Additionally, if there is service delivered, people are not able to rate the actual quality of the service (contract failure). Furthermore, poor people are not able to pay for the required services (equity promotion). Nonprofits are seen as necessary organizations to fill these gaps. (Holland, Ritvo 2008: 26-27)

American culture adds another reason for the development of this particular form of organizations. American culture shows a **strong dedication to personal freedom** and personal initiatives. Economically and ethically, Americans are individualistic and cherish personal responsibility as well as self-help. Nevertheless, solidarity plays an important role, too, and the awareness of living in a community and therefore being responsible for other community members is ubiquitous. As a result, support is given in different ways by the family, civil, and religious organizations, as well as professional associations, as long as the individual is part of that network. Governmental support is expected only in a few areas (defense, police, highways, emergency, disaster assistance, foreign policy), whereas everything else is not expected from the government and is sometimes even unwelcome if given. Americans commit to private initiatives, which contribute to the provision of the common good. Therefore, almost every American citizen is either actively or passively involved in the nonprofit sector. (Grobman 2004: 8; Holland, Ritvo 2008: 27; Salamon 2002: 3-4, 9 ff.) Salamon (2002: 3) calls this non-governmental infrastructure the "[...] unseen infrastructure of American live".

Following Holland and Ritvo (2008: 31), nonprofits play **five important roles** in the American society:

- "1. They provide services to those in need or programs for those with a specific interest.
- 2. They support innovation, by testing new models of practice, service, and research.
- 3. They are effective advocates in their local communities and among wider constituencies.
- 4. They have enriched the fabric of every community since the earliest colonial days.
- 5. Finally, they have become public resources for information and professionalization of their fields of practice." (Holland, Ritvo 2008: 31)

Nonprofit organizations in the U.S. are of **various types**: hospitals, universities, orchestras, theaters, religious organizations, environmental and civil rights supporters, family and children's facilities, as well as community health and antipoverty organizations active in neighborhood based support. In addition to these basic level organizations, a large number of nonprofits are active on another level, which organizes the financial, technical, and educational **support** for the basic level organizations. (Salamon 2002: 6-7) These larger organizations often operate on the national level to transfer knowledge and instruments between their member organizations. Another supportive sector has developed in the university field. In recent times academic programs have been introduced that teach the technical and instrumental knowhow for future nonprofit organization leaders, because the demand in quantity and quality is expected to grow in the near future. (Holland, Ritvo 2008: xiv)

Considering the **important role** nonprofits play in the U.S. society, the role of nonprofits in relation to the government has to be investigated. Grobman (2004: 5) describes **nonprofits as intermediaries** between government and citizens and acknowledges that they fulfill an crucial task in areas in which the government is unable to provide service. As described by Salamon (1995), nonprofits can also be perceived as **third-party government**, which takes care of services and programs formerly covered by the government itself. Since the government is either unable or unwilling to take care of these sectors anymore, third-parties step in. Since nonprofit organizations cannot provide all services on their own means, they are heavily supported by the government. For this reason, governmental action becomes indirect instead of direct, and authority is passed on to third-party stakeholders. Therefore, traditional hierarchical structures of the state are at stake. Nonprofits can be seen as **semipublic institutions** that show a long history as social service providers (health, education, emergency services, religious services, etc.). As governments began to outsource services, nonprofits were 'first responders' to take over and still are the favorite partners since they have extensive experience in their respective fields. (Salamon 1995: 16, 19, 42-43, 263-246)

The relationship between nonprofits and the government is described by Young (1999: 33, here in Schönig, Hoffmann 2007: 18-19). He developed a relationship pattern in three ways: nonprofits can act **supplementary** (subsidiary), **complementary** (completing), or **adversarial** (antagonistic) to the government. Besides, they can act in all three ways or different combinations thereof. Young describes the supplementary model as high governmental engagement with small civil engagement by nonprofits. Since public goods are provided by the government, nonprofits work only as subsidiary to this offer. The more public goods are offered by the government, the lesser services are provided by nonprofits. Although nonprofits are partners of governments in the complementary model, governments can assign tasks to nonprofits, which are paid for by the governmental partner. Nonprofits in return provide public goods and therefore complement the governmental duties. Both partners benefit from this system since nonprofits are usually more flexible in their structures and can therefore handle difficult tasks more easily than the governmental structures can. Public services increase and decrease at the same pace as governmental money and missions. If nonprofit organizations act adversarial to the government, they try to place their services against or in addition to governmental actions. Public goods provided by nonprofits and by the government are decoupled. Young also states that the entire model can exist in parallel or combined with each other, depending on the demand and structural constitution of governmental



and nonprofit organizations at the time. (Schönig, Hoffmann 2007: 18-19) Salamon's saying serves as a fitting conclusion for governmental and nonprofit relationships: "For better or worse, cooperation between government and the voluntary sector is the approach this nation has chosen to deal with many of its human service problems." (Salamon 1995: 114).

As described, ties between the government and the nonprofit sector are tight. Since nonprofits provide public goods which rarely create profit, they depend on financial **support given by the government**. Consequently, funding provided by federal, state, and local governments makes the largest share of income for nonprofits (other: fees and donations). Salamon puts it this way: "[...] voluntary sector has become the backbone of this country's human service delivery system, and the central financial fact of life of the country's private nonprofit sector." (Salamon 1995: 34). Hence, the share of public services delivered by nonprofits is larger than the share delivered by the government itself and the government provides more funding to nonprofits than it uses for running its own services (Salamon 1995: 34, 82, 90).

#### *Role of Donations and Voluntarism*

Nonprofit organizations in the U.S. are strongly supported not only by the government, but also benefit from the high acceptance and the citizens' willingness to **donate and volunteer**. Billions of dollars are donated each year for the work of nonprofit organizations; for example, in 2004 they received 259 billion US Dollars (USD). Around 80 billion USD went to religious nonprofit organizations and 34 billion USD to educational institutions during that year. While some nonprofits earn much of their income by donations, only 10 percent of the donors provide 90 percent of the total amount. U.S. Americans are committed donors, since 80 percent of the citizens donate to nonprofits. (Holland, Ritvo 2008: 210, 211, 218) Remarkably, organizations have been established that give advice in donation and giving, for example the Wise Giving Alliance by the Better Business Bureau ([www.give.org](http://www.give.org)). Additionally, tax exemptions play an important role in the donation field. Contributors can deduct their donations from their federal and state income tax. Therefore, nonprofits can be considered as being supported by the tax payers, as well. (Grobman 2004: 6-7)

Moreover, people in the U.S. not only donate a lot, but also volunteer to an extraordinary extent. This **voluntary work benefits nonprofit organizations**, since they rely on volunteering staff and partners as well as short-time support by volunteers for special events. In numbers, more than half of American adults volunteer an average of 3.5 hours each week within nonprofit organizations. (Grobman 2004: 8-9; Salamon 2002: 9 ff.) Holland and Ritvo state: "When challenged, people in this country rise to fulfill needs." (Holland, Ritvo 2008: 2).

#### **History of Nonprofits in the U.S.**

The **roots of American civil engagement**, today present in the huge nonprofit sector, can be found in Alexis Toqueville's writings about his visit to America in 1835. Developed as social skill during a time of barely existing government structures, early settlers organized community issues in a collective manner. Moreover, the self-help structures were built in opposition to European structures of strong governmental and monarchical influence. (Grobman 2004: 5; Holland, Ritvo 2008: xiii, 16; Peterman 2000: 42) He clearly

distinguishes the American from the European way: "Wherever at the head of some new undertaking you see the government in France, of a man of rank in England, in the United States you will be sure to find an association." (Holland, Ritvo 2008: 19). As already mentioned above, Americans do not rely on the government, but rather prefer to group into organizations and arrange things on their own. A lot of Americans even mistrust the government. Therefore, citizens see themselves as active citizens, that take care of their own needs and (through organizations) of the need of their neighbors. (Holland, Ritvo 2008: 16; Peterman 2000: 62)

Nonprofits started to exist when the first European settlers arrived in the U.S. and they still exist today. Nevertheless, the **role nonprofits play has changed over time**. Since the government was small and weak, nonprofits started being responsible for almost everything. Private people organized hospitals, education, housing support, religious organizations, etc. At the beginning of the 20<sup>th</sup> century, various crises hit the U.S., for instance the Great Depression in 1930. To calm the situation down and since nonprofits could not provide the necessary support, the government stepped in and started to provide public goods. However, the government was still collaborating with the existing nonprofits, to benefit from their experience and their existing structures. After the depression, the government backed out again until it regained importance in the 1960s. During the 1970s, the government withdrew from the support system and has stayed relatively distant from active help until present days, apart from the established federal help system, like Social Security, Medicare, etc., established during the last decades. However, despite strong governmental involvement, most of the bread-and-butter work with those in need is done by nonprofit organizations – with varying financial support provided by the government. (Holland, Ritvo 2008: 23, 30; Salamon 2002: 5; Salamon 1995: 33; Schönig, Hoffmann 2007: 19 ff.)

**Current developments** pose new challenges to organizations. Due to decreased governmental support, nonprofits face financial shortages, and at the same time increased competition as well as technical challenges, while expectations have grown over the recent years. The more problems people face in their lives (losing jobs, tight markets, financial crisis, etc.), the more they turn to nonprofits for support, whereas only little support is expected from the government. (Holland, Ritvo 2008: 26; Salamon 2002: 22)

### 5.1.3 Planning System in the U.S.

#### Statutory Framework

The next chapter will show how the planning system in the U.S. works. As already mentioned above, concepts vary strongly in the U.S. and every state has its own constitution that is quite different throughout the states. To be able to present an adequate insight into the planning system, this thesis will discuss only one state. The focus of the discussed redevelopment efforts lies on the Californian model. Therefore, the Californian planning system and culture will be introduced.

#### Planning Levels and Competencies

##### *Federal*

In the U.S., **no central competencies** are held by a federal planning department or planning agency (Hoch et al. 2000: 8). The U.S. governmental system has no strong



central power, but confers most power to the states. This is also the fact for planning issues. (Cullingworth, Caves 2009: 17)

**Planning competencies are granted to the states** by the Constitution: "The Tenth Amendment of the Constitution states that any powers not specifically granted to the federal government in the Constitution are reserved by the states." (Fulton, Shigley 2005: 67). Among those powers are police powers, which comprise the protection of health, safety, morals, and welfare of the public. Given that the land use regulation by the government is related to these aforementioned matters, the state government is responsible for the land use regulation as a part of police powers. (Fulton, Shigley 2005: 67)

Nevertheless, the federal government has **indirect influence** on the planning process, as the congress on the federal level is responsible for making laws, which touch the planning level (Fulton, Shigley 2005: 80-83). For example, the federal government gives mandatory guidelines for environmental matters. Therefore, many national programs, policies, and regulations include planning requirements. The Environmental Protection Agency and the U.S. Department of Housing and Urban Development (HUD) for instance require, fund, and evaluate planning guidelines and commandments. (Hoch et al. 2000: 8)

In addition to indirect influence, the federal government also has **direct impact** on the planning at lower levels. Often, planning of the state and the local governments must comply with federal guidelines. In order to be eligible for federal power and funding programs as neighborhood redevelopment, affordable housing, etc., planning purposes must follow federal statements. Federal court decisions are another strong impact factor on local planning. (Hoch et al. 2000: 8)

### *State (California)*

**Planning competencies** lie on the state level and are passed over to the cities and counties in most parts. Nevertheless, the Californian government established the procedural structure and planning approaches. In California, local planning is based on state law 'Californian Government Code Sections 65000 et seq.'. The code includes laws regulating land-use for the local governments. California laws and acts form the framework for (local) planning procedures. It is the duty of local governments as cities or counties to create a suitable local planning process within the state framework. (Fulton, Shigley 2005: 80-83, 86; State of California 2001: 1)

The California government seldom influences **planning decisions on the local level** directly, such as land-use planning or development decisions. Based on the state law, local decision makers get their own rules and policies to regulate the urban areas. (State of California 2001: 1) Direct state-influence on local planning projects in California only occurs in case of important issues such as growth management. In that case, the state establishes state-wide programs, which affect the local planning procedures. The state government is involved in larger problems and intervenes if significant enough problems on local levels appear. (Hoch et al. 2000: 8)

**Cooperation** between local, regional, state, and federal agencies takes place as it is required by certain laws and funding programs. In general, no formal coordination is established. (Fulton, Shigley 2005: 86)

### *Local*

The formation of local governments is permitted and authorized by the state governments (Gottdiener, Hutchison 2006: 232). **Power is delegated to the cities** by Article XI, section 7, Californian Constitution: "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws." (Fulton, Shigley 2005: 67). The state also provides authorization for planning and establishes the procedural structure. Hence, planning matters are and have to be done on local level. On the one hand local governments are responsible for specific issues; on the other hand they are flexible in how they fulfill the policy directions. The enforcement of planning laws is handled via citizen enforcement. (Fulton, Shigley 2005: 86; Hoch et al. 2000: 8)

On the local level, the following actors are involved in spatial planning.

- Planning Department/ Agency: The authority, including planning staff and a planning director, prepares the planning decisions of the legislative body. Professional planners work out recommendations for planning decisions and prepare appropriate information. The planning department is responsible for the implementation of planning. (Cullingworth, Caves 2009: 21; Fulton, Shigley 2005: 69-71)
- Legislative Body / Council: The (City) Council as legislative body mostly consists of five to seven members and is responsible for legally binding planning decisions such as plans and ordinances. (Cullingworth, Caves 2009: 21; Fulton, Shigley 2005: 69-71)
- Hearing Bodies: Hearing Bodies assist the council in planning matters. Numbers and responsibilities vary from town to town, as a few examples show:
  - o Planning Commission, consists of five to seven members, selected by legislative body appointment (holds hearings and makes recommendations to the legislative; considers general plan and specific plan amendments, zone changes, and major subdivisions) (Cullingworth, Caves 2009: 21; Fulton, Shigley 2005: 69-71; State of California 2001: 2)
  - o Zoning Adjustment Board (appeals; considers conditional use permits, variances, and other minor permits) (Cullingworth, Caves 2009: 21; State of California 2001: 2)
  - o Architectural Review or Design Review Board (reviews projects to ensure that they meet community esthetic standards) (State of California 2001: 2)

Hearing bodies can assist the legislative bodies by advising them in planning matters. They can also get the power of approving proposals on behalf of the legislative body. Nevertheless, the final decisions on policy matters as zoning change and amendments to the general or specific plans still remains with the legislatures. (State of California 2001: 2)

**Responsible for the local quality of life**, local governments have to deal with the topics of growth and change, the reduction of inequities for citizens, and also the well-being of urban neighborhoods. (Gottdiener, Hutchison 2006: 231-232)

With regard to planning issues, local governments are responsible for (Fulton, Shigley 2005: 65; State of California 2001: 2):

- Overall land use plan/ general plan/ land use planning
- Development plan/ specific plan
- Zoning
- Subdivision
- Building permits
- Development approvals
- Environmental review

Fulfilling their work, municipalities can make **three types of government decisions**: *Legislative Acts* are passed by city council and include general policy decisions as general plan revisions or zoning ordinances. They can be subject to initiative and referendum. Planning commissions implement discretionary policy as conditional use permit or zoning variances. In contrast to Legislative Acts, these *quasi-judicial acts* are not subject to initiative and referendum. *Ministerial acts* are another type of government decisions. Approved by planning staff, they deal with nondiscretionary policy to individual projects, including building or other permits on selected projects. Similar to quasi-judicial acts, decisions cannot be subject to initiative or referendum. (Fulton, Shigley 2005: 70-71)

### Participation

**Participation processes** are required by state law during most planning processes. **Public hearings** are held to inform citizens about new plans or the adaption of existing general plans, for instance. The local residents have the chance to contribute their input to the planning. At the end of the public hearing, the planning commission decides about the testimonies. If only smaller changes are made, information has to be **mailed** to the neighboring inhabitants and has to be **published** in the local newspaper. (State of California 2001: 2)

#### 5.1.4 Conclusion

The **context information** provided above should aid in getting a better understanding of the background, in which redevelopment takes place in the U.S. Starting with the **governmental system**, the differences between the federal and state level to the local level were introduced. While the federal government originates from the federation of the states, not all power was transferred to the federal level. State governments are still strong, as designated in the constitution. This is also the reason for countless different regulations and laws in the different states of the U.S. The local level does not have legislative power and it depends on the regulations given by the federal and state governments. Nevertheless, duties of the municipalities are various and always focusing on the public good of the city or county.

The *political culture* of the U.S. was then introduced, focused on the relationship between the citizens and the government. When compared to for example Europeans, U.S. citizens can be regarded as anti-governmental. They generally do not embrace government involvement, but rather take things into their own hands if possible.

This mindset also plays a role as reason for the **strong civil society active in the U.S.** **Nonprofits** as introduced above, are heavily supported by Americans by donations and/or time. Historically, this active nonprofit sector originates from the time, when a weak government could not provide social services which were instead taken over by these entities that started to work for the common good. Every nonprofit follows its own stated mission and has regulations to keep the organization running. In contrast to for-profits, nonprofits are not allowed to distribute potential profit to their stakeholders, but have to use it for fulfilling their mission. Since the purposes of nonprofits vary strongly, every organization looks different. Nonprofits are funded by donations or loans, but also by governmental grants, in particular if they work on projects which contribute to the common good (hospitals, etc.).

The **planning system** of the U.S. can be split into three levels: federal, state, and local level. However, the federal government does not possess competencies in planning, but can only influence planning in an indirect way, such as grants which provide funding for particular issues (for instance housing). Planning competencies lie at the state level, but are passed on to the local level in most cases; however, state-wide topics, like coastal management, are generally exempted. Planning matters are done on the local level, guided by the procedural structure given by the state. Citizen participation procedures take place in all planning processes.

The studied context fields followed **Friedmann's approach of institutional settings** that should be considered in comparative research. Therefore, the subsequent levels were investigated: form of government, differences in *political culture*, and different roles of civil society. In addition with the planning system, this provides useful background knowledge on *culture* in the U.S. which has to be kept in mind during the research on redevelopment.

## 5.2 Introducing: Federal Republic of Germany

Table 5 - III: Facts Germany

OFFICIAL LANGUAGE	German
CAPITAL CITY	Berlin
FORM OF GOVERNMENT	Democratic-parliamentary federal state
ADMINISTRATIVE DIVISIONS	16 states
HEAD OF STATE	State President Joachim Gauck
HEAD OF GOVERNMENT	Federal Chancellor Angelika Merkel
AREA	357,104 sq km
POPULATION	81.8 million (2011)
DENSITY OF POPULATION	229 inhabitants per sq km
GROSS DOMESTIC PRODUCT (GDP)	\$3.139 trillion (2011)
GDP per capita	\$38,400 (2011)
LEGAL SYSTEM	civil law system

Sources: CIA 2012b; Deutsches Auswärtiges Amt 2012



Figure 5.2: Map Germany

Source: CIA 2012b

### 5.2.1 Form of Government in Germany

The basis of the structure of the German state is the 'Grundgesetz' (Basic Law). It came into force in 1949, was adapted after the German reunion in 1990, and works as a constitutional document. (Scholl, et al. 2007: 12)

The 'Grundgesetz' (GG) gives Germany a federal conception of the state and defines the federal state as democratic and social (Art. 20 GG). The structure of the state is domi-

nated by a horizontal as well as a vertical separation of powers. Germany is horizontally separated into three branches (legislative, executive, and judiciary) and vertically into 16 states, each of which has its own constitution. (Scholl, et al. 2007: 12)

### Horizontal Separation

The **legislative** is responsible for creating laws, which are enforced by the **executive**, which is at the same time monitored by the legislative. All laws are controlled by the **judiciary**, which is independent from the two other forces. Germany has a civil or statute law system that is based on Roman law with some references to Germanic law. (bpb 2011)

**Legislative:** 'Bundestag' (Federal Diet) and 'Bundesrat' (Federal Council). 'Bundestag' is elected through the people in direct elections that take place every four years. The 'Bundesrat' represents the governments of the sixteen states. Its members are all members of the state cabinets. (bpb 2011)

**Executive:** The task of the 'Kanzlerin' (Federal Chancellor) and the 'Bundeskabinett' (Federal Cabinet) is to implement the laws. The Federal Chancellor is elected by the Federal Diet and designated by the 'Bundespräsident' (State President). The Chancellor nominates the Federal Cabinet which is also designated by the State President. The members of the Federal Cabinet are also members of the Federal Diet. Three equal parts of the executive represent the federal, state, and local authorities. (bpb 2011)

**Judiciary:** The Federal Diet and Federal Council elect the 'Bundesverfassungsgericht' (Federal Constitutional Court), which is responsible for supreme court decisions. The court system is based on different levels and responsibilities. Parts of the court system are courts of the states and five federal courts with particular responsibilities. (bpb 2011)

### Vertical Separation

The German constitution defines a structure based on the Principle of the Federalistic Structure of the state and the Principle of Subsidiarity.

#### *Principle of the Federalistic Structure (Art. 73 GG)*

The federalistic structure assigns competencies to different levels. Duties of the federal administration are issues of national importance, such as foreign affairs, defense, national budget, and parts of environmental and infrastructure politics. The states have administrative and political power in their territories, covering fields such as education, home security (police e.g.), and arranging of the municipal self-administration. Further information dealing with split responsibilities will be given below while describing the planning system and competencies.

#### *Principle of Subsidiarity (Art. 28 (2) GG)*

Through the Principle of Subsidiarity, political decision making is assigned to the lowest level. As long as possible, decisions should be made at the level of municipalities. If there are problems or tasks that cannot be managed on local level or it seems to be more effective to solve them on a higher level, actions can be taken by the state level. The same mechanism applies between the state and the federal level. (Scholl, et al. 2007: 17)



### 5.2.2 *Political Culture* and Role of Civil Society in Germany

#### *Political Culture*

As mentioned in chapter 3.2, *political culture* research began with the study of Almond and Verba in 1963. This also marks the beginning of *political culture* studies in Germany. Due to its history during World War II and the split into two independent states, Germany was an interesting case study for Almond/Verba. Resulting from their distinguished categories, **West-Germany was seen as part of the subject culture**. After the Nazi regime and the collapse of the state at the end of the war, German citizens did not engage in political activities and did not have a strong belief in the government, at all. (Almond, Verba 1989; Gabriel, Neller 2010: 57, 68 ff.; Greiffenhagen, Greiffenhagen 2002: 393-394)

Throughout the following decades, the Federal Republic of Germany was researched and classified in various studies. After the German reunion with the German Democratic Republic in 1989, the **process of the reunion** and the different cultural backgrounds of the merging countries were of great interest and are therefore well researched. Due to 30 years of different political education in different state systems, many differences that originated from this time still exist. They are forecasted to persist at least for the lifetime of the current generation, which witnessed the German Democratic System. In contrast, a convergence of the *political cultures* is expected for younger generations. (Gabriel, Neller 2010: 71 ff., 77; Greiffenhagen, Greiffenhagen 2002: 395 ff.)

Today's German *political culture* can be described as participative culture instead of the former subject culture. This is mainly based on developments over the last decades, which consisted of: increased interest in politics, higher acceptance of the political system, growth of participation in politics, and stronger relationships with the political system. Citizens are neither very interested in politics nor totally disinterested. In contrast to *political cultures* of other countries, the German culture is closely attached to Germany's economic strength. The economical growth after World War II supported the acceptance of the new democratic system among German citizens. Still, politics tend to receive better approval, if the economical situation is stable or growing. Deficits of the German *political culture* are seen in the missing plurality in political discussions, moderate conflict management skills, as well as its still formative history of authoritarian tradition. Regarding the thesis, insight into Germany's *political culture* will be completed with a closer look into the role of the civil society in Germany. (Andersen, Woyke 2003; Gabriel, Neller 2010: 80, 89)

#### **Civil Society**

As displayed above, civil society (*'Zivilgesellschaft'*) is a distinguishing factor in a country's overall culture concept. Civil society's role in the state and in the society gained attention during the last decades. Notably nowadays, in times of decreasing governmental funding for duties of the welfare state, *'Zivilgesellschaft'* is asked to help out, as is the case for example in the governmental funded redevelopment program *'Soziale Stadt'*. However, before addressing the chosen example of the thesis, the overall role of civil society in Germany will be described. (Roßteutscher 2002: 615; Schöning 2011: 33.f)



The German civil society consists of different stakeholders and entities. Unions ('Ver-eine') and associations ('Verbände') are the most common form of organizations in the German '*Zivilgesellschaft*'. The terms are often used interchangeably. Generally speaking, civil society can be subdivided into six fields: economy and employment; social life and health; culture, education, science, and religion; leisure and recreation; politics; environment. Each of the fields has different purposes and a varying number of members. Accordingly, the activities of associations vary greatly between political lobbying, religious service, or health care, as well as primarily sports and leisure events. Likewise civil society organizations can have very diverse legal statuses. There are unions being economical or conceptual as well as vested or not vested with legal capacity. Most of the entities are nonprofit organizations and conceptual as sports clubs, art societies, and other leisure unions, which possess the biggest number of members. Other big shareholders are trade unions and professional organizations. In 2001, a survey showed a total number of 544,701 registered associations in Germany (39,6 % sports, 17,4 % leisure, 13,3 % social, 11,4 % cultural). (Roßteutscher 2002: 614 ff.) Numbers of unregistered associations might be even higher. In general, the number of active stakeholders in the civil society quintupled since the 1960s. Differences exist between the eastern (21% of population) and western (50% of population) part of Germany. As already mentioned, due to the stability of the German political system, there is a potential for a stronger role of the civil society. (Hassemer 2010; Roßteutscher 2002: 614 ff.; Straßner 2010)

Looking more closely at the civil society in planning at the neighborhood level brings about a few more interesting aspects about the German situation. Moreover, the importance of '*Zivilgesellschaft*' in planning can be witnessed in its support of planning practice and successful collaborations. (Altrock 2007: 248)

Overlaps between planning and the '*Zivilgesellschaft*' exist due to their local focus. Both entities meet during participation processes in planning or during their involvement in common projects. Collaborations exist between 'Quartiersmanagements' and housing companies or in initiatives for neighborhood-based projects like traffic reduction measures or new playgrounds, for example. Neighborhoods are seen as perfect area for civil society activities, since problems are tangible, stakeholders are close, and funding needs are more manageable than in case of larger scale projects. Moreover, the influence of the regulative federal state is distant, so informal participations can be built. In comparison to the government, nonprofits tend to be more flexible, creative, and innovative. Moreover, they are considered to support local ties, to support local human capital, as well as to activate economic sources. These new partnerships and local approaches involving the '*Zivilgesellschaft*' are acclaimed as a new solution for problems like unemployment, poverty, and segregation. (Grell, Sambale 2001: 1) A change in duties and abilities of the welfare state made such new approaches and involvement of additional stakeholders necessary. Decreasing funds force the state to transfer power to stakeholders substituting former governmental efforts. Nonprofits are seen as useful and strong actors to fill this gap. (Altrock 2007: 242-243., 248; Grell, Sambale 2001: 1; Schöning 2011: 55; Schöning, Hoffmann 2007: 14)

Although participation processes in planning have increased since the 1970s, no strong participative civil culture has been established. The strong role of local municipalities in providing public goods discouraged civil society actors to get actively involved in activities other than protest against governmental actions. In 1990, the 'Soziale Stadt'

program started, which was dedicated to establish strong and self-supporting neighborhoods based on the collaboration with citizens as well as nonprofits. Why and how this goal could not be achieved will be explained in chapter 6.1. (Foljanty 2007: 221; Schönig 2011: 55)

The **government can act as supporter** of nonprofit activities by tax incentives or grant provision. However, these measures have to be taken on the state level, whereas collaborations mostly take place between local governments and nonprofits on the local level. The mentioned 'Soziale Stadt' program is an example for successful state funding for local areas, even though there is room for improvement regarding the activation processes. (Altrock 2007: 239; Schönig, Hoffmann 2007: 13)

**Nonprofits** particularly active in neighborhood enhancement are housing companies, citizens' action committees, foundations (local and national), unions, clubs, churches, etc. Citizens also group into initiatives dealing with particular topics, such as economic collaboration, building or enhancement of free space, improvement of traffic situation, school issues, and so on. These initiatives are locally based and are active in their neighborhood. Recent trends also show the development of so called 'Bürger-Stiftungen' (community foundations), which focus on the improvement of their respective area and consist of members from the neighborhood. Funding is based on donations, but still does not allow for the implementation of large projects. Nevertheless, the number of community foundations is growing and they are considered to be a promising approach. (Becker 2012) Another kind of foundations is active in the neighborhood as well, albeit these are national level entities. In Germany for example, the 'Bertelsmann Stiftung' (<http://www.bertelsmann-stiftung.de>) or the 'Montag Stiftungen' ([www.montag-stiftungen.de](http://www.montag-stiftungen.de)) are active supporters of local initiatives and projects. While the initiative of the foundations is seen as helpful, they are also criticized for asserting their interests in the neighborhoods. (BMVBS 2012d: 64; BMVBS 2012e: 4)

Importantly, the approach of activating nonprofits faces **obstacles** as well. First of all, distressed neighborhoods often do not possess active civil societies and are therefore barely able to activate their citizens to participate in such activities. This is due to the low economical power and substantial problems the inhabitants face. Even if there are people who are able and willing to participate, these inhabitants mostly do not represent the majority of the neighborhood. (Altrock 2007: 247-248; Lanz 2009: 219) As Schönig and Hoffmann put it "The social ability of being part of the civil society is unequally distributed." (Schönig, Hoffmann 2007: 13). Another fact is that participation in the '*Zivilgesellschaft*' cannot be enforced and in the worst case, certain groups or people could even be excluded from public goods that are provided by nonprofits. Moreover, coordinated efforts of governmental and nonprofit actors in redevelopment are desired, but still are afflicted with the differences in goals, interests, and instruments. (Altrock 2007: 237; Grell, Sambale 2001: 1; Schönig 2011: 17)

In spite of all obstacles, nonprofits' contribution to neighborhood enhancement is promising for the **future**. The early participation and activation of local citizens is still seen as an important factor for successful redevelopment. It is anticipated, that the willingness to participate in projects dealing with the own living environment is particularly high. Expectations are high and opportunities to take over former governmental duties are endless. Nevertheless, more research on and experience in the ways and methods of nonprofits that are active in former governmental duties is necessary. Additionally, it is

not clear yet, which duties can be taken over by the '*Zivilgesellschaft*' and which services for the public must remain with the government. On the other hand, it is certain that the state is ultimately responsible for the provision of public goods and civil society cannot act as makeshift for gaps in the governmental budget. In terms of neighborhood redevelopment by the '*Soziale Stadt*' program, regulative guidelines for enhancement as well as financial incentives given by the government will remain important and non-substitutable. The future will show the direction of governmental and nonprofit contribution to the provision of public goods and neighborhood enhancement. (BMVBS 2012e: 4; Franke 2011: 35; Schönig 2011: 20; Schönig, Hoffmann 2007: 11, 13, 15-16)

### Corporate Social Responsibility

One particular instrument seems to be promising on this way into the future of non-governmental duties: **Corporate Social Responsibility (CSR)**. CSR is specified by the European Commission as "[...] the responsibility of enterprises for their impacts on society." Moreover, "To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations [...]" (European Commission 2011: 6). The understanding of CSR is split into the internal and external dimension. Internal dimension includes: human resources management, safety at work, eco friendliness, and natural resources management. External dimensions of CSR in companies are: local communities, business partners, supplier and user, human rights as well as the protection of the global environment. CSR originates from the U.S. but is presently in the process of being established in Europe. (Europäische Kommission 2001: 9 ff.)

Regarding neighborhood redevelopment, **CSR already plays an important role** during enhancement in the U.S. for which the external dimensions of CSR are most relevant. Many local companies are aware of their particular role in the neighborhood and want to participate in the improvement of their surroundings. The embedment of the companies in their direct environment is seen as chance as well as obligation for participation in ongoing processes. Their local environment provides employees necessary for the company, while the company is an important employer for the local inhabitants. Moreover, the local area potentially serves as the direct market for products. Attractive neighborhoods are therefore important for local businesses to attract to customers. As stated above, CSR activities also have a local dimension, being part of the external dimension. If these local dimensions are made accessible, they can mutually benefit both, the business as well as the neighborhood. (Europäische Kommission 2001: 12-13; Loew et. al. 2004: 47)

Comparing U.S. and German CSR activities on the neighborhood level brings to light significant differences. **German companies already participate in CSR activities**, albeit these are mainly national and international projects rather than local neighborhood approaches. Various firms publish CSR reports, which present their activities in the field of social sustainability, for example the Deutsche Bank (Deutsche Bank 2011). Moreover, they display their activities on CSR sections of their homepages (<http://www.deutsche-bank.de/csr/index.htm>). While projects for international cultural events and disaster management dominate the reports, local approaches are rare. One explicit example of CSR activities supporting neighborhood projects in Germany is the initiative „Deutschland - Land der Ideen“ (Germany - Land of Ideas) (<http://www.land-der-ideen>).

de/en). The initiative is based on a collaboration of German companies and is steered by the German government. In particular, the project "365 Orte" (365 places) annually awards innovative and sustainable neighborhood projects (<http://www.land-der-ideen.de/365-orte/365-orte-im-land-ideen>) (Land der Ideen Management GmbH 2012). Besides this initiative, neighborhood-based projects are not very abundant among German companies, even though sustainability starts locally and therefore more attention should be paid to the local environment.

**Stronger local focus** and participation by businesses exists in the U.S. than in Germany. In the U.S., for example local banks are requested by law to support local initiatives, by the Community Reinvestment Act (CRA), which will be described below. In addition, other local businesses support neighborhood activities without a legal demand. CSR is seen as useful tool for businesses, as running projects on the local level also supports a positive public image of companies. In contrast, this view is not common in Germany, yet, but German companies are on a promising way in joining the concept of CSR, even if there still is a need for improvement on the local level. (Söpper 2012: 13) The quote of Bank of America might help German businesses to follow into the right direction: "By partnering with local community leaders, we identify priorities in each market we serve and determine how our charitable investments can have the greatest positive impact in those neighborhoods." (Bank of America 2011: 45).

### 5.2.3 Planning System in Germany

#### Statutory Framework

Legal foundations of the German planning system are the planning law ('Raumordnungsgesetz') and the building law ('Öffentliches Baurecht'). Parts of the 'Raumordnungsgesetz' are the 'Raumordnungsgesetz (ROG)' (Regional Planning Act) and the planning laws of the states. 'Öffentliches Baurecht' consists of 'Bauplanungsrecht' and 'Bauordnungsrecht'. 'Bauplanungsrecht' (zoning law) also called 'Bauleitplanung' (urban land-use planning) rules the use of land. 'Bauordnungsrecht' (building order) also called 'Bauaufsichtsrecht' (planning control law) enforces the legitimacy of the buildings with respect to type and structure. Urban land-use planning gives fundamental permit where and what to build, while the building order gives the planning permission and authorizes the shape of the building. Both laws form the basis for the planning and building process. (Wickel 2007: 8) Zoning law is based on the 'Baugesetzbuch' (BauGB) (Town and Country Planning Code), the 'Baunutzungsverordnung' (BauNVO) (Federal Land Utilization Ordinance), and complementary regulations. Building orders of the 'Länder' are also part of the federal building order. Besides the planning and building law, the so called 'Fachplanung' (sectoral planning) exists on federal and state levels. Sectoral planning also has sectoral specific laws. (ARL/ Nordregio/ BTH 2001: 167)

#### Planning Level and Competencies

##### *Formal Structure*

Competencies in the German planning system follow a **hierarchical structure**. As described above, it is the same structure as in the administrative system. The highest planning level is the federal government, which only has a rather indirect planning authority. This is framed by the regulations of the competing legislature subject to

Article 72 and Article 74 German Basic Law ('Grundgesetz'). Besides, state and even regional governments have their own planning authority in their territories. While federal authorities can only suggest planning actions and give incentives through programs and funding, states and municipalities are obliged to develop plans for their territories. The main competencies of planning therefore lie on the local level. This is due to the Principle of Subsidiarity (Art. 20 (1) GG) that grants the local authorities those competencies, that can be handled on the lowest level. Importantly, the European Union gains increasing influence on planning decisions through the European Spatial Development Perspective (E.S.D.P.) and by allocating funds for different planning projects. (Scholl, et al. 2007: 22)

Further **principles** that affect planning matters are marked by the planning sovereignty of the municipalities, fixed in the constitution as part of the local self-government (Art. 28 (2) GG in conjunction with § 2 (1) BauGB). Moreover the municipalities have to fulfill their planning obligations (§ 1 (3) 1 BauGB) and conform to the principle of countervailing influence (§ 1 (3) ROG).

### *General Spatial Planning*

#### Federal Planning Level

The federal planning is the **highest planning level** and issues conceptual strategies. This position is legitimated by the German Federal Regional Planning Act ('Bundesraumordnungsgesetz' (ROG)). Part of the federal government's work is creating development guidelines for the whole federal area. These guidelines include general German planning conceptions as well as aims and principles of the European spatial development (§ 18 ROG). The German Federal Regional Planning Act is not legally binding, but consists of aims, basic principles, and general principles. (Scholl, et al. 2007: 22)

In charge for federal spatial planning is the **Federal Ministry of Transport, Building, and Urban Development** ('Bundesministerium für Verkehr, Bau und Stadtentwicklung' (BMVBS)). In addition, the Conference of Ministers for Spatial Planning ('Ministerkonferenz für Raumordnung' (MKRO)) exists, whose duty is to support the federal and the state government when facing general spatial planning questions. (BMVBS 2010)

#### State Planning Level ('Länder')

Strategies for spatial development on the state level are laid down by the states themselves in the form of a **state development plan** ('Landesentwicklungsplan'). This plan incorporates all federal guidelines and shows how these guidelines are met at the state level (§ 8 ROG). Moreover, the state strategies and planning conceptions for the lower levels are shown in the state development plan. All sixteen state development plans are coordinated by the MKRO. (Scholl, et al. 2007: 24)

#### Regional Planning Level

Regional spatial planning connects the **state planning level and the local planning level**, which prepares appropriate plans for its territory (§ 8 ROG). Regional spatial planning accompanies and coordinates interdisciplinary and supra-local planning issues. Targets of the state are concretized on the regional level and are adjusted with local planning needs and conceptions.



Regional planning principles are fixed in **regional development plans** ('Regionale Raumordnungspläne'). The responsibility for special planning duties differs in all states, since it is part of state law. An obligation to establish regional planning units does not exist (§ 8 ROG). (Scholl, et al. 2007: 26)

#### Local Planning Level

Besides the aforementioned higher planning levels, the local land-use planning on the municipal level exists. Every municipality is responsible for preparing **local planning guidelines and rules**. In account with their planning sovereignty, the municipalities are accountable to prepare, govern, and control any kind of land use on their territory. The local governments have to guarantee sustainable settlement development and socially fair land use, in order to support the common good. Hence, the local planning level is bound to regional, state, and federal planning guidelines. Thereby, higher planning levels ensure that each authority down to the local level obeys common goals of spatial development. Main functions of urban land use planning are: guarantee of an orderly urban development, coordination of sectoral planning, integration of different local planning projects, and limitation of the building license. (ARL/ Nordregio/ BTH 2001: 176; Scholl, et al. 2007: 28)

#### *Sectoral Planning*

In addition to the German general and area related planning structure as shown above, a field of sectoral planning exists that - like the aforementioned plans - is bound to the German general urban planning strategies (§ 17 ROG). Sectoral planning issues are not directly territory-related, but concern special, independent planning topics. Two different types of sectoral planning can be distinguished: **area-related sectoral planning and project-related sectoral planning**. Landscape management, water management planning, transport planning, and air pollution control planning are part of area-related sectoral planning, while street planning, airport planning, and waste disposal site planning show examples of project-related sectoral planning. Sectoral planning is focused on developing defined objects or projects. Legal basis of this part of planning are federal and state sectoral planning laws, for example the Federal Highway Act. (Langenhagen-Rohrbach 2005: 54 ff.)

#### Participation and Informal Planning

In Germany, every preparation of any spatial plan comes with **mandatory participation processes**. Citizens and involved governmental as well as other institutions have to be informed and have to get the chance to contribute to the plan. Therefore, participation processes differ from formal written information, which is sent to the involved parties or is provided at the local municipality or online. Moreover, meetings and public presentations take place to inform citizens and to activate them to contribute to the planning process. (Scholl, et al. 2007: 28 ff.)

In addition, a growing number of **informal planning processes** exist in Germany, which promotes the participation of local inhabitants, businesses, and institutions. Informal processes mostly focus on local topics and challenges, which need fast solutions. These processes provide an alternative to the strongly regulated planning processes. (ARL 2005: 466-467)

#### 5.2.4 Conclusion

In order to get a better understanding of the background, in which German redevelopment takes place, some context information has been provided above. Beginning with the governmental field, Germany's federal state system was introduced. Besides the horizontally splitting into legislative, executive, and judiciary, the vertical structure constitutes the German state system. In particular, the principle of subsidiary shapes the **governmental system**.

*Political culture* is influenced strongly by history and particularly by the division as well as reunion of the Federal Republic of Germany with the German Democratic Republic. *Political culture* developed from subject culture to participation culture, but differences between the eastern and the western parts of the country still persist.

The role of Germany's '*Zivilgesellschaft*' (civil society) has gained importance recently and is still expected to take over new roles and duties due to the decrease of public goods provided by the government. Civil society consists of many different organizations and fields, which vary in size, focus, and range. In the planning field, particularly on the neighborhood level an increase of active stakeholders of the '*Zivilgesellschaft*' exists. Local initiatives by nonprofits focus on neighborhood tasks and often collaborate with existing planning structures, like 'Quartiersmanagements' in the 'Soziale Stadt' program. Governmental funding and support is regarded to be important and non-substitutable for local initiatives. Obstacles for local work of the '*Zivilgesellschaft*' lie in the weakness of the neighborhoods to participate in these voluntarily efforts. Furthermore, active nonprofits often face the allegation of lacking democratic legitimation. Nevertheless, civil society will be an important partner for local planning in the future, despite its yet unclear relationship with the government and its services.

A brief insight was also given into **Corporate Social Responsibility (CSR)** activities in Germany. It could be concluded that German companies carry out sustainable projects, but most of them are based on the national and international rather than the local level. The introduction of neighborhood-based approaches as they are used in CSR projects in the U.S. was recommended.

Germany's **planning system** is based on the planning and building law. The federalist structure organizes the planning system as well. The federal level has only indirect influence on planning as the 'Länder' provide spatial development guidelines, but the main competencies of planning lie at the local level. Further levels influencing the planning process are the regional as well as the European level. Moreover, Germany has a sectoral planning structure, which works independently from administrative borders on particular topics like transport, water management, etc.. Other distinctive factors of German planning are its intensive participation processes and its high number of informal planning instruments.

The investigation of the form of government, *political culture*, and roles of civil culture combined with the planning system, gave an important overview, which will be helpful during the further research on redevelopment in Germany.



### 5.3 Comparison

#### 5.3.1 Form of Government in the U.S. and Germany

The U.S. and Germany are both federalistic countries, but the U.S. government is constitution-based and presidential, while the German form is democratic and parliamentary. They also differ significantly in legal systems. In the U.S., the federal court system is based on English Common Law; Germany has a civil or state law system. Both countries' power is split into legislative, executive, and judiciary. Differences exist in the relationships between the branches. In Germany legislative ('Bundestag') and executive ('Kabinett') build the majority in the government, while legislative (Congress) and executive (President) are strictly separated in the U.S.; the executive organ in the U.S. is the president only, whereas the power is delegated to the Chancellor and President in Germany.

Both systems include federal, state, and local levels. All three levels in Germany obtain competencies through the federalist structure. The principle of subsidiarity is the second important regulation, which transfers the power of political decisions to the lowest level (local municipalities). In other words, the power of regulation should start low and only involve higher governmental levels if problems cannot be managed on the low level or it seems more effective to address them at a higher level. In contrast, states are the strongest government level in the U.S., which are united to the federal government, albeit keeping their sovereignty. Local level powers differ strongly from the German system, since they do not per se possess legislative competencies; instead, all their power is given to them by state regulations. Only bigger cities are exempted and are granted power by the home rule principle. This shows that the local level is clearly dominated by the state level and state and federal governments possess more power than the local municipalities, which is not the case in Germany, where the local level clearly has a stronger position.

#### 5.3.2 Political Cultures and Role of Civil Society in the U.S. and Germany

Research on *political culture* started in both countries with the study of Almond and Verba in the 1960ies. They categorized the U.S. as part of the participative culture field, mixed with subject culture, which they saw very close to their idea of an ideal culture, which they called civic culture. Therefore, the U.S. *political culture* was seen as role model for other countries studied. Germany was seen as subject culture, which was based on its role in and after World War II. In the following decades, Germany was a favored subject of study due to its separation and reunion of the German states and it developed into a state with participative culture as well. German citizens' attitude towards the government still differs in the eastern and western part, but harmonization is expected to occur in the future. In Germany, interest in politics has increased and the political system has received higher acceptance during the last decades. Germans developed a stronger relationship with the system and participate more actively. Expectations on the conservative type of welfare state are still high, which displays the biggest difference to the U.S. situation, which is based on a liberal type of welfare state. U.S. citizens show 'anti-statism' and are an individualistic society. Expectations on the state are low, but higher significance is given to the individual. How these facts affect the different roles that civil societies play in both countries will be summarized next.

**Nonprofits** have always occupied a strong role in the U.S. and can look back at a long history of providing public goods that would otherwise have to be supplied by the government. In Germany, nonprofits taking over more and more public services is a recent development. Compared to Germans, U.S. citizens have always taken care for themselves and avoided becoming dependent from the government. However, many Germans are active in unions, clubs etc., albeit mostly in the field of sports or leisure activities as well as in professional or trade unions. This focus causes only minimal overlap with goods provided by the government. Another major difference between the U.S. and Germany that strongly affects nonprofits is that volunteering and donating is not very common in Germany, neither by citizens nor by companies. In contrast, donations and volunteerism is greatly embraced by inhabitants and businesses in the U.S..

Of particular interest are **nonprofits on the local level**, which are interacting with planning measures like redevelopment. Many nonprofits in the U.S. are locally based and get supported by governmental funding, as well. In Germany only few local nonprofits exist, but the government tries to initiate such local organizations by programs like the 'Soziale Stadt', which provides governmental money for initiatives during the initial phase of redevelopment. In this respect, the important difference lies in the source of the initiative: while U.S. organizations are built by the citizens themselves and are therefore stronger even without governmental funding support, German initiatives largely depend on governmental incentives. More information on nonprofits in redevelopment including a more detailed comparison is provided in chapter 6.

**Corporate Social Responsibility (CSR)** is another possible non-governmental way to support local development and was therefore introduced briefly. The CSR model originates from the U.S., but has also received increasing attention among German companies recently. Many German firms started CSR activities, but put their focus on the national and international rather than the local level. An example of successful local initiatives provided by CSR is given by U.S. companies actively participating in redevelopment efforts.

### 5.3.3 Planning Systems in the U.S. and Germany

Germany has a federal planning law, which formulates **general planning principles** that have to be met on all following levels. These guidelines are concretized at each following level, until local levels develop specific land use regulations for each parcel of their territory. This ensures that spatial planning follows one common strategy in Germany and guidelines are approved and adapted at all planning levels down to the local needs. In contrast, no common strategy exists in the U.S. as the federal government is not involved in spatial planning and the states only intervene, when issues of high importance to the state are at stake.

This big difference between the German and the U.S. planning system can be explained. While Germany has a total area of around 350,000 sq km, the area of the size of the U.S. is about 9,800,000 sq km. This could be a major reason, why a general planning guideline in the U.S. would be difficult to establish. Furthermore, all states have very different terrain types and face different challenges. In addition, the structure of the U.S. federal state (fixed in the Constitution from 1788) is built on the idea that all states come together as one federal state, even though the states do not give up their

sovereignty in most instances, including planning issues. Even single states face highly diverse challenges within their territories and have not developed state planning guidelines. The only subjects for which state-wide action is recommended and existent are issues like growth management in California. In contrast, state and even regional guidelines exist in Germany to recommend how federal guidelines should be implemented on local levels and to better harmonize planning in Germany's states ('Länder') that are significantly smaller than most U.S. states.

It is even more astonishing that both planning systems are built in a relatively **similar way on the local level**. In both countries, the competencies of defining the land-use of each parcel and lot in a community lie on the local level. Bonded to general guidelines from higher levels in Germany and more independency in the U.S., both local levels have to provide land-use regulations.

**In conclusion**, it can be stated that land-use planning in Germany and the U.S. is quite similar on the local level, although the federal and state governments have different competencies in providing guidelines. These differences are based on the structure of the state of both countries.

# Urban Redevelopment in the U.S. and Germany

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## 6

Urban redevelopment programs exist in many industrialized countries, due to particular problems of the cities' neighborhoods. The thesis focuses on redevelopment in the U.S. and Germany, where neighborhoods face various challenges. A detailed insight into these challenges will be provided during the introduction of each redevelopment effort.

Comparing different initial situations in neighborhoods and their existing redevelopment efforts, is part of the thesis. While looking for transferrable instruments, not only the current situation of the neighborhoods, but also their historical development as well as the political, social, cultural, and economical context should be kept in mind. Even though it is beyond the scope of the thesis to include an exhaustive essay about those concepts, key factors will briefly be incorporated in the research where necessary, particularly in the conceptual part. An excerpt of major differences is displayed below (table 6 - I). More differences will be pointed out during the introduction of the instruments as well as in chapter 7 during the comparison. Moreover, the overall contextual framework, which influences neighborhoods as well, has already been laid out in chapter 5 and will be revisited in the analysis and conceptual part at the end of the thesis.

As mentioned, theoretical approaches on *segregation*, *milieus*, and *lifestyles* provide deeper insight into the reasons for current challenges and former developments of neighborhoods. 'Milieus' (*milieu*) and 'Lebensstile' (*lifestyle*) research concentrates on manifestation of social inequality and its reproduction. (Dangschat, Hamedinger 2007: 37) Hradil defines the approach of social milieus as common groups of likeminded people, which display common moral concepts and mentalities. Moreover they share common types of relationships, weltanschauung and behaviors. (Hradil 1999: 41) *Lifestyle* means the general context consisting of recurring behaviors, interactions, opinions, knowledge, and attitudes of the people (Hradil 1999: 42). Social *milieus* are embedded in long-existing and deep-grounded moral concepts and therefore are seldom subject to change. In contrast, *lifestyles* depend on short-term parameters, like resources, current objectives, fashion, and zeitgeist. (Hradil 1999: 42) The sociological explanation of these factors is described in detail Dangschat, Hamedinger 2007. Moreover, the work displays why *segregation*, *milieus*, and *lifestyles* are of particular importance on the neighborhood level, where attitude, mindset, and behavior of the people influences their surroundings the most.

Table 6 - I: Different Situations in Neighborhoods in the U.S. and Germany (excerpt)

Different situations in neighborhoods in the U.S. and Germany (excerpt)		
Germany		U.S.
stronger local governments (principle of subsidiarity)	role of government	local governments depend on state regulations
similar local plans federal planning law	planning systems	similar local plans minor federal influence
strong dependence from government low number of civil organizations active	political culture	strong individualism fighting dependence from government civil organizations provide public goods
strong focus on structural enhancement demolition instead of social redevelopment	problematic former redevelopment programs	in 1950s: 'Urban Renewal' program 'Red Lining' practice
regularly improved, but reduction due to financial situation of government	infrastructure	often poor conditions, need of enhancement
medium spatial concentration throughout city	poverty, unemployment	high spatial concentration in particular neighborhoods
migration of foreigners	segregation problems	strong racial segregation (U.S. citizens)
existent, but regulated by strict planning and environmental laws renaissance of inner-cities	suburbanization	strong, particularly higher income, white population, followed by black middle-class

Compilation by author;

Sources: Blumner 2006: 3; Bright 2000: 2-3; Drilling, Schnur 2009: 16; Foljanty 2007: 221;  
Gale 1990: 13; Lengyel 2010; San Diego LISC 2011a: 1

Without going into further detail on socio-cultural approaches, another concept describing the local space by the use of Bordieus' habitus concept can be mentioned for further reading. In particular the culture and images of the places, in this case neighborhoods, is part of the concept of macro, meso, and micro levels by Dangschat (2007). The habitus of place can be found on the neighborhood level, stated as meso level. The meso level is framed by 'Sozialer Wandel' (social change) on the macro level and 'Individuelle Lebensorganisation' (individual organization of life) on the micro level. The distinctiveness of the concept is proved by the double structure-habitus-practice reproduction ('Doppelte Struktur-Habitus-Praxis Reproduktion') of space by the splitting of every

level into another macro, meso, and micro level. (Dangschat 2007: 37 ff.) Further information can be found in Dangschat 2007.

As will be shown below, due to **problematic situations in neighborhoods, different redevelopment programs exist in the U.S. and Germany**. The different roles of governmental and private initiatives and why many programs are at stake will be explained.

## **6.1 Urban Redevelopment in Germany - 'Soziale Stadt'**

In Germany, a number of programs exist to support urban areas in solving their current problems, known for example as polarization, unemployment, poverty, and segregation as well as insufficient infrastructures and building structures. During the last decades, the enhancement of neighborhoods (German: 'Quartiere') was in particular encouraged by the program called „Stadtteile mit besonderem Entwicklungsbedarf - Soziale Stadt“ ("Districts with Special Development Needs - The Socially Integrative City"). The program was renamed "Soziale Stadt - Investitionen im Quartier" in 2011. In short it will be referred to as 'Soziale Stadt' („Socially (or sometimes Social) Integrative City"). The program will be introduced below. Before, the range of enhancement programs in Germany will be summarized.

### **6.1.1 Urban Development Programs in Germany**

The improvement of disadvantaged urban areas is supported by the German 'Bund' (federal level), 'Länder' (state level), and the 'Städte und Gemeinden' (local level). The federal urban development promotion program ('Städtebauförderung') of the German Federal Ministry of Transport, Building, and Urban Development ('Bundesministerium für Verkehr, Bau und Stadtentwicklung' (BMVBS)) aims at the establishment of sustainable urban structures. Based on Article 104 b of the German Basic Law ('Grundgesetz'), federal financial aid is given to the 'Länder'. The 'Bund' and the 'Länder' sign an administrative agreement ('Verwaltungsvereinbarung (VV) Städtebauförderung') every year, which governs the measures and ways the money of the urban development program can be spent by the 'Länder'. The federal share is 33.3 percent of the project costs and has to be supplemented by funds of the 'Länder' and the municipalities. The amount of support is provided every year and is subject to change. An example for the funding in 2012 is given in figure 6.1. A sophisticated key distributes the amount of federal money to the 16 states. The financial support can be used only for local districts, which have been designated as development areas by decision of the local government. State urban development promotion programs and guidelines, which match the federal program, have to be established by the 'Länder'. (BMVBS 2012b: 1; BMVBS 2012f: 1; VV Städtebauförderung 2012 Art. 1 (1), Art. 2 (1))

The federal urban development promotion program ('Städtebauförderung') is based on eight different program areas (BMVBS 2012b: 1; BMVBS 2012f: 1; VV Städtebauförderung 2012 Art. 3 - Art. 9):

- Protection of the urban architectural heritage ('Städtebaulicher Denkmalschutz')
- Socially Integrative City Program ('Soziale Stadt')
- Urban restructuring in the new federal states ('Stadtumbau Ost')

- Urban restructuring in the old federal states ('Stadtumbau West')
- Active district and neighborhood centers (development in inner urban areas) ('Aktive Stadt- und Ortsteilzentren')
- Small cities and municipalities ('Kleinere Städte und Gemeinden')
- Urban development and redevelopment measures ('Sanierung und Entwicklung')
- Energy efficiency investment pact for improvement of schools, kindergartens, sports facilities, and further social infrastructure in municipalities ('Investitionspakt zur energetischen Sanierung von Schulen, Kindergärten, Sportstätten und sonstiger sozialer Infrastruktur in den Kommunen')

Der Bund stellt den Ländern im Jahr 2012 Finanzhilfen von 455,000 Mio. Euro (Verpflichtungsrahmen) für folgende Programme bereit:

1.	Sanierung und Entwicklung Ost:	16,067 Mio. Euro
2.	Sanierung und Entwicklung West:	16,067 Mio. Euro
3.	Stadtumbau Ost:	82,122 Mio. Euro
4.	Stadtumbau West:	71,024 Mio. Euro
5.	Städtebaulicher Denkmalschutz Ost:	62,701 Mio. Euro
6.	Städtebaulicher Denkmalschutz West:	29,409 Mio. Euro
7.	Soziale Stadt – Investitionen im Quartier:	40,000 Mio. Euro
8.	Aktive Stadt- und Ortsteilzentren:	93,220 Mio. Euro
9.	Kleinere Städte und Gemeinden:	44,390 Mio. Euro
gesamt:		455,000 Mio. Euro

Figure 6.1: Federal Funds for Urban Development Promotion Program 2012  
Source: VV Städtebauförderung 2012 Art. 1 (2)

Regarding the topic of the thesis the program area 'Soziale Stadt' will be discussed in greater detail below.

### 6.1.2 'Soziale Stadt'

The German urban development program 'Soziale Stadt' was released in 1999 by the Federal Ministry of Transport, Building, and Urban Development (BMVBS). Some predecessor programs, established by state governments some years before, existed in North Rhine-Westphalia (since 1993), Hamburg (since 1994) and Hessen (since 1997). The federal approach combined these experiences and developed them further ending in a nation-wide program for urban redevelopment. Since then it grew to a successful enhancement program aiming at the improvement of the life of local residents in disadvantaged neighborhoods. The focus lies on the enhancement of urban districts regarding their urban development, economical situation, and social problems. During 1999 and 2010 approximately 600 areas located in 375 municipalities were supported by the program (see figure 6.2 below). (BMVBS 2012e: 1; Centre for Knowledge Transfer 'Social City' 2008: 5)

After ten years of minor changes in the program, the fiscal year 2011 brought an unexpected shift. Due to financial restructuring of the federal household, the 'Soziale Stadt' program faced substantial cutbacks. The federal share of funding was cut by 70 percent from 95 Million Euros in 2010 to 28.5 Million Euros in 2011. In addition, the funding of



so called pilot-projects ('Modellprojekte') was abandoned. (Hirth, Schneider 2011: 22) These pilot-projects were focused in particular on the social enhancement of the area. While most of the 'Soziale Stadt' funding goes into constructional improvement projects, the 'Modellprojekte' made people-related projects possible. (Häußermann 2011: 21) Also in 2011, the program was renamed "Soziale Stadt - Investitionen im Quartier" (Socially City - Investments for the Neighborhood) and, after professionals' protest, the funding for the fiscal year 2012 was increased to at least 40 Million Euros (BMVBS 2012e: 3).

Table 6 - II:  
Funding of the 'Soziale Stadt' Program  
1999 to 2010 (per year in millions)

Jahr	in Millionen
1999	51,1
2000	51,1
2001	76,7
2002	76,7
2003	80,0
2004	72,5
2005	71,4
2006	110,4
2007	105,0
2008	90,0
2009	105,0
2010	94,9
2011	28,5

Source: Häußermann 2011: 20

#### 6.1.2.1 Definition and Objectives

The program 'Soziale Stadt' stands for investments in urban development measures to stabilize and enhance districts and neighborhoods, which are in particular need for development. The initial situation of these underprivileged areas is based on the composition and economical situation of the people living and working in the neighborhoods. (VV Städtebauförderung 2012: Art. 5 (1)) Therefore, the objective of the program lies in "[...] counteracting growing socio-spatial polarization in German cities and upgrading and stabilizing deprived neighbourhoods. In addition to investing in the renovation and redevelopment of buildings and the living environment, the programme aimed from the outset to improve the living situation of neighbourhood residents." (Centre for Knowledge Transfer 'Social City' 2008: 5).

The objectives of the program are area-based and the improvements should be reached on the local level. The neighborhood-based approach aims at "[...] pooling resources, encouraging the intensive involvement of local residents and other relevant players, implementing appropriate management and organizational structures, and establishing an area-based focus as a common point of reference." (MWEBWV NRW 2011: 11).

## Soziale Stadt

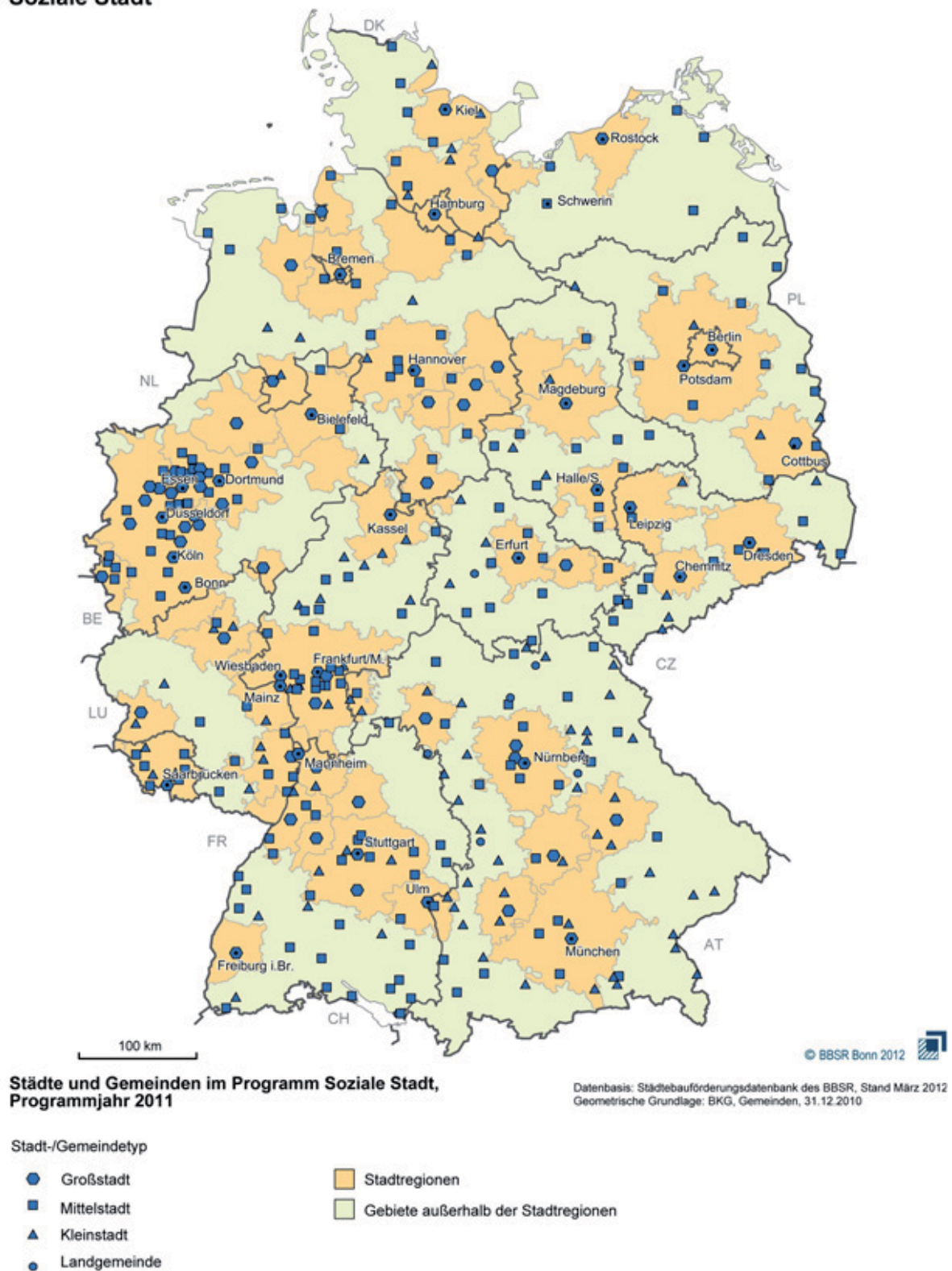


Figure 6.2: Municipalities in the 'Soziale Stadt' Program in 2011

Source: BMVBS 2012e: 1

As phrased in VV Städtebauförderung 2012 Abs. 5 (5), program **funding should be used for:**

- improvement of living conditions and quality, enhancement of public spaces and structural conditions, increase of education and economic forces
- tasks raising safety and bringing environmental betterment
- improvement of social infrastructure, regarding children, families, and the elderly
- integration of disadvantaged people and immigrants
- coordination of efforts for preparation, planning, and implementation of measures and projects, in particular taking care of residents' participation and the inclusion of volunteers

Therefore, important **fields of activity** are housing and urban regeneration, school and education, integration of immigrants, health promotion, local economy, and employment promotion (Centre for Knowledge Transfer 'Social City' 2008: 6 ff.).

Above all mentioned objectives and activities, there is the goal of perpetuation of the initiated projects after the funding period expired. The sustainment of established collaborations, events, and infrastructures should be ensured after governmental funding has ended. Stakeholders should be informed ahead of time and thus be enabled to carry on projects on their own. (VV Städtebauförderung 2012 Abs. 5 (3))

#### 6.1.2.2 Area and Time Frame

##### **Area**

**Target areas of the 'Soziale Stadt' program** are so called **disadvantaged districts** that display complex structural, developmental, economic, social, cultural, and ecological challenges (MWEBWV NRW 2011: 9). These neighborhoods show particular development needs and display a combination of complex and interrelated problems. They are urban areas with high building and inhabitant densities. Common deficits are (ARGEBAU 2005: 2; Centre for Knowledge Transfer 'Social City' 2002):

- renovation and modernization needed for building structures, urban spaces, and infrastructure
- traffic congestion, noise and pollution, lack of green spaces, vandalism
- insufficient social and cultural infrastructure, for example inadequate health services
- decrease of local businesses, poor job opportunities, low education level, lack of perspective
- concentration of unprivileged households, crime, drug and alcohol abuse, poverty, over proportional increase of immigrant population
- negative image of the area (internal as well as external view)

Existing program areas are very heterogeneous in their particular problematic, but in general, the disadvantaged areas can be grouped into **two distinct types** in Germany: as dense inner-city areas often pre-war built with renovation needs on the one hand, and as low quality prefabricated post-war large housing development estates on the other

(ARGEBAU 2005: 2).

To become a 'Soziale Stadt' redevelopment area, the neighborhood has to show a particular need caused by the deficits listed above and has to be designated as development area by decision of the local government (VV Städtebauförderung 2012 Art. 5 (4)).

As mentioned in chapter 1, the terms **area**, **district**, and **neighborhood** are used in the same meaning during the thesis. Slight distinctions can exist, but make no difference in the overall understanding. While areas sometimes describe zones with particular characteristics and distinct limits, the term *district* is often used in combination with administrative borders. Neighborhood commonly means an area characterized by social frameworks, mostly not including more than an easy catchable number of streets and blocks, referring to the German words 'Quartier' or 'Viertel'. 'Soziale Stadt' areas have to be easily distinguishable and are often defined by a common understanding of the district (by name or history, etc.). This understanding higher than population or size of the area, which varies immensely. (Kurth 2004: 21)

### Time Frame

After the constitution of a neighborhood as urban redevelopment area, the area will be part of the 'Soziale Stadt' program for several years. Nevertheless, the federal funding shares will be provided annually, following Art. 104 German Basic Law which rules a time restriction for the provided funding. (Häußermann 2011: 20) The funding has to be constituted every year in the 'Verwaltungsvereinbarung Städtebauförderung'. However, urban development areas need a certain amount of planning dependability to be able to start projects, which last longer than one year and therefore contribute to a sustainable enhancement of the neighborhood. Consequently, the amount of funding is framed every year by the federal government, but the 'Länder', as distributor and additional contributor of the funding, support existing areas over a longer time period than a year. Nevertheless, there is a restricted time frame given for 'Soziale Stadt' program areas. This time frame varies between five to almost 15 years, depending on the local situation and local government decisions as well as available 'Länder' funding sources. The time frame of the particular area is set by the Integrated Action Plan ('Integriertes städtebauliches Entwicklungskonzept') as introduced below. As already mentioned above, self-supporting structures should be in place by the time governmental support ends. (Centre for Knowledge Transfer 'Social City' 2002)

#### 6.1.2.3 Funding

**Funding sources** of the 'Soziale Stadt' program are the federal level, the 'Länder' level, and the local level, like in every other urban development measure mentioned above. The degree of federal aid (1/3 share) in 1999 to 2011 is shown in figure 6.3. Adding the share of the state and local level (2/3 share), the overall amount of funding for the redevelopment program 'Soziale Stadt' from 1999 to 2011 was 3 billion Euros. The share contributed by 'Länder' and municipalities was almost equal. (BMVBS 2012e: 2-3) Following Article 104b of the German Basic Law, the duration of the federal funding distribution has to be limited and regular evaluation is necessary (MWEBWV NRW 2011: 15).

As stated in the 'VV Städtebauförderung', the program areas try to get **supplementary**



## Soziale Stadt

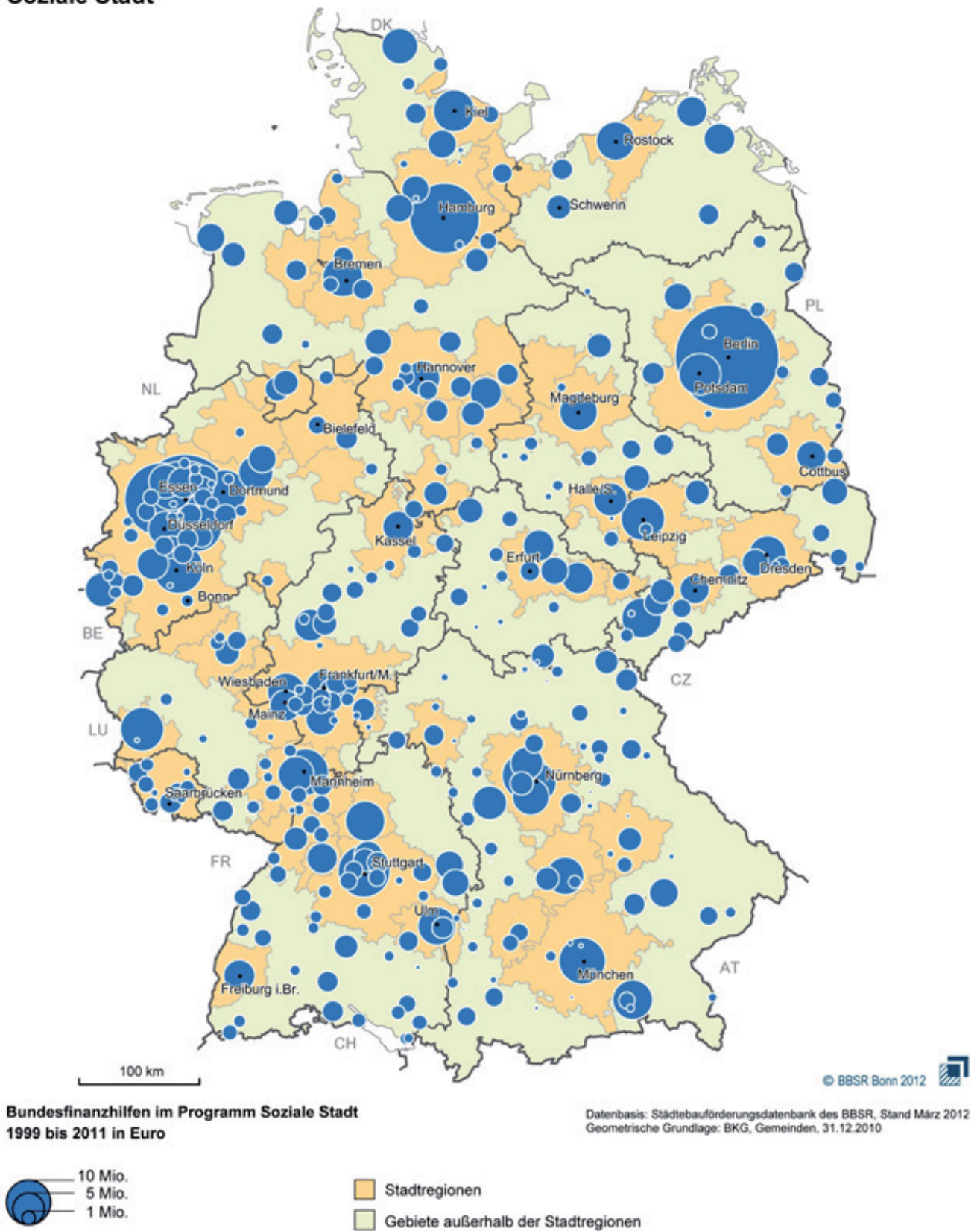


Figure 6.3: Federal Financial Aid in the 'Soziale Stadt' Program 1999 to 2011

Source: BMVBS 2012e: 3

**funding** by other governmental grants and funding programs in addition to the governmental funds (VV Städtebauförderung 2012: Art. 5 (2)). Hence, beside the urban development money provided by the BMVBS, other ministries are advised to add complementary funding programs for neighborhood enhancement as well (Centre for Knowledge Transfer 'Social City' 2008: 5). European funding sources can also be useful for 'Soziale Stadt' projects. Most commonly used are the European Regional Development Fund (ERDF) ('Europäischer Fonds für Regionalentwicklung') and the European Social Fund (ESF) ('Europäischer Sozialfonds'). (ARGEBAU 2005: 21; BMVBS 2012d: 61) Moreover, local funding sources in the neighborhood are of increasing importance. In accordance with the goal of sustainment in neighborhood enhancement, private funders play an important role to keep projects on the neighborhood level running. These private funders can consist of donators, business companies, nonprofit organizations, and so on. (VV Städtebauförderung 2012: Art. 5 (2))

While gathering the necessary funding, one has to keep in mind that money always comes with strings attached. Every funder's money is adjoined to his beliefs and requirements. Therefore, the intended use and the combination of funding is not an easy task for the redevelopment team.

#### 6.1.2.4 Structure and Stakeholders

The **legal framework** of the 'Soziale Stadt' program is based on the yearly concluded 'Verwaltungsvereinbarung (VV) Städtebauförderung' between the federal and 'Länder' government. In addition, 'Soziale Stadt' enhancement measures are regulated in §171e 'Baugesetzbuch' (BauGB) (German Town and Country Planning Code). The inclusion of this statement into the BauGB shows the importance of the program in the German planning context. (Häußermann 2011: 20) Moreover, the preparation of a so called 'Integriertes städtebauliches Entwicklungskonzept' (Integrated Action Plan) is required on the local level to be eligible for governmental grants (BMVBS 2012e: 1; VV Städtebauförderung 2012: Art. 5 (3)).

#### Stakeholders

Stakeholders of the 'Soziale Stadt' program are diverse. One of the most crucial stakeholder is a **local redevelopment office**, which is located in the area and its staff consists of (in most cases) external experts. These experts can be urban planners, social workers (provided by the authorities or by external service partners), employees of local housing companies, etc. Their task is to coordinate the enhancement of the area, based on the 'Soziale Stadt' program. With the office located in the neighborhood, they are contact point for stakeholders of the area. Therefore, the office serves as intermediate entity between all actors and its tasks consist of the coordination of projects and measures as well as of stakeholders. Another important duty is the activation and participation of the neighborhood itself. (BMVBS 2012d: 66; Franke 2005: 189)

**Local authorities** are another player in neighborhood enhancement. Either, one department is chosen for the support of the 'Soziale Stadt' program or collaboration is built, including different departments, like planning, social services, education, infrastructure, etc. In their role as intermediate between the 'Länder' and the neighborhood office, the authorities coordinate the program and accompany projects and stakeholders. (Franke 2005: 189)

**Local politics** is also involved in redevelopment. First of all, the selection of the area has to be performed by the local government. Moreover, political decisions are necessary for city-wide grants and funding sources for redevelopment, complementing federal and state funds. (Lahner, Zimmermann 2005: 230; Schubert, et al. 2004: 17)

**Citizen involvement** is one of the core involvements needed for redevelopment processes. The activation and participation of local inhabitants in the enhancement process, coordinated by the local office, is a prime target needed for enhancement, since local citizens know their neighborhood and its problems the best. In addition, the inhabitants are the ones that have the power to change the neighborhood. Since they are often neither coordinated nor have the necessary financial strength, the support by the local redevelopment office is necessary. Local inhabitants are long-term and short-term residents of the quarter, living in rented houses or apartments or are owners of property. (BMVBS 2012d: 66; Lahner, Zimmermann 2005: 230)

**Local businesses** should also be involved in redevelopment. These neighborhood-based shops and service providers build the economical backbone of the area. Since most neighborhoods do not have great economic strength, every business is important to the enhancement process. The business owners' engagement in the redevelopment project is marginal in most districts. Being caught in a tough economic situation themselves activation for participation is difficult. However, in some cases local business is still neglected in the participation and activation process performed by the local redevelopment office. In addition to local small businesses, the potential of local branches of business chains should not be underestimated. Some branch managers are truly interested in their surroundings. Hereby a general difficulty gets obvious: the advantage of participation has to be made clear to every shop owner, since the gain of engagement is not obvious to everyone on the first glance. (BMVBS 2012d: 67; Glöckner 2012; Lahner, Zimmermann 2005: 230)

The **housing industry** marks another big player in neighborhoods. Existing as business entities as well as nonprofits or municipal entities, these actors often own a great number of real estates in the areas. Aware of their role in the district, most housing companies are engaged in redevelopment efforts. The participation starts with small donations and support of projects, but can also appear in the management of the local redevelopment office. Moreover, housing companies also benefit a lot from redevelopment grants, since the structural enhancement of their building stock and its surroundings can be and often is supported by the governmental funding. (BMVBS 2012d: 66)

**Institutions** located in the neighborhood, such as schools, kindergartens, Youth Centers, and cultural institutions, are anchor points for vivid districts. Because of their local focus these stakeholders are important for enhancement projects and the support of the local office. Employees and also participants of these entities are often willing to take part since the relation to the neighborhood is obvious and they are interested in the betterment of the area, since it will improve their institutional image, too. (Lahner, Zimmermann 2005: 230)

One of the most important, but underrepresented, stakeholders in urban redevelopment are **nonprofit organizations**, found as clubs, unions, foundations, trusts, etc. These often already existing groups are neighborhood-based and possess engagement and manpower to support existing projects or develop new ideas. Moreover, the task of



area improvement can lead to the formation of nonprofit organizations concentrating on issues important for the neighborhood. (BMVBS 2012d: 64; Lahner, Zimmermann 2005: 230) Nonprofit actors can be grouped into three categories: First, nonprofits can be not thematically attached to their neighborhoods or the existing redevelopment efforts (for instance sports clubs). Second, nonprofits can be engaged in their neighborhood, aiming on enhancement, but having emerged without the governmental background of the local redevelopment office (for instance charities). Last but not least, nonprofits created through the ongoing governmental redevelopment process and supported by the local redevelopment office can exist. (Altrock 2007: 248; Schöning, Hoffmann 2007: 12)

#### 6.1.2.5 Tasks, Instruments, and Specific Tools

Neighborhood managements fulfill various tasks during their activity in the area. The tasks can be grouped under the fields of activity in redevelopment efforts, mentioned above.

Table 6 - III: Tasks in Redevelopment

Tasks in redevelopment	
Fields of Activity	Tasks
<i>housing and urban regeneration</i>	
	steering of the neighborhood development
	renovating and modernizing living environment
	modernization, restructuring, and refurbishment of building structures
	construction of new buildings
	providing affordable housing
	enhancement with regard to ecological standards
	building a safe environment for inhabitants
	developing green and open spaces
	improving quality of public spaces and living environments
	improvement of the neighborhood image
<i>school, education, and culture</i>	
	improvement of connections between schools and their neighborhoods
	organizing cultural events - improving social and cultural infrastructure
<i>integration of immigrants</i>	
	introducing measures and projects promoting immigrant integration
	language promotion for children and adults
<i>health promotion</i>	
	providing preventative medical services

Tasks in redevelopment	
<i>local economy and employment promotion</i>	
	improving and supporting local economy
	strengthening local supply
	securing and creating local jobs
	providing education and aid in finding employment
	creating financially independent structures in the neighborhoods
	acquisition of additional financial resources for local enhancement
<i>participation and social environment</i>	
	activation and empowerment of local residents regarding local potential and self-help
	building self-supporting structures by setting up and supporting local players and networks
	bringing out endogenous potential
	combination, coordination, and intensification of social competencies
	building communication and network structures
	interdisciplinary collaboration building
	information and consultation of citizens and government
	moderation of local dialogs
	support negotiation processes

Compilation: by author

Sources: ARGEBAU 2005: 5-12; BMVBS 2012e: 1; Häußermann 2011: 21; Krummacker, et al. 2003: 63;

MWEBWV NRW 2011: 11

Moreover, specific tools are used in neighborhood redevelopment. The so-called 'Quartiersmanagement' (neighborhood management) is the most important instrument in 'Soziale Stadt' areas. It is used in almost every redevelopment area in Germany. Most of the tasks named above are performed by the 'Quartiersmanagement' (QM). This institution acts as intermediate entity, which coordinates every stakeholder involved in the redevelopment process (local authorities, residents, businesses, institutions, etc.). The local redevelopment office, set up in the neighborhood, can be seen as its key element. (ARGEBAU 2005: 16; Schubert, et al. 2004: 8-9) As stated by the Centre for Knowledge Transfer Social City: "All Socially Integrative City programme areas have demonstrated that neighbourhood management offers no patent resolution of sectoral urban (district) development issues, but represents a fundamentally new, process-based approach leading to sustained progress and neighbourhood stabilization." (Centre for Knowledge Transfer 'Social City' 2002: 17).

The so-called 'Integrierte städtebauliche Entwicklungskonzept' (Integrative Action Plan) illustrates another particular tool in the 'Soziale Stadt' redevelopment program. It has to be prepared at the beginning of the redevelopment efforts. It is written by the 'Quartiersmanagement' office with participation of the local residents, businesses,

and institutions, etc. The concept must contain the overall objectives of the redevelopment work in the area, the measures which will be used to reach the goals, and the planned withdrawal of the efforts from the area. (Schubert, et al. 2004: 17; VV Städtebauförderung 2012: Art. 5 (3))

The entity ‚Stadtteilbeirat‘ (local advisory committee), plays an important role in fulfilling the task of citizen activation and participation. The committee is elected by the local community and consists of citizens, business owners, institutional and political representatives as well as members of the local authorities. Its composition varies between the different areas and also its responsibilities differ. Mostly, its duty is the administration of the ‚Verfügungsfonds‘ (see below). Altogether, the ‚Stadtteilbeirat‘ gives the neighborhood citizens a chance to bring in their opinions and concerns through a formal body. (ARGEBAU 2005: 5; Schubert, et al. 2004: 54)

Furthermore, ‚Verfügungsfonds‘ (district budgets) exist in many redevelopment areas. A fixed amount of the funded or donated money is transferred to the fund every year. In most cases, the ‚Stadtteilbeirat‘ has the right and duty to decide about the use of the money. It should support local initiatives and projects, which may not be eligible for governmental funding, albeit considered of particular interest for the enhancement of the area. (Schubert, et al. 2004: 30)

As already mentioned above, ‚Modellprojekte‘ (pilot-projects) were part of the instruments used in redevelopment until 2010 (Hirth, Schneider 2011: 22). Without the permission to support non-investive projects, work of the ‚Quartiersmanagement‘ got tougher. Social projects are for instance job-creating measures, education, language classes, support for higher qualification, youth mentoring, etc.. (Häußermann 2011: 21) Although social projects can still be funded through ‚Soziale Stadt‘ funds, they have to stay in very close connection with the investive measures like regeneration of housing or improvement of public spaces and so on (Glöckner 2012).

By providing a short insight into tasks and instruments of the local ‚Soziale Stadt‘ projects, the work in the distressed neighborhoods can be understood better. Which projects work well and where problems exist, will be shown in the next paragraph.

#### 6.1.2.6 Success, Problems, and Critique

Looking for improvement of redevelopment approaches makes two preparatory steps necessary: First, a definition of success must be given. What makes an approach successful and how can such success be measured? Second, what problems and obstacles exist, that hinder redevelopment projects from being successful? Hereafter, the question which approaches could be useful, transferrable, and implementable from the U.S. to improve the German situation in ‚Soziale Stadt‘ neighborhood enhancement programs can be answered.

In general, the ‚Soziale Stadt‘ program is regarded to be a **successful approach for redevelopment**. Although the problems and local situation of all neighborhoods differ, a positive trend in the project areas can be seen in all areas active in the program. (BMBVS 2012c: 2) The assignment of ‚Soziale Stadt‘ program and funds to an area can be seen as successful if the overall goal of enhancement in the quality of life in the neighborhood is reached. Moreover, the objectives named by the program should be met. Based on the

designated area the redevelopment efforts should be effective in pooling resources, encouraging intensive involvement of local residents, and other relevant players, as well as implementation of appropriate management and organizational structures. An objective, standing above these named purposes, is perpetuation of the performed projects and measures. (Centre for Knowledge Transfer 'Social City' 2008: 5)

### Pooling Resources

As stated by Franke (2011: 36) 'Soziale Stadt' funds show significant knock-on effects in the neighborhoods. Additional governmental funds as well as money by non-governmental actors are generated. Nevertheless, the grants provided by the 'Soziale Stadt' program are seen as the initiative and irreplaceable starting point for such private funding of local activities. (Centre for Knowledge Transfer 'Social City' 2008: 5-6) Moreover, involvement of local economies, companies (not part of the housing industry), and industries, as well as private real estate owners, has not been reached yet. These stakeholders could and should play an important role in investing local money for their neighborhoods. Thereby, the investment will pay back for the investor as well as for the local area. Due to their particular focus on housing, social projects, and infrastructure, most of the 'Quartiersmanagements' forget about the local business potential. In addition, the named stakeholders often do not respond to the phrased objectives of the 'Soziale Stadt' enhancement program. Potential benefits and long-term returns are not obvious to the potential stakeholders. 'Quartiersmanagements' often miss the chance to activate local business potential by providing adequate participation processes. Nevertheless, the growing numbers of Corporate Social Responsibility (CSR) approaches bear the chance of bringing the local support into focus. Of course, the economic situation of local shop owners and companies has to be taken into account. Mostly, these businesses are hit by the weak economy of the area as well. Therefore, it is relevant to identify to what extent local businesses can support the local enhancement projects. Ideas for a new approach on this matter will be given in chapters 8 and 10. (BMVBS 2012d: 67, 70; Grell, Sambale 2001: 2-3)

### Involvement of Stakeholders

'Quartiersmanagements' fulfill their task of serving as impulse for participation, activation, and integration of local actors. Local self-initiative could be increased and the number of collaborations between local stakeholders, in particular between governmental and third sector actors, grows. However, the composition of actors still needs improvement since particular groups like migrants, real estate owners, local businesses, etc. still bear potential yet to be uncovered. (Centre for Knowledge Transfer 'Social City' 2008: 5-6; Franke 2011: 18, 36-37) As mentioned above, the collaboration between all local sectors has not been reached yet. In particular, local economy and private stakeholders cannot be integrated into currently implemented projects. In addition, participation and organizational structures between the actors rely strongly on the work and guidance of the 'Quartiersmanagement' teams. Continuation of the accompanied collaborations after the governmental-based funding period is questionable, which also holds true for the developed organizational structures as processed below. (Lahner, Zimmermann 2005: 231-232)

## Organizational Structures

In local authorities a change to more appropriate management and organizational structures can be attributed to the 'Soziale Stadt' program. The projects on the local neighborhood level do not fit easily into existing departmental structures. Therefore, cross-departmental cooperation is necessary, which takes place in most authorities involved in redevelopment efforts. However, there is room for improvement, since the collaboration only focuses on the particular projects, whereas a permanent restructuring of the departments to area-based approaches would be favorable. (Centre for Knowledge Transfer 'Social City' 2008: 5-6; Franke 2011: 18)

The overall goal of **improved quality of living** is stated as having been reached by many neighborhoods active in the 'Soziale Stadt'. Hereby, an improved image of the area is seen as valuable. Moreover, the local residents appreciate that their concerns are taken seriously by the 'Quartiersmanagement', local authorities, and politicians. Thereby, local inhabitants identify themselves more with their living environment and the quality of living together is improved. Projects made possible by the former 'Modellprojekt' funds are seen as particularly useful. (Centre for Knowledge Transfer 'Social City' 2008: 5-6; Franke 2011: 18, 37)

Measuring success or failure of the enhancement achieved by the 'Soziale Stadt' program, one always has to keep in mind the following, stated by the Centre for Knowledge Transfer 'Social City' (2008: 5-6): "Despite its inability to solve overriding structural problems such as unemployment and the resulting low income, which can hardly be expected of a micro-spatial approach, the programme has enhanced the living environment and set important benchmarks for training, education and participation of neighbourhood residents." The mentioned overriding structural problems cannot be solved on the local level, but instead hamper the measures taken to improve the neighborhood.

The goal of **perpetuation** and the establishment of **self-supporting structures** in the neighborhoods influences the success of all objectives covered above. As outlined, successful projects and cooperations are based on the initiative and supervision of the local 'Quartiersmanagements'. Though these entities are solely funded by the governmental grant which comes with a time frame designated by the 'VV Städtebauförderung' and the 'Integrierte städtebauliche Entwicklungskonzept' of the area. The focus on the organization by the local redevelopment office does not provide a sustainable outlook for the future of the projects and networks built during the process. (BMVBS 2012d: 81) Some authors therefore state that the redevelopment efforts like the program 'Soziale Stadt' have to be seen as a permanent task rather than a temporary effort (Franke 2011: 37). A couple of reasons can be named for the missing success in the achievement of self-supporting structures (BMVBS 2012d: 67, 70; Söpper 2008: 43-44):

- structure of the local actors is very heterogeneous
- fluctuation of local residents is high
- Not every inhabitant is willing to participate in redevelopment projects
- local actors are already overburdened with the problematic economical and social situation in their neighborhoods
- necessary know-how for the establishment of projects is not present at the local level

- local inhabitants often lack the necessary language skills
- measurements of the redevelopment effort reach only small groups of local citizens
- local businesses are not able to contribute to the redevelopment efforts
- real estate owners and local companies are not aware of the possible positive outcome of their participation in the enhancement projects
- private actors and funding partners are not sufficiently encouraged by the redevelopment office to fulfill their important role in the neighborhood

The missing success in achieving self-supporting structures and thereby long-lasting enhancement activities in the areas is seen as very problematic. Self-supporting structures have to be established because of the time-restriction of the instrument 'Soziale Stadt' and a decrease in governmental funding due to political decisions on household consolidation. Otherwise, provided support will not be successful and areas will slide back into the problematic situations that existed before. Alternative funding and support has to be located and activated, because of the likely decrease of governmental spending. In the redevelopment examples of the U.S. below and in the conceptual approach of the thesis will be shown how this additional support can take place.

Critique on the 'Soziale Stadt' redevelopment efforts is also stated. Its approach of short-time projects, combined with the temporary governmental funding is not seen as sustainable approach, since the self-supporting structures cannot be built in the areas. Moreover, the participation processes are seen critical. Only a particular share of residents is able and interested in participation in the offered projects. Therefore, social marginalization in the areas can be even worsened by the approach. Furthermore, the top-down funding and organization of the redevelopment efforts by the government and the local redevelopment office does not encourage bottom-up activities by inhabitants. This becomes evident as soon as the efforts end upon withdrawal of the funding. Also the fact that structural enhancement cannot be established on the local neighborhood level, makes strategies and programs on higher governmental levels necessary. These programs hardly exist, which leaves the 'Soziale Stadt' effort on its own with the enhancement of problematic structures, without the overall support by general reforms. (Franke 2011: 38; Lanz 2009: 219-220, 224)

#### 6.1.2.7 Future of the Instrument

As shown above, the 'Soziale Stadt' program went through fundamental changes during the last two years and there are still uncertainties regarding the future of the instrument. Since all recent decisions were motivated by political instead of planning professionals' reasoning, an outlook to the future of the program is still incalculable. Although the existence of the program should not be at stake, no certainty exists about the funding structure for 2013, for instance. Due to increasing governmental household deficits, cuts in redevelopment funding are more probable than an increase of financial support.

As stated by the German Federal Ministry of Transport, Building, and Urban Development, a revision of the 'Soziale Stadt' program is planned and necessary. Due to the breadth of redevelopment efforts (social, economical, infrastructure, education, etc.), a combined funding with supplemental federal ministries (for example Federal Ministry



of Labor and Social Affairs, Federal Ministry of Economics and Technology, Federal Ministry of Family Affairs, Senior Citizens, Women and Youth) finds favor. (Glöckner 2012)

In the near future, the program areas still face problems due to the recent cutbacks (Franke 2011: 33 ff.; Hirth, Schneider 2011: 24 ff.):

- Planned and already prepared projects cannot be realized anymore
- Current projects are on hold for an undefined period of time
- Current projects had or will have to be stopped for good
- The German 'Länder' and/or the municipalities have to stand in for the missing federal support, even though municipalities are not able to provide additional funding due to their own precarious financial situation. Accordingly, the 'Länder' cannot readily assist the federal level, but rather refer to the regulations which split costs equally between the federal, state, and local level. Therefore, the states cannot be expected to continue covering the lack of federal money in the future.
- Private funding is more and more needed to retain the existing quality of redevelopment efforts. Nonetheless, existing private partners often already are on the financial limits in project support. Moreover, much collaborative funding was possible only because of the incentives given by governmental funding. Without the governmental support the private money will therefore be at stake, too. Another option seems to be the activation of new private financial support. However, private funders are not easily convinced to step in after the government has stepped out. In most cases, they do not feel responsible for the financing of projects, which have been supported by governmental money and planned without the private participation at first. This reasoning is understandable and shows that the inclusion of private actors has to take place before the governmental money is no longer available.
- Credibility problems develop in the program areas. The initial project partner, the government, reduces its commitment in an unexpected way. Local stakeholders are disappointed and successful collaborations are at stake.

As already mentioned, discontinuation of the 'Modellprojekte' is a hard strike. Social projects cannot be initiated anymore, but are only possible in close connection with structural enhancement of buildings and infrastructure.

Following these recent developments, two publications and their requests for the future of the redevelopment efforts of the 'Soziale Stadt' program will be introduced. Franke (2011) investigated the expected consequences following the cutbacks in the program. He concludes his work with a list of recommendations for the program's future. In addition, the Federal Ministry of Transport, Building, and Urban Development commissioned a study in 2010, published in 2012, which examines the perpetuation of 'Soziale Stadt' project areas and also closes with the recommendations based on the research (BMVBS 2012d).

**Reliability in the program:** the federal state as initiator of the program should fulfill its role as secure partner for the local stakeholders. Hereby, the structure of contents and funding should follow a coherent path. (BMVBS 2012d: 71, 80; Franke 2011: 39)

**Bundling of existing and supplemental governmental funding sources:** due to the



weak situation in the neighborhoods redevelopment in these areas will not be possible without governmental support. The amount and sources of this support can be discussed. The contribution of federal ministries which are thematically involved in redevelopment projects should provide grants for 'Soziale Stadt' areas. For example, educational, economical, and social projects are necessary for neighborhood enhancement. A concerted grant program between the ministries does not exist yet. The introduction of such an approach, the best under guidance of the 'Soziale Stadt' program, would help local initiatives to get sufficient funding. (BMVBS 2012d: 78-79; Franke 2011: 38)

**Activation of local supporters:** First, an increase in activation of civil society actors should be achieved. The involvement of foundations, trusts, associations, unions, and other local networks brings in important know-how and support for the local projects. Moreover, private stakeholders' participation is needed for sustainable local redevelopment. Private and commercial real estate owners, as well as local shops or companies can benefit from the improved neighborhood situation. They actively participate if they are included at an earlier time point and more intensively in projects. Even though, not a lot of actors may believe in this approach, yet, it is duty of the 'Quartiersmanagement' to assure the stakeholders of it. In addition to this activation of neighborhood actors, the local authorities themselves will benefit from the new collaborations as well. (BMVBS 2012d: 75 ff.; Franke 2011: 39)

**Transfer of information, knowledge, and experience:** Regular exchange between the 'Soziale Stadt' program actors should contribute to vivid exchange of information, knowledge, and experience transfer between the program areas. Due to the similar challenges neighborhoods face, such transfer prevents reinvention of the wheel. Therefore, periodic evaluation of the program and the program areas is necessary. (BMVBS 2012d: 70; Franke 2011: 39)

How these recommendations and requests can be followed by knowledge-transfer from redevelopment efforts in the U.S. will be shown in chapter 8.

#### 6.1.2.8 Particular Role of Non-Governmental Stakeholders

As mentioned above, the activation and participation of non-governmental stakeholders in redevelopment efforts is of particular importance. Local programs aim on the inclusion of as many local inhabitants, shop owners, companies, unions, associations, foundations, trusts, etc. as possible. Unfortunately, the cooperation between the stakeholders is not established easily and not everyone is interested or able to contribute to the projects of the 'Quartiersmanagement'. Why this is the case and what role non-governmental actors play in the 'Soziale Stadt' program will be shown below.

Non-governmental stakeholders active in neighborhood enhancement can be split into three fields, as already introduced in chapter 1: private field, business field, and non-profit field. Moreover, there are institutions which can be part of any of the mentioned categories. However, every field is composed of various stakeholders and stakeholder groups, which play different roles and are active in various areas. Thus, stakeholders come with particular qualities as well as restrictions regarding redevelopment efforts.

**Private field**

<b>local inhabitants</b>	<b>people living in the area</b>
qualities	<p>affected by the local situation and the redevelopment efforts</p> <p>potential participants for enhancement process</p> <p>spatial proximity to the redevelopment projects</p>
restrictions	<p>not every inhabitant is willing to contribute to the redevelopment effort</p> <p>not every inhabitant is able to contribute</p> <p>not every inhabitant can be reached through the existing participation and activation tools</p> <p>inhabitants have differing ideas for the development of their area</p>
<b>private property owners</b>	<b>non-commercial owners of parcels of land in the redevelopment area, no distinction between single lot or owners of a large number of properties</b>
qualities	<p>local based stakeholders, with interest in development in the neighborhood (normally) can become partner in enhancement</p> <p>are necessary for structural enhancement of buildings, for instance</p>
restrictions	<p>not yet hugely involved since only a few owners see their direct benefit in 'Quartiersmanagement' projects</p> <p>some owners do not permanently live in the neighborhood, which makes interaction laborious</p> <p>not every owner possesses enough money to invest in projects</p>

**Business field**

<b>local businesses - shop owners</b>	<b>mostly smaller businesses, but also local branches of chains</b>
qualities	<p>tight connection to the neighborhood, in particular when customers come from area</p> <p>interest in vivid and strong neighborhood</p>

restrictions	<p>owners are not or do not feel addressed by 'Quartiersmanagement' projects</p> <p>local owners do not see direct benefit in their engagement in redevelopment efforts</p> <p>due to weak local economy owners are rarely strong enough to contribute money and time to the redevelopment projects</p> <p>local branches of chains: branch managers seldom possess necessary competencies for participation in neighborhood activities</p>
local businesses - local companies	companies with their production or headquarter located in the area
qualities	<p>common local interest in attractive neighborhood (future) workers may live in neighborhood</p> <p>often are big players in neighborhood and therefore can be important partners</p>
restrictions	<p>'Quartiersmanagement' frequently does not include companies in participation efforts yet</p> <p>do not see the actual benefit for their company upon getting involved in redevelopment efforts</p> <p>weak economical situation may hinder participation efforts</p>
housing companies, for profit	local or city-wide companies, owning and managing affordable housing stock in the redevelopment area
qualities	<p>interest in attractive surroundings of their housing stock</p> <p>interest in participation in projects, seeing direct benefit in local enhancement</p> <p>important partner for structural enhancement of buildings, since often holding large housing stock in areas</p>
restrictions	<p>financial situation of company is crucial for degree of participation and collaboration with 'Quartiersmanagement'</p> <p>strong self-interest in enhancement of their own estates</p>

**Nonprofits field**

housing companies, nonprofits	local or city-wide companies, owning and managing affordable housing stock in the redevelopment area
qualities	<p>interest in attractive surroundings of their housing stock</p> <p>interest in participation on projects, seeing direct benefit in local enhancement</p> <p>important partner for structural enhancement of buildings, since often holding large housing stock in areas</p>
restrictions	<p>financial situation of company is crucial for degree of participation and collaboration with 'Quartiersmanagement'</p> <p>strong self-interest in enhancement of their own estates</p>
resident's associations and neighborhood committees	group of local residents already existing or established during the redevelopment process, with the mission to support local issues (specific project or topic or general support)
qualities	<p>good connection into neighborhood</p> <p>people show interest in their neighborhood</p> <p>can be integrated in redevelopment efforts</p>
restrictions	<p>only subset of residents, no legal representation of all neighborhood residents</p> <p>if focus of the group lies too much on one particular topic, collaboration could get complicated</p>
clubs, unions	local sports clubs, leisure unions etc., group of people with common interests, organized in a formal structure
qualities	<p>located in the area, people are willingly to engage in union, maybe also in redevelopment efforts, particularly if thematically matching</p> <p>point of connection to area for participation and activation of local inhabitants</p>
restrictions	<p>interests often far from redevelopment topics (sports, leisure, arts and crafts, etc.)</p> <p>small financial budget</p> <p>only non-representative group of residents</p>

charities, trusts, foundations	non-commercial entities with regulated terms and conditions, as well as funds, mission mostly charitably or focus on particular groups of people or particular activities, projects can be realized by the entity or supported through donations
qualities	projects and focus often lies in neighborhood itself existing entity with engaged people available funding sources
restrictions	missions already exist, problems in compatibility with redevelopment efforts
churches, religious groups	area located religious communities
qualities	active group of local residents, therefore possible connection for participation efforts by 'Quartiersmanagement' interest in their living environment organizational structures and potential funds existent
restrictions	activities could be biased by religion only particular group of residents, not every local citizen feels represented by churches or religious groups often weak financial situation decreasing membership, in particular active members waning
<b>Institutions field</b>	
Institutions (schools, libraries, etc.)	local institutions for education, leisure activities, sports, etc. with mostly governmental-based background
qualities	locally based stakeholders with strong ties to the neighborhood and clear organizational structure as partner for 'Quartiersmanagement' existing activities can be expanded and used for enhancement projects (existing buildings, facilities included)

restrictions	<p>often restricted to original task (e.g. schools restricted to education of students); for instance afternoon or evening activities may have to be established</p> <p>employees often no local residents, therefore minor interest in area enhancement</p> <p>financial restrictions, based on given amount of possible spending for the institution by the responsible governmental body</p>
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The listing gave an overview on possible non-governmental stakeholders active in neighborhoods. Surely, not all mentioned actors are present in every local area and their engagement as well as their number varies considerably. Based on the detailed presentation of all actors including their qualities and restrictions it will be shown, how their roles can be used and adapted to reach the goal of long-lasting redevelopment success. Results will be presented in the following chapters.

### 6.1.3 Conclusion

In conclusion, the German redevelopment program 'Soziale Stadt' can be considered successful. The neighborhood enhancement tool, active since 1999, has been contributing to a large number of improvements in the quality of life in German disadvantaged areas. Based on the one third, two thirds funding matrix, money is distributed by the federal, state, and local governments. This money provides a strong basis for local enhancement projects. The projects focus mostly on structural enhancement of buildings and infrastructure, while funding of social projects is possible if the projects are related to structural enhancement. Moreover, 'Modellprojekt' funding, active from 2006 to 2010, also provided money for social projects. All projects are located in the neighborhood and are mostly coordinated by the local 'Quartiersmanagement' office. This entity serves as local contact for all stakeholders as well as involved authorities and institutions. During the redevelopment effort, new collaborations between governmental departments have emerged as well as between local stakeholders. In addition, the network between the municipality and the neighborhood actors has grown stronger, which is attributable to the objectives of participation and activation of all relevant stakeholders during the redevelopment process. Local citizens are invited to get involved in local nonprofit organizations. Nevertheless, not all local residents, businesses, nonprofits, and institutions with their relevant actors can be activated and participate in the redevelopment process. As mentioned above, this is due to various reasons. An insight into the different groups of stakeholders made clear which potentials and restrictions lie in these constellations.

Another important purpose of the 'Soziale Stadt' program is the perpetuation of the started efforts. By the creation of self-supporting structures in the neighborhood, the local actors should be able to continue the projects started during the funded redevelopment period even after the funding ends. This goal has not been reached yet, as illustrated by many program areas that have already reached the end of their funding period and continue struggling in creating strong supportive structures between the local stakeholders.

In this respect, the question of how the program can be carried on in times of decreasing and unsecure governmental funding will be of significant importance for the future of the German instrument. Therefore, a form of redevelopment has to be established, which is as independent from federal money as possible, while still following a set of general guidelines.



## 6.2 Redevelopment in the U.S.

Urban redevelopment is present in almost every town or city in the U.S.. The next section points out the situation of U.S. neighborhoods and discusses how redevelopment takes place, using redevelopment efforts in California as an example. First, redevelopment conducted by Redevelopment Agencies will be introduced. Given that the long-standing service of Redevelopment Agencies was shut down by the California state government in February 2011, the reasons for this decision will be presented (chapter 6.2.2). A supplemental model of redevelopment, provided by private nonprofit actors, will be shown in part 6.2.4. These stakeholders concentrate on the social, physical, and economic enhancement of their neighborhoods, thus almost working in an opposite direction compared to Redevelopment Agencies.

The term **redevelopment** means methods and instruments used to enhance neighborhoods. The noun 'redevelopment' originates from the verb 'to redevelop', meaning to develop again. Therefore, redevelopment stands for new development at an already developed site, for instance the renovation of a blighted area. In terms of neighborhood redevelopment it can also be understood as revitalization, which means improvement of the existing situation. As pointed out by Cybriwsky "[...] the term refers to a mix of improvements that, in combination are intended to raise an area from substandard conditions to being a good place to live or do business." (Cybriwsky 1998: 830). Improvements can be based on public efforts or private activities as it will be shown later in this chapter.

Redevelopment takes place on the neighborhood level. **Neighborhoods** can be understood "... as place of local orientation for urban dwellers, a spatial entity whose residents [...] use the same local institutions, perceive themselves as having a distinct identity [...], and interact socially on a frequent basis." (Scherzer 1998: 518). Hereby, the size of a neighborhood area can vary between only a few streets or blocks to a whole suburban settlement. More crucial than structural boundaries are common social connections and mindsets. (Scherzer 1998: 518) Describing a mutual way of living in a neighborhood can also be referred to as **community** (details see chapter 6.2.4.2 (Peterman 2000: 20).

Redevelopment measures can be described in three levels. **Capital improvements** aiming at streets, sewers, streetlights, bike lanes etc. These measures can be taken by Redevelopment Agencies themselves or can be implemented by nonprofits, while paid for by Redevelopment Agencies. **Economic programs** include renovation of residential and commercial areas and building of affordable housing for low- and medium-income households. Redevelopment Agencies take care of these procedures, as well as nonprofits do. **Social improvements** complete redevelopment efforts. These social activities are provided by nonprofit organizations such as Community Development Corporations (CDCs), for instance. In contrast to the latter, Redevelopment Agencies are not involved in social activities. (Johnson, Lengyel 2010)

### 6.2.1 Current Situation in Cities

U.S. cities and especially neighborhoods face challenges that they are not able to deal with on their own. All these problems can be separated into four topics: physical, economical, social, and institutional problems. Every single topic poses a challenge to the

neighborhoods; however, taking place all at the same time in the same neighborhood, these events are an activator for the installment of redevelopment activities in the area. (Keating, Krumholz 1999: 3)

### Physical Challenges and Spatial Challenges

- obsolete or under-utilized infrastructure and inadequate public utilities
- lots of irregular shape and size
- vacant, deteriorated buildings and lots
- architectural, technological, and physical obsolescence of buildings

Physical and spatial challenges are the most obvious challenges experienced in the neighborhood. They are caused by an ongoing aging process, which is not accompanied by redesign and restructuring of buildings and infrastructure. This situation leads inhabitants and business owners to leave the area if they are able to do so. Stakeholders, who are not financially able to move, have to stay in the neighborhood having only minor resources to contribute to enhancement. (Blumner 2006: 3; Cars 1991: 1; Gale 1990: 12-13; Grell, Sambale 2001: 4; Lengyel 2010: 9, 11)

### Economic Challenges

- impaired investments
- high rate of unemployment, low income, and little resources
- declining retail sales and decreasing tax revenues
- excessive vacant lots next to residential overcrowding

Without retail income and job income, the neighborhood misses out on fresh money and on improvements coming to the area (Blumner 2006: 3; Cars 1991: 1; Grell, Sambale 2001: 4; Lengyel 2010: 9, 11).

### Social Challenges

- segregation, resulting in social integration problems
- racial factor
- concentrated poverty
- crime
- housing problems

Social aspects and an existing mixture of inhabitants play a crucial role in healthy neighborhoods. The named challenges negatively influence the neighborhood. (Blumner 2006: 3; Cars 1991: 1; Gale 1990: 12-13; Grell, Sambale 2001: 4)

### Institutional Challenges

- ineffective former redevelopment efforts (for instance urban renewal)
- insufficient municipal zoning
- poorly performing educational sector
- inadequate infrastructure

Another challenge occurs if institutional entities, like the government, do not perform in an appropriate way. Citizens and the whole neighborhood are afflicted with wrong (former) strategic decisions as well as with termination of public efforts. (Blumner 2006: 3; Cars 1991: 1; Gale 1990: 13; Grell, Sambale 2001: 4)

**Facing these challenges** cities and neighborhoods try to fight back using instruments like Redevelopment Agencies or models of self-help through private engagement in neighborhoods. Although these approaches are making progress, one has to keep in mind that problems have grown over years and hence are very prominent. Most important, challenges often cannot be solved on the neighborhood level alone.

### 6.2.2 Redevelopment by Redevelopment Agencies

The Californian redevelopment approach further elaborated in the following passages will serve as an exemplary approach for redevelopment in the United States. Almost every state in the U.S. has established similar redevelopment programs, often based on the Californian approach. Since an overall discussion of all different redevelopment efforts in the U.S. would have gone beyond the scope of the thesis, one exemplary redevelopment program was chosen to give a detailed insight into one model of redevelopment. The Californian example was selected because of its long history and innovative approach. (Coomes, et al. 2009: 231)

In 1945, the **California Community Redevelopment Act** was established to regulate the formation and duties of Redevelopment Agencies in California. Later known as Community Development Law, the 1993 version was the basis for Californian redevelopment until 2011. In 2010 397 Redevelopment Agencies were active in California. (California Redevelopment Association 2010a: 1, 3) Therefore, they had been active for almost 70 years before they were **shut down** by the Californian state government under Governor Brown due to financial reasons on February 1, 2012. Nevertheless, the example of the California Redevelopment Agencies was chosen for the present thesis, since the instrument shaped the enhancement of neighborhoods in California over the last decades. The particular reasons for the shutdown will be presented below.

#### 6.2.2.1 Definition

Referring to the definition of redevelopment given by The City of San Diego Redevelopment Agency, "Redevelopment is a tool created by state law to assist local governments in eliminating blight from a designated area, as well as to achieve the goals of development, reconstruction, and rehabilitation of residential, commercial, industrial, and retail districts." (The City of San Diego Redevelopment Agency 2010: 1). The California Redevelopment Association defined the goal of redevelopment as to "[...] rebuild and improve neighborhoods that already exist, rather than build new ones further away from our cities and towns." (California Redevelopment Association 2007: 2). During the redevelopment process, private investment should return to the neighborhood (Lengyel 2010: 8).

In California, redevelopment was regulated by the California Health and Safety Code Division 24, Part 1 (Section 33000 et seq.), which defined the initialization of Redevelopment Agencies and their duties (California Redevelopment Association 2010a: 7).

Redevelopment took place in designated project areas, which lack the ability of enhancing the neighborhood on their own means. Caused by a weak economy and the low income of its residents, areas depend on investments from outside. Since developers often dread the risk of putting money into distressed neighborhoods, it was the task of Redevelopment Agencies to overcome this need (California Redevelopment Association 2010a: 1). How these incentives were given and how redevelopment was based on three elements of eminent domain, tax increment financing, and the concept of blight will be shown in the next passages (Fulton, Shigley 2005: 265).

#### 6.2.2.2 Structure and Stakeholders

**Redevelopment Agencies** consisted of a governing body and their own staff and the creating of a Redevelopment Agency had to follow Californian Law. An agency could be built by any Californian city or county. First, it had to be shown that a demand for revitalization in that specific area existed. Redevelopment Agencies could be in charge of several project areas in the city, but every area had to be established separately. (California Redevelopment Association 2007: 3; Coomes, et al. 2009: 21)

Furthermore, setting up a Redevelopment Agency the city or county had to institute a **governing body**, which could be managed in three different ways: One strategy set the legislative body of the city or council as the Redevelopment Board. Second, a city-independent governing body could be chosen. Third, the possibility of building a community development commission existed, in which the legislative body worked as Redevelopment Agency Board and housing authority as one. The Redevelopment Agency Board's functions were supervision and coordination of the project area's redevelopment. (California Redevelopment Association 2010a: 1, 2; Coomes, et al. 2009: 21)

The Redevelopment Agency entity had its own staff, independent from city staff. However, city staff was often transferred to Redevelopment Agencies. (Allsbrook 2011, CPCI 2010: 1-2)

The establishment of a **Project Area Committee (PAC)** in an area with residential use was necessary, if: (1) there was a significant number of low- or moderate income citizens living in the area, the redevelopment actions required eminent domain including relocation of residents, or (2) any public project of the redevelopment process forced low- or medium income people to move (Coomes, et al. 2009: 40). The committee held an advisory function for the specific area and consisted of elected project area residents, business owners, property owners, and local community organizations. Of note, elected individuals had to represent the size of the particular group they belonged to. The election was initialized and supervised by the Redevelopment Agency. PAC served for a three-year term and could be reelected. Activities started after the implementation of the redevelopment plan and actions included reviewing the activities within the project area as well as serving as an advisory board for the Redevelopment Agency throughout the whole redevelopment process. Besides, the committee held public meetings and acted as information unit to convey knowledge about the ongoing redevelopment process to residents and business owners. Necessary funding for all PAC activities was provided by the Redevelopment Agency. If no formal need for the implementation of a Project Area Committee existed, the entity could be installed voluntarily or could even be appointed by the Agency. (California Redevelopment Association 2010a: 4; California

Redevelopment Association 2010b: 2; Coomes, et al. 2009: 50 ff.; The City of San Diego Redevelopment Agency 2010: 3)

Other stakeholders involved in the redevelopment process were **local interest** and **citizen groups**, such as community planning groups, Business Improvement Districts, City Boards (as affected), City Planning Commission, Community Development Corporations, and so on (Cullingworth, Caves 2009: 12; CPCI 2010: 1-2).

During the redevelopment process, various potential opportunities for **public participation** were available. First of all, citizens could be elected into the Project Area Committee. Besides, it was the function of PAC to inform citizens, which were not part of the committee. Another way to get actively involved in redevelopment activities was joining an existing neighborhood committee or similar groups. In general, all (community) meetings held by the Agency or PAC were open to public. The same rule applied to public hearings presented by the Redevelopment Agency. During all stages of the redevelopment process, the city and Redevelopment Agency asked citizens and business owners for their input, which could be provided through letters and petitions. (California Redevelopment Association 2010a: 4; California Redevelopment Association 2007: 8; Coomes, et al. 2009: 72 ff.)

#### 6.2.2.3 Area

Redevelopment Areas were districts for revitalization designated by the redevelopment plan (see below) (California Redevelopment Association 2010b: 2). In short, the California Redevelopment Association defined these districts as "Areas that exhibit substantial and prevalent adverse physical and economic conditions requiring redevelopment assistance." (California Redevelopment Association 2010b: 1). The mandatory keyword for implementing a project area was **blight**, which qualified areas for redevelopment (Fulton, Shigley 2005: 267). A legislative definition of blight can be found in the Health and Safety Code Sections 33030 and 33031. Hence, the area had to be predominantly urbanized. Based on the physical and economical conditions of the area, at least one of the conditions shown in figure 6.4 had to be met.

#### Definition of Blight

California Redevelopment Law uses the term "blight" to describe the following conditions:

##### Adverse Physical Conditions

- *Unsafe or unhealthy buildings*
- *Factors hindering economic viability of property*
- *Adjacent or nearby incompatible land uses*
- *Irregular lots in multiple ownership*

##### Adverse Economic Conditions

- *Depreciated or stagnant property values*
- *Impaired property values due to hazardous waste*
- *Poor business conditions*
- *Serious lack of commercial facilities*
- *Serious residential overcrowding*
- *Problem businesses and high crime rates*

In addition to the conditions described above, an area may also require improvements to community facilities, water and sewer systems, roads and other public infrastructure.

Figure 6.4: Definition of Blight

Source: California Redevelopment Association 2007: 11



These conditions affected the area in a way that the neighborhood cannot cope with on its own. Governmental or private investments needed the coordinative effort of redevelopment to bring improvement to the area. Those circumstances “cause a reduction of, a lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community [...]” (Coomes, et al. 2009: 39 ff.).

The definition of ‘blight’ was a decisive assumption for initializing a redevelopment area and getting access to the opportunities attached to this status. These restrictions ensured the use of redevelopment only for areas in true need of external support. Therefore, the definition of blight was the first and most important part of redevelopment. (Fulton, Shigley 2005: 267) Redevelopment areas included residential, commercial, and downtown areas as well as neighborhood shopping centers (Cybriwsky 1998: 830).

#### 6.2.2.4 Tasks, Instruments, and Specific Tools

During their effort of revitalizing neighborhoods, Redevelopment Agencies fulfilled different tasks. Their engagement ranged from business and job development, housing, infrastructure enhancement, and crime reduction to the clean-up of single lots.

##### **Tasks**

Redevelopment encouraged **new development and investment** in the area and re-activated or expanded existing businesses. This task included financial support (low-cost loans or grants) for the restructuring of existing stores or strategic investments into local businesses. The purpose of **creating jobs or attracting existing jobs** to the neighborhood was also to improve business in the area. Redevelopment undertakings were supposed to lead to economic revival and private sector investment, thus making the area more attractive for investors. Efforts to attract new development and investment included financial incentives (for example pre-development costs, market studies, feasibility studies, or other real estate costs). (California Redevelopment Association 2010a: 1-2; California Redevelopment Association 2009: 1; California Redevelopment Association 2007: 1, 4, 11; Cybriwsky 1998: 830; Lengyel 2010: 7, 13; The City of San Diego Redevelopment Agency 2010: 1)

Redevelopment agencies also provided a **public infrastructure upgrade** by construction or renovation of roads, sidewalks, street lights, public buildings, water systems, utilities, public facilities, etc. Redevelopment actions also included the enhancement of local services such as police and fire stations, community centers, libraries, and health care as well as public transportation. Through these efforts a reduction of crime was aspired, too. Another way of improving the quality of life in the area was expanding public open spaces, neighborhood parks, and the number of recreation centers. This effort included the beautifying of the neighborhood for example by landscaping and upgrading facades. (California Redevelopment Association 2010a: 1-2; California Redevelopment Association 2009: 1; California Redevelopment Association 2007: 1, 4, 11; Cybriwsky 1998: 830; Lengyel 2010: 7; The City of San Diego Redevelopment Agency 2010: 1)

Another task in redevelopment of neighborhoods was building, rehabilitating, and replacing **housing units**. Affordable housing and homeownership opportunities were provided for low- or moderate-income inhabitants. Measures for affordable housing included construction, land acquisition, on-/off-site improvements, as well as rehabilitation.

Renovation, rehabilitation, and reconstruction measures with existing structures were also provided for business structures such as storefronts. In addition, redevelopment assisted the preservation of historic buildings. (California Redevelopment Association 2010a: 1-2; California Redevelopment Association 2009: 1; California Redevelopment Association 2007: 1, 4, 11; Cybriwsky 1998: 830; Lengyel 2010: 7, 13; The City of San Diego Redevelopment Agency 2010: 1)

In their effort to attract new development to the area, Redevelopment Agencies also took care of **vacant or environmentally-threatened lots**. One possibility was acquiring the land and keeping it as long as was necessary for the demolishing of existing structures, clearing the site, and cleaning-up the contaminated property. Due to pollution, special tasks were given by areas with former military use or waterfront developments. The Agency also restructured areas if the lots consisted of an inefficient layout or were too small. After preparing the site, new uses were found for the empty lot or vacant buildings. Preparing the site made it more attractive to private developers, since the costly and unattractive preparatory work had been done already. This preparatory work was the contribution of the Redevelopment Agency to catch the attention of private development. (California Redevelopment Association 2010a: 1-2; California Redevelopment Association 2009: 1; Redevelopment Association 2007: 1, 4; Cybriwsky 1998: 830; Lengyel 2010: 7; The City of San Diego Redevelopment Agency 2010: 1)

### Instruments

To **start the redevelopment process** a survey of the eligible area was performed. Hereby, the required enhancements and alterations of the area were identified. If the existence of blight was proven by the city council in collaboration with the agency staff as well as citizens and business stakeholders of the area, the neighborhood was suggested as future redevelopment area and eventually selected by the local planning commission. (California Redevelopment Association 2010a: 4; Fulton, Shigley 2005: 264-265)

A **redevelopment plan** was provided by the Redevelopment Agency after the establishment of the redevelopment area. The plan had to be approved by the city council. It served as basis for all actions taken by the Redevelopment Agency during the following 30 years. Redevelopment plan documents laid out the project area boundaries, included a map with the assigned land-use, a financing and legal scheme, and a report about expected environmental impacts and furthermore provided information about intended development standards and over-all development objectives. Moreover, the duties and opportunities of the Redevelopment Agency were listed and the plan gave an outlook on projects and achievements which were planned to be implemented. In addition, participation of business owners and inhabitants of the area was discussed in the plan. Redevelopment plans had to conform to the existing General Plan of the city. Due to its long validity the plan described long-time development ideas and was comprehensive as well as flexible. As a result of its complexity, the adoption of the plan could take 12 to 18 months. (California Redevelopment Association 2007: 8; Coomes, et al. 2009: 35; Fulton, Shigley 2005: 264-265; The City of San Diego Redevelopment Agency 2010: 4)

Covering a shorter time period, the **Implementation Plan** had to be prepared every five years. As parts of the plan, a report about the progress of the redevelopment work was given and the goals for the next period were laid out. (Coomes, et al. 2009: 83)



Another redevelopment tool was the **Disposition and Development Agreement (DDA)**. The DDA consisted of a deal between the city and the developer and conditions depended on the market and negotiations. Before the deal took place, the city had already gathered a land parcel, which was sold to the developer at a lower price than the market price, a procedure called 'land write-down'. To get this special incentive, the developer had to agree to a specific program and very detailed development standards for the project realized on the parcel. The city's Redevelopment Agency covered the loss of selling the land under market value by using tax increment funds. In addition, the city may have agreed to build necessary infrastructures for the development. A project schedule was discussed and agreed upon, before the deal was put through. (Fulton, Shigley 2005: 264-265)

**Eminent Domain** means the "Authority of a government agency to acquire property for public purposes, with payment of just compensation." (California Redevelopment Association 2010b: 1). During their effort to fulfill the revitalization of the project area, Redevelopment Agencies tried to buy sites in crucial locations for desired redevelopment projects. If the properties were owned by the agency, they could be sold to the developer as one site and under market value. Selling under-market prices was common, since the input was amortized with the increased property taxes when the development was realized. During this process, eminent domain got necessary if one of the original property owners was not willing to sell his site to the agency. In this case, the agency had the right to take it via eminent domain for just compensation. (California Redevelopment Association 2010b: 1; California Redevelopment Association 2007: 14-15; Fulton, Shigley 2005: 267-268) A 'public benefit' for which the taken site will be used was required. Public benefit means "[...] building public improvements or, in the unique case of redevelopment, eliminating physical and economic blight." (California Redevelopment Association 2007: 14-15). Eminent domain in redevelopment was also special in that it was a valid public purpose, even if the site was to be sold to a private developer afterwards (Fulton, Shigley 2005: 268).

There were specific regulations for the **production of affordable housing** on redevelopment project areas. Affordable housing "[...] is generally defined as housing for which the occupant pays no more than 30 percent of gross income for gross housing costs, including utilities; the term is used interchangeably with low-income housing." (Brophy, Shabecoff 2001: 293). To build a certain amount of affordable housing, agencies were compelled to use 20 percent of their tax increment income for building affordable housing. The money had to be paid in a so called 'Low- and Moderate-Income Housing Fund'. The purpose of the fund was to provide money for restructuring, building, and maintaining affordable housing for households with low- (housing affordable to households with less than 80 percent of the county's median income) and moderate-income (housing affordable to households with an income of between 80 and 120 percent of the median) (Fulton, Shigley 2005: 276). The money could not be used for other objectives. In general, law regulated that a particular percentage of all units of housing, produced in the area, had to meet the low- and moderate-income housing standards. Moreover, removed units of housing had to be substituted within a period of four years. Assignments for the building of affordable housing structures can be appointed to private developers as well. (California Redevelopment Association 2010a: 3; California Redevelopment Association 2007: 6-7, 16; The City of San Diego Redevelopment Agency 2010: 1)

To achieve the goal of enhancing the blighted neighborhoods Redevelopment Agencies also named **land-uses** for the area, which had to comply with the land-use regulations, stated by the city. Imposing existing land-use regulations was also among the agencies' functions. (California Redevelopment Association 2007: 6-7; Coomes, et al. 2009: 1-2)

### Specific Tools

**Specific tools** provided abilities particularly needed by Redevelopment Agencies to fulfill their tasks. First of all, Redevelopment Agencies were able to **receive and spend taxes**. Using **tax increment financing** (see below) and **bond financing**, the agency possessed an independent source of money, which could be used for enhancing the area. The tax increment districts were designated in the Redevelopment General Plan by the Redevelopment Agency. On one hand, bonds could be issued on the financial market, and on the other hand, federal and state bonds could be bought. (California Redevelopment Association 2007: 6-7; Coomes, et al. 2009: 1-2; Fulton, Shigley 2005: 262; The City of San Diego Redevelopment Agency 2010: 1)

Moreover, Redevelopment Agencies acted as stakeholders on the real estate market. They acquired, sold, and leased properties to contribute to the public interest. **Eminent domain**, as mentioned above, was also an option to acquire land, but it was seen as last option after negotiating at length with the owner. Relocation could go along with eminent domain procedures. Regulations for eminent domain and relocation were strict and given by the California law. By buying different sites Redevelopment Agencies were able to rearrange private landowner patterns. (California Redevelopment Association 2007: 6-7; Coomes, et al. 2009: 1-2; Fulton, Shigley 2005: 262)

Another important tool gave the opportunity to use **Redevelopment money for infrastructure enhancement**. Thus, investment could be made by the agency to raise the attractiveness of the neighborhood. The projects were paid by the agency's tax increment money. (California Redevelopment Association 2007: 6-7; The City of San Diego Redevelopment Agency 2010: 1)

These special tools were very useful and necessary for the Redevelopment Agency, so the improvement of the area and the preparation for more private development could be assured.

#### 6.2.2.5 Funding

Redevelopment Agencies could not rely on taxes levied by them. Redevelopment funding was based on the area's property tax. Especially the increased amount of property tax, which was created through the agency's redevelopment activities, built the financial basis of redevelopment. Additional funding was provided by bonds and loans.

Redevelopment funding in California was based on **property tax**. Property owners pay property tax based on the assessed value of their real estate. Property means parceled out land as well as buildings on the site. The assessment of the value is based on the price paid for the lot and building at the time of purchase. Multiplying the estimated value with the current one percent tax rate leads to the property tax rate. Property tax serves as city tax and is spent for public services and common facilities. (California Redevelopment Association 2010b: 2; California Redevelopment Association 2007: 12)

The assessed value of property stays on the same level (based on the purchase price) as long as none of the following three events occur: (1) Due to the statewide inflation factor the value of the property rises more than two percent per year. (2) Because of new construction or restructuring of buildings the value of the real estate goes up, which means the tax payments rise in proportion to the property worth. (3) Selling or title transfer also causes a reassessment of the property according to the current market value of the real estate. (California Redevelopment Association 2007: 12)

**Proposition 13**, approved in 1978 and incorporated in Article 13A of the Constitution of the State of California, regulates the maximum percentage of the property tax rate. It is limited to one percent, only changeable through voters' approval. Based on very cheap former prices of land, people often possess large real estate which has high actual value. Using this actual value as basis for taxing would mean unexpectedly high property taxes for mostly older and retired homeowners. Caused by rapidly increasing property tax rates, many taxpayers struggled with paying their taxes and thus voted for Proposition 13. Therefore, new regulations took over in 1978, whereby property value is based on the value at time of the purchase. (Fulton, Shigley 2005: 250)

Redevelopment was funded by **tax increment financing**. Tax increment means "The increase in property taxes within the redevelopment project area that results from increases in the project area assessed value that exceed the base year assessed value." (California Redevelopment Association 2010b: 2). After adopting a redevelopment plan for the redevelopment area, the total assessed value of the properties in the area was defined. This value is called 'base value' or 'frozen base'. (California Redevelopment Association 2010b: 1) From this time on, every increase in property value shown on the property tax was skimmed off from the tax and given to the Redevelopment Agency. This flow continued up to 45 years. (California Redevelopment Association 2007: 12)

Tax increment therefore meant **no increase in property tax rate**. While tax rates stayed the same, property values raised due to ongoing development brought into the neighborhood by redevelopment efforts. Responsible for the positive effect on property value, which probably would not have occurred without redevelopment, the amount of the tax increase went to the Redevelopment Agency. It was used to repay loans contracted by the agency before, to start redevelopment efforts, and to bring new investment into the area. Moreover, the money went into additional redevelopment projects engaged by the Redevelopment Agency. (Fulton, Shigley 2005: 270; The City of San Diego Redevelopment Agency 2010: 5) Thereby, redevelopment agencies should fund themselves by bringing improvements to the area, which resulted in tax increment and thus provided money for the agency. The basis of this idea was to gain the money of the redevelopment effort directly from the area, where the benefits of the measures went to. (California Redevelopment Association 2010a: 2; Schroeder 2006: 338)

Since public entities and non-profit organizations are exempted from taxation, projects realized on redevelopment sites did not directly lead to increased property taxes. Accordingly, redevelopment agencies **depended on private developers** to bring in projects and generate tax increment income for the area and the agency. (Coomes, et al. 2009: 15; Fulton, Shigley 2005: 272)

The **effect of tax increment money** on the local government tax system was remarkable. Every year close to ten percent of all property tax money in the State of Califor-

nia was shifted to Redevelopment Agencies (2005: \$1.5 billion). (Fulton, Shigley 2005: 271)

**First invented** as local contribution to federal redevelopment money, Californian tax increment in the end became the favorite model to finance redevelopment, even without federal support. Therefore, it became the most useful income for redevelopment efforts and has been exported to 35 states in the U.S. (California Redevelopment Association 2007: 12; Coomes, et al. 2009: 5-6, 231)

**Schools and other common facilities** received the same amount of tax money during the redevelopment period as they did before, based on the assessed value in the base year. Therefore, no loss in property tax money occurred, yet there was no increase in the achieved tax amount. Nevertheless, public entities received so called '**pass-throughs**', which consisted of a specific amount of the tax increment. Redevelopment Agencies had to pass on a certain percentage of the increased property tax to schools and other public facilities to let them participate in the increased value of the area. The exact splitting of the tax increment depended on the year the redevelopment area was implemented. In general, payment of pass-throughs could reach up to one-sixth of the property tax income. Nevertheless, the percentage received by Redevelopment Agencies was the highest due to their responsibility and liability to pay back bonds and loans. This can be seen in figure 6.6 using the example of San Diego (Lengyel 2010: 4). After the redevelopment period, schools and other common facilities obtained their usual share out of property tax that was a higher amount than they got before the redevelopment took place. (California Redevelopment Association 2010a: 4; California Redevelopment Association 2007: 13; Fulton, Shigley 2005: 271, 276)

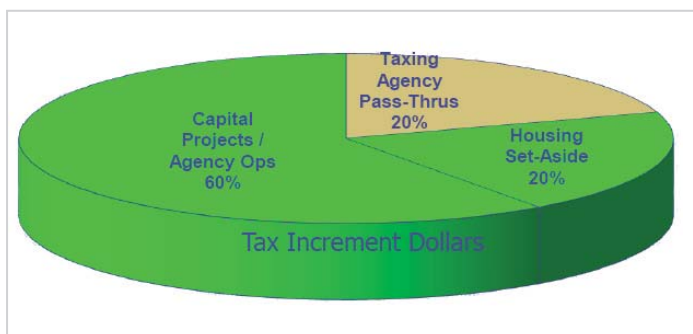


Figure 6.5: Property Taxes

Source: Lengyel 2010: 4

As already mentioned, initial funding for redevelopment projects could not be provided by tax increment funding, since property taxes only rose when private development occurred. However, this only happened in the time after the first improvements in the area had been made. To finance the first redevelopment measures, Redevelopment Agencies used **bonds and loans** to accumulate needed money, e.g. **tax allocation bonds** were one way of loaning money. Tax increment money secured the bond and future tax increment money was used for repayment. (California Redevelopment Association 2010b: 2; California Redevelopment Association 2007: 13; The City of San Diego Redevelopment Agency 2010: 5) Another way of lending money was using **Tax Exempt Bonds**. To the interest payments of these bonds, federal taxation did not apply. (California Redevelopment Association 2010b: 2) Redevelopment Agencies also had the ability to **contract debts** or **loan money from public entities**. In any way, Redevelopment Agencies were responsible for the repayment of the bonds and debts. (California Redevelopment Association 2007: 12-13)

Further possibilities of financing redevelopment projects were **provision of public incentives** to private developers as well as refunding public improvements developed by private investment (California Redevelopment Association 2007: 13).

**Additional funding sources** were provided by the state or federal government in the form of grants or other financial support (The City of San Diego Redevelopment Agency 2010: 5). However, the state government did not actively intervene in redevelopment activities. Nevertheless, assistance could consist of programs to support building of low- and moderate-income housing structures as well as different programs launched by the Department of Housing and Community Development (for instance: Homeowner Assistance Program, Self-Help Housing Program, State Community Development Block Grant (CDBG)). Furthermore, particular activities were eligible to get loans provided by the California Infrastructure and Economic Development Bank. (Coomes, et al. 2009: 254) Federal government also offered Community Development Block Grants including a Loan Guarantee Program. Moreover, federal housing programs existed and intermittent economic stimulus bills could be used. (Coomes, et al. 2009: 255-256)

#### 6.2.2.6 Time Frame

Typically, redevelopment areas existed about 30 to 40 years. Their exact time frame depended on the Californian Redevelopment Law effective at the time when the redevelopment was initialized. Redevelopment periods were planned to last about 30 years, if the area was adopted in or after 1994. Areas that became active before 1994 had an intended time frame of 40 years plus 10 years extension for redevelopment measures. Debts should be paid back at the latest after 45 years if redevelopment was established after 1994. A ten year time frame existed for repaying debt after the end of redevelopment if the areas were active before 1994. (California Redevelopment Association 2010a: 4; Coomes, et al. 2009: 59, 61)

#### 6.2.2.7 Success, Problems, and Critique

Measuring the success of redevelopment efforts by its objectives makes clear that successful redevelopment had to attract new development and investment as well as jobs to the area. Infrastructure had to be enhanced and more affordable housing had to be made available in order to see the efforts as worthwhile. The overall purpose was reached if tax income of the area was increased. (The City of San Diego Redevelopment Agency 2010: 2)

The City of San Diego Redevelopment Agency named some **success criteria of redevelopment** efforts. "Through redevelopment, a project area receives focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate and add to the housing stock, as well as gain active participation and investment by residents and local business, which would not otherwise occur. These revitalization efforts have positive effects that spill over the project area boundaries and improve the entire community." (The City of San Diego Redevelopment Agency 2010: 2). In addition, Fulton and Shigley see redevelopment by Redevelopment Agencies as "[...] by far the best tool available to cities." (Fulton, Shigley 2005: 278).



Some numbers give an insight in the results gained by redevelopment in California during the last years (California Redevelopment Association 2010a: 3):

- generated economic activity 2006-2007: \$40.8 billion
- new full- and part-time jobs (2006-2007): 304,000
- multiplication by redevelopment spending: \$1 redevelopment spending generated \$13 in total economic activity

Nevertheless, redevelopment faced problems and critique as well. Redevelopment Agencies suffered from the intrinsic contradiction of its technical focus on economic development and the existing social problems in blighted neighborhoods. Underlying social problems, like crime, drug abuse, poor education, etc., could not be solved by the instruments and tools available for Redevelopment Agencies. The only social enhancements, given by redevelopment efforts, were affordable housing projects, which provided new homes to low- and medium-income families. However, since these projects did not contribute to an increased tax income, affordable housing projects stood back behind the more tax-generating economic development projects. New investments by developers increased the amount of property tax, which had to be paid for the parcel. In contrast, most affordable housing projects were provided by nonprofit institutions and were therefore tax-exempt. This fact made clear, that Redevelopment Agencies focused more on economic developments than on housing projects in order to make their efforts financially successful. (Coomes, et al. 2009: 8; Fulton, Shigley 2005: 257, 260, 277-278)

**Thus, several points of criticism were raised.** First of all, the **tax increment funding** meant more income after the redevelopment efforts had shown first results (sale of property), but the increased income stayed with the Redevelopment Agency. Entities like schools, counties, and other service providers only got a small share of the amount earned, and not their usual share, coupled with increasing tax income. Thereby, the local government finance system changed and passed the tax increment funds to the Redevelopment Agencies. Instead of removing blight also by supporting social projects, the available money was used mostly for economic development, since only new economic development brought in tax increment for the Redevelopment Agency's work. Accordingly, redevelopment was termed the state's largest economic development program. (Fulton, Shigley 2005: 277-278) Redevelopment Agencies depended on the sale of properties, which was the only way to increase the amount of earned tax income. Therefore, as many sales as possible had to take place and critics condemned property sales, which were not of particular value for the redevelopment effort (removing blight), but took place only to make more tax increment money. (Fulton, Shigley 2005: 272-273)

The **strong connection between the city government and the Redevelopment Agency** was also regarded problematic. In most cities the city council served as board of directors for the Redevelopment Agency, whose power and influence over the real estate market also brought financial advantages to the cities, since they were no longer obliged to share the surplus of the income with schools, counties, and other services paid by the state tax increment funding source. In addition, the public oversight over the quasi-governmental entity Redevelopment Agency was missing. (Fulton, Shigley 2005: 259, 263; Gottdiener, Hutchison 2006: 238)

**Eminent domain used by the quasi-governmental entity** was also seen as a problematic

conflict of interest. General mistrust existed in this kind of cooperation between 'big government' and 'big business', fearing misuse of the Redevelopment Agency's powers. This was supported by the fact that eminent domain could also been used to make land available not only for public purposes, but for private developers as well. (Fulton, Shigley 2005: 268-269)

#### 6.2.2.8 Current Situation

**Redevelopment Agencies were shut down on February 1, 2012.** This was based on a decision by State of California Governor Brown. The idea of closing Redevelopment due to the fiscal crisis of the State of California was already born in the Governor's 2011-2012 budget proposals. The respective Assembly Bills that evolved thereof are Assembly Bill 1X 26 (AB 26) and Assembly Bill 1X 27 (AB 27). Details on the bills will be given below. They passed state legislature on June 15, 2011 and were approved by the Governor on June 28, 2011. Of course, Redevelopment Agencies as well as cities and counties ran against them, as they were about to lose an important tool for urban development. The fact that Redevelopment Agencies were governed by the cities, but did not cost them any money since they were funded through tax increment money, was of particular interest for the cities. For that reason, the California Redevelopment Association together with the League of Californian Cities and other bodies filed the 'Petition for Writ of Mandate' with the Californian Supreme Court, to hinder the state bills for redevelopment closure. Based on this petition, the Californian Supreme Court ruled on December 29, 2011 that AB 26 was confirmed, whereas AB 27 was invalidated. Moreover, the court set February 1, 2012 as the time for dissolving Redevelopment Agencies. (LAO 2012: 9 ff.; The City of San Diego 2012: 1-2)

#### **Reasons**

The Governor's plan to eliminate Redevelopment Agencies was based on the use of **tax increment funding** for redevelopment efforts. The increase of tax increment, generated by selling properties as well as by new construction on the site, was given to Redevelopment Agencies due to the California Health and Safety Code, Division 24, Part 1 (Section 33000 et seq.). Without redevelopment, tax increment funds are distributed to different entities. First of all, the **Californian school system is paid by tax increment money**, while the remaining amount goes to city and county governments to provide local services (libraries, fire stations, parks etc.). However, no increase in the received amount occurred as long as Redevelopment Agencies were active in the designated areas. Therefore, for example schools in this district got the same amount of money for years, while redevelopment got an increased share of income. Since the state is responsible for the school system, it had to use its General Funds to fill in the gap in funding. Attempts to force Redevelopment Agencies to provide a particular share of the tax increment to public entities were made and the agencies paid certain amounts. However, due to the state's tight financial situation additional money was needed. The state government eventually stopped the drain of school funding through Redevelopment Agencies by entirely shutting them down. (California Redevelopment Association 2010a: 1; Erie 2011; LAO 2012: 25)

Following the **argumentation of the Governor**, "[...] property taxes that otherwise would have been allocated to RDAs [Redevelopment Agencies] in 2011-12 would be used



to (1) pay existing redevelopment debts (such as bonds an agency sold to finance a retail or housing development), (2) make pass-through payments to other local governments, and (3) offset \$1.7 billion of state General Funds costs." (LAO 2012: 9). After repaying all outstanding debts of redevelopment, the property tax share would be passed on to the local agencies in the same way as before the redevelopment era (LAO 2012: 9).

**Assembly Bill X1 26** regulated the freezing of the existing Redevelopment Agencies, which meant that the agencies were not able to make payments, acquire new debt, sign contracts, change redevelopment plans etc.. The date for the closure of the agencies was set for October 1, 2011 which could not be held due to the ongoing petition. The set date was overruled by the court decision and all further set dates of the bill were postponed for four months. AB 26 provides regulations for the winding down process of the Redevelopment Agencies including the setup of successor agencies. These agencies are responsible for the closure process and the handling of all necessary measures. (Harris, Ortiz 2011: 1 ff.; LAO 2012: 9)

**Assembly Bill X1 27**, which was overruled by the State of California Supreme Court, would have allowed to keep existing Redevelopment Agencies under certain circumstances. A contract with the city would have been necessary, which among others included mandatory annual payments to school districts. Nevertheless, if the agencies had failed to provide the payments, AB 26 would have come to force resulting in the agencies' closure. AB 27 was held unconstitutional by the court and therefore was dismissed, without consequences for AB 26, which became operative as described above. (Harris, Ortiz 2011: 1 ff.; LAO 2012: 9, 11)

### Procedure and Future Prospects

The **Redevelopment Agencies' wind-up process** follows strict and extensive regulations which will not be presented in detail; the reader is instead referred to Harris and Ortiz 2011 as well as the Legislative Analysts' Office (LAO) 2012 for further information. As already mentioned AB 26 set up successor agencies which substituted the former Redevelopment Agencies. Duties of the successor agencies lie in the administration of the tax increment income, which will be distributed to the agencies until 2013, but will be used in a different way than before. The new agencies are responsible for the continuation of payments (debts, loans, etc.), which are regulated by the so called Recognized Obligation Payment Schedule. Moreover, successor agencies are in charge of dissolving all assets and properties held by Redevelopment Agencies at the time of closure. These assets should be transferred to other agencies, if appropriate, or sold on the market. Successor agencies are steered by an Oversight Board and their work is monitored by a county auditor-controller, the State Controller, and the Department of Finance. (Harris, Ortiz 2011: 2 ff.; LAO 2012: 11 ff.)

**Problems and challenges** coming with the closure of Redevelopment Agencies are numerous. Due to the fast closure, AB 26 is often seen as poorly crafted and bears a lot of uncertainties along the process. Therefore, some **follow-up bills** have already been prepared and are on their way through the legislative process. Most of them focus on the missing funds for affordable housing and try to fill voids in the existing regulations regarding the winding up of the Redevelopment Agencies. Particular problems exist for example in the **selling of assets** owned by the agencies. During the redevelopment process, properties were bought for different reasons and in various locations as well as

conditions. Most of the properties are not easy to sell, since they are too small (agencies planned to buy neighboring lots to unite them), are contaminated (agencies were about to remediate them), should be used for public purposes (but have not yet made it), or are not very attractive to developers due to their location. Thus, only a few attractive parcels can be sold at high market values, while most sites will have to be sold at unprofitable conditions. Existing **debts and bonds** are another uncertain part of the unwinding process since they were gathered over a long period of time and often include long-term liabilities. It is not yet clear, how fast all debts can be repaid and to what extent this will happen. Therefore, the money the state was hoping to fill its household gaps with is not yet secure. **Missing affordable housing funds** and a large number of **laid-off staff** of the Redevelopment Agencies are only a few other problems that came along with the closure of the agencies. For the above reasons, ideas and approaches for **new ways of redevelopment** are being developed and many professionals are certain that measures will be necessary to provide help to distressed neighborhoods again, in a similar way Redevelopment Agencies did until February 2012. (CD&DR-Staff 2012; LAO 2012: 26 ff.; Stephens 2012)

#### 6.2.2.9 Conclusion Redevelopment Agencies

Californian Redevelopment Agencies served as a **successful redevelopment tool** for a long time period. Based on state law and funded by tax increment funding, these city-based entities were responsible for many improvements in (inner-)cities' neighborhoods. Focusing on economical enhancement and infrastructure improvement, Redevelopment Agencies were big players on the real estate market as well. Nevertheless, they also were active in affordable housing, funded by a 20 percent set aside, particularly dedicated to housing projects.

The success of the instruments was accompanied by **critique** as well. The agencies were considered to be too close to the city administration, but at the same time acted without democratic legitimation. The focus on real estate development was seen as critical as the way of funding. Tax increment money is normally used for school districts, cities, counties, and other public service entities. However, due to the presence of redevelopment in their area, these bodies' funds didn't rise, despite an increase in tax increment income. This fact, along with the critical state budget, lead to the **closure** of Redevelopment Agencies in 2012.

The decision about shutting down Redevelopment Agencies was reached within several months. Therefore, the bill regulating the unwinding of redevelopment agencies has been criticized as hastily assembled. Moreover, the closure raised many **questions and problems** for the cities and their Redevelopment Agencies. Cities now lack a governmentally funded instrument to enhance their blighted neighborhoods and the funds to build affordable housing. Additionally, existing projects will be discontinued, potential partners in redevelopment are unsettled, and a large number of employees had to be laid off. Furthermore, the desired result of freeing up money for schools and relieving state budget is still unclear as the calculations have yet to be proved true. Local governments now face the challenge of being part of the winding up process of the agencies and at the same time having to establish a new way of providing redevelopment very soon.

Certainly, an **evaluation of the redevelopment instrument** can be very useful. Critiques are right, saying that Redevelopment Agencies ended up very differently from the way they were planned almost 70 years ago. Their measures and their objectives have changed. However, an evaluation and reorganization would have been possible without putting the instrument at stake. Nevertheless, the process in California is totally open and will stay exciting with regard to the new ways of redevelopment.

### 6.2.3 Comparison of the German Redevelopment Program 'Soziale Stadt' with the U.S. Redevelopment Agency Model

In the following section, (as substitute for the U.S.) the Californian redevelopment program involving Redevelopment Agencies will be compared to the German redevelopment program 'Soziale Stadt'. Hereby, similarities as well as differences can be identified. These results will lead to the decision, if the U.S. Redevelopment Agency approach is suitable for knowledge and instrument transfer to German redevelopment.

As a first step, the approaches will be opposed in the following table, displaying all substantial, structural, and process-related components of the approaches. As revealed in table 6 - IV both redevelopment approaches have a lot in common, but also show significant differences.

#### Substantial Elements

Both **initial positions**, leading to redevelopment efforts, involve identification of disadvantaged neighborhoods. Clearly distinguished is the term 'blight', which has to be proven in every neighborhood in order to become a redevelopment area. The German 'Soziale Stadt' program also defines components, which have to be fulfilled to make an area eligible for redevelopment efforts. Nevertheless, the conditions and developments which lead to the distressed state of the neighborhoods today differ between Germany and the U.S. This will be explained in more detail in chapter 7. As common statement, the neighborhoods in both countries rely on help from outside the area to improve their situation.

The **objectives** in Germany are focused on structural enhancement as well as social stabilization and participation, whereas improvement of U.S. neighborhoods should take place primarily by structural enhancement. Thus, the U.S. approach stresses the need of new investment and development in the area and the focus lies on the economical support.

Both processes are seen **successful** as the German instrument brings a positive trend into all neighborhoods participating in the program. Likewise, Californian neighborhoods received more attention through the redevelopment efforts, which lead to increased economic activities. Nevertheless, the instruments face **problems** as well. In Germany, enhancement structures cannot be sustained beyond the end of the funding period. Redevelopment Agencies on the other hand, fought against their strong dependence on the financial market as well as against remaining social problems of the areas, which could not be solved by the economical approach alone.

German redevelopment efforts went through tough times, which lead to a substantial cutback of federal funding of the 'Soziale Stadt' program. The neighborhoods are still

suffering from the cutbacks and face an insecure **future**. The situation is even worse in California, where the Redevelopment Agencies fell victim to a political household decision and were closed by February 2012. Projects came to a sudden stop and left behind debts and bonds that are the biggest current challenges.

### Structural Elements

The structural elements start with the **area**, which redevelopment is performed in. In both countries, the local neighborhood level is chosen and is distinguished by existing administrative borders, in most cases. While residential areas predominate the German approach, Californian redevelopment focuses on any type of area as long as it fulfills the conditions of blight. Redevelopment areas can frequently be found in business districts (like downtown areas).

Due to the fact that both programs are governmentally legitimated, the most important **stakeholders** are governmental actors. In California, the state defined the legal status of the agencies. Local municipalities were in charge of establishing a Redevelopment Agency, which was centrally located and responsible for several redevelopment areas of the city. The staff of the agency was often provided by city staff. However, after transition to the agency, the staff had to be independent from the city entity.

In Germany, the establishment of the 'Soziale Stadt' areas is also duty of the local municipality. The city also assigns the professionals in charge of the local neighborhood redevelopment offices ('Quartiersmanagements'). Moreover, the various governmental levels (federal, state, and local) provide the funding. Active non-governmental stakeholders are citizens of the areas, which are part of the participation processes held by the redevelopment entities in both examples. Big differences exist in the role businesses play. While the U.S. redevelopment approach focuses on strong ties with economic players to support the enhancement of the area, German 'Quartiersmanagements' only rarely collaborate with local businesses. Exceptions are nonprofit organizations, which do collaborate with German neighborhood offices in case of for example housing companies. Nonprofits were partner of the Californian Redevelopment Agencies, but played a smaller role, than for-profit actors.

The most significant difference between the two approaches is the way of **funding**. While German redevelopment depends solely on governmental funds, U.S. Redevelopment Agencies were funded by tax increment. This way of funding was based on a legal regulation, which accorded the agencies every increase of property tax in their area of business. Moreover, the agencies were able to take bonds and debts at local banks and from public entities. This was only possible since secure income by property tax increase generated the repayment of debts. Of course, governmental grants and funding, for example for affordable housing projects, were provided as well.

The **legal status** of the approaches is based on regulations given by the government: the 'VV Städtebauförderung' negotiated between federal and local entities in Germany and the state law California Health and Safety Code, Div. 24, part 1 for Redevelopment Agencies. Hereby, both instruments are top-down approaches, which are initiated by the governmental level and not by local stakeholders. However, application for inclusion into the local program by the neighborhood itself is possible.

Table 6 - IV: Comparison 'Soziale Stadt' and 'Redevelopment Agencies'

		'Soziale Stadt' - Germany -	Redevelopment Agencies - California, U.S. -
<b>substantial</b>			
	initial position and problems	distressed neighborhoods <ul style="list-style-type: none"> <li>- poor physical conditions (age)</li> <li>- social problems (migration, segregation)</li> <li>- suburbanization (existent)</li> <li>- social, economic, and physical challenges</li> </ul> → neighborhood needs help to improve its situation	distressed neighborhoods <ul style="list-style-type: none"> <li>- poor physical conditions (structural)</li> <li>- social problems (racial segregation)</li> <li>- suburbanization (strong)</li> <li>- social, economic, and physical challenges</li> </ul> → neighborhood needs help to improve its situation
	objectives	enhance physical character of disadvantaged neighborhoods encourage resident involvement counteract the growing socio-spatial polarization upgrade and stabilize deprived neighborhoods	eliminate blight from a designated area development, reconstruction, and rehabilitation of residential, commercial, industrial, and retail districts bring private developers/ development/ investment back in rebuild and improve neighborhoods that already exist, rather than building new ones
	current challenges	decreased financial support by federal government and restrictions for social projects future funding not projectable	state government shut Redevelopment Agencies down February 2012 phase-out of Agencies has to be managed, particular challenge: active debts, bonds, and repayments

		'Soziale Stadt' - Germany -	Redevelopment Agencies - California, U.S. -
<b>structural</b>			
	area	neighborhood area (administrative borders) city or inner city areas or large post-war building structures predominantly residential areas	neighborhood (administrative borders) downtown area, small street neighborhoods, whole towns or villages (residential, commercial, and downtown areas, neighborhood shopping centers) important restriction: area must be blighted
	organization	'Quartiersmanagement' (local neighborhood offices)	centrally located agency offices
	staff	professional staff from outside the neighborhood	professional staff often provided by, but independent from city staff
	stakeholders (governmental)	local municipalities federal, state, and local funding	state (legal status) local municipality
	stakeholders (non-governmental): citizens	local residents as participants in projects and participation processes	public participation possible for local residents (all meetings open to public)
	stakeholders (non-governmental): businesses	collaborations with local economy very rare existing collaborations with housing companies (for profit)	private developers (buying sites, development of projects devised by Redevelopment Agency)
	stakeholders (non-governmental): nonprofits	collaborations with local activity groups rare existing collaborations with housing companies (nonprofit)	cooperation with non-profit organizations (maintaining public infrastructure improvements, building affordable housing, community building)

		'Soziale Stadt' - Germany -	Redevelopment Agencies - California, U.S. -
	funding	governmental funding: one third federal, two thirds 'Länder' and local municipalities	tax increment funding (property tax) bonds (tax allocation bonds, tax exempt bonds) debts (by banks, loans from public entities) federal, state and county funds for housing, etc.
	success	positive trend in the project areas	area receives attention and financial investment positive effects to improve entire community, even outside boundaries more economical activity, new jobs
	problems	sustainment after funding period problems securing the necessary long-term financial foundation	very dependent on financial market because of bonds and real estate market contradiction of technical focus on economic development and existing social problems in blighted neighborhoods
	legal status	provided by 'VV Städtebauförderung' (federal, 'Länder')	California Health and Safety Code, Div. 24, part 1 (state)
	instruments	social activities and infrastructure integration of diverse ethnical groups schools, education, sports, recreation and health promotion employment (qualification and training) housing market and industry	receive and spend taxes, improve public facilities, prepare sites for improvement, combine properties, sell or lease property, assist private development, regulate land-use, preserve, upgrade and produce housing redevelopment plan, implementation plan, five-year plan



		'Soziale Stadt' - Germany -	Redevelopment Agencies - California, U.S. -
<b>processual</b>			
	initiative	neighborhood office appointed by the local municipality neighborhood can apply for being part of support program	city establishes Redevelopment Agency agency can add areas to its responsibilities
	time period	5 to 15 years first period often extended due to lack of self-supporting structures	30 - 40 years, plus 10 years time frame for repaying debt after end of active redevelopment (some extended, max. for 5 years)
	tasks	support structural improvements counteract socio-spatial segregation encourage citizen involvement integrated action plans	attract and support (private) development infrastructure improvement provide affordable housing

Source: by author

### Processual Elements

As already mentioned, the **initiative** is taken by the governmental levels while the actual establishment of the entities is done by local municipalities. In California the centrally located Redevelopment Agencies were in charge of several neighborhood areas and the enhancement thereof. In contrast, every German neighborhood is assigned its own local redevelopment office by the city.

**Time periods** differ as well. Redevelopment Agencies were active 30 to 40 years and included the possible extension of five years. The repayment of debts was possible until ten years after the area was released from the redevelopment efforts. The German projects last five up to a maximum of 15 years and should be self-supporting after this period.

**Tasks** of the redevelopment approaches vary. German redevelopment efforts focus on structural and social enhancement, while Californian redevelopment mostly supported business activities. Differences in redevelopment focus also lead to different instruments used during the process. While Redevelopment Agencies tried to revive local businesses and to bring in new development, German neighborhoods are improved by social services, employment training, infrastructure enhancement, and structural revision of buildings.

**In conclusion**, it will be figured out, if the approach of Redevelopment Agencies provides useful elements for transfer to German redevelopment. There are three main reasons why the Californian redevelopment approach is not seen as supportive in solving problems of German redevelopment processes.

First of all, the question arises, if a **recently terminated program** can be useful for learning processes. Of course, it depends on the reasons for the termination, which in the case of Redevelopment Agencies were budget consolidation efforts. Certainly, there has been criticism of Redevelopment Agencies, particularly regarding the disposition of funds and the model of tax increment financing in general. Nevertheless, the Californian redevelopment approach was seen as successful enhancement tool and was therefore active for several decades. Thus, the transfer of particular elements of the program could still be considered, if they seem useful for the German situation.

Hereby, one of the biggest differences has to be considered. The **funding structure** was one particular instrument of Redevelopment Agencies. Tax increment financing was based on property tax regulations in California. This very specific tool is not regarded as being transferrable, since higher-ranking regulations in the German tax system would have to be changed, which is very complicated and therefore highly unlikely to happen. Moreover, another reason suggests that such a comprehensive change may not even be necessary.

**Different tasks and instruments** as well as the various underlying objectives restrict the usefulness of the Redevelopment Agency approach for German redevelopment. Although the enhancement of distressed neighborhoods is the overall goal of both approaches, the strong focus on economic development separates the Californian from the German program. The existing 'Soziale Stadt' program names structural and social projects as the best way to improve local areas. Therefore, the instruments of mere business support brought in by the U.S. approach would not be easily transferrable. Of course, business support could be an approach to improve German redevelopment,

but this would require an overall change in the ideas of the 'Soziale Stadt' program. Regarding the present thesis, the transferred instruments should support the existing objectives of the program and therefore instruments for both structural and social improvements are most wanted.

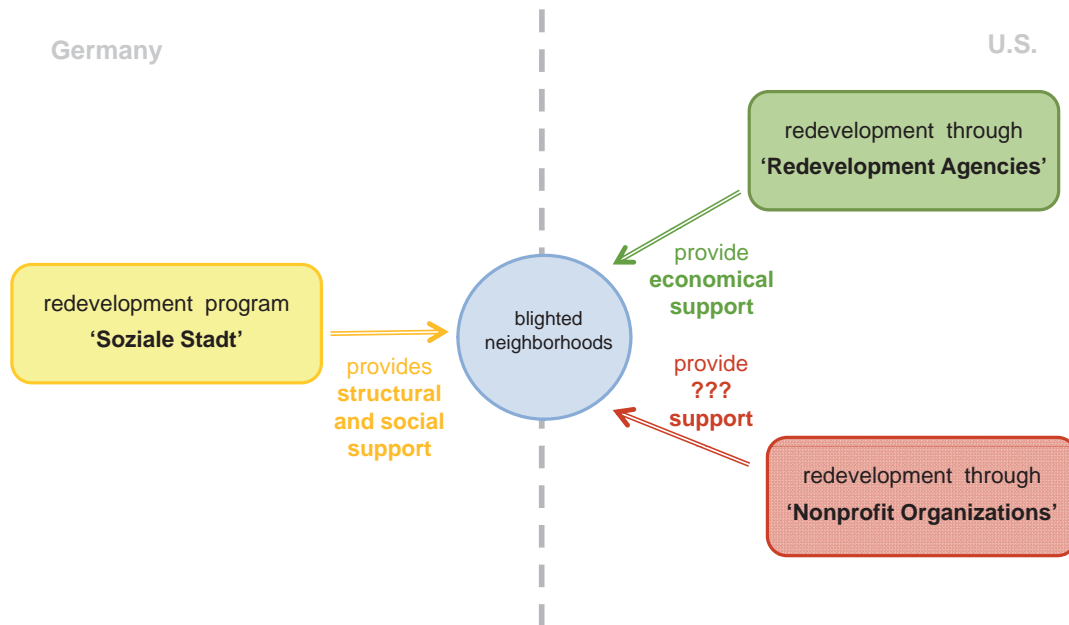


Figure 6.6: Focus of German and U.S. Redevelopment Approaches I

Source: by author

As shown in figure 6.6, Redevelopment Agencies and the 'Soziale Stadt' program focus on distressed neighborhoods. However, the U.S. instrument uses the business approach to achieve enhancement. Therefore, another redevelopment method is needed to provide transferrable instruments and methods for the German program. What kind of redevelopment is provided by nonprofit organizations in the U.S. and if these instruments meet the focus of the 'Soziale Stadt' program will be shown in the following.

#### 6.2.4 Redevelopment by Nonprofits

As introduced above, Redevelopment Agencies were governmentally regulated ways of neighborhood enhancement in the U.S.. How social projects in neighborhood improvement are implemented and what role nonprofits play in this context will be shown in the following.

##### 6.2.4.1 Nonprofits Active in Redevelopment and Community Development

As stated above, nonprofit organizations are active in different fields. Here, the focus will lie on **nonprofits active in the urban redevelopment field**. A large number of organizations works for the redevelopment of neighborhoods, most of them are **community-based**, often constituted as **Community Development Corporations (CDCs)**.

There are different ways how **nonprofits can be active in neighborhoods**: They step in when governmental money is withdrawn or provide public goods assigned and paid by the government. An increasing number of nonprofit organizations arise from the neigh-

neighborhoods itself. Observing that there is more initiative by local inhabitants needed, citizens and other stakeholders get together and build a community corporation. The organization takes care of needed improvements and problems in the neighborhood. These nonprofits have built affordable housing, child-care centers, hospitals, teaching facilities, civic clubs and the like. (Bratt 1990: 181; Grogan, Proscio 2000: 4; Reiner, Wolpert 1990: 201)

Nonprofits active in community development work on various tasks and therefore come in **different organizational and conceptual structures**. "They can be as simple as an all-volunteer community association, a residents' association in an apartment complex, or a homeowners' association, working to solve particular problems in the intermediate area and advocating for improvements with the responsible authorities." (Brophy, Shabecoff 2001: 25-26).

Similarities with European approaches of neighborhood managements are given by organizations called Community Development Corporations (CDCs). These nonprofits are tied to their particular neighborhoods and focus on projects to improve the quality of life of the neighborhood residents. (Glickman, Servon 2008: 60) These organizations are seen as the most important players and the main medium in community development efforts in the U.S. (DeFilippis 2008: 28; DeFilippis, Saegert 2008: 44). Therefore, CDCs will be discussed in greater detail below. First, a short overview on community development theories is given.

#### 6.2.4.2 Community and Community Development

**Community can be defined** as a connection and common interest that exist between individuals. If these individuals feel like belonging to the same group, a community is established. Community members have common interests that bind them together. While there are binds like religion, land, history, market places, chat rooms, labor unions, etc. (communities of interest), here the focus lies on the common locality, i.e. the neighborhood (communities of place). (O'Donnell 2004: ix-x; Phillips, Pittman 2009: 3, 5; Sennett 2008: 174)

**Community Development can be defined** as process and as outcome. Phillips and Pittman describe the process as "[...] developing and enhancing the ability to act collectively." (Phillips, Pittman 2009: 6). Stronger communities can be built during the community development process, since people learn how to use their commonalities to improve their local environment together (community organizing as well as community building). Community development described as outcome means "(1) taking collective action and (2) the result of that action for improvement in a community in any or all realms: physical, environmental, cultural, social, political, economic, etc." (Phillips, Pittman 2009: 6).

#### **Capacity Building, Community Organizing, Community Building, Community Empowerment**

An important asset during community development work is the existing and the potential **social capital** of the neighborhood. The stronger social connections in communities are the more people are able to organize themselves and to initiate efforts to improve their situation. Other than that, social capital can be created and supported by strengthen-

ing the existing social connections and by building common values in the neighborhood. This is the task of community development organizations and can be seen as critique on existing top-down approaches. The process is called **community capacity building**. (Briggs 2008: 36; Hyman 2008: 225; Phillips, Pittman 2009: 6-7) As shown in figure 6.7 "The process of community building is social capital/capacity building which leads to social capital which in turn leads to the outcome of community development." (Phillips, Pittman 2009: 7).

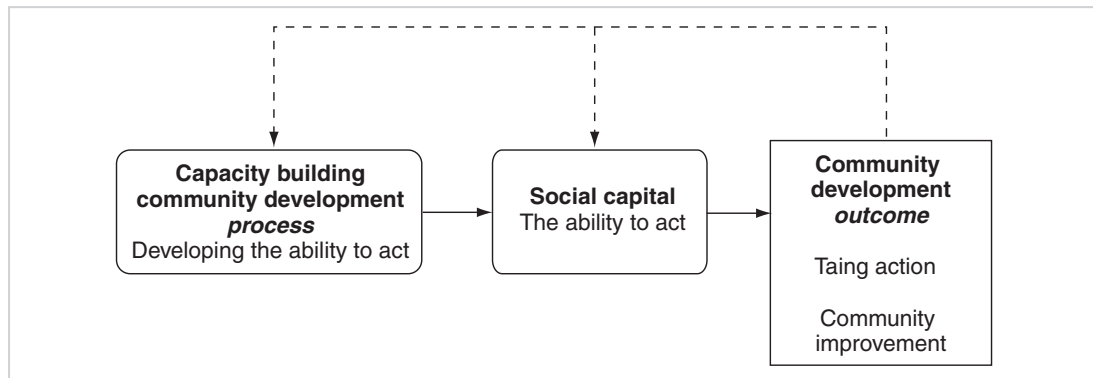


Figure 6.7: Community Development Chain

Source: Phillips, Pittman 2009: 7

As mentioned above there are two different approaches in bringing people together as common force. The theory of **community organizing** emphasizes the importance of bringing people together, who are underprivileged and who cannot participate with the privileged people of their neighborhood. Organizing these 'have nots' and empowering them to improve their situation is seen as community organizing, which leads to a social change. (DeFilippis, Saegert 2008: 159-160; Stoecker, Vakil 2000: 440-441) The literature of **community building** locates the problem of the neighborhoods in the nonexistence of ties and common interests among citizens. In this theory, no per se privileged or unprivileged citizens exist, since all of them show different interests and abilities. Bringing these diverse groups together to support one common effort is seen as the goal of community development in the community building approach. (DeFilippis, Saegert 2008: 159-160)

Another common term in community development is **community empowerment**. The community empowerment process, often reached through community organizing, describes the process of citizen participation that leads to citizen control and citizen power. This newly built balance of power of the neighborhood often changes political dynamics. Therefore, citizen empowerment is also seen as the ultimate goal of citizen action. (Briggs 2008: 36; Peterman 2000: 41)

### Stakeholders and Work of Community Development

As already mentioned, a **neighborhood's citizens** are crucial participants in the community development process. Citizens dedicating their time and effort to community development activities, for example as board members of their local Community Development Corporation, are participants through voluntary dedication to the neighborhood's improvement. On the other hand, there are **professional stakeholders** active in community development as well. For instance, professionals working for local authorities or in the private sector help to raise the quality of life in the neighborhoods.

Often professionals also support community development groups directly as head of Community Development Corporations or other local entities for example. As Phillips and Pitman put it: "Success in community [...] development requires dedicated, well-trained professionals and volunteers alike working together effectively for the community's benefit." (Phillips, Pittman 2009: 15).

**Community development tries to improve the situation of the neighborhoods** by creating jobs and improving the economy, providing better education and qualified workforce, extension of infrastructure, increase of the quality of life, more cultural events, better recreational possibilities, building of affordable housing, crime reduction, governmental service improvement, and image betterment, etc.. People are organized in nonprofit organizations and collaborate with necessary partners from the public, government or private (for-profit) organizations. In particular, private investment needs to rediscover these neighborhoods, which nonprofits try to support and accelerate. During the last decades, the community development sector has become a business of its own with expenses up to billions of dollars. Some of the organizations also get involved in the political economy of the neighborhood. (Brophy, Shabecoff 2001: xi, 293; DeFilippis, Saegert 2008: 1; Squires 2008: 89-90; Vincent II 2009: 58, 59)

#### 6.2.4.3 Community Development Corporations (CDCs)

In the following, a few facts on Community Development Corporations are given. Further details on organization, objectives, projects, stakeholders, and funding can be found below.

Community Development Corporations (CDCs) show the following **characteristics** (Accordino 2007: 105; Brophy, Shabecoff 2001: x, 5, 293; Cullingworth, Caves 2009: 308; Bratt, Rohe 2004: 197; Keating, Krumholz 1999: 193; Schindler 2007: 87-88; Peterman 2000: 47; Wright 2001: 35):

- private, charitable, nonprofit, incorporate, tax-exempt organizations, formally organized
- neighborhood-based
- locally-controlled by residents, community-based board
- objectives: saving, revitalizing, improving quality of life in particular neighborhood (mostly low-income community)
- activities: community organizing, economic and physical development
- products: affordable housing, business development, service providing
- funding: grants, donations, loans
- numbers: no official number, estimated 3,600 to 8,000 in the U.S., high increase in recent years

The origin of CDCs is believed to be in the late 1960s when citizens were looking for a way to get active in the improvement of their neighborhoods, since the private market was not able to bring necessary development and governmental care was not sufficient. CDCs started with organizing citizens and focused on social stabilization and economical development. (Accordino 2007: 105; Peterman 2000: 47; Schindler 2007: 87-88)

**CDCs differ from community to community** because their goal is to serve their commu-

nity as well as possible. Therefore, organizations have to adjust their activities to the specific neighborhood. They also differ from other nonprofits, since CDCs are focused on one distinctive neighborhood, but not one particular topic. Without being democratically legitimized, CDCs often are seen as representations of interests for the whole neighborhood without being elected in any way, which can be problematic. (Schindler 2007: 87-88; West 2009: 108-109) The term *neighborhood* in community development efforts has already been defined in chapter 1. It is characterized in particular by social frameworks instead of administrative borders in the case of CDC project areas. These neighborhoods have to be easily distinguishable and are often defined by a common understanding of the district (by name or history, etc.). Moreover, the neighborhoods can be seen as communities, describing a mutual way of living present in the area. (Peterman 2000: 20)

### Particular Role of CDCs in the U.S.

Community Development Corporations play an **immense role in the urban development field** of the U.S.. Grogan and Proscio (2000: 87) describe it as force that represents the primary instrument for problem solving in the cities' communities. They quote that at least one CDC is active in 95% of Americas 133 largest cities. (Grogan, Proscio 2000: 70) Therefore, the question arises: Why and how did CDCs get into this particular role?

Reasons for this situation are described for instance by Grobman (2004: 33). In his opinion, American roots of religious traditions still make people care of and serve for community needs. CDCs' work exactly shows this background of taking initiative because of being responsible for the community's wellbeing. (Grobman 2004: 33) Furthermore, Grogan and Proscio name values of all American citizens (notwithstanding their political orientation) that lead to active participation in community development through CDCs: "self-help, entrepreneurship, community building, local control, and public/private partnership." (Grogan, Proscio 2000: 73) In particular, the tradition of favoring private actors over governmental actions is a long-established belief in the U.S.. (Accordino 2007: 105) Private actors and especially foundations are traditionally involved in tasks that would be implemented by governmental organizations in many European countries for instance. In the U.S., these organizations also bear more responsibility and more importance. For example urban redevelopment approaches have been supported by private foundations since 1980s. (Grell, Sambale 2001: 5)

### CDCs and Government

Additional to the distinct role CDCs play in the U.S., the **relationship** between the non-profit sector (CDCs) and the government (federal, state, local) shows certain characteristics. As described above, for a long time, universities, hospitals, etc. were provided by the nonprofit sector. Hereby, the government played an increasing role in funding these services. As financing partner, the government is still a viable source and nonprofit neighborhood work could not be done in the current dimension without governmental support. Long-term, federal dollars are indispensable for CDCs. (Grogan, Proscio 2000: 93; Salamon 1995: 69)

The **governmental money** in particular helps CDCs to be seen as reliable partners, for the for-profit sector as well as for the local government. Mainly federal money provided by the Community Development Block Grant (CDBG - see below) gives CDCs the necessary funding basis to develop projects in their neighborhoods. While governmental fund-



ing enables many CDCs to provide their needed services, federal money again comes with restrictions. CDCs therefore have to adjust their programs and projects to match the regulations given by the government to receive grants. Another supportive governmental regulation is 'The Community Reinvestment Act (CRA)', which has direct impact on the availability of capital for CDCs (see below). (O'Donnell 2004: x-xi; Rubin 2000: 67, 70; von Hoffman 2003: 253)

In the U.S., the development away from social policies offered by the government towards private initiatives providing public goods is evident. During the time the government effort in providing public goods was shrinking, CDCs stepped in and even outgrew services that had been provided by the government before. This fact also explains the strong role community development organizations play in neighborhood revitalization. In addition, existing federal money paired with the unwillingness of the government to provide particular services also lead to the emergence of new community organizations. (DeFilippis 2008: 32-33; Held 2009: 138; Salamon 1995: 70)

In general, collaborations between the government and CDCs are **not without tension**. Aside from the governmental support they receive, nonprofits often complain about the necessary paperwork that comes with federal grants as well as uncertainty of future funding. On the other side, the governmental partner sometimes questions the competence of CDC activists. In the end, CDCs clearly acknowledge their reliance on the governmental support, but wonder if governmental stakeholders share the necessary seriousness needed for local projects. (Rubin 2000: 72, 98)

**State and local governments** today rely on the community nonprofit sector regarding the provision of social services. Financial pressures and the governmental retrenchment leave the community-based organizations to fill the void. (DeFilippis, Saegert 2008: 331) As federal funding makes up the largest amount of support for nonprofits and is mostly managed by state and local governments, the state and local influence should not be underestimated. Without directly paying for the services, state and local governments therefore often decide about provided goods. (Salamon 1995: 79)

Forty percent of all welfare services in the U.S. are **provided by governmental organizations**. Another forty percent are made available by nonprofits but are still paid by the government. In addition, the government pays for-profits to provide the remaining twenty percent of the social services. Since every state in the U.S. supplies slightly different welfare services, the division varies in every state. However, research has shown that the more welfare money is spent by the state government, the higher is the percentage of active nonprofit organizations and vice versa. This illustrates how tightly governmental funding support and the availability and the viability of community development corporations are connected. (Salamon 1995: 76-77, 79 ff.)

## Work of CDCs

### *Objectives*

As mentioned above, Community Development Corporations strive for **saving and revitalizing communities**, as well as **improving the quality of life** in mostly low-income neighborhoods they belong to. CDCs' goal is to bring private investment back to the blighted areas and thereby improve the economic and social life of their inhabitants. (Brophy, Shabecoff 2001: xi) First and foremost, these nonprofits rebuild distressed

communities, stimulate economic growth, and provide housing (Bratt, Rohe 2004: 197). A list of objectives is also given by Vincent II (2009: 59). CDCs seek for the improvement and/or development of

- jobs and economic forces,
- education and workforce,
- infrastructure,
- quality of life,
- culture and recreation,
- quality of governmental services,
- community image and marketing, and
- tourism.

As Accordino (2007: 105) puts it, CDCs are "[...] altruistically motivated, but pragmatically oriented entities [...]" which are in charge of the "[...] re-knitting of the social fabric [...]" (Stuart 2007: 167). Nevertheless, it should be kept in mind that every neighborhood is different and redevelopment efforts have to be adapted to every specific community (Bright 2000: 4).

### *Projects*

In general, CDCs have a wide range of programs, and differ in character, initiative, and success (Cullingworth, Caves 2009: 308-309). However, one project area is common for every community development group: **housing** (Bratt, Rohe 2004: 197). Most corporations are active in constructing, rehabilitating, and managing affordable housing for low- and medium-income families (Accordino 2007: 105). The number of housing built by nonprofit organizations is impressively large. CDCs start with the buying and developing process, then look for private stakeholders as additional investors and try to find the best collaborations between government and private business. (Glickman, Servon 2008: 52; Grogan, Proscio 2000: 70; Peterman 2000: 47; Ross, Leigh 2000: 370)

In addition to their housing task, CDCs became active in other fields, because housing alone cannot solve problems of the neighborhood (Grogan, Proscio 2000: 72). Therefore, 40 percent of the organizations established a broader mission, most of them **anti-poverty activities or other community-building and social service activities** (Accordino 2007: 105; Brophy, Shabecoff 2001: xi; Cullingworth, Caves 2009, 308-309; Glickman, Servon 2008: 52, 55; Grogan, Proscio 2000: 81; Ross, Leigh 2000: 370; Vincent II 2009: 59):

- *business support*: business attraction, development, expansion, and retention; small business support; retail development
- *human service provision*: health care; family services; child care; after-school activities; teen pregnancy
- *social order*: crime control; substance abuse control
- *job support*: job and employment training and placement programs
- *networking*: capacity building (building networks with other organizations)
- advocacy
- real estate development

- economic development
- initiatives to promote homeownership

Summarizing all fields of activities, Glickman and Servon (2008: 52) name **three program areas**: “[...] (1) housing; (2) either commercial real estate development or business enterprise development; and (3) one non-economic development program area, typically some type of social service or advocacy work.”.

#### *Methods and Instruments*

Additional to the stated project areas, Vincent II (2009: 60-61) collected a **set of principles** as guide to practice for the community work of CDCs displayed in figure 6.8.

<i>Self-help and self-responsibility are required for successful development.</i>
<i>Participation in public decision making should be free and open.</i>
<i>Broad representation and increased breadth of perspective and understanding are conditions that are conducive to effective CD.</i>
<i>Methods that produce accurate information should be used to assess the community, to identify critical issues, strengths, weaknesses, opportunities, and threats (SWOT analysis).</i>
<i>Understanding and general agreement (consensus) is the basis for community change.</i>
<i>All individuals have the right to be heard in open discussion whether in agreement or disagreement with community norms.</i>
<i>All citizens may participate in creating and re-creating their community.</i>
<i>With the right of participation comes the responsibility to respect others and their views.</i>
<i>Disagreement needs to be focused on issues and solutions, not on personalities or personal or political power.</i>
<i>Trust is essential for effective working relationships and must be developed within the community before it can reach its full potential.</i>

Figure 6.8: Principles for Community Work of CDCs  
Compiled by author, based on: Vincent II 2009: 60-61

**Methods used by CDCs** range from participation, public discussions, and networking to instruments like SWOT analyses, mediation, and the building of structures of self-help and self-responsibility in blighted neighborhoods (Vincent II 2009: 60-61). The first and foremost method of CDCs is the organization of the neighborhood citizens (Schindler 2007: 87-88). In addition, Glickman and Servon (2008) name five crucial components for the work of CDCs: resource, organizational, network, political, and programmatic capacity. The methods include fundraising, financial management and increase (resource capacity), building and perceiving skills and experience for all stakeholders involved (organizational capacity) as well as creating a strong connection between stakeholders of the area (network capacity), including networking with the political level (political

capacity). Programmatic capacity refers to the realization of the projects named above. (Glickman, Servon 2008: 46 ff.) Of course, the routines used by CDCs differ among neighborhoods. And finally, independent what field of activity CDCs have in focus, their common interest always lies in providing the support that is needed most in their particular community. (West 2009: 108-109)

### *Stakeholders*

Community Development Corporations are **founded by** citizens themselves in order to change their situation and redevelop their neighborhood (Grogan, Proscio 2000: 67). Organizational duties are done by the CDC **staff**, which often has first-hand expertise, because many of them live in the same neighborhood. In addition to paid staff, CDCs employ a range of **volunteers** for the execution of programs. (Brophy, Shabecoff 2001: 5; West 2009: 108-109) Management decisions are made by the **board members**. These are elected from the membership, most are local residents (often poorer members of community), business owners, representatives of key local institutions (public officials, bankers, social institutions), relevant professionals, and funders. The arrangement does not always represent the community in a direct way, since members are not only local residents. (Brophy, Shabecoff 2001: 5; Rubin 2000: 5; Stoecker 2008: 306; West 2009: 108-109; Wright 2001: 35)

Moreover, CDCs are looking for support from outside their own organization. As von Hoffman (2003: 253) puts it "Successful community development also requires collaboration. No single entity - even government - is strong or clever enough to uplift a neighborhood on its own." Therefore, many partners collaborate with CDCs. The following listing is not exhaustive and not every player is involved in every neighborhood.

As already mentioned above, the government is an important partner in the community development field: **Federal Government, U.S. Department of Housing and Urban Development (HUD)**, oversees and regulates the housing and real estate field, gives federal insurance on mortgages, provides rent-subsidies, funds nonprofits in housing and community development activities, and is the responsible body for Community Development Block Grants (CDBG). (Brophy, Shabecoff 2001: 33) **Additional federal agencies, involved in community development:** the Treasury Department's Community Development Institutions Fund, the Office of Community Service, and the Federal Home Loan Bank System (Brophy, Shabecoff 2001: 33). **State Government, State agencies, involved in community development:** Department of Community Affairs, Housing Finance Agency, Economic Development Agency, Welfare or Social Service Department (Brophy, Shabecoff 2001: 34-35). **Local Government:** City Administration; City and County Planning Departments; Housing, Community Development, and Economic Development Departments; Local Public Housing Authorities (Accordino 2007: 104; Brophy, Shabecoff 2001: 35-37). **Public sector**, as partner in development and for funding, providing subsidies and monitoring (Brophy, Shabecoff 2001: 8-9).

Foundations and intermediaries are an important partner of CDCs, in particular for funding and organizational support: **National and community Foundations** (e.g. Enterprise, Ford Foundation) contribute grants or loan programs or provide money for projects. **Intermediaries** (e.g. Local Initiatives Support Corporation (LISC)) mediate between the community group and national funders and supporters. (Brophy, Shabecoff 2001: 8-9; Grogan, Proscio 2000: 87-88)

Banks support CDCs in different ways. **Banks can be for-profit banks, commercial banks, investment banks, lenders, and mortgage companies**, that provide money to make necessary investments (a win-win situation since it can be use for positive publicity). As mentioned above, commercial banks in the community are required to make loans to the community (Community Redevelopment Act). (Brophy, Shabecoff 2001: 8-9, 37-38; West 2009: 108-109)

**Private business, for-profit developers** are important associates, as well. They are partners in development projects to improve the physical appearance of neighborhoods or donating their employees' time. (Brophy, Shabecoff 2001: 8-9, 42; West 2009: 108-109)

CDCs also collaborate with **consultants, service providers, or other local community groups** to complete their own tasks and broaden their knowledge base. Social service agencies, for instance, complete the mission of nonprofit in skills and experience. Consultants provide specialized skills for community development work, as well as counsel and advice in special tasks occurring in nonprofits work that cannot be solved with the own expertise of the organization. (Brophy, Shabecoff 2001: 5, 43, 44; West 2009: 108-109) Other local community and nonprofit groups can collaborate in joint service provision and various other common projects (Accordino 2007: 106; Brophy, Shabecoff 2001: 8-9). In addition, **policy and advocacy organizations** are working for nonprofits on changes in systemic problems and shortcomings (Brophy, Shabecoff 2001: 44).

Moreover, **academics, research centers, universities, medical centers, etc.**, are involved in bringing academic expertise into community work, as well as in the education of future community development actors (Brophy, Shabecoff 2001: 43).

### *Organizational Structures and Legal Status*

CDCs are formally organized entities with distinctive terms and conditions and a guiding mission statement. CDCs are private and non-commercial and as nonprofit organizations they are tax-exempt based on the U.S. Internal Revenue Code Section 501(c)(3). CDCs are neighborhood-based and bound to their area as they are founded by local citizens and also controlled by local actors. The organization is conducted by a community-based board (board of directors), which is staffed by local residents, business and property owners, or other local stakeholders. (Brophy, Shabecoff 2001: 5, 293; Peterman 2000: 47; Schindler 2007: 87-88)

### *Funding*

As already mentioned above, Community Development Corporations work with a **variety of funding sources**. Most important sources are grants, loans, and donations in combination with tax deductions.

**Grants** can be received from foundations and governments (federal and state) (Brophy, Shabecoff 2001: 5; Grogan, Proscio 2000: 86; Rubin 2000: 5). In this respect, the **Federal Community Development Block Grant (CDBG)** program is of particular importance. As put by Hamer and Farr (2009: 301-302) "CDBG is one of the most flexible federal programs intended for use by cities and counties to promote neighborhood revitalization, economic development, and improved community facilities and services principally to benefit low- and moderate-income persons and communities." The grant has been provided continuously since 1974 by the federal government through the U.S. Department



of Housing and Urban Development (HUD) to local governments and project areas. Thereby, it is the HUD program with the greatest amount of money spent (for instance, \$15,027,728 in 2010). The targets of the program are

- "1. To benefit low- and moderate- income families.
- 2. To aid in the prevention or elimination of slum or blight.
- 3. To meet the community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs." (Cullingworth, Caves 2009: 307).

The CDBG money supports housing and community development projects. Regarding the thesis, community development projects are of particular interest. Hereby, CDBGs are used for the purchase of property, building structure enhancement and construction, as well as building of public infrastructure and its improvement (community facilities, streets, health services, etc.). Moreover, the money can be used for the provision of public services or homeownership assistance and support of nonprofit as well as for-profit groups that are active in the neighborhoods.

This financial support is often also provided by loans or grants. Grants are provided in a one- to three-year period. A formula developed by HUD, is based on numbers derived from the communities' need and factors in poverty rate, number and development of inhabitants, as well as numbers and condition of the housing stock. Again, citizen participation is of particular importance as money is provided only if processes of participation are guaranteed by a detailed plan, which states how citizens will be enabled and encouraged to take part in the implemented projects.

The CDBG is seen as successful device, which is mostly due to its flexible and adaptable uses in different kinds of neighborhoods and programs. Communities eligible for CDBG funding are split in various groups. Of these groups, two are of importance for the present thesis: Entitlement Communities and State Administered CDBG (also called Small Cities CDBG program). Part of the Entitlement Communities are cities which are the head of Metropolitan Statistical Areas or have a population greater than 50,000 inhabitants, as well as counties with more than 2 000,000 residents. Annual grants are assigned to these Entitlement Communities directly by the HUD. In contrast, the states provide funds to cities with less than 50,000 inhabitants, as well as counties with less than 2 000,000 residents. Grants and funding have to be used for community development efforts in both cases. However, the criteria and programs for community development are phrased as overall guidelines by the states in the case of State Administered CDBG and are developed by every city or county in the case of Entitlement Communities. (Brophy, Shabecoff 2001: 33; Cullingworth, Caves 2009: 307; Hamer, Farr 2009: 301-302; HUD 2012; Macedo 2009: 259; The City of San Diego 2010:7)

Loans come mostly as low-interest loans for projects and are provided by banks (Brophy, Shabecoff 2001: 5; Grogan, Proscio 2000: 86). Of great importance is the federal **Community Reinvestment Act (CRA)**, which forces financial institutions of the community in question to offer cheap loans to local CDCs to support their social work and the improvement of the neighborhood. This tool has direct impact on the availability of capital for CDCs. (Hamer, Farr 2009: 300; Rubin 2000: 70; von Hoffman 2003: 254)

**Donations** to CDCs are made by foundations, companies, or private donors (Grogan, Proscio 2000: 86). Distinctive tax regulations exist for such donations, which are thereby made more attractive for businesses and private donors (Brophy, Shabecoff 2001: 34; Salamon 1995: 89). As described above, donating is very common in the U.S..

CDCs can also earn their own **income**, e.g. through collecting fees for provided services, or generate income through rents. Still, CDCs, as every nonprofit organization, are not allowed to make profit, but use their revenue for the fulfillment of their mission. (Rubin 2000: 6)

Besides other ways of funding, CDCs also benefit from **governmentally sponsored programs**, for example for affordable housing, for redevelopment activities, or for local projects (Grogan, Proscio 2000: 86; Rubin 2000: 5).

On one hand, **financial matters are complicated** for CDCs, since there are too many sources and institutions involved. On the other hand, this broad financial portfolio enables them to be flexible if projects do not match particular programs or if funding sources fail. Nevertheless, as already stated, federal money is crucial to CDCs, since loans and donations are mostly used in combination with federal money. (Grogan, Proscio 2000: 86, 93)

#### *Process and Time Period*

The process of redevelopment by CDCs begins with the foundation of the organization, in most cases by concerned (former) citizens or other relevant stakeholders from the area. After successful installation and consolidation of the nonprofit organization, redevelopment work begins. During the **funding process**, a mission statement including the objectives and planned achievements of the entity is phrased. This statement is followed during the entire enhancement process. There is no **time period** specified for the redevelopment effort as according to CDC stakeholders, there is always a need for enhancement in their area and therefore no termination date of the redevelopment process is considered. Nevertheless, short-term purposes exist, which are stated in so called five-year plans. These plans make shorter planning periods as well as the successful achievement of subordinate targets possible. In conclusion, CDCs can exist for decades, as long as funding is present and the neighborhood still has the need for improvement. Accordingly, CDC officials see their work as long-lasting effort. (Bright 2000: 161; Gracian 2011; Reynolds 2011; Wilson 2011)

### **CDCs' contribution to a Successful Improvement of Urban Neighborhoods**

#### *Success of CDCs*

Overall, there is a lot of **positive feedback** on the work of nonprofit organizations. Finally, CDCs contributed to more stabilized neighborhoods in U.S. cities. (Held 2009: 138) DeFilippis and Saegert (2008: 331-332) describe it as "[...] vital component in the improvement of urban [...] neighborhoods, and able to adapt to changing structural conditions." Further results of CDCs are the enhanced conditions in real estate markets and better job opportunities, as well as the safety in the neighborhoods where nonprofit organizations are active. Their achievements include more citizen participation, higher accountability, and a wide range of financial sources for community development activities. Of course, the successful improvement of communities cannot be achieved by



nonprofits alone, but CDCs often take the first step in bringing in new ideas, stimulate the economy, and support other neighborhood stakeholders in their activities. (Grogan, Proscio 2000: 73, 75; Zielenbach 2000: 15-16)

**CDCs are successful** because of their organizational status as nonprofit with a social portfolio, and at the same time, because of their status of an economically working organization within the local surroundings. Moreover, their ability to combine public funding with loans, bonds, and private money, as well as with donations makes them the strongest local actor by pooling resources. (Grogan, Proscio 2000: 71) Hereby, the comprehensive approach is crucial for successful improvement. CDCs always have to balance human and capital input as well as different funding sources in order to stay independent and long-lasting. The local bottom-up approach is essential for a community-driven and self-determining improvement of the area. If the community stays in charge of the projects, unwanted and counterproductive development can be avoided. (Peterman 2000: 155 ff.)

Even less enthusiastic authors describe the **work of community organizations as necessary for distressed neighborhoods**. In their opinion, CDCs' major contribution lies in being active in these neighborhoods, at all. Without nonprofits, they argue, no entity would take care of these deteriorated communities. Therefore, every small success in such weak surroundings should be honored. (Stoecker 2008: 303)

#### *Problems CDCs Face*

Beside the named positive feedbacks on CDCs, also negative ratings exist. One of the most obvious problems in the work of neighborhood based organizations lies in their **restricted range** as opposed to the general challenges they face. Problems occurring in the community are mostly based on problems on the local, state, federal, or global level. For example, the weak economy and high unemployment derive from higher levels and cannot be solved on the neighborhood level alone. (Glickman, Servon 2008: 46)

Another important issue arises through the **resources available in the neighborhood**. Community development can only use existing money, engagement, and structures to start with. After bringing grants and money into the neighborhood, the situation gets a little easier, but for example citizen involvement cannot be bought. If inhabitants of the neighborhood are not willing to participate, CDCs cannot force them. (Stoecker 2008: 305)

In addition, **CDCs depend on money from external sources**. Thereby, strings get attached to the projects and activities, which are hence provided by the organization, but paid by some outside source. Obviously, objectives and interests of these outside sources are sometimes not congruent with the need of the community. (Stoecker 2008: 306, 307)

#### *Critique on CDCs*

Critique on the development and the constitution of CDCs is formulated by some researchers. First of all, they criticize the **unreflected cheering on the growing number** of CDCs, missing the evaluation of their actual work. Even with a growing nonprofit sector problems in the communities are still far from being solved. In addition CDCs are **seen as another developer**, being focused on lucrative developments and in a process of losing their community roots. (Stoecker 2008: 303) More critique is expressed re-

garding the **staff of community groups**. Since they claim to be community-based they should employ community members. However, these citizens often lack experience and know-how on leading community enhancement projects. Therefore, external staff is added to the organization. At this point researchers criticize the missing link to the neighborhood, since people from outside the neighborhood cannot be seen as grassroots participants in community development. (Peterman 2000: 52)

#### 6.2.4.4 Intermediaries

Another particular form of nonprofits that are active in redevelopment in the U.S., are so called **Intermediaries**. In contrast to CDCs which act locally, Intermediaries are mostly nationally organized. Intermediaries can be seen as supporters for CDCs and act between the local nonprofits and the level of the government or the business sector. As phrased by Brophy and Shabecoff "*Intermediary* is an organization that mediates between grassroots groups and larger-scale sources of capital. Intermediaries function at the city, regional, and national levels, aggregating capital (from sources such as foundations, corporations, and government agencies), then disbursing that capital to grassroots groups along with technical assistance." (Brophy, Shabecoff 2001: 293). Most Intermediaries possess a national network with local branches in many cities or counties. (Grogan, Proscio 2000: 89; LISC 2011a: 1; Rubin 2000: 3, 101; Stuart 2007: 175-176)

Intermediaries **provide different services** for CDCs. First of all, they help CDCs in **grant applications**. Due to the complicated formalities associated with government money, CDCs are rarely able to make their way through this procedure on their own. Intermediaries' staff is particularly trained for grant applications and gives useful advice for local organizations. Moreover, some grants are only accessible to a certain number of organizations or projects due to the large amount of funding. In that case, Intermediaries bring matching CDCs and their projects together and write a collective application. Sometimes, Intermediaries apply for grants themselves and **distribute the money** to local nonprofits. Not only governmental money can be accessed more easily by these large organizations, they also hold a stronger role in negotiations with (nationally operating) business players and foundations. Besides the financial networking function, Intermediaries provide **technical support** and know-how for CDCs. Intermediaries help out since local organizations are not able to acquire skills and know-how in every field, such as affordable housing regulations or different participation processes as well as necessary computer abilities. This help comes as training programs or by sending a staff member to the neighborhoods to support the local initiative over a determined time period. Thus, knowledge transfer does not only go top-down. CDCs not only inform Intermediaries about problems, but also about successful projects and strategies. Hereby, an **information and communication network** is built, which leads to a national information exchange between nonprofits that are active in redevelopment via Intermediaries. (Brophy, Shabecoff 2001: 30-31; Grogan, Proscio 2000: 89; Horiye 2011; Lima 2011; LISC 2011a: 1; Rubin 2000: 3, 101; Schindler 2007: 89; Stuart 2007: 175-176)

Most Intermediaries were **founded** in the late 1970s and early 1980s. During that time, a particular need for mediators between the local nonprofits and the national funding sources was obvious. **Examples** for Intermediaries are: Local Initiatives Support Corporation (LISC), Enterprise Community Partners, Neighborhood Reinvestment

Corporation, Fannie Mae Foundation. Corporations were for example founded by existing organizations, like LISC by the Ford Foundation. All these entities support local nonprofits, but have slightly different foci and their own support programs. Their impact on local redevelopment was and still is enormous. (DeFilippis 2008: 33; Grogan, Proscio 2000: 87-88; Rubin 2000: 101; Schindler 2007: 89-90; Stuart 2007: 175-176)

Intermediaries are seen as **successful**, since they facilitate the flow of a big amount of private funding to the local corporations. Local nonprofits thereby gain access to resources, which would have not been accessible without the national entity. Through the big lobbyist, CDCs gain more attention and reliability. (Grogan, Proscio 2000: 89) Success comes with the various **positive** attributes that Intermediaries bring to CDCs. As mentioned, governmental application processes are often complicated and local nonprofits appreciate the technical and organizational help of Intermediaries. This was also remarked in stakeholder interviews with CDC officials. CDCs see Intermediaries as their backup and mediator in negotiations with the big national players. These players are not interested in negotiations with every local entity, but prefer one single contact to reach many. Another positive fact about Intermediaries is that they can assure national funding partners that their invested money is safe and investments even in poor neighborhoods are possible. (Gracian 2011; Reynolds 2011; Rubin 2000: 3, 77; Stuart 2007: 176; Wilson 2011) Nevertheless, **critique** exists, too. First of all, the bureaucracy of Intermediaries has to be funded as well and many critics claim that those overhead payments are missing on the local level. Moreover, projects negotiated with big players on the national level often do not match the social needs for projects on the local level. Intermediaries are therefore criticized for losing touch with the basis. (Rubin 2000: 113 ff.)

**In conclusion**, Intermediaries are an interesting and important player in neighborhood redevelopment. They were established as connection between the local level and national players and still do a crucial job in money acquisition and support of CDCs. Despite all existing critique, local CDCs appreciate these lobbyists and mostly see them as useful additional partner in their work rather than feeling totally dependent on them.

#### 6.2.4.5 Conclusion Redevelopment by Nonprofits

In conclusion of the conducted research, much information about nonprofits and specifically Community Development Corporations (CDCs) has been gathered. **Nonprofits in general play a special role in the U.S.** Throughout the country's history the government has taken a weak role in the distribution of social goods. From the early beginnings, communities provided health, education, and family services. Even at present time, most U.S. Americans do not expect the government to take care of social services. Nevertheless, governmental funding sources play an important role for nonprofits. Without federal, state, and local financing, nonprofit organizations cannot provide their services.

A similar situation exists on the neighborhood level. Blighted neighborhoods could not be improved since the private market was not able to bring in necessary development. In addition, governmental care was not sufficient. Therefore, different approaches exist to improve the local situation. Two approaches were introduced in detail: **Redevelopment Agencies and Community Development Corporations (CDCs)**. While Redevelopment

Agencies were seen as governmentally guided and focused on economical enhancement, as displayed above, CDCs provide community building and social projects. Collaborations exist but are rare due to their different topics.

Local and community-based nonprofit organizations, like CDCs are mostly founded by inhabitants or other concerned stakeholders from within the communities. **These private, nonprofit corporations are now in charge of community improvement.** CDCs fulfill this task by activating as many inhabitants, business owners, politicians, as well as health and education stakeholders of the area as possible. Working with other community organizations and institutions, they bring services to the neighborhood, which include projects and support in housing, economic development as well as health, educational, and anti-poverty services. Thereby, the quality of life in the community gets improved. In their work, CDCs can therefore be seen as professional almost business organizations, still based at the neighborhood and nonprofit level.

Since distressed neighborhoods do not provide sufficient **funding sources**, CDCs collect money from inside as well as outside the community. Like every nonprofit organization, CDCs get their income by loans, donations, income, and governmental support. Loans are provided by banks and donations given by companies and private donors. Therefore, the money often comes with strings attached and is driven by the financial market forces. Moreover, income is gathered through provided services. A stable and crucial part of the budget is awarded by governmental sources. Federal, state, and local entities offer funding programs, grant programs or other ways of support. In particular the Community Development Block Grant (CDBG), funded by the federal government and distributed by cities and counties, makes many community development projects possible. In addition, governmental regulations as the Community Reinvestment Act (CRA) support local improvement projects.

CDCs work with a wide range of **stakeholders** and being nonprofit organizations themselves, they cooperate with other local and national nonprofits. Founded by local citizens, inhabitants of the area play a very important role, for example CDC staff and professionals are frequently recruited from the neighborhood at a share of 50 percent. Moreover, local residents are participants in projects as well as in participation and information processes. All projects are implemented in tight collaboration with local and regional businesses as well. Commonly, CDCs can only get projects started, if at least 50 percent is covered by non-CDC money (for instance by banks, businesses, inhabitants or other nonprofits). This mixture of non-governmental stakeholders is a powerful force in neighborhood enhancement, but governmental grants play an important role for project funding, too. In addition, CDCs collaborate intensively with local (governmental) institutions. As a consequence of this composition involving various stakeholders, CDCs do not depend on a single source, but provide a broad range of projects by collaboration with different partners.

As shown above, **Intermediaries** are a special organization based on the needs of the U.S. CDC sector. These nationally organized nonprofit entities support local CDCs in different ways: in grant application, in pooling of funds, in technical assistance, in provision of know-how, etc.. This national infrastructure serves as important backup for CDCs, because the neighborhood-based entities cannot provide all services and necessary know-how on their own, due to their small size. Critique also exists, since the funding of the Intermediaries can be seen as draining funds from local CDCs. Nevertheless,

actors of the CDCs see Intermediaries as useful support entity, even if they do not need them all the time.

It can be stated that **social neighborhood enhancement in the U.S. happens directly on the neighborhood level**. In charge of these projects are not governmental institutions, but private nonprofit organizations known as Community Development Corporations (CDCs). These organizations are criticized as well and problems in the neighborhoods still exist, but without these initiatives grounded in the neighborhoods themselves no social enhancement of the communities would take place in the U.S.. No social projects would be carried out without CDCs and no collaboration of stakeholders on the community level would exist. **In conclusion it can be stated that the U.S. model uses private nonprofit organizations to take care of social neighborhood services, funded by governmental and private financial support and based on a broad local network of collaborations.**

# ,Soziale Stadt' Compared to Community Development Corporations

# 7

As already shown in chapter 6.2.3, U.S. Redevelopment Agencies will not be considered for knowledge transfer to German redevelopment approaches. However, redevelopment in the U.S. is not only performed by Redevelopment Agencies, but also by so-called Community Development Corporations (CDCs) that have a stronger focus on social projects. In the following, this latter approach will be compared to the German 'Soziale Stadt' program.

## 7.1 Juxtaposition of the Surveys on Different Redevelopment Efforts

First, substantial, structural, and processual elements of both instruments will be shown and explained.

Moreover, this chapter provides the answer on the first research question:

- (1) *What different as well as similar methods and instruments are used for urban redevelopment in the U.S. and Germany?*

Similarities and differences of the compared redevelopment approaches can be described in further detail, also following the three categories substantial, structural, and processual.

### Substantial Elements

*What were initial position as well as problems of the neighborhood before the redevelopment efforts got started?* Both initial positions are characterized by distressed neighborhoods and therefore require redevelopment efforts. Various conditions lead to the situation of disadvantaged neighborhoods. Conditions named by both countries are: poor physical conditions, social problems, and suburbanization. Nonetheless, this does not imply equal initial situations in the two countries' neighborhoods. As stated above, the history of the neighborhoods varies in several aspects such as different forms of government and societal developments and trends. For that reason, poor physical conditions in Germany mostly refer to buildings that need refurbishment due to their age, whereas most building structures in the U.S. are much younger than buildings in inner city areas in larger German cities. Further, social problems are based on migration and segregation of foreign immigrants in Germany, while the U.S. looks back at a long



history of segregation caused by race differences. Again, there are differences in the subject of suburbanization, which was much stronger and decisive in the U.S. than in Germany, which is due to the housing subsidies and benefits provided by the government for moving outside the cities, for instance. Altogether it can be stated that seemingly similar initial situations exist in German and U.S. neighborhoods, but that they have to be examined with respect to their development and surrounding conditions.

*What are the objectives of the redevelopment effort?* The objectives of the ‘Soziale Stadt’ program and the measures of redevelopment by CDCs are very similar. Improvements in the overall quality of life as well as physical and infrastructural enhancements of the neighborhoods are the main goals. Local citizens are targeted by participation processes and social projects as education and workforce programs. Both approaches focus on structural and social enhancement and have the neighborhood at large in view, while trying to build a new community feeling in the distressed neighborhoods.

*Are there particular challenges which the redevelopment effort faces right now?* The German redevelopment effort has gone through tough times, which lead to substantial cutbacks of federal funding of the ‘Soziale Stadt’ program. The neighborhoods are still suffering from cutbacks and face an unsecure future. The major current challenge for the work of CDCs is the closure of the governmentally funded Redevelopment Agencies, since CDCs now remain the only active players in neighborhood enhancement. Support of economical development that was once provided by Redevelopment Agencies, cannot be continued by nonprofits. CDCs also face challenges due to decreasing economical strength in neighborhoods, which reduces financial support by local businesses as well as by local residents.

### Structural Elements

*What are the characteristics of the area the redevelopment effort is performed in?* In both countries, the local neighborhood level is chosen. In Germany, the distinction is made by existing administrative borders, in most cases. In contrast, the establishment of CDCs takes place in local areas, similar to the German neighborhood, but regardless of administrative borders, while using problem-related definitions of areas instead. Moreover, in the U.S. the common feeling of community is more important than administrative boundaries. In any case, the project areas are predominantly residential districts.

*What stakeholders are involved in the redevelopment effort?* The German program is governmentally legitimated and therefore the most important stakeholders are governmental actors. Participation of local citizens happens only through participation processes installed by the neighborhood office. Collaborations with the business sector are very rare and seldom asked for by the local neighborhood office. Nonprofits are active in affordable housing support, for example, but only very rarely beyond that. In contrast, nonprofit organizations are the most active players in social redevelopment in the U.S. CDCs are nonprofit organizations and lead the redevelopment efforts. Moreover, they collaborate with many other nonprofit organizations regarding funding, housing, or common projects. Business support is also strong in the U.S. Local as well as bigger companies and businesses are active as project partners or funders. CDCs actively seek collaboration with non-governmental stakeholders right from the beginning of the redevelopment efforts. The strict governmental focus in Germany is also illustrated by the



fact that the local government chooses the professionals working in the neighborhoods. In contrast, neighborhood CDCs in the U.S. are built by the neighborhood itself. Even more, part of the staff has to live in the area as well. This highlights the big differences between the bottom-up procedure of the CDC approach in contrast to the top-down procedure of the German model.

*What does the funding of the redevelopment effort look like?* The most significant difference between the two approaches is the way of funding. While German redevelopment depends solely on governmental funds, in shares of different governmental levels, U.S. redevelopment by CDCs is funded by grants, loans, donations, volunteerism, and income. This way of funding makes the U.S. approach independent from governmental funding, which nevertheless can be a share of 50 percent of the overall project money. Governmental grants and funding are provided for affordable housing projects, for example. Nevertheless, the focus on non-governmental funding strengthens the role and possibilities for CDCs in their task of neighborhood redevelopment.

*Is the redevelopment effort successful? What kinds of problems exist?* Both processes are seen as successful. Evaluations of the German instrument show a positive trend in all neighborhoods that have participated in the program. In the U.S. approach, neighborhoods are stated as stabilized due to redevelopment by CDCs. Nevertheless, the instruments face problems as well. The target of sustainment after the funding period and the long-term establishment of enhancement structures cannot be reached in Germany. Redevelopment efforts in both countries fight their restricted range, which cannot change overall trends or city-wide problems. Moreover, the lack of resources in the neighborhoods brings the need for funding from outside.

*What is the legal status of the redevelopment entity?* The legal statuses of the two approaches are different as well. A governmental regulation, the ‘VV Städtebauförderung’, negotiated between federal and state entities, guides the redevelopment projects in Germany. No governmental regulations exist for redevelopment by CDCs, which are governed by their own regulations stated in the terms and conditions. Only governmental funding comes with strings attached, but makes merely 50 percent of the funding that is used for redevelopment by the CDCs as mentioned above.

## Processual Elements

*Who started the initiative of the redevelopment?* As already mentioned the initiative lies at the national governmental level in Germany and entities are established by the local municipalities. However, application for the inclusion in the local program by the neighborhood itself is possible. In the U.S., CDCs for redevelopment are founded by the neighborhood, meaning concerned neighborhood citizens or other local actors. This fact can be seen as crucial for redevelopment work in the U.S.

*What time line is scheduled for the effort?* CDCs do not have any time restriction. The redevelopment effort is permanent and often lasts decades. Nevertheless, 5-year implementation plans exist, to phrase milestones and short-term objectives for the neighborhoods. The German projects last five up to a maximum of 15 years and should be self-supporting thereafter.

*What particular tasks are used during the redevelopment process?* Tasks of the redevelopment approaches are similar as both redevelopment efforts focus on social enhance-

Table 7 - I: Juxtaposition of Different Redevelopment Efforts

	‘Soziale Stadt’ - Germany -	Community Development Corporations (CDCs) - U.S. -
<b>substantial</b>		
initial position and problems	<p>distressed neighborhoods</p> <ul style="list-style-type: none"> <li>- poor physical conditions (age)</li> <li>- social problems (migration, segregation)</li> <li>- suburbanization (existent)</li> <li>- social, economic, and physical challenges</li> </ul> <p>→ neighborhood needs help to improve its situation</p>	<p>distressed neighborhoods</p> <ul style="list-style-type: none"> <li>- poor physical conditions (structural)</li> <li>- social problems (racial segregation)</li> <li>- suburbanization (strong)</li> <li>- social, economic, and physical challenges</li> </ul> <p>→ neighborhood needs help to improve its situation</p>
objectives	<p>enhance physical character of disadvantaged neighborhoods</p> <p>encourage resident involvement</p> <p>counteract the growing socio-spatial polarization</p> <p>upgrade and stabilize deprived neighborhoods</p>	<p>improve neighborhood living conditions generally</p> <p>rebuild distressed communities, stimulate economic growth, provide housing</p> <p>improvement/ development of: jobs and economic forces, education and workforce, infrastructure, quality of life, culture and recreation, leadership, quality of governmental services, community image and marketing, tourism</p> <p>“re-knitting the social fabric”</p>
current challenges	<p>decreased financial support by federal government and restrictions for social projects</p> <p>future funding not projectable</p>	<p>new tasks due to shut down of Redevelopment Agencies</p> <p>weakness of economic development in neighborhoods</p>

		‘Soziale Stadt’ - Germany -	Community Development Corporations (CDCs) - U.S. -
<b>structural</b>			
	area	neighborhood area (administrative borders) predominantly residential areas	neighborhood area (community boundaries) predominantly residential areas
	organization	‘Quartiersmanagement’ (local neighborhood offices)	locally based corporations for every neighborhood Intermediaries nation-wide
	staff	professional staff from outside the neighborhood	professional staff and staff from the neighborhood
	stakeholders (governmental)	local municipalities federal, state, and local funding	federal, state funding
	stakeholders (non- governmental) citizens	local residents as participants in projects and participation processes	local residents as participants in projects and participation processes
	stakeholders (non- governmental) businesses	collaborations with local economy very rare existing collaborations with housing companies (for profit)	project partner funding partner
	stakeholders (non- governmental) nonprofits	collaborations with local activity groups rare existing collaborations with housing companies (nonprofit)	run redevelopment efforts project partner funding partner organizational partner
	funding	governmental funding: one third federal, two thirds ‘Länder’ and local municipalities	grants by government or foundations loans by banks

		‘Soziale Stadt’ - Germany -	Community Development Corporations (CDCs) - U.S. -
			donations by businesses, foundations or citizens income for services
	success	positive trend in the project areas	more stabilized neighborhoods in U.S. cities (enhanced conditions in real estate markets, better job opportunities, safety in the neighborhoods, more citizen participation, more financial sources for community development)
	failure and problems	sustainment after funding period problems securing the necessary long-term financial foundation	restricted range (but general challenges, problems originate from local, state, federal level) depend on resources available in neighborhood (money and engagement, mostly not sufficient) as well as on money from external sources
	legal status	provided by ‘VV Städtebauförderung’ (federal, ‘Länder’)	CDCs’ terms and conditions as well as mission statement
	instruments	social activities and infrastructure integration of diverse ethnical groups schools, education, sports, recreation and health promotion employment (qualification and training) housing market and industry	social projects affordable housing human service provision social order job support business support network

		‘Soziale Stadt’ - Germany -	Community Development Corporations (CDCs) - U.S. -
<b>processual</b>			
	initiative	neighborhood office appointed by the local municipality neighborhood can apply for being part of support program	Community Development Corporation founded by concerned neighborhood citizens or other local stakeholders
	time period	5 to 15 years first period often extended due to lack of self-supporting structures	long-term, no designated time period 5-year implementation plans
	tasks	support structural improvements counteract socio-spatial segregation encourage citizen involvement integrated action plans	creating affordable housing economic development provide community services

Source: by author

ment. The neighborhoods are improved by social services, employment training, infrastructure enhancement, provision of affordable housing, and participation processes.

As shown, redevelopment through nonprofit organizations like CDCs provides social support and therefore is closer to the German approach ‘Soziale Stadt’ which implements structural and social projects.

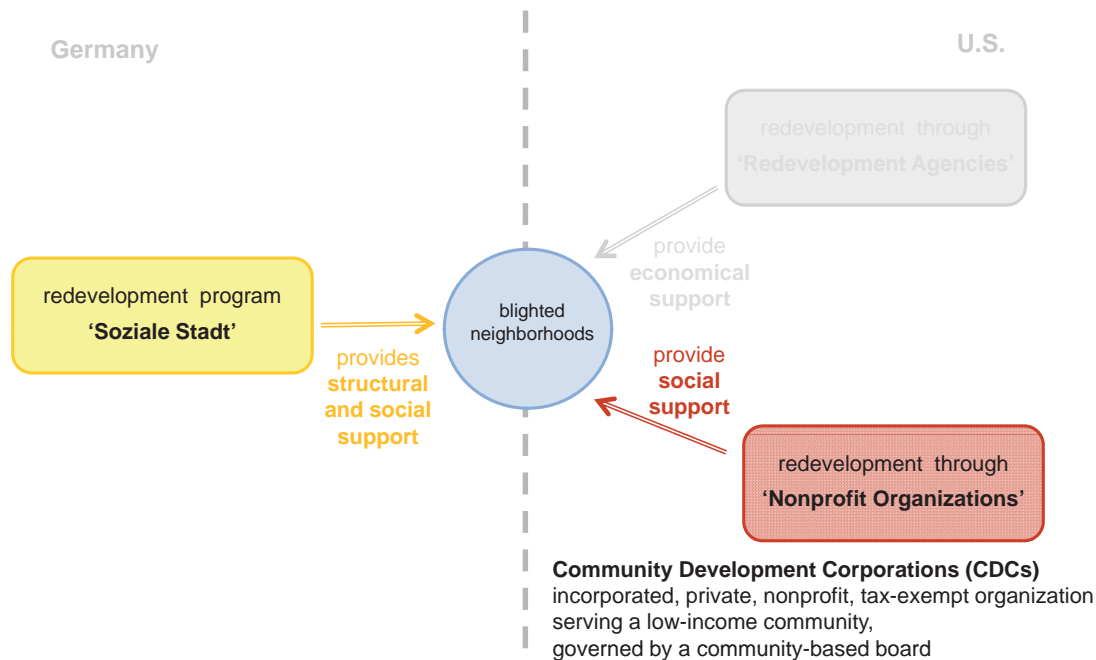


Figure 7.1: Focus of German and U.S. Redevelopment Approaches II

Source: by author

The given juxtaposition will provide the necessary background for the decision about transferable elements and elements not to be implemented in Germany.

## 7.2 Analysis through Governance Focus Points

As introduced in chapter 2, the analytical focus of the thesis is *Governance*, whose processes consist of different forms of coordination and steering and are based on particular structures. These structures consist of coordinated collective actions, the inherent rules of these actions, and their interaction processes. The coordination of different actors is the focus of the *Governance* analysis, which studies the forms and mechanisms of coordination, its impact on the actors, and the incurrence of interrelations with institutional settings. (Hamedinger, Peer 2011: 15)

Coordination and steering processes in the thesis are urban redevelopment processes in Germany and the U.S.. Therefore, these structures will be examined in the following juxtaposition, using the scheme developed by Hamedinger and Peer (2011: 16 ff.) that has already been introduced in chapter 2:

- **Institutional frameworks:** redevelopment efforts are embedded in their particular formal political-administrative systems and policies, including their organizational structures and processes; historically developed *political cultures* are important as well.



- **Regulatory system:** during the redevelopment process, different instruments by different actors are used; there are direct and indirect, as well as strategic and informal instruments.
- **Forms of coordination:** during redevelopment efforts vertical as well as horizontal forms of coordination exist; next to collaborations between government entities, informal coordination efforts take place (thematically, spatially, or project-orientated).

Redevelopment efforts in the U.S. and Germany are embedded in different **institutional frameworks**, which were introduced in chapter 5. Germany’s program ‘Soziale Stadt’ relies on a strong municipality and administration, due to the principle of subsidiarity. In contrast, regarding planning competencies local municipalities are not very strong in the U.S., since their power has to be provided by the states. The political and legal systems differ as well as already pictured in chapter 5. *Political cultures* also influence the ways of coordination between stakeholders and are therefore listed above. Both countries are part of the participative culture, as distinguished by Almond and Verba (Almond, Verba 1989), but differences in the kinds of welfare states lead to high expectations on the state in Germany, while the individualistic society in the U.S. does not expect much from the government. Particular interest lies on the role of the civil society, which shows a high number of active nonprofits in the U.S. and lower, albeit increasing, activity of a few organizations in Germany. Nonprofit activities are based on voluntary work as well as on donations, which are represented much stronger in the U.S. than in Germany. Current Corporate Social Responsibility (CSR) activities underline this fact. Moreover, community-based projects are more common in the U.S. than in Germany. This short insight into the institutional framework of the countries provides the background for the further investigation of *Governance* structures in redevelopment.

The inspection of the **regulatory system** shows **direct** redevelopment instruments present in both countries: ‘Soziale Stadt’ program in Germany and the institution of CDCs including their local control by residents and the community-based board in the U.S. These two instruments are the core strategy in redevelopment and are therefore seen as direct instruments. Moreover, the ‘Soziale Stadt’ program includes the installation of a ‘Quartiersmanagement’ (QM) and the former ‘Modellprojekte’ as instruments with direct influence on the neighborhood.

Various U.S. funding measures as grants, as well as tax-exemptions, and the Community Redevelopment Act (CRA) provide support for neighborhood redevelopment, but in an **indirect** way. European funding programs indirectly assist German efforts. **Strategic elements** in both redevelopment efforts consist of plans, phrasing objectives, measures, and projects for the upcoming time-periods of the programs: ‘Integriertes städtebauliches Entwicklungskonzept’ in Germany, and the organizations’ mission statements as well as 5-year implementation plans for U.S. CDCs. These are accompanied by **informal** instruments used in both approaches: participation processes, projects, as well as courses; and in addition ‘Verfügungsfonds’ in Germany.

Of particular interest for the improvement of German redevelopment approaches are the **forms of coordination** present in Germany and the U.S. approaches. In Germany, **vertical coordination** between all three governmental levels (federal, state, and local) and the QM exists mainly regarding funding sources. In contrast, CDCs cooperate with

the federal as well as the state government in funding-related matters, but also with respect to the social services they provide. Moreover, Intermediaries provide technical and knowledge support for local CDCs in the U.S.. Since most Intermediaries act nationwide they also build a form of vertical cooperation.

Various forms of coordination exist on the **horizontal** level, differing in form and strength. Horizontal coordination emerges from collaborations between the local redevelopment institutions (QM and CDCs) and other stakeholders that are equally active in neighborhoods. In both countries, similar stakeholders are active in redevelopment, but their effort in collaborations with the QMs and CDCs differs. First of all, horizontal coordination exists between redevelopment entities and local inhabitants, which is strong in both countries, the U.S. and Germany. Volunteers are another important group of supporters for CDCs, but are not that active in Germany. Connections also exist between private property owners and CDCs (medium) and QM (weak). Local businesses such as shop owners or local companies are strong associates of the CDC projects, but are rare as partners for QMs. However, strong collaboration can be stated between QMs and non- as well as for-profit housing companies in Germany. Due to a different system of affordable housing no such partnerships exist in the U.S., since CDCs themselves are often in charge of providing such housing stock. Horizontal coordination exists in similar ways between redevelopment entities and residents' associations, neighborhood committees, local community groups, and organizations in both countries. The same is true for collaborations with local nonprofits, clubs, unions, charities. However, ties are stronger in the U.S. approach than in the German program. For example, due to the CRA local branches of banks in the U.S. act as strong partners in provision of loans. Moreover, CDCs as social service providers are in close contact with other such entities. A similar level of coordination exists between institutions and CDCs/ QMs.

Another important question arises while studying the vertical and horizontal ways of coordination: Which underlying theme do the collaborations obey to? Therefore, the named partnerships were tested for their thematically, spatially, and project-oriented form of coordination. Most of the collaborations in both countries are based on **spatially oriented coordination**, which is not surprising since the objective of redevelopment efforts is the neighborhood, which lies on the spatial level. This level can therefore be considered common ground for most stakeholders involved. **Project-oriented coordination** means collaborations which take place during a project arranged by the CDC or QM team. Collaborators for such projects are not always easy to find since they have to be convinced that this project also benefits themselves. Therefore, a smaller scale of coordination exists in that form. Biggest differences between the German and U.S. approach can be found on the **thematically oriented coordination** level. This form of collaboration means that the stakeholders share common objectives and projects. The more such cooperations take place in a neighborhood, the more actors are interested in the same outcome as the redevelopment entity: enhancement of the area. In Germany only the funding sources show such agreement, as well as neighborhood committees and some local institutions for example. A different situation is found in the U.S., where not only all stakeholders from the vertical coordination level are present, but also a large number of actors from the horizontal coordination area. This proves that CDCs can rely on many other groups that are interested in the same purpose as themselves. This opens up a lot of possibilities for promising collaborations and successful neighborhood enhancement. The question if and how such a common interest in neighborhood improvement

Table 7 - II: Juxtaposition through *Governance* Focus Points

		<b>‘Soziale Stadt’ - Germany -</b>	<b>Community Development Corporations (CDCs) - U.S. -</b>
<b>institutional framework</b>			
	<b>organizational structures of political- administrative systems</b>	democratic and parliamentary civil/ state law system strong role of municipality and administration, high competencies (principle of subsidiarity)	constitution-based and presidential English Common Law - based weak role of municipalities and administration, competencies provided by the state (strength on state level)
	<b>historically developed political cultures</b>	from subject culture to participative culture high expectations on conservative type of welfare state growing number of nonprofits and their duties state-initiated nonprofits weak voluntary activities and role of donations slowly increasing CSR-activities, but focusing on national and international rather than local level	participative culture low expectations on liberal type of welfare state anti-statism, individualistic society strong role of nonprofits community-based nonprofits strong voluntary activities and role of donations big activities in CSR, particularly on local level
<b>regulatory system</b>			
	<b>direct instruments</b>	‘Soziale Stadt’ program installation of ‘Quartiersmanagement’ (QM) ‘Modellprojekte’	locally controlled by residents community-based board
	<b>indirect instruments</b>	EU grants (funding)	grants (for instance CDBG) CRA (Community Reinvestment Act, banks provide loans) tax-exemption of CDCs

		<b>‘Soziale Stadt’ - Germany -</b>	<b>Community Development Corporations (CDCs) - U.S. -</b>
	<b>strategic instruments</b>	‘Integriertes städtebauliches Entwicklungskonzept’	mission statements 5-year implementation plans
	<b>informal instruments</b>	participation processes projects, courses ‘Verfügungsfonds’	participation processes projects, courses
<b>forms of coordination</b>			
	<b>coordination QM with.../ CDC with...</b>	<b>federal, state, local</b> (vertical - funding) (thematical - funding)  <b>local inhabitants</b> (horizontal - strong) (spatially-oriented - strong)  <b>private property owners</b> (horizontal - weak) (spatially-oriented - weak)  <b>shop owners</b> (horizontal - weak) (spatially-oriented - weak)  <b>local companies</b> (horizontal - weak) (spatially-oriented - weak)	<b>federal</b> (vertical - funding) (thematical - funding)  <b>state</b> (vertical - funding) (thematical - funding)  <b>state + local</b> (vertical - provision of social services) (thematical - provision of social services) (spatially-oriented - provision of social services)  <b>Intermediaries</b> (vertical - support) (thematical - support)  <b>local inhabitants</b> (horizontal - strong) (spatially-oriented - strong)

	‘Soziale Stadt’ - Germany -	Community Development Corporations (CDCs) - U.S. -
coordination QM with.../ CDC with...	<p><b>housing companies, for profit</b> (horizontal - strong) (spatially-oriented - strong) (project-oriented - strong)</p> <p><b>housing companies, nonprofit</b> (horizontal - strong) (spatially-oriented - strong) (project-oriented - strong)</p> <p><b>residents’ associations and neighborhood committees</b> (horizontal - medium) (thematical - medium) (spatially-oriented - medium) (project-oriented - medium)</p> <p><b>clubs, unions</b> (horizontal - weak) (spatially-oriented - weak)</p> <p><b>charities, trusts, foundations</b> (horizontal - weak) (spatially-oriented - weak)</p> <p><b>churches, religious groups</b> (horizontal - weak) (spatially-oriented - weak)</p>	<p><b>volunteers</b> (horizontal - strong) (thematical - strong)</p> <p><b>private property owners</b> (horizontal - medium) (spatially-oriented - medium)</p> <p><b>local businesses</b> (horizontal - strong) (spatially-oriented - strong)</p> <p><b>local community groups, organizations</b> (horizontal - strong) (thematical - strong) (spatially-oriented - strong) (project-oriented - strong)</p> <p><b>foundations, national and community</b> (horizontal - strong) (thematical - strong) (project-oriented - strong)</p> <p><b>local nonprofits</b> (horizontal - medium) (spatially-oriented - medium)</p>

		‘Soziale Stadt’ - Germany -	Community Development Corporations (CDCs) - U.S. -
	<b>coordination</b> <b>QM with.../</b> <b>CDC with...</b>	<b>institutions</b> (horizontal - medium) (thematical - medium) (spatially-oriented - medium) (project-oriented - medium)	<b>churches, religious groups</b> (horizontal - strong) (spatially-oriented - strong) <b>banks</b> (horizontal - strong) (thematical - strong) (spatially-oriented - strong) <b>service providers</b> (horizontal - medium) (thematical - medium) (spatially-oriented - medium) <b>institutions</b> (horizontal - medium) (thematical - medium) (spatially-oriented - medium) (project-oriented - medium)

Source: by author

can be transferred from the U.S. to Germany will be discussed below.

The conducted **juxtaposition** of coordination and steering processes in redevelopment efforts in the U.S. and Germany provided some useful insight into *Governance* forms in both countries, which will be used for the further research on possible and impossible transfer. In general it can be stated that similar players are present in both approaches, but the form and strength of their coordination differs.

### 7.3 Conclusion Comparison Redevelopment Approaches in the U.S. and Germany

The studied redevelopment efforts are affected by their respective **local political and administrative systems**. The biggest differences are found in the *political cultures*, regarding the expectations on governmental services, the role of the government in general, the role of the **civil society** and its degree of individualism, and the focus on governmental services. Nonprofits possess a long history of providing social services in the U.S., whereas recent activities of the growing *‘Zivilgesellschaft’* in Germany are mainly caused by the withdrawal of governmental services. In other words, in Germany nonprofits take over government duties most of which have never been granted by the government in the U.S. and have therefore been provided by nonprofits from early on.

Differences in **planning systems** are generally based on the different structure of the federalist systems. In the U.S., states are the strongest actors, which hand over planning powers to cities, while no federal planning law exists. In contrast, Germany’s federal planning law formally regulates planning in the states and municipalities and local levels have the strongest planning powers. Local planning instruments regarding structural development and land-use plans in Germany resemble U.S. plans. In general, consequences of the planning system on neighborhood enhancement are marginal, though.

Another considerable factor for the comparison of redevelopment efforts is the **economic situation**. First, the governmental financial situation is crucial for the funding of governmental instruments like ‘Soziale Stadt’ (direct funding) and Redevelopment Agencies (indirect governmental funding: tax increment). Both examples reflect tighter governmental budgets and a trend toward sacrificing (social as well as economical) redevelopment approaches in favor of solving governmental budget problems. Non-governmental instruments like CDCs are not affected to such an extent, yet. However, their dependence on partial funding by governmental grants requires them to adjust their budgets accordingly. On the neighborhood level itself, the economical situation shows direct impact on redevelopment efforts. Aiming at the enhancement of distressed areas mostly involves weak economic activities and low incomes in those neighborhoods. Nevertheless, CDCs have to try to activate as much local capital as possible and to reach out for extra resources by cooperating with local branches of chains, companies, and banks or external property owners. Conversely, German QMs are not that engaged in activation of capital yet, but will be forced to head in this direction due to decreasing governmental funding.

The different **ways of redevelopment** efforts in Germany and the U.S. have their roots in the aforementioned differences in political and administrative systems and *political cultures* including the role of the civil society. Both active approaches are located in an office in the neighborhood and provide local services, but their orientation differs, since



CDCs provide more social projects, for instance. The biggest differences become clear in structure (governmental based vs. community-based), funding (mostly governmental funded vs. big share of private funding), and stakeholder involvement (focus on QM installed by government and few local partnerships vs. large number of local actors in charge of funding and implementation).

The identified commonalities of both approaches will be used as basis for the implementation of different instruments and methods from the U.S. aiming on improvement of redevelopment efforts in Germany.

#### **7.4 Strengths and Weaknesses of Studied Redevelopment Programs**

The findings, drawn from the conducted empirical research above, can be summarized as follows. The focus of the presented findings lies on the distinction of the particular needs and strengths of the analyzed redevelopment efforts of Germany and the U.S. Identifying the particular problems and advantages provides the opportunity to confront the models directly and identify possible approaches for improvement of the German methods.

In the German ‘Soziale Stadt’ redevelopment effort, the following needs are present:

##### **‘Soziale Stadt’ program’s needs:**

- **Governmental funding**
  - as incentive for private and business supporters
  - (basis of) funding for existing projects
  - secure future prospect necessary to grant reliability
  - long-term funding plan would be more useful than annual funding plan through ‘VV Städtebauförderung’
  - continuation of accompanied collaborations after the governmental-based funding period
  - ‘Modellprojekt’ funding (social projects) necessary, since these projects have been particularly successful and useful
- **Collaboration of governmental departments (federal, state, local level)**
  - neighborhood problems are thematically widespread, planning departments cannot provide programs and solutions on their own
  - collaboration between ministries for: social aspects, economy, education, ecology, transport, etc.
  - funding and grants for projects should be provided by every thematically responsible department, coordinated and bundled by the ministry which is housing the ‘Soziale Stadt’ program (BMVBS)
  - restructuring of governmental departments towards an area-based approach would be useful
- **Experience exchange: Transfer of information, knowledge, and experience**
  - to prevent ‘reinventing the wheel’ in every neighborhood
  - to support fundraising (exchange methods and knowledge about

applications and grants, etc.)

- **More private actor support (financial and manpower)**  
(local residents, private real estate owners, etc.)
  - to build self-supporting structures, perpetuate existing projects, stop absolute dependency on governmental funding, make projects longer-lasting
  - to fulfill their important role in the neighborhood private actors have to be encouraged sufficiently by the redevelopment office
  - real estate owners have to become aware of the possible positive outcome of their participation in redevelopment efforts
  - private actors should be integrated into currently implemented projects
  - local citizens, not active in redevelopment yet (for example: migrants, real estate owners, families, women), need to become part of the QM projects
  - local actors need help, since they are already overburdened with the problematic situation of themselves and their neighborhoods
    - > activation and participation efforts have to be strengthened and more tailored to the distinctive situation of target groups
- **More business sector support (financial and non-investive)**  
(local economy, shop owners, companies, industries, etc.)
  - to build self-supporting structures, perpetuate existing projects, stop absolute dependency on governmental funding, make projects longer-lasting
  - local businesses need incentives for participation, since they are not able to contribute to redevelopment efforts at the moment, due to their own weak economic situation
  - local companies have to become aware of the possible positive outcome of their participation in redevelopment efforts
  - local businesses should be integrated in currently implemented projects
  - composition of actors still needs improvement, since particular groups still bear potential in terms of activation (for instance local shops and other businesses)
    - > activation and participation efforts have to be strengthened and more tailored to the distinctive situation of target groups
- **More support by nonprofits, foundations, institutions, clubs, unions, etc.**  
(financial and non-investive/manpower)
  - to build self-supporting structures, perpetuate existing projects, stop absolute dependency on governmental funding, make projects longer-lasting
  - collaborations cannot take place for thematically matching projects only (for instance with neighborhood associations), but also for sports and leisure clubs

- nonprofits are expected to team up and to bring their own funding
  - > activation and participation efforts have to be strengthened and more tailored to the distinctive situation of target groups

As shown above, German redevelopment efforts depend on **governmental funding** as starting point for neighborhood enhancement. This is based on the German understanding of the state and the role of the particular citizen as well as existing legal structures. In Germany, redevelopment of local areas is part of the so called ‘Fürsorgestaat’ (welfare state) and its measures have to be coordinated and paid for by the government. Local citizens do not feel personally responsible for their neighborhoods compared to U.S. neighborhood citizens. Therefore, governmental funding will still remain a necessary component of redevelopment efforts in future times.

Moreover, the necessity of **governmental collaborations and the development of area-based approaches** rather than initiatives carried out by individual departments in administrative issues were named as useful approaches for successful neighborhood development.

The German ‘Soziale Stadt’ program is already active country-wide and therefore possesses a **broad basis of knowledge and experience**, which is administrated in part by the ‘Bundestransferstelle Soziale Stadt’ (Centre for Knowledge Transfer ‘Social City’) run by the Difu (German Institute of Urban Affairs). Nevertheless, pursuing a more extensive and more coordinated approach in experience exchange between the program areas seems worthwhile.

Last but not least, the German redevelopment approaches do not reach their objectives regarding the creation of **self-supporting structures** and long-term private support of projects. The missing participation and contribution of private, nonprofit and business actor support is seen as the essential first step for the sustainment of neighborhood development in Germany.

Besides these problems faced by ‘Soziale Stadt’ programs and program areas, the approach shows strengths as well:

**‘Soziale Stadt’ program’s strengths:**

- successful history of redevelopment efforts with strong support by government in past decades
- Particularly successful: program ‘Soziale Stadt’ (improves quality of living in neighborhoods, brings significant knock-on effects, serves as impulse for participation, activation, and integration of local actors, encourages changes to more appropriate management and organizational structures)
- Local redevelopment offices (mostly by ‘Quartiersmanagement’) as strong local stakeholders and starting point for local network building

After stating the strength and problems of the German redevelopment approach, the same will be done for the U.S. approach. As above, strengths and weaknesses are collected and a decision about transferability of U.S. methods to ‘Soziale Stadt’ redevelopment is made (chapter 8).

Starting with the weaknesses of the U.S. approach shows, which measures and instruments should be part of the knowledge transfer, but not part of the method transfer between the U.S. and Germany. How to avoid these shortcomings in the ‘Soziale Stadt’ program will be debated in chapter 8.4.

#### U.S. redevelopment weaknesses:

- **Private development and nonprofit organizations** are not able to carry out redevelopment and community development projects on their own. Support by governmental funding is still necessary and relied on.
- **Work of CDCs**
  - no evaluation of the work of CDCs by official governmental entity
  - community staff often does not provide needed qualification for their jobs
  - CDCs have to work on their financial stability as well, therefore economical reasons play a role besides social neighborhood projects - what to do if a conflict of interests occurs?
- **Work of former Redevelopment Agencies**
  - missing social focus - local institutions suffered even more rather than receiving additional supported (schools, etc.)
  - too powerful (for instance eminent domain), without democratic legitimation
  - closure of Redevelopment Agencies: unsecure future of former program areas, debts and loans still pending

Following the weaknesses of the U.S. approach, the strength and potentials are presented. These findings serve as potential measures, which could also strengthen the German approach, if transferred in an appropriate way.

#### U.S. redevelopment strengths:

- **Community Development Corporations** gain sufficient support from neighborhood citizens, nonprofits, foundations, banks, and local businesses, in particular since they are established by stakeholders from the neighborhood itself and part of its staff also comes from the area. These locally based and funded initiatives know local problems better and are closer to their neighborhood and residents, as well as participants and collaborators.
- **Governmental and private funding** is used in a combined way right from the beginning of the community development effort. Therefore, no substantial dependency on governmental funding emerges.
- **Superordinate organizational structures** (Intermediaries) facilitate professional exchange of experiences on success and failure between local initiatives. This exchange benefits all involved units.
- Using a combination of **5-year implementation plans** and a designated **long-term mission** increases the chance of short-term successes and leaves sufficient room for following a long-term perspective.

- Community development activities benefit from the high significance which is given to **private volunteering and the great generosity** of private actors and businesses in the U.S. American society. This is highlighted by existing CSR and various social activities of companies and businesses. In the planning field, the participation of private actors, nonprofit organizations, and businesses (as well as Public-Private-Partnerships) plays a different and more important role than in Germany. This is due to different ideas of government and its duties, as well as the understanding of the role of each individual and its responsibility for the common good. Hereby, the U.S. tradition of local enhancement programs by private organizations shows a longer history and more diversity than the German one.
- **Former Redevelopment Agencies** supported neighborhoods with focus on economical enhancement and support of local areas. Agencies were funded by tax increment financing, bonds, and loans and have been strong players on the local real estate market.

As stated above, the findings gained by studying the German and U.S. approach of re-development will be helpful in identifying the transferrable methods and instruments to improve the German approach. Based on the knowledge about needs, weaknesses, and strengths of the programs, their appropriateness for transfer will be tested in the following.

# Transferrable and Non-Transferrable Measures

## 8

A preparatory step is required to test the presented findings for their transferability. First of all, the German needs and the strength of the U.S. approach will be contrasted. Thereby, strengths of the U.S. program can be detected, which may prove useful in complementing the German approach.

### 8.1 U.S. Redevelopment Strengths and German 'Soziale Stadt' Needs

What strengths exist in the U.S. compared to needs that exist in Germany?

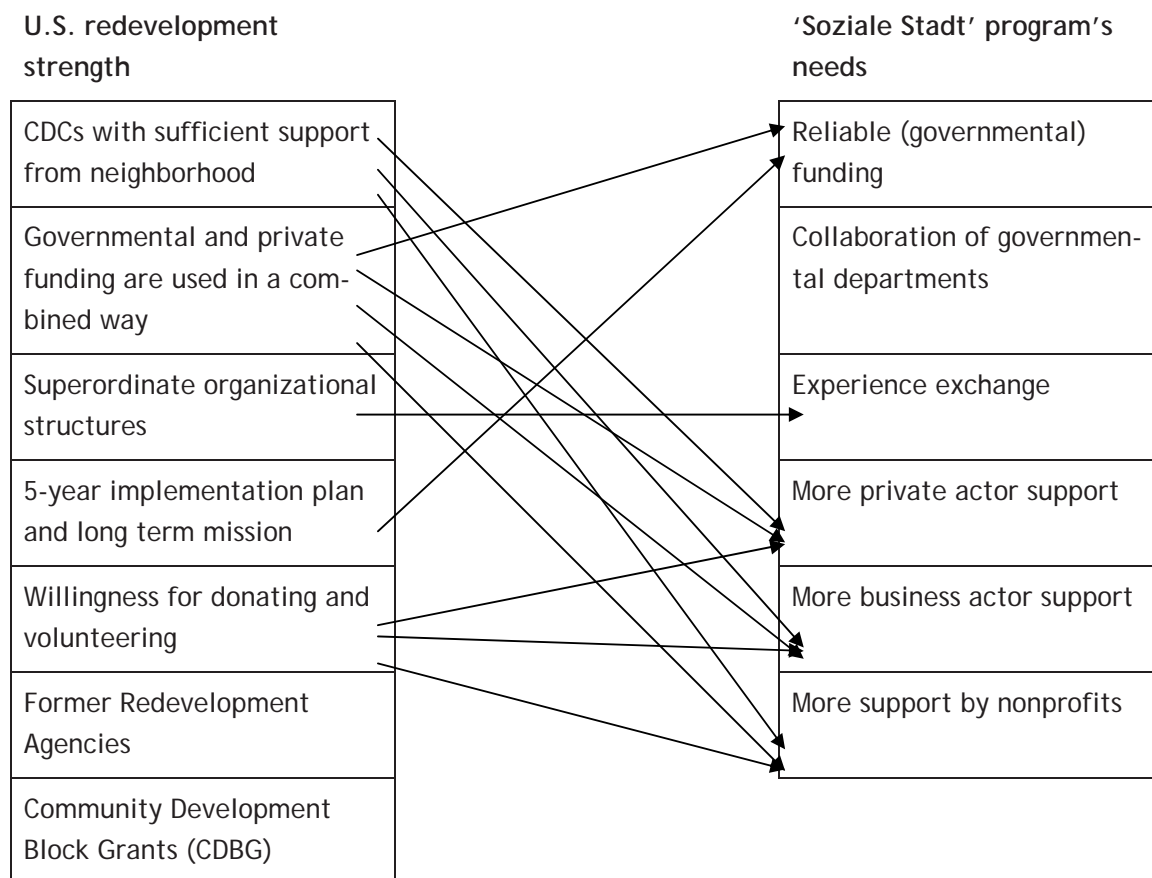


Figure 8.1: U.S. Redevelopment Strengths and 'Soziale Stadt' Program's Needs

Source: by author

As result it could be proved that most of the U.S. strengths fit well to the German needs. Therefore, the fits were linked to the needs and will be further tested for usefulness to improve the German situation and even more important, for their transferability from one redevelopment model to another.

## 8.2 Transfer of U.S. Strengths to the German Model

Can particular needs of the German model be covered by strengths of the U.S. model? All U.S. redevelopment strengths identified above will be tested for their value to the German 'Soziale Stadt' program in the following.

G: Reliable (governmental) funding needed
U.S.: Governmental and private funding are used in a combined way
U.S.: 5-year implementation plan and long-term mission

### *U.S. strengths to improve German redevelopment*

U.S. redevelopment approaches like Community Development Corporations (CDCs) avoid one-sided dependency by the **combined use of governmental and private funds**. Governmental money is only provided, if private funds are present, too. Thereby, projects only come to life if the private share (up to 50%) is guaranteed, as well. Such an approach could also be useful for German redevelopment, instead of providing governmental money for projects that lack private funding. This method would be helpful to make projects more self-supporting and stop one-sided dependency on governmental money. Moreover, the search for private funding support could be an important part of the activation strategies in the neighborhood. Existent project funding should not comprise only the building or installation of the project, but also include maintenance and service periods in the future, as it is the case in the U.S. model. Such an approach would prevent projects from taking place, for which no budget for future maintenance exists, as has happened in German 'Soziale Stadt' projects sometimes.

CDCs' neighborhood improvement is guided by a **shorter implementation period** for projects (5-year-plan) combined with a longer perspective through **long-term support** (long-term mission). Such an approach allows the definition and evaluation of short-term objectives and at the same time requires keeping an eye on the big picture. Using 5-year plans in combination with secured long-term operation time of 'Soziale Stadt' programs would likely benefit German redevelopment projects.

### *Positive outcome*

The following possible positive outcomes of above measures can be expected:

- Due to the private share of funding, a closer connection of the projects to the neighborhood is given.
- More long-lasting projects may be realized and funded over a longer time period, due to the building and maintenance plan as well as the five-year plan and the long-term mission.
- If governmental money is not further reduced, but is instead complemented with private funds, more money will be available for



redevelopment efforts.

- Secure funding sources likely increase the success rate of projects and neighborhood enhancement.
- Activation processes have to be intensified, and due to additional fundraising, local stakeholders may get more active in the enhancement of their neighborhood.

### *Difficulties*

While transferring methods from the U.S. to Germany, some difficulties exist as well.

In case of reliable (governmental) funding, the biggest difference lies in the **different understanding of the role of the government** and its responsibilities, which was explained in chapter 5. In Germany, mainly governmental money is used for redevelopment, whereas in the U.S., governmental money is used only as supplement to private money. Nevertheless, the U.S. approach also depends on governmental funds and would not be able to handle neighborhood redevelopment projects on its own. Regarding transfer, it could be difficult to implement the idea of governmental money as incentive rather than basis for redevelopment in Germany, because of substantially different expectations towards the government. Local German municipalities, for example, are regarded responsible for healthy neighborhoods and are therefore expected to provide redevelopment programs, at best without private contributions. Nevertheless, German local governments would have to pass some responsibilities on to the private sector, which is seen critical and even skeptic in Germany. However, different kinds of collaboration between the government and private stakeholders have been established lately (Business Improvement Districts, Public-Private-Partnerships, 'Bürgerstiftungen' (community foundations), 'Bürgerfonds' (civil funds)), a shift of power from the government to the private sector does not take place. This is due to the strong belief in governmental steering of the common good, which is not expected to be handled correctly by private actors, following their own missions and financial intentions.

Moreover, it is not clear yet if a **sufficient share of private money** could be made available in Germany, since people are reluctant to support agendas that are perceived as being exclusively governmental responsibilities. Another obstacle could be the kind of funded projects. Since private money comes with strings attached, social projects may be not as attractive as projects with foreseeable economical benefits. A regulatory framework given by the government and demanding the kind and number of projects may be a solution. On the other hand, such overregulation would most likely scare away private stakeholders and hence would defeat the purpose of recruiting local non-governmental support.

In order to comply with the U.S. model of a long-term funding period, the German neighborhood selection system would have to be changed. The existing short-term funding should secure the funding to as many neighborhoods as possible, and after an area's release from the program, the money can be allocated to another neighborhood. However, planned funding periods were continuously extended and therefore the money could not be shifted as planned. Importantly, the additional private share could reduce the necessary amount of governmental funding per area and therefore make a larger number of program areas possible.

*Existing methods as starting point*

To increase the chances for a successful transfer of measures from the U.S., it seems reasonable to identify existing structures that can serve as a connecting point. The new model could for example be based on the existing governmental funding structures and could keep the split between federal, state, and local levels of government, to which private money could be added. If there was an indispensable decrease in governmental sources, it should not happen as abruptly as it has happened lately, but funding should instead be reduced slowly and should require a certain share of private money to be contributed to projects.

**G: More private actor support needed**

U.S.: CDCs with sufficient support from neighborhood

U.S.: Willingness for donating and volunteering

U.S.: Governmental and private funding are used in a combined way

*U.S. strengths to improve German redevelopment*

A **nonprofit organization in charge of local neighborhood improvement**, such as CDCs in the U.S., could also benefit German redevelopment. The locally based nonprofit would be closer to the citizens of the area and could communicate more directly than an external office that is in charge of the neighborhood enhancement.

However, even if no nonprofit exists that is capable of managing the redevelopment efforts in the neighborhood, the assigned neighborhood office could profit from regulations similar to CDC regulations. The **staff of the local office** could for example be hired locally to a certain extent. This would on one hand strengthen the connection with the neighborhood and would on the other hand bring local knowledge to the office.

Regarding their daily work, CDCs are very offensive in their **information policy**, they try to be available for anyone at anytime and distribute their contact information to every resident, seeking direct dialogue. This way of communication could benefit German neighborhood projects, as well.

In the U.S., citizens are perceived not only as participants, but also as **funding partners**. Local inhabitants should be asked for support (money or manpower) if governmental money has to be complemented. Working with a combination of governmental money and private funds forces CDCs to get local stakeholders on board early and to **build partnerships** with the residents. Incentives are given for people to donate time and money by providing them influence on the decision making process and on implemented projects, which they pay or work for. Such more interactive participation processes and the building of partnerships rather than hierarchical structures between the office and the neighborhood including more co-determination for the people would most likely improve German approaches, as well.

*Difficulties*

In Germany, there is **marginal tradition of donating**, especially with respect to projects that are considered the government's duty, one of which is neighborhood enhancement. Many residents are not even able to provide funding, due to their own weak financial

situation. However, in contrast to the U.S., no strong tradition of donations by patrons (rich citizens) exists in Germany. Moreover, many local residents also do not see much advantage in participating in the enhancement process, due to various reasons as missing time, money or motivation.

The **amount of inhabitants' participation** and donations is the most crucial difference between the U.S. and Germany and therefore the most difficult part of transfer, since mindsets and cultures differ and cannot be transferred or changed easily. Nevertheless, the withdrawal of federal money and an increasing demand of private support for former governmental duties will presumably require Germany to rely on additional private initiative as it is already the case in the U.S..

CDCs are often built in the neighborhood itself and local citizens are part of the establishment process, which leads to more support and acceptance; in contrast, in Germany only few initiatives evolve from the neighborhood itself, whereas many offices are installed by the local government and staffed by external experts. QM offices are seen as intermediate institution located between neighborhood and government. However, missing initiatives by local actors cannot be substituted by planners, experts, local municipalities, or politicians, but have to come from citizens themselves, a fact that strongly impedes transfer to Germany.

#### *Existing methods as starting point*

Withdrawal of governmental services and funding causes a need of private initiative, which gets more and more embraced in Germany. This fact is already accommodated for instance by **fundraising workshops** for local stakeholders by the 'Konrad-Adenauer-Stiftung' (<http://www.kas.de/wendgraeben/de/events/40894/>).

The 'Soziale Stadt' program also approves the installation of **'Verfügungsfonds'**, which provide money by governmental grants, and citizen committees can distribute the financial resources to neighborhood projects. This improves the participation as well as interaction process between the QM and local residents and passes financial responsibility on to inhabitants.

Publications and studies also focus on **new ways of activation** of local citizens, for instance:

- webpage including information on participation and activation (<http://www.sozialestadt.de/programm/handlungsfelder/aktivierung.phtml>), Centre for Knowledge Transfer 'Social City'
- publication 'Aktivierung und Beteiligung' (Activation and Participation), by Difu commissioned by the BMVBS in 2003 (Difu 2003: 192-207)
- strategy 'Nationale Engagementstrategie der Bundesregierung: Zivilgesellschaftliches Engagement und dessen Förderung' (National Engagement Strategy by the Federal Government of Germany) (Bundesregierung der Bundesrepublik Deutschland 2010)

Moreover, informal participation procedures are a common instrument in (land-use) planning processes and are part of neighborhood redevelopment procedures, too.

**G: More business actor support needed**

U.S.: CDCs with sufficient support from neighborhoods

U.S.: Willingness to donating and volunteering

U.S.: Governmental and private funding are used in a combined way

*U.S. strengths to improve German redevelopment*

CDCs treat **local businesses as central local stakeholders** and see them as crucial partners for the redevelopment effort. Such attention should likewise be given to German local businesses. Methods of direct communication and activation processes for local shops and branches are used by CDCs, but not yet in Germany. Businesses in U.S. neighborhoods are aware of advantages of their contributions to enhancement efforts. In return, CDCs provide early information and influence on businesses on the projects, they are part of. This awareness has to be raised in German businesses as well to gain their support for redevelopment tasks.

The U.S. model of **combined funding** makes business participation necessary and, if transferred, will also make activation of German businesses a central task. Tax incentives exist in both countries and could therefore contribute to more private business support in Germany like they already do in the U.S.

Further business partners of CDCs are **local banks** or local branches of regional and national banks. If German banks could be activated to provide loans like they do in the U.S. new (financial) possibilities could become available for German neighborhoods.

Some CDCs expand their focus from local to **regional businesses** while looking for potential funding partners. This helps to overcome the weak economical situation of the redevelopment areas themselves. Therefore, such investors brought from outside the area could also provide new impulses for German neighborhood improvement.

*Difficulties*

Similar to citizens, German businesses perceive neighborhood enhancement as a **governmental duty**. As mentioned above, this attitude differs strongly from the U.S. mindset and culture and cannot be transferred or changed easily.

Many German local businesses do not expect much **benefit from participation** in the enhancement process and are therefore reluctant to contribute. It is the QM's responsibility to make clear to business owners what their benefits are and how they can contribute in shaping their neighborhood in the desired direction. Until now, the QMs strongly focused on structural enhancement and social projects while neglecting business stakeholders. A paradigm shift has to be achieved in order to activate local shops and companies.

In Germany, many people fear the power of the free market, in particular too much **influence given to private businesses** on programs like the 'Soziale Stadt'. These redevelopment activities have to be carried out serving the common welfare. In contrast, private stakeholders could place emphasis on their own interest at the expense of the common good. To avoid such interest-driven enhancement, the government has to remain in charge of redevelopment by providing regulations and objectives.

*Existing methods as starting point*

Some studies, publications, grants and projects already exist, which could present the basis for the transfer of measures from the U.S. to Germany:

- The program **BIWAQ** ('Bildung, Wirtschaft, Arbeit im Quartier' - Neighborhood Training, Economy and Work) started in 2008 and will end after two funding periods in 2015. It is designed as complement to the 'Soziale Stadt' program and focuses on the economical enhancement of the program areas. Funded by the BMVBS and the European Social Fund, it was not able to satisfy the enormous demand stated by local areas during the first and second program periods. It brings labor-market measures to the neighborhoods and aims on improvement of qualification and perspectives of the local inhabitants on the job market. Fields of activity are: education, employment, integration, and participation of the local residents, as well as value creation in the neighborhood. Cooperative projects between BIWAQ and 'Soziale Stadt' are encouraged. Local businesses participate in BIWAQ projects through provision of internships, training positions, and jobs, as well as funding, know-how, and networking. During the program it became evident that the business field participated only if they could gain benefits in return for their activities. A transfer of U.S. business activation measures into a successor program of BIWAQ would be a useful approach. (BAG 2010; BMVBS 2012a)
- **Business Improvement Districts (BIDs)** and their residential extension **Housing Improvement Districts (HIDs)** also focus on (economical) enhancement of local areas in Germany. As stated by Krüger and Kreutz, improvement districts promote private initiatives, organize structural measures to enhance the quality of local areas and are funded by all property owners of the neighborhood. (Kreutz, Krüger 2008: 254)
- As already introduced above, **Corporate Social Responsibility (CSR)** approaches exist in Germany and their number is steadily increasing. If it is possible to convince companies to focus on the local, rather than the national or international level, such initiatives could greatly contribute to the enhancement of neighborhoods.

In general, the withdrawal of governmental services, as it is presently happening in Germany, entails a growing number of private and business initiatives. As stated above, this trend will likely continue during the next years and will result in new approaches to adopt formerly governmental services.

<b>G: More support by nonprofits needed</b>
<p>U.S.: CDCs with sufficient support from neighborhood</p> <p>U.S.: Willingness to donating and volunteering</p> <p>U.S.: Governmental and private funding are used in a combined way</p>

*U.S. strengths to improve German redevelopment*

Being a nonprofit organization makes it easier for CDCs to get in **contact with other**

**nonprofits** within and around the neighborhood. Collaborations between such initiatives based on common fields of interest or on the same area could also prove useful in Germany. Such existing or emerging local nonprofits could even be a potential stakeholder to run the QM-services and the local redevelopment office as it is the case in the U.S..

Following the approach of CDCs, QM should also **involve neighborhood nonprofits** and start partnerships at an early stage. Following the shared funding model, nonprofits also play an important role, since they might have access to funds from sources that CDCs or QMs are not qualified for. Furthermore, thematically different nonprofits may be eligible for additional grants and funding provided by the government or the European Union.

### *Difficulties*

A **large number of nonprofit organizations** exists in the U.S.. CDCs are active in redevelopment and in close collaboration with other nonprofits (such as foundations). Due to the differing role and responsibilities of the governments in both countries, the number of nonprofits that are active in Germany is much smaller, albeit growing. This increase will take time, though, which complicates the transfer. Nevertheless, collaborations with already existing nonprofits could be established and intensified even during currently ongoing projects.

### *Existing methods as starting point*

In Germany, existing collaborations with nonprofits take place particularly with housing associations, which are an active and important stakeholder in neighborhoods. Further cooperation takes place with foundations, clubs, and unions active in leisure and sports activities, but as well with voluntary fire brigades, churches, or local citizens' initiatives. Organizations with various foci are potential partners as long as they can be won over for area-based projects within their fields, which would lead to the common goal of neighborhood enhancement.

A growing interest in collaborations can be expected, if the withdrawal of governmental services continues. This trend becomes evident in the increased expectations of nonprofits like housing associations, community foundations, etc.. In particular, community foundations ('Bürgerstiftungen') are seen as promising approach for third-sector involvement in urban redevelopment (Becker 2012). Moreover, examples of possible nonprofit partners are named below, some of which are studying the civil sector and working on its improvement.

- The '**vhw - Bundesverband für Wohnen und Stadtentwicklung e.V.**' (Federal Association for Housing and Urban Development) focuses on the civil society and its role for urban development. The work of '**vhw**' contributes to the discussion of the new roles and responsibilities of the government and the citizens becoming active as civil society. (vhw 2012) An insight into the work and publications can be found under [www.vhw.de](http://www.vhw.de).
- The '**Bundesarbeitsgemeinschaft (BAG) Soziale Stadtentwicklung und Gemeinwesenarbeit e.V.**' (Federal Association of Social Urban Development and Community Work) is a federal network, lobbying for a stronger role of community work in urban development processes ([www.bag-stadterneuerung.de](http://www.bag-stadterneuerung.de)).



bagsozialestadtentwicklung.de). (BAG 2012)

- The 'Bundesnetzwerk Bürgerschaftliches Engagement (BBE)' (Federal Network for Civic Involvement) consists of stakeholders of the civil society, government, and economy. The network supports the civil society and civic engagement in various ways ([www.b-b-e.de](http://www.b-b-e.de)). (BBE 2012)

#### G: Experience exchange needed

U.S.: Superordianted organizational structures

#### *U.S. strengths to improve German redevelopment*

In the U.S., **national nonprofit organizations** (Intermediaries) like the Local Initiatives Support Corporation (LISC) provide crucial support for locally-based nonprofits such as CDCs. The introduction of a national agency in Germany could provide technical support and know-how for QMs (for instance, by sending experts that are not existent in every QM). QMs could be members of the national organizations and thereby benefit from a common platform for knowledge and experience exchange. QMs often face similar problems, for which solutions might be already available that other organizations are simply not aware of. As a result, the work of QMs could become more efficient by using a pool of experts and know-how of this superordinated structure.

As a consequence of the complicated U.S. subsidy environment, U.S. national organizations like LISC are also in charge of gathering and distributing (parts of) the governmental funding. Whether the central funding administration would be useful in Germany has to be discussed bearing in mind the changes caused by the introduction of the combined funding model that was introduced above.

#### *Difficulties*

Intermediaries like LISC create a lot of positive outcomes, yet there are drawbacks as well. The organization needs **funding**, which might be allocated on the expenses of local projects that are already suffering from tight budgets for neighborhood improvement (even without the agency). Using private funding for the agency would lead to strong private influence on redevelopment, which is seen critical in Germany.

Moreover, **additional administrative structures** would have to be created. This should only take place, if a favorable cost-benefit-ratio is feasible.

#### *Existing methods as starting point*

The role of the Difu as 'Centre for Knowledge Transfer 'Social City'' would have to be reviewed and considered, if the Difu might be a potential institution for running a national Intermediary. However, interferences between two agencies active in redevelopment have to be avoided. Eventually, the comprehensive tasks of a national superordinated agency might make the foundation of a new institution necessary.



### 8.3 Additional U.S. Strengths and German Weaknesses

Following figure 8.1, some U.S. strengths and 'Soziale Stadt' weaknesses could not be matched.

The **collaboration of governmental departments** was discovered as being one of the needs in the 'Soziale Stadt' approach. This need cannot be addressed by introducing ideas obtained from the U.S. approach due to the different governmental structures of the two countries. Governmental departments in the U.S. collaborate differently, due to their organizational and hierarchical order, as well as their responsibilities. Transferrable elements in this matter do not seem expectable; therefore this need remains uncovered by potential transfer of strengths.

Nevertheless, the collaboration of governmental departments is still necessary for the improvement of the German instrument. Therefore, the national BMVBS should get more support by other federal departments, such as the Federal Ministry of Labour and Social Affairs, Federal Ministry of Economics and Technology, Federal Ministry of Family Affairs, Senior Citizens, Women and Youth. Those ministries are also affected by distressed neighborhoods and (even more importantly) are essential partners for improvement programs.

Collaborations between state and local departments are necessary as well, due to the various challenges in local areas. First approaches do exist for example in a recent study of BMVBS (BMVBS 2012c). Nonetheless, this topic requires deeper insight into the respective institutions and will not be discussed here to stay focused on possible transfer.

**Former Redevelopment Agencies** will not be part of the transferred measures, due to their recent shut-down and insecure future as well as their strong economic focus. Moreover, the big structural differences between the instrument and the 'Soziale Stadt' program due to differing taxation procedures would require wide-ranging structural changes.

Besides, **Community Development Block Grants (CDBGs)** provide a positive example for flexible yet reliable governmental funding in the U.S.. CDBGs make up the biggest amount of governmental money for CDCs. They can be used for a broad range of projects and initiatives. Beside CDBGs, additional governmental grants like affordable housing funds, support redevelopment. CDBGs have been classified as a very useful tool in U.S. redevelopment due to reliable, yet flexible, funding. However, due to the structural differences in the organization of the two countries' governments, a full transfer does not seem suitable. In addition, similar to the money provided by CDBGs, governmental funding is provided by the 'Soziale Stadt' program in Germany according to its rules and regulations. Since the 'Soziale Stadt' program should continue to work as it does today, CDBG methods will not be transferred.

An additional issue is the **democratic legitimation** of redevelopment efforts in both countries. As stated above, redevelopment is always carried out by local offices, consisting of professionals or local actors. Nevertheless, both approaches face criticism regarding their insufficient democratic legitimation, albeit for slightly different reasons. While in the U.S., neighborhood redevelopment is performed only by voluntary civil engagement, i.e. without guaranteeing a fair participation process aiming on the entire area, the German instrument is based on regulations coming with the governmental

money. Even though participation processes aiming at the entire local community do take place, the formation of smaller interest groups in the course of the participation process cannot be prevented. Compared to the U.S., the legitimization problem will supposedly be less important in Germany due to the stronger role of the government, which will remain the initial force and regulative institution for redevelopment efforts. For the same reason, the still small voluntarism in Germany will keep requiring governmental support; likewise, no 'non-governmental-only' redevelopment without a monitored participation process, as is the case in CDCs, will take place in near future. In the U.S., the legitimization issue will be negligible as long as the local initiatives seek broad and open participation and activation processes in the neighborhood. Nevertheless, the named problems have to be addressed in both redevelopment efforts. Notably, different understandings of adequate legitimization exist due to the different underlying *political cultures*. A transfer of solutions to this topic is not likely to be applicable.

#### **8.4 Avoidance of Transfer of U.S. Weaknesses**

As stated above, weaknesses of the CDC-model in the U.S. exist. How to avoid these when transferring U.S. measures to Germany will be discussed in the following section.

**Private development and nonprofit organizations** are not able to carry out redevelopment and community development projects on their own - this is especially true regarding projects that exceed a certain size. Support by governmental funding is therefore still necessary and relied upon. However, dependency on governmental funding is perceived as weakness only by U.S. stakeholders. In contrast, redevelopment is strongly seen as governmental duty in Germany. Thus, the U.S. attitude against governmental support is not expected to pose a problem the German approach.

##### *Work of CDCs*

The work of CDCs is **not evaluated** by an official governmental entity, but only by CDCs themselves. In contrast, the 'Soziale Stadt' program includes periodic evaluations in the project areas. This fact should not be altered by a reorganization of the program and transfer of U.S. measures. Moreover, the BMVBS regularly commissions evaluation studies to be performed on the program.

CDC staff from the neighborhoods often does **not provide the qualification needed** for their jobs in redevelopment. If the idea of local staff is implemented into the German model, the qualification of the staff should still be the main focus. Plus, the staff should keep a healthy balance between local people and professionals from outside. This mixture secures the view from inside as well as the important view from outside the neighborhood.

CDCs have to take care of their financial stability; therefore, economical reasons play an important role besides social projects. What happens if a **conflict of interests** occurs? In contrast, the 'Soziale Stadt' program should still focus on structural and social projects. Nevertheless, the opening for additional private funding might bring about a change in the focus of the work. The future will reveal if social projects and private funding have to be antilogies.

*Work of former Redevelopment Agencies*

Measures of the Redevelopment Agencies will not be transferred (see above for reasoning).

**8.5 Transferrable and Non-Transferrable Elements**

In conclusion of the above, research question (3) can be answered by giving an overview of transferrable and non-transferrable elements, including the role of cultural differences.

**Research Question**

- (3) *What instruments can be transferred from the U.S. to improve German redevelopment efforts? What methods cannot be transferred? What role do cultural differences play in this respect?*

**Transferrable Elements**

- combined funding (governmental share + private share)
- project funding for building and maintenance
- 5-year plan and long-term mission
- long-term, stable governmental funding
- more intensive activation of local inhabitants (residents as partners)
- more integration of local businesses
- collaboration with banks
- looking for partnerships outside the neighborhood
- earlier and more intense involvement of other nonprofits
- national nonprofit organizations focusing on redevelopment

**Non-transferrable Elements**

- missing regulative role of government, due to differences in the expectations on government and a different taxation system (different kinds of welfare state)
- mindset of society: donation and volunteering cannot be transferred and implemented, but existing approaches can be used, supported, and expanded
- particular role of nonprofits: smaller number of nonprofits, slowly growing but cannot be forced
- former Redevelopment Agencies (as organizations)
- instrument of Community Development Block Grants (CDBGs)

**Role of Cultural Differences**

As explained above, (planning) cultural differences play an important role during processes of transfer. The varying methods becoming obvious in comparing redevelopment efforts in the U.S. and Germany, could be explained by using Friedmann's approach to study different planning cultures. Cultural differences are the reason for most of the non-transferrable measures, since the cultural background and attitudes can neither be transferred nor changed easily.

# Critical Reflections - Theoretical Conclusion

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# 9

U.S. redevelopment instruments can provide transferrable measures for German approaches, but also non-transferrable elements were displayed in chapter 8. Following these findings, the theoretical background of the thesis, presented in chapters 2, 3, and 4 will be revisited. Every theoretical approach will be evaluated regarding its usefulness for the thesis. Moreover, some critical review on the approaches is included in this chapter. Following the realization of the theoretical part of the thesis, a new approach is developed being a combination of *Governance* and *culture*.

## 9.1 Governance

The major research interest of the thesis lies in the relationships and networks between actors in redevelopment. Therefore, an analytical approach for the study of roles and structures of collaborations was necessary. The ***Governance* approach** focuses on existing regulations and relationships between the government, economy, and civil society, including their rules, institutions, and patterns of interaction. This field covers all crucial stakeholders active in the compared redevelopment efforts. The approach was used as analytical framework for the study and comparison of redevelopment efforts in the U.S. and Germany.

### ***Governance* as Analytical Framework**

*Governance* is a broad field of study, but can be split into three main lines of understanding: **analytical approach, descriptive understanding, and normative perspective**. Regarding the thesis, the analytical understanding was used, because it provides a schema to analyze the different ways of redevelopment in the chosen examples. The descriptive understanding describes the shift from *Government* to *Governance*. This shift is often used to explain new ways of collaborations in redevelopment in Germany, but is not applicable for the situation in the U.S. because no shift of redevelopment efforts from the U.S. government to, for instance, nonprofit organizations took place. In contrast, the U.S. non-governmental sector has a long tradition in providing social services like redevelopment due to the different historical background and a differing understanding of the role of government.

Similarly, different ways and understandings of redevelopment measures preclude the use of normative understanding. If a normative understanding of how *Governance* should

be constituted had guided the research, no independent view on the existing instruments would have been possible. The method of comparison and transfer requires openness to different ideas and an independent view on the existing instruments. Therefore, the analytical approach provided the necessary framework for the comparison.

The chosen definition of the term *Governance* has proven useful for the analysis of structures between stakeholders active in redevelopment. As Pierre (2005) puts it, the *Governance* perspective makes it possible "[...] to search for processes and mechanisms through which significant and resource-full actors coordinate their actions and resources." (Pierre 2005: 452, here in Holtkamp 2007: 367-368). Focusing on the German and U.S. situation, the analytical approach confirmed the following stakeholder constellation: state, market, and social networks as well as associations, which collaborate in various combinations. Cooperative decisions as mentioned by Benz (2004: 19) have been recognized as important issue in all collaborations between the different stakeholders. Structures were investigated following Hamedinger and Peer (2011: 5): "Governance is grasped as an ongoing process of coordinating and steering, which is based on different fundamental, institutionalized forms (or structures) of coordinating collective actions [...], their inherent rules [...] and processes of interaction [...]. The focus of analysis is on understanding the mode of operation of different forms and mechanisms of coordinating collective actions, their impacts on actors and their interrelations with institutional settings, in which actors are embedded."

The research focused on the neighborhood level and its instruments of enhancement. Therefore, the *Local Governance* level was chosen. The conducted research concentrates on economical and social changes on the local level and their consequences on local steering instruments, as well as the administrative system in general. New networks and formations were identified and analyzed, which showed new connections between stakeholders from politics, administration, private businesses, and civil society. (Holtkamp 2007: 368) Of particular interest on the local level of *Governance* was the successful implementation of **self-supporting structures** in the neighborhoods, which mainly exists in theory, but has been rarely reached in the program areas in Germany. The collaboration of local citizens and local businesses in projects or strategic concepts in order to improve the neighborhood situation, can lead to self-supporting structures for the time after withdrawal of governmental funding. (Fürst, et al. 2004: 22) Networks, built by citizens and local businesses, are an important aspect of *Local Governance* and show that governmental intervention is not always a necessary part of steering activities.

### *Governance* in Comparison

As described in chapter 2, the analytical framework of *Governance* used three foci to compare actors' structures in redevelopment efforts in the U.S. and Germany: **institutional framework**, **regulatory system**, and **form of coordination** (based on Hamedinger, Peer 2011: 16 ff.). Results of the juxtaposition can be found in chapter 7.

Using this approach for the comparison, the question arises: **How did these foci benefit the thesis?** In general, they were well chosen, since they were in good accordance with the crucial levels of redevelopment efforts.

Firstly, the **institutional framework** consists of organizational structures of political-administrative systems and historically developed *political cultures*. It has become clear,

that both redevelopment approaches are shaped by the respective overlying structures of the systems. The structures influence how the coordination on the local level takes place, since they define the form of government and legal system. Of particular interest are the different roles played by the local municipalities, which are very strong in Germany, but relatively weak in the U.S.. While these differences influence the current redevelopment and collaboration processes the most, historically developed *political cultures* do not seem to be that formative at first glance. However, even though these historical and cultural structures may not seem tangible in everyday life, they become evident if underlying structures need to be changed. However, changing the political-administrative systems will not necessarily cause a change in the instrument. Thus, transfer can only take place, if the underlying historic *political cultures* are taken into account. Due to the big differences in the historic development and the current understandings of the role of the state in both countries, a transfer can only take place in a stepwise fashion. Therefore, the investigation of the institutional framework gave crucial insights into important parameters.

Secondly, direct instruments, indirect instruments, strategic instruments, and informal instruments constitute the **regulatory system**. In this respect, the distinction between direct and indirect systems was of great value. Hereby, the biggest differences between the two models became obvious. While the government-regulated 'Soziale Stadt' program mainly uses direct instruments, the locally organized CDC model preferentially uses indirect instruments, which can be chosen by the institution itself and do not depend on governmental contributions. If the German model should shift towards a combined, i.e. governmental plus non-governmental, model, its instruments need to be changed from mostly direct to at least an equal share of direct and indirect instruments. The U.S. example shows, that non-governmental interest can be handled more effectively with indirect instruments, because the non-governmental interests often differ immensely from governmental intentions. Strategic and informal instruments are used in similar intensity and number in both countries and can therefore be seen as necessary methods for redevelopment efforts. The regulatory system provided essential access to the different underlying structures of the instruments used in the two examples.

Thirdly, the investigation of different **forms of coordination** provides extensive knowledge about the reasons for and intensity of collaborations between the various (local) actors. Five kinds of coordination exist: vertical coordination, horizontal coordination, thematical coordination, spatially-oriented coordination, and project-oriented coordination. While vertical coordination shows the different connections between the governmental levels and the local neighborhood, strong and weak forms of networks characterize horizontal collaborations. The different values of connections provided crucial information on how redevelopment works in the two countries. Establishing more private participation in neighborhoods means strengthening and expanding weak collaborations between actors in Germany. The intensity of vertical and horizontal collaboration is determined by thematically, as well as spatially- and project-oriented coordination. Certain stakeholders, for instance, can be more easily activated for projects with spatial focus than for such with thematical focus. Based on the common spatial focus, new stakeholders for redevelopment projects can be included and new collaborations for projects can be build. Regarding the implementation and recommendations of the thesis, the investigation of the different forms of coordination was of great value.



### Critique on the *Governance* Approach

As stated in chapter 2, the broad meaning of the term *Governance* can be criticized. Regarding the present thesis, this was not an issue, but rather an opportunity to introduce a useful definition of *Governance*, which suits the research the best. The chosen definitions and the focus on the local level proved to be a useful approach. Nevertheless, some critique can be stated. *Governance* as analytical framework requires individual parameters to be identified for the evaluation of different approaches, which can be a complex procedure. For the present work, the scope provided by Hamedinger and Peer (2011) was a good fit as it was developed using stakeholder constellations of metropolitan areas.

Even though, the analytical framework of *Governance* provided a strong frame for distinguishing and analyzing the structures of cooperation, it did not sufficiently explain why actors collaborate and which reasons networks are built upon. Therefore, theories on *(planning) culture* had to be included in the theoretical framework to get a deeper insight. How this background was useful for the thesis is shown in chapter 9.2. In addition, a new model combining *Governance* and *(planning) culture* will be introduced in chapter 9.3, which can be used to clear out the drawbacks of the two approaches. Moreover, the analytical perspective of the *Governance* approach had to be complemented by the analytical frameworks of *Policy Learning*, *Policy Transfer*, and *Lesson Drawing*, which gave insight into the transferability of U.S. measures to Germany. The influence of these methods on the thesis is shown in chapter 9.3. In combination with these supplementary methods, the *Governance* approach provided the analytical setting for the conducted research.

### *Governance* for the Thesis

In conclusion, the *Governance* approach built the basic analytical framework of the entire thesis. By analyzing the structures of collaborations between redevelopment actors, the approach set the first and most important step for assessing the transferability between the studied countries. Understanding and comparing the different underlying networks of the countries allowed for recommending transferrable instruments from the U.S. to improve the German program. Moreover, research question (2) could be answered:

*(2) What role do different structures of Governance play in urban redevelopment approaches in the U.S. and Germany?*

## 9.2 (Planning) Culture

Most restrictions in comparing countries while looking for transferrable instruments are cultural. Learning from other contexts can only be done when taking the different backgrounds into account. Regarding the present thesis, this theoretical guidance was provided by *(planning) culture* theories.

As stated in chapter 3, different approaches of *(planning) culture* were considered and the *planning culture* approach of John Friedmann eventually chosen. His explanation of the different institutional settings (form of government, level of economic development, *political culture*, and civil society) most clearly show the distinctions between the countries. It was complemented by a short insight into the planning systems of the



two examples. Friedmann's approach was favored over 'The Culturized Planning Model' provided by Knieling and Othengrafen, due to their strong focus on planning systems, as explained in chapter 3, as well.

### *Planning Culture Used as Analytical Framework*

Friedmann's *planning culture* approach added an analytical framework to the *Governance* approach. His four institutional settings which build *planning culture* exactly match the different fields constituting the redevelopment effort.

The **forms of government** are described as overlying structure of every decision, including the countries' planning decisions. Regarding redevelopment, the efforts are guided and structured by their countries' form of government. This is the case in the governmental program 'Soziale Stadt' as well as in the non-governmental efforts of CDCs. This institutional setting of different relationships between governmental structures constitutes the basis of cultural divisions.

Especially in local areas, the **level of economic development** influences the situation of the neighborhoods substantially. The weak economical situation often aggravates the need of enhancement in the areas. The stronger the local economy, the more local businesses participate in redevelopment efforts. If the opposite is true, the activation processes have to address this issue, for example by providing the missing money. In addition, the country's overall economic situation plays an important role, as the government's household situation strongly influences governmental funding. In addition, positive economic development, even outside the neighborhood, can provide strong funding partners for local projects.

Further, Friedmann names *political culture* as determining factor for *planning culture*. It displays the relationship between the government and its citizens. As explained in chapter 5, big differences exist in the *political cultures* of the U.S. and Germany, which influence the kind of redevelopment efforts. Aiming on transfer of measures, both *political cultures* needed to be understood to distinguish between transferrable and non-transferrable measures. The different *political cultures* also explain the projects taking place and the stakeholders involved on the local level.

Of particular interest in the *political culture* field is the **role of the civil society**. As initial force for redevelopment in the U.S., the civil society is a desired partner in the German program, albeit not yet as active as in CDCs. This is probably caused by the different roles that civil society plays in both countries.

### *Critique on Planning Culture Approaches*

Friedmann's (2011) approach of defining *planning culture* according to four institutional settings covers most of the elements needed for assessing transferability as explained above. However, one important institutional setting is not covered by Friedmann: **planning systems**. While being the guiding topic in the work of Knieling and Othengrafen (2009), regulations like the legal status of plans, zoning, processes of participation, etc. are not part of Friedmann's institutional settings of *culture*. Albeit planning systems can be regarded as part of the form of government, they strongly influence local neighborhoods. For this reason and to provide a full insight into the background of redevelopment, Friedmann's approach was complemented with a short overview of the

two planning systems.

Critical remarks can be provided on the *political culture* theory of Almond and Verba (1989) who - due to their own background - used the democratic understanding of the U.S. as basis of their work. They also based their ideal model *Civic Culture* on the U.S. situation at the time. Therefore, the *political culture* approach is guided by a U.S. view even when analyzing the German situation.

### *Planning Culture for the Thesis*

Friedmann's institutional settings approach worked very well as framework for analyzing the underlying *cultures* of redevelopment in the U.S. and Germany. He has been working in the international planning field for decades and formulated his approach only very recently. His deep insight into international work makes Friedmann a favored source for information on international planning research. Moreover, Friedmann published his first thoughts on *culture* in 1967, thus representing one of the first manuscripts on *planning culture*. Therefore, the mix of Friedmann's institutional settings with small supplement of the planning system provided a perfect framework for the research on redevelopment programs.

Moreover, some insight into *political culture* was provided, since essential differences between the U.S. and Germany exist in this field.

In conclusion, the theoretical approach of *planning cultures* provided a useful framework for answering parts of research question (3):

*What instruments can be transferred from the U.S. to improve German redevelopment efforts? What methods cannot be transferred? What role do cultural differences play in this respect?*

which was answered in chapter 8.

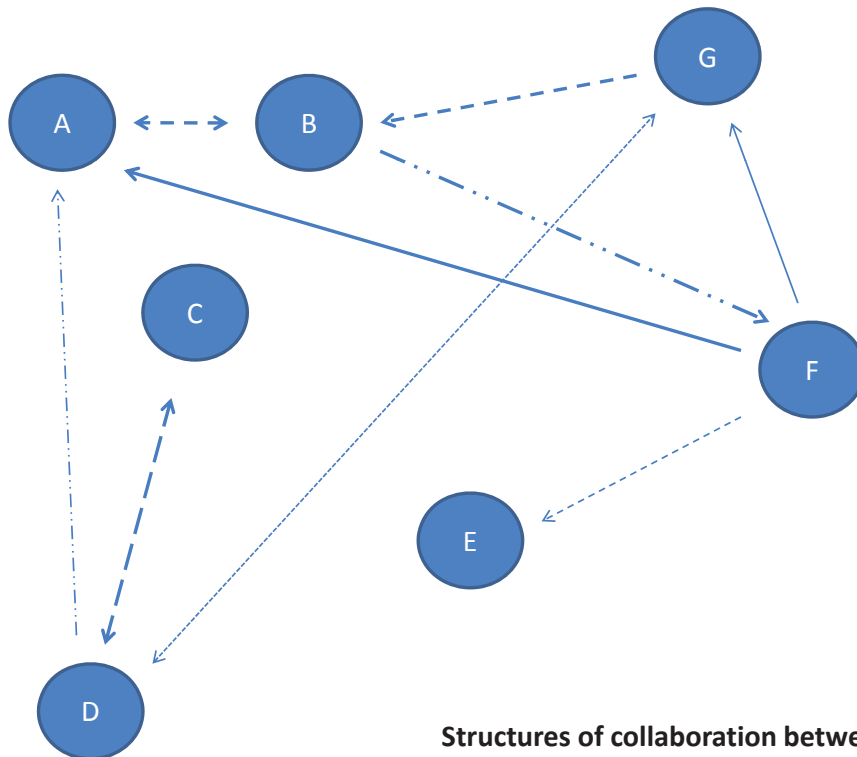
### 9.3 "The Culture-Based Governance Analysis"

#### *Governance*

Figure 9.1 displays the collaboration structures between stakeholders (A, B, C, etc.) studied by the analytical *Governance* approach. Existing structures between different actors embedded in institutional settings are investigated to explain the overall network structure by exploring the character of the existing collaborations. In this context, character means the kind of connection that exists between the different stakeholders. Of particular importance are the regulating systems (competition, hierarchy, negotiations) as well as the mode of operation (networks, coalitions, contracted relationships, etc.).

The static understanding and missing examination of the development of the existing structures seems problematic in the analytical approach of *Governance* displayed in figure 9.1. By considering the currently existing connections, a distinction can be made, for example between hierarchy, negotiation, and competition. However, what the underlying reasons for such a constellation are remains unclear.

*Governance* analysis looks for processes and mechanisms, which constitute existing collaborations, but the focus lies on institutional regulators, like state, market, social



**Structures of collaboration between stakeholders –**  
 seen through *Governance* approach (analysis by structures),  
 → Explanation by character of existing collaborations

Figure 9.1: Structures of Collaboration Between Stakeholders - *Governance*

Source: by author

networks, etc.. As soon as the *Governance* analysis understands the institutional settings, which the actors are embedded in, the mode of operation is explained and the *Governance* analysis is complete.

The analysis of the collaboration between stakeholders in redevelopment process surely can start with the examination of the clearly visible existing connections between the actors. It is useful to understand this static picture, which also includes the institutional backgrounds of the participants. Nevertheless, to deepen the understanding of stakeholder collaborations, more information on their connection than its sheer character (hierarchy, etc.) is necessary. Why different people from different institutions collaborate in this specific manner needs to be analyzed as well. However, the underlying reasons cannot be analyzed by the *Governance* approach, but an additional approach is necessary.

#### *(Planning) Culture*

*Culture* explains the invisible values that are frequently taken-for-granted and assumptions which guide actions and behavior of stakeholders for example in the redevelopment field. Values, meanings, and intentions are considered when examining the reasoning for the actors' behaviors. One of various actions are collaborations with other stakeholders that may eventually become part of the network of stakeholders active in redevelopment. Therefore, the study of the cultural backgrounds of planning contributes to the understanding of existing networks. Examining the various forms of government, level of economic development, *political culture*, and the role actors play in the planning system brings up the reasons for their preferences or the non-existence

of collaborations with particular other actors, whose actions may in turn be based on different underlying values and beliefs.

As displayed in figure 9.2, each participating actor in a redevelopment network has underlying values and beliefs derived from the culture he is embedded in. Some of them are consistent with the beliefs of other stakeholders which makes collaboration more likely to occur. Different cultural backgrounds (for example very different economic backgrounds) most probably hinder the establishment of connections between actors.

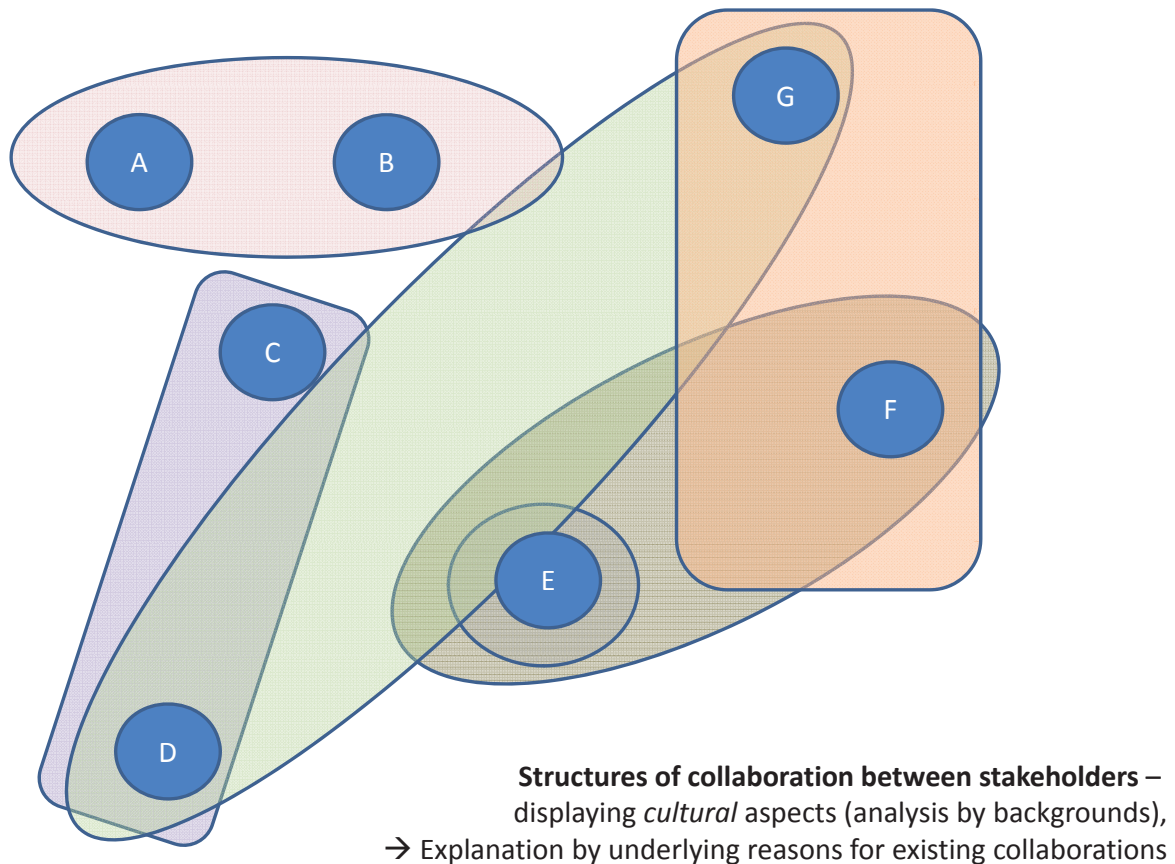


Figure 9.2: Structures of Collaboration Between Stakeholders - (*Planning*) Culture

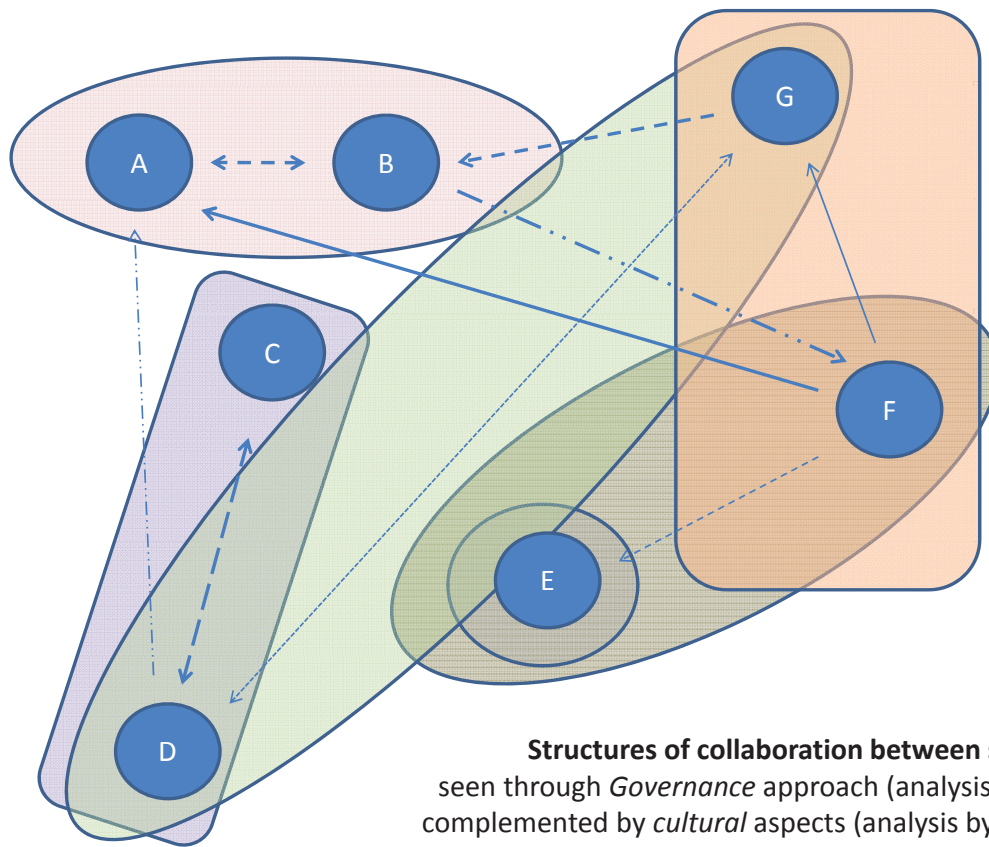
Source: by author

How these underlying mindsets can be combined with the *Governance* approach and thereby contribute to a better understanding of network structures in planning processes will be explained in the following.

#### *Governance* and *Culture* Combined

The approaches of *Governance* and (*planning*) *culture* are combined into a new model called "The *Culture-Based Governance Analysis*", which is displayed below.

Figure 9.3, which is a combination of figure 9.1 (*Governance*) and figure 9.2 (*Culture*), illustrates the advantages of the new model. Combining both approaches, the research on stakeholder networks can take place in a two-step fashion. First, the stakeholder connections are studied based on *Governance* parameters such as regulating systems and mode of operation. Being clear about the obvious structural connections, the next step provides knowledge on why the connections have developed that way. This second step brings the individual into focus, introducing his/her underlying values and mind-

Figure 9.3: "The *Culture-Based Governance Analysis*"

Source: by author

sets to the explanation of the existing collaboration structures. Only the understanding of the particular reasons of every stakeholder of the different groups will allow fully understanding the network structure discovered by the *Governance* approach. As result of the analysis with the newly developed model, a comprehensive understanding of collaboration structures can be gained.

This knowledge can be used not only for explanation of the status quo, but can also support the activation of new, different stakeholder collaborations, since the researcher now knows why these and other stakeholders do or do not work together in that particular way. Changing and expanding collaborations is possible by altering the different parameters which guide the decisions of stakeholders, *Governance* structures as well as *culture* backgrounds.

#### *A New Approach and its Future Prospects*

Particularly in the redevelopment field, the understanding of different connections and collaborations between stakeholders is gaining in importance. Thereby, it is important not only to understand the structure of the collaborations, but also the underlying reasons for their existence. Therefore, the combination of both, the *Governance* approach as well as the (*planning*) *culture* approach, was developed.

By the introduction of an integrative approach, called the "The *Culture-Based Governance Analysis*" model, the structures of analysis of the *Governance* and the *planning culture* approach were combined into a single analysis model. This model helps to un-



derstand how existing collaborations have developed and on what basis they operate. As a next step, it enables to use this knowledge for the establishment of further collaborations between already active as well as not yet involved actors. *Governance* thereby analyses the existing structures and their quality and intensity, while *culture* is used to explain the underlying mindsets and ideas of involved stakeholders. The combination of both approaches provides a tool for gaining a thorough understanding of collaboration structures.

*Governance*, which is based on the analytical approach, refers to the analysis of stakeholder connections based on the understanding of *Governance* as way of coordinating and steering interactions. Of particular importance is including all relevant stakeholders, the underlying institutionalized regulating systems as well as structures of collaborations and modes of operation. Collaborations take place between all organizational structures. The *Governance* analysis can therefore be seen as first important level of analysis that has to be accompanied by the investigation of the cultural background. The present thesis focused on the *Planning Cultural* approach, providing the necessary background on stakeholders involved in collaboration structures. This background consists of the form of government, level of economic development, *political culture*, and the planning system that shapes and influences the stakeholders embedded in their system(s) and also guides their decisions on how to collaborate and of particular importance with whom to collaborate.

The newly developed model of "The *Culture-Based Governance Analysis*" proves particularly helpful in comparative studies. Analyzing different stakeholder constellations in different surroundings often requires in-depth knowledge on the underlying mindsets. The cultural aspect of the analysis becomes even more important when conducting international research, such as studying collaboration structures in different countries. Therefore, the developed approach represents a useful tool for analysis and understanding of complex collaborations between stakeholders, and - with a few adaptations - might not be limited to the redevelopment field.

#### 9.4 Policy Learning and Policy Transfer

Following the approaches *Governance* and *planning culture* which guided the comparative part of the thesis, *Policy Learning* and *Policy Transfer* approaches were introduced in chapter 4 and guided the research on the question of transfer between the U.S. and Germany. As explained, redevelopment measures were the examined policy during the thesis. *Policy* was used according to Kemp's and Weehuizen's definition as "[...] a program of action [which] is adopted by a person, group of government, or the set of principles on which [the actions] are based." (Kemp, Weehuizen 2005: 3).

Redevelopment measures are implemented by various stakeholders, for instance government, non-profits, inhabitants, and businesses. If a transfer and learning process between the countries is desired, different actors have to be involved in the learning process, following the **three types of learning** introduced in chapter 4. First of all, *individual learning* has to take place, since learning implies an individual gaining knowledge and skills. More specifically, all stakeholders learn individually. However, to change measures of the redevelopment process, the individuals have to utilize their gained knowledge within their organization (government, business, etc.). In the best case,

this process improves the organization's routines and creates *organizational learning*. Redevelopment thus benefits from organizational learning processes in all involved organizations. Nevertheless, the most important changes in redevelopment can only be achieved by *social learning*. This type of learning occurs if individuals and organizations learn and, as a result, change their values, higher order properties, ideas, norms, etc.; i.e. a paradigm shift occurs. Such a broad learning process can be the long-term goal of implementing measures from the U.S. to Germany to improve the 'Soziale Stadt' program (for instance, more power for private stakeholders, increased funding by local businesses, additional collaborations with nonprofits, etc.). As mentioned, social learning takes place as a result of processes of individual and organizational learning, which can then make a paradigm shift happen. Likewise, redevelopment measures will be transferred in small steps, beginning with a lot of individual and organizational learning and, at best, ending with a social learning process.

### *Policy Learning versus Policy Transfer*

*Policy Learning* and *Policy Transfer* build the theoretical scaffolding for transfer and learning between the two countries. After introducing both approaches in chapter 4, the question arises, which is a better fit for the thesis. Both approaches involve very similar stakeholders, but differ regarding the general idea and the way of transfer. *Policy Learning* emphasizes a change in thinking and a focus on changes in general behavior. In contrast, *Policy Transfer* utilizes knowledge and ideas about policies and programs gained in different contexts. Accordingly, the search for transferrable measures and instruments in redevelopment belongs to *Policy Transfer* rather than *Policy Learning*. The overall program therefore persists and only minor changes are introduced that will lead to a more sustainable, hence successful, way of urban redevelopment. Notably, *Policy Transfer* is seen as subcategory of *Policy Learning*. Therefore, the procedure of transferring smaller pieces and measures of U.S. redevelopment to Germany can be seen as a first step on the way to improving the 'Soziale Stadt' program, in general (for example, more non-governmental action in German redevelopment, which is already desired, but cannot take place yet due to the existing structures of the redevelopment program). Therefore, the process should start with *Policy Transfer* measures and aim on the implementation of measures following the idea of *Policy Learning* on the longer run.

Both approaches will be evaluated in greater detail below, regarding their use for the thesis.

### *Policy Transfer*

*Policy Transfer* is a process, in which existing policies, programs, negative lessons, etc. are used to develop new policies or programs in different time and space contexts (Yuan, Hübner 2004: 35). Learning from external experiences is also possible through transfer of knowledge, i.e. without the necessity of transferring an entire program (Wolman, Page 2002: 480). Regarding the scope of the present thesis, knowledge transfer is crucial for the enhancement of German redevelopment efforts by transferring parts of the U.S. redevelopment programs. Hence, the transfer process consists of knowledge, which is transferred from one political context to another. In redevelopment measures, different kinds of knowledge can be located that are crucial for transfer from the U.S. to Germany (for instance intermediaries, reliable government funding, etc.).



Several **contents** could be transferred in *Policy Transfer*. In redevelopment, goals (long-term improvement measures), instruments (business activation), institutions (intermediaries), attitudes (more private support), etc. can be subject to transfer. These contents vary in **grade** of transfer, of which Dolowitz distinguishes four grades: copying, emulation, combination, and inspiration (Dolowitz 1998: 26-28). First of all, research on the U.S. model created some inspiration, which was implemented in the resulting recommendations. Moreover, emulation and combination took place, while compiling the recommendations for the German model. The installation of an intermediary can be seen as emulation of the policy-concept from the U.S., while the activation of different stakeholders represents a combination of measures found in the redevelopment efforts studied abroad. Copying was not included in the thesis due to the existing differences between the *cultures* of the two countries.

**Stakeholders** in *Policy Transfer* are named by Dolowitz and Marsh (Dolowitz, Marsh 2000: 8-9). In the present thesis the following actors play an important role in transfer: professionals, administration, politicians, local corporations, non-governmental institutions, networks, businesses, local residents, etc.. The reasons why different actors engage in *Policy Transfer* are manifold. According to Dolowitz, various motivations can occur, such as financial, ideological, political, social, or even pragmatic (Dolowitz 2000: 11, 124). In the context of the redevelopment transfer, a mixture of the named reasons exists. Every involved stakeholder follows his/her own interest and therefore has his/her own motivation, for instance, whereas businesses' motivations are often financial, residents frequently contribute because of social reasons.

Two **kinds of transfers** exist: voluntary transfer and coercive transfer. Voluntary transfer is based upon logical and deliberate reasons, for which knowledge is transferred from one country to another. In contrast, regulations, laws etc. foist for instance new policies and programs on a system during coercive transfer. Voluntary transfer is of specific interest for this paper. Focusing on how countries can learn from each other about how to make urban redevelopment more sustainable, the thesis ends with giving some suggestions of voluntary learning processes. Of course, those suggestions can become coercive later on, if policy makers stipulate the findings in guidelines and law. However, for the time of research, transfer will be assumed to take place voluntarily, based on the scientific idea to improve German measures by learning from the instruments in the U.S.. As Dolowitz puts it "[...] when 'dissatisfaction with the status quo' arises [...] policy makers will rationally and voluntarily engage in an active search for new ideas as a 'cheap' means of solving the problem." (Dolowitz 2000: 13).

The **origin of knowledge** can be the past or the present. Here, the recommended actions are gained from present U.S. redevelopment measures and will be tailored to the current program 'Soziale Stadt' in Germany; therefore, a transfer based on the present time takes place. Moreover, three main levels offer experiences for *Policy Transfer*: **international level, national level, and local level**. With respect to the present thesis, international knowledge transfer is necessary, on the national levels as well as on the local levels.

Transferring knowledge between different countries leads to the question if there are dedicated **borrowers and lenders**. While the U.S. will be borrower regarding transfer of redevelopment measures and Germany will be lender in this case, the classification can be turned around when transferring knowledge about other topics.

Information sources for *Policy Transfer* can be studies, reports, and internet, as well as physical meetings. During the thesis, all these information sources were used.

On the downside, Dolowitz and Marsh, as well as Wolman and Page, introduce common *Policy Transfer* failures: uninformed transfer, incomplete transfer, inappropriate transfer/ insufficient understanding, and missing evaluation. These failures could be avoided during the thesis, by: (i) conducting exhaustive research abroad to avoid uninformed transfer as well as insufficient understanding; (ii) identification of all critical components and transfer of the necessary parts to avoid incomplete transfer; (iii) distinguishing relevant differences between the redevelopment approaches and the possible transferrable and implementable instruments to avoid inappropriate transfer as well as insufficient understanding. The evaluation problem might occur particularly while transferring urban redevelopment programs, as the judgment of success is subjective and very context-related. Nevertheless, the chosen U.S. redevelopment efforts are successful and were therefore used for transfer. An evaluation of the German program after the implementation will be crucial, though. (Dolowitz, Marsh 2000: 21; Wolman, Page 2002: 492-493)

According to Dolowitz, Wolman and Page, the following categories restrict *Policy Transfer*: complexity of policies, institutional and structural constraints, and misunderstandings or wrong conclusions due to different languages (Dolowitz 2000: 25-26; Dolowitz 1998: 28-32; Wolman, Page 2002: 479, 480). All these restrictions were existent, but were taken into account during the research. The complexity of policies was studied in depth as shown in chapters 5 and 6. Institutional and structural constraints were considered by revision of the different *cultures* of the countries. Of course, the problem of different languages still existed, but was addressed by intensive exchange between the researcher and native speakers in both countries.

### *Policy Learning*

Transfer was also guided by the *Policy Learning* approach. As mentioned above, this approach focuses on a paradigm-shift or 'change of thinking' caused by transfer. *Policy Learning* is seen as information-based adjustment of a previous attitude. (Kemp 2005: 3, 7, 8; Schmid 2003: 38) This adjustment should take place in German redevelopment as well, based on knowledge transfer from the U.S. model. However, as explained above, such a 'change in thinking' will only take place after successful *Policy Transfer* and all stakeholders are prepared for the paradigm-shift. The following paragraphs will point out how such a change could take place.

Regarding different **types of learning**, *Policy Learning* occurs as institutional learning rather than an individual learning process. In case of changing redevelopment in Germany based on transfer from redevelopment in the U.S., substantial changes in thinking would have to take place, hence requiring organizational learning and, at best, social learning; in contrast, individual learning could not induce such a profound change. **Stakeholders** in the learning process are similar to the *Policy Transfer* actors, namely: state officials, policy networks, and policy communities. In case of the thesis, all mentioned stakeholders in *Policy Learning* are also part of redevelopment programs and therefore potential learning stakeholders.

The *Policy Learning* approach also offers **additional types of learning**, that are simi-

lar to the three ways of the learning process mentioned above: instrumental learning, conceptual/problem learning, and social learning. Foci are instruments, existing elsewhere and appropriate for transfer. Redevelopment measures in the U.S. provide various instruments eligible for the implementation in Germany. The process of conceptual or problem learning aims on taking on a new viewpoint that is gained by learning from concepts and principles existent elsewhere. The implementation of a redevelopment model similar to the U.S. model, consisting of more private and less governmental input, represents such a conceptual learning process. The social learning process could refer to a modification not only of instruments, but also of the frame and the general conception of German redevelopment induced by learning from the U.S. model.

Of particular interest is the temporal aspect phrased in the *Policy Learning* approach, based on which two categories of learning can be classified: **single loop learning** and **double loop learning**. In single loop learning, a change in instruments and methods does not question the fundamental design, goals, or activities of the organization; therefore, instrumental learning belongs to this category. It is furthermore similar to the *Policy Learning* process since no 'change in thinking' occurs. In contrast, double loop learning implies a change in underlying processes, norms, and values, i.e. theories in use alter after reconsidering the conception. Both, conceptual and social learning, belong to the complex double loop learning type. This type causes changes in knowledge, in operative rules, as well in norms and values of the redevelopment instrument. Nevertheless, more than two loops of learning are likely necessary for implementing such a comprehensive change.

Obviously, **obstacles** exist in such an approach of wide-ranging transfer guided by the *Policy Learning* approach. Existing administrative and political structures tend to be highly resistant to alterations. In addition, necessary stakeholders might not be interested or not able to undertake the required shifts. Moreover, the question arises, whether such a paradigm shift is likely to yield the desired outcome, particularly regarding the presented cultural differences, which can hardly be overcome and maybe might not even be needed or desired to be overcome. Therefore, introducing parts of the foreign model without totally abandoning the home model is the chosen way.

### Critique on *Policy Learning* and *Policy Transfer*

*Policy Learning* and *Policy Transfer* build the theoretical scaffolding about learning and transfer between the redevelopment efforts in the U.S. and Germany. In general, both approaches proved useful; however, some critique has to be phrased as well. First, the similarities between *Policy Transfer* and *Policy Learning*, as criticized by James and Lodge (2003), complicate working with these approaches. However, as proven in chapter 4.2, a distinction could be made and the approaches were used further.

The theoretical framework provided by the approaches explains processes of the real world, for instance redevelopment. However, the theoretical explanation will not enable reproducing such processes again. Examples for the conflict between theory and practical processes are given below.

**Individual and organizational learning** cannot be strictly differentiated in reality: Learning within organizational structures will always influence the individual as well, since the two types of knowledge are inseparable. The same applies the other way

around: If an individual that is part of an organization learns new knowledge, the institution will benefit as well. Therefore, the approaches might make sense for analytical study, but the different learning types cannot be distinguished with regard to redevelopment, a process consisting of many stakeholders that are part of an organization and, at the same time, individual inhabitants as well. Differences can only be identified in social learning that clearly shows new values and mindsets of the society that can be studied apart from individual and organizational values.

As mentioned above, **single** and **double loop learning** processes might be more useful, if seen as multi loop learning. Learning never stops, continuously producing learn loops. During redevelopment efforts, numerous loops occur without being clearly distinguishable from their particular activator. Therefore, multi loop learning should be a possible analytical explanation for the transfer conducted in the thesis. This approach provides the opportunity to implement appropriate measures, within appropriate time, in appropriate ways by appropriate stakeholders in an appropriate number of learning loops.

**Voluntary** and **coercive transfers** are merely distinguishable while transfer of redevelopment measures takes place. Transfer is coercive if recommendations for implementation are followed, since ideas and content comes from outside and not from within the neighborhood. However, as explained by different *Governance* structures and cultural backgrounds, no coercive transfer of measures can take place. Countries are so different that only selected matching instruments should be implemented and might on the longer run shift the general system, which cannot be forced to change. Even though voluntary transfer is thus highly desired, it has to be guided by regulations and ideas fueled by research and has to end in recommendations for implementation. Hence, it becomes clear, that neither purely voluntary nor completely coercive transfer is feasible. Therefore, the distinction provided by the *Policy Transfer* approach has to be seen critically. In reality, voluntary openness for transfers has to exist, which is supplemented by regulated (coercive) procedures.

### 9.5 Lesson Drawing

As illustrated in chapter 4, Rose's practical guide on *Lesson Drawing* is based on learning from abroad in order to transfer programs. New programs are based on programs that were or are still used by other nations, states, or cities, or even in the past of the learning entity. In the present context, programs are understood as courses of action for operating public policy. Actors involved in the learning process are governments, state officials, and other kinds of policy makers. Rose (2005) developed ten steps of *Lesson Drawing*, in the course of which knowledge is gained in a foreign context, assembled into a model, and then turned into a lesson for the home context. The *Lesson Drawing* approach is close to practice as it provides clearly defined steps on how to draw lessons from another context. Rose's practical guide is meant as support for policy stakeholders in learning from foreign countries and thus improving the situation at home. Regarding the thesis, Rose's model was tailored to the German background and a 10-step approach was developed for the research on transfer of redevelopment measures from the U.S. to Germany. Why Rose's model had to be restructured was already explained in chapter 4, thus, the following paragraphs will show which parts of Rose's model were used for the thesis and how the newly developed model contributed to the conducted research.

With regard to this thesis, urban redevelopment is understood as underlying policy, which involves various programs such as laws, funding regulations, project plans, etc.. In addition, redevelopment efforts and procedures for later implementation of the gained knowledge from U.S. redevelopment to Germany are understood as **program**, following Rose.

Rose names three **requirements for drawing lessons** successfully: parallel programs and similar problems must exist, case studies need to be studied, and the findings have to be adopted and rearranged for the new context. Moreover, possible consequences tied to the implementation of transferred measures have to be taken into account. Regarding the thesis, all requirements could be met. Neighborhoods in the U.S. and Germany encounter similar challenges, yet caused by different reasons. Therefore, (similar) redevelopment measures exist in both countries, albeit involving different programs and stakeholders. As case studies on the structural level, the German 'Soziale Stadt' program and the U.S. models of Redevelopment Agencies as well as Community Development Corporations (CDCs) were investigated. Findings and measures were rearranged and adopted in chapters 8 and 10. While recommending various instruments for transfer, the consequences of implementation were always identified. However, an evaluation of the implemented measures can only take place in practice and is therefore not provided in the present theoretical thesis.

As explained in chapter 4, Rose's model had to be adapted to the German background and the objectives of the thesis. A **10-step guide** for the conducted research was developed. Table 9 - I shows how the steps were newly defined and where they contributed to the research.

**James and Lodge** have criticized Rose's model for its missing theoretical approach that does not provide a sufficient background to be a theory on its own. This critique would be true if Rose had planned to establish his own theory on learning; however, Rose stated that his 10 steps should only be a guideline for political actors and merely consisted of practical recommendations. Following Rose, no theory was established by his publication. Therefore, Rose's *Lesson Drawing* approach should only be understood as a practical guide that it was intended to be.

Nevertheless, some **critical remarks** can be made on the 10 steps of *Lesson Drawing*. Rose misses, for instance, to arrange his 10 steps in a circle instead of a straight order. Although, the rephrased model seems to be straight in its consecutive steps, there will be and has to be back coupling during the learning process. Such complex transfer cannot take place in the straight manner, displayed in the model. New findings and unexpected outcomes will make a rearrangement of the steps necessary. Therefore, steps have to be arranged openly, depending on the circumstances they are used in. Moreover, Rose's focus lies on one group of stakeholders, while omitting the wide spectrum of stakeholders that is often existent in policy-making processes (see for example *Governance* structures in redevelopment efforts, chapters 2, 9.1). As mentioned above, Rose did not write his model as a theory of its own, thus he had theoretical approaches in mind, by for instance phrasing "... concentrating on all country specific details" (see table 9 - I on the following page); this can clearly be seen as a reference to *culture studies* as discussed above (chapters 3, 9.2). Finally, Rose's 10-step model originates from a U.S. view on policy processes, which was the reason for rearranging the steps into a model better matching the topic of the thesis, i.e. starting from the German point of

Table 9 - I: Ten Steps of *Lesson Drawing* Matching the Thesis II

10 Steps	Definition of the Steps	How did this step receive attention in the thesis?
(1) Detect a problem or challenge.	Existing programs bear problems or challenges, which have to be identified.	German 'Soziale Stadt' program with decreasing governmental funding and problems in achieving self-supporting structures. (chapter 1)
(2) Know about the strengths and weaknesses of the program.	First step of improvement: becoming aware of reasons for weaknesses and strengths. How can they be leveraged?	Study of weaknesses and strengths of the 'Soziale Stadt' program in Germany. (chapter 7)
(3) Find strengths for your weaknesses; decide where to look for lessons.	Study former or existing programs (abroad) to find out if approaches exist that contain strengths needed to correct your weaknesses.	<p>Looking back into the history of redevelopment is not an option for learning, since German redevelopment programs have followed an ongoing improvement process, beginning with state programs, which were refined into the existing federal program. Looking back would therefore mean a step back in improvement.</p> <p>Therefore, a foreign example with a long history of (successful) redevelopment was chosen. In the U.S., problems in neighborhoods exist as well as in Germany. In addition, similar methods and projects for urban redevelopment are used. U.S. strengths provide instruments to improve the German methods. (chapters 6, 7, 8)</p>



10 Steps	Definition of the Steps	How did this step receive attention in the thesis?
<b>(4) Finding out how a program really works there.</b> (by Rose)	Crucial part of <i>Lesson Drawing</i> is visiting the reviewed country to talk to important stakeholders to learn about criticism and problems. Collectively, the gathered information provides a rounded picture of how to learn from foreign programs.	1.5 years of study abroad in the redevelopment field of the U.S. (2010-2011). Existing approaches and programs were studied in theory as well as by visiting neighborhoods and interviewing important stakeholders. Hereby, crucial knowledge about requirements, success, failure, obstacles, and stakeholders was gained. (chapters 6, 7, 8)
<b>(5) Turning anecdotes into a model.</b> (by Rose)	All gathered experiences have to be turned into a 'cause and effect' model of the program. Therein, all essential parts of the program have to be identified, without concentrating on country specific details. Thereby a new and transferrable program for the home country can be developed.	Description of the model of redevelopment in the U.S. The detailed analysis of the collected data lead to compiled knowledge about regulations, objectives, organizational structures, stakeholders, funding, program outputs, etc. Moreover, problems, weaknesses, and strength of the programs were identified.  By comparing the U.S. elements with redevelopment in Germany, transferrable parts were identified and measures for transfer were developed. (chapters 7, 8, 10)



10 Steps	Definition of the Steps	How did this step receive attention in the thesis?
<b>(6) Drawing a lesson.</b> <b>(by Rose)</b>	<p>The program that comes out of the <i>Lesson Drawing</i> process is based on experiences gained in a foreign country, but ready to be implemented in the home country.</p> <p>Ways of drawing a lesson/ designing a program are photocopying, copying, adaption, hybrid, synthesis, disciplined inspiration, selective imitation.</p>	<p>An approach with different steps and methods that can be adapted from the U.S. to Germany was established. Coming from the U.S. context, the transferred pieces were tailored to the German context. Transferrable instruments were gained by adaption, synthesis, and inspiration.</p>
<b>(7) Should a lesson be adopted?</b> <b>(by Rose)</b>	<p>Adoption of the prepared lessons is politicians' duty. The creator of the lesson has to check if political mindset is ready for the prepared lesson. This has to be clarified before the lesson is blocked during the political legislation process.</p> <p>Additional for redevelopment: not only political actors are important, but local stakeholders have to be ready for learning lessons, as well.</p>	<p>The conclusive decision of implementation of the approaches and instruments lies in the responsibility of policy makers (politicians, non-profit institutions, and private as well as business stakeholders). This scientific theoretical thesis can only recommend steps for improvement.</p> <p>However, the need and interest in new and more sustainable solutions in urban redevelopment exist.</p>

10 Steps	Definition of the Steps	How did this step receive attention in the thesis?
<b>(8) Can a lesson be applied?</b> (by Rose)	<p>After political stakeholders accept a lesson it had to be verified if the lesson is applicable in the given context (neighborhood).</p> <p>Availability of adequate resources to implement the scheme has to be assured (claims on laws, money, human capital, and organizations).</p>	<p>Lessons are developed in a way applicable to the existing context. In addition, recommendations are given on how the approaches can be implemented.</p> <p>However, the conclusive decision about implementation of the approaches and instruments lies in the responsibility of policy makers (politicians, nonprofit institutions, and private as well as business stakeholders), this scientific theoretical thesis can only recommend steps of improvement.</p>
<b>(9) Increasing chances of success.</b> (by Rose)	<p>The success of the program will increase if the goals and the scheme are defined simply. The more flexible a program is, the more successful it is.</p>	<p>Suggestions for improvements are phrased in a manageable and straightforward way. Existing programs and instruments can be improved by minor adaptations learned from the U.S. context.</p>
<b>(10) Looking ahead.</b> (by Rose)	<p>Because the adopted program is already in use somewhere, experience exists on how it works. Therefore, speculations about the results of the future program are limited. Nevertheless, an accompanying evaluation of the learned lessons and their effects is necessary.</p>	<p>Available evaluations of U.S. programs were taken into account when formulating suggestions for the German program.</p> <p>However, since the implementation of the changes is out of the scope of the thesis, it will have to be done by the respective stakeholders. The lessons learned can only be evaluated after adaption of the recommendations. Therefore, this thesis cannot give information on results of implementation of the suggested approaches, but suggests an early evaluation after transferred measures are used in the 'Soziale Stadt' program.</p>

Source: by author, complemented by Rose 2005: 8 ff., 15 ff.

view and looking for lessons to be learned from the U.S..

In conclusion, Rose`s concept of *Lesson Drawing* has proven to be helpful and adaptable for the demands of the thesis. However, related to the scientific and theoretical approach of the thesis, not every single step can be followed; nevertheless, the *Lesson Drawing* concept was found useful as a first guideline.

## 9.6 Conclusion

In conclusion, all theoretical approaches used during the research provided the necessary theoretical background. However, every theory had to be examined critically and analyzed for their appropriateness with respect to the present topic.

Due to their different perspectives and backgrounds, no single approach may be a perfect match for the conducted research, but only a combination of all of them provided the framework necessary for this complex topic. The *Governance* approach builds a broad basis for the research by providing an analytical framework. Moreover, an intense examination of the different *cultural approaches* was crucial for the comparison of the chosen countries. The newly developed model of "The *Culture-Based Governance Analysis*" proves particularly helpful in comparative studies. Aiming on the transfer of policies like redevelopment measures, the theories on *Policy Learning* and *Policy Transfer* provided vital insight into transferability. Rose`s 10 steps of *Lesson Drawing* built an appropriate practical guideline for the research.

Nevertheless, one always has to keep in mind that these theories build general models, which have to be tested for usefulness before employing them for a complex research topic, such as the present thesis. This is particularly true for intercultural transfer and learning, since theories are often strongly embedded in their national background and are therefore not always readily applicable to other contexts.

# Implementation and Further Recommendations

# 10

Approaches and measures from U.S. redevelopment by CDCs provide valuable ideas for the improvement of the German redevelopment program 'Soziale Stadt'. How the transferrable measures, introduced in chapter 8, can be implemented into the German program will be shown in the following.

The transfer could take place at different levels including various stakeholders:

- governmental level: federal, state, and local (including local authorities)
- organizational level: local redevelopment office (QM)
- neighborhood level: citizens, businesses, nonprofits

## 10.1 Implementation Recommendations

This chapter aims on the answer of research question

*(4) Which ways exist to implement learned lessons from the U.S. in redevelopment approaches in Germany?*

Four recommendations for the implementation of U.S. measures will be given on the following pages.

### 1) Restructuring of the instrument 'Soziale Stadt'

(Implementation level: federal government, local government, local redevelopment office)

<b>Keep governmental influence</b>	Following the German understanding of redevelopment as a governmental task, general regulations and guidelines for redevelopment should still be provided by the government.
<b>Combine governmental and private funding</b>	Governmental money should be used as incentive to bring in private money and should not be granted without the existence of corresponding private funding.

Keep split funding between federal, state, and local level	Displaying the administrative structure of the state and the different responsibilities, the split funding supports redevelopment well.
Establish collaborations between different governmental departments	Funding and regulations should be provided by various departments, which are affected by distressed neighborhoods and can contribute to their enhancement.
Secure long-term funding	Reliable funding is important for sustainable redevelopment work.
Phrase long-term goals and five-year plans	The existence of a long-term mission and evaluable short-term objectives makes redevelopment work more projectable and efficient.
Postulate building and maintenance plans and its funding for projects	Funding must be secured for the implementation phase and later service needs to make projects work long-term.

## 2) Reorientation of participation and activation processes

(Implementation level: local redevelopment office, neighborhood level;

Particular levels for participation and activation processes: citizens and property owners, businesses, nonprofits)

Reorganize participation and activation processes to win partners not participants	To gain vital support from the neighborhood, potential associates have to be taken seriously and accepted as partners, but not only as people that have to be informed. This includes provision of power to collaborators as well.
<i>citizens and property owners</i>	
Get in touch with as many residents and property owners as possible and focus on network-building between important partners	Redevelopment efforts need to be known by the residents of the area, to profit from as much knowledge and support as possible.
Provide incentives and rewards for voluntary work and donations	Private partner contributions have to be appreciated and rewarded to make collaboration more attractive for local citizens.
Offer support for interested stakeholders lacking access to funding sources	Redevelopment organizations can apply more easily for funding support, which should be used to assist local initiatives and activities.

Gain property owners as partners and explain them their benefits in an enhanced neighborhood	Neighborhood enhancement cannot take place without a partnership with property owners that are in charge of structural improvement measures.
<i>businesses</i>	
Get in touch with local businesses, provide incentives for collaborations and donations, offer an active role in decision-making processes, and ensure early codetermination	Local businesses are important partners for the neighborhood and its enhancement, but need to be accepted as partners and have to get benefits for their contributions. If they are neglected further, lots of support will be missed and an integrated improvement will not take place.
Contact local banks or local branches of banks and check possibilities for collaborations and supportive measures	As seen in the U.S. approach, the offered funding strategies by (local) banks provide essential possibilities for redevelopment projects. If such loan practices can be realized in Germany as well has to be ascertained.
Encourage CSR activities on the local level	Companies with existing Corporate Social Responsibility (CSR) projects, focusing on national activities, have to be convinced that local projects would be equally sustainable and rewarding for their business.
<i>nonprofits</i>	
Deepen existing collaborations with housing associations, etc.	Existing collaborations provide a perfect starting point for further and broadened cooperation with local nonprofits and should aim at an emancipated partnership.
Contact existing nonprofits and initiatives, and establish partnerships	Every neighborhood provides a range of existing clubs, unions, associations, etc.. Even if their mission might not be a perfect fit at first glance, the common neighborhood provides a good starting point for fruitful partnerships.
Look for common interests and funding sources with local and non local nonprofits	Every local nonprofit could have missions which are consistent with redevelopment missions and might be interested in contributing. Moreover, city-wide, regional, state, or national nonprofits with neighborhood interests exist as well. These partners are of particular interest, since they may not be restricted to resources from within a weak neighborhood.
Encourage existing and upcoming local nonprofits	Often, existing or upcoming nonprofits need some additional support to become neighborhood players. Redevelopment can provide the required assistance and thereby create another strong player for the neighborhood.

### 3) Reorganization of local redevelopment offices

(Implementation level: federal government, local government, local redevelopment office)

<b>Keep instrument QM</b>	QM is a successful instrument, which was used during most of the former and ongoing redevelopment efforts. The instrument is flexible enough to be complemented by new measures from the U.S. model.
<b>Combine staff from outside and inside the neighborhood for local offices</b>	Professionals and supporters from inside the neighborhood provide vital insight into local structures and contacts to important stakeholders. Combined with external professionals, who contribute the objective view from outside, they make a perfect staff for local redevelopment offices.
<b>Mix different professionals</b>	Regardless, if professionals come from outside or insight the neighborhood, different backgrounds are needed for the comprehensive redevelopment work. Suggested are planners, social workers, business people, nonprofit experts, funding specialists, etc..
<b>Allow local nonprofits to apply for running the local redevelopment office</b>	Following the model of CDCs, local nonprofits should be encouraged to serve as local redevelopment office. Advantages of such a local solution are the necessary know-how of the area as well as the existing contacts to local stakeholders. Nevertheless, additional external staff should be present.

### 4) Establishment of a national redevelopment organization

(Implementation level: federal government, local redevelopment office)

<b>Develop a reasonable organizational and funding structure</b>	For the set-up of a national redevelopment organization the organizational and funding structures are crucial, due to its necessary flexibility, efficiency, acceptability, and economic feasibility.
<b>Check usefulness of grant gathering and provision by the organization</b>	It has to be examined, if the grant collection and distribution of redevelopment funding should be taken over by the new institution. If not, the existing model of federal distribution along the 'VV Städtebauförderung' might still be a useful way.



<b>Provide experts for different fields</b>	As mentioned regarding the staffing of the local neighborhood office, different professionals are needed for successful redevelopment efforts. Due to the small size of the local offices, not every expert can be hired for each neighborhood. The provision of experts on the national level, supporting the local level with know-how and advice seems highly valuable.
<b>Organize workshops and other ways of exchange and training</b>	Different neighborhoods face similar challenges and gain crucial know-how during their work. Exchange of these experiences should be possible on a broader level than the neighborhood alone. Common workshops or events could spread expertise.
<b>Set up a data base for all program areas, including measures as well as contact information of experts and nonprofits, governmental institutions, businesses etc.</b>	To start a flow of information and exchange between the local offices a database for redevelopment efforts is useful. The content should focus on information on possible partners or sources of support.

Three additional thoughts are of general interest regarding the implementation of CDC measures into the 'Soziale Stadt' program:

- Non-governmental stakeholders need to be activated and invited into partnerships before governmental money is withdrawn. Building collaborations without the pressure of decreasing funding sources will be much easier and more successful.
- Moreover, partners are more open to collaborate if they see the project as common adventure, rather than a governmental idea that private funding is needed for. Private contributions will be established the best, if projects are developed in a conversational way and responsibilities as well as power are distributed equally.
- Therefore, many of the implementations suggested above, might not be implementable in on-going projects, but theory and regulations might have to be established now and used in upcoming project areas. Existing redevelopment areas might start with the implementation of smaller steps like intensifying local collaborations and bringing them into play for upcoming projects.

Following the recommendations above, the instrument of redevelopment in Germany will go through some structural changes. Redevelopment efforts will get a broader basis, although the guiding governmental role will persist. Some power of the government will be passed on to non-governmental stakeholders, which need their own competencies to contribute to the efforts. This release of governmental power might be seen critical at first in Germany, where the role of the government and its duties are kept relatively strong and intense. Nevertheless, competencies contributed by non-govern-

mental stakeholders will offer new chances for the neighborhoods, due to their novel approaches and possibilities. A situation, in which the state is merely present in redevelopment like in the U.S., will not occur due to the continuously important role of the German government in phrasing the guidelines and regulations, as well as its role as incentive funding partner.

Of course, the outlined way of participative redevelopment efforts, including more non-governmental stakeholders and much more effort than nowadays, will take time and determination. Nevertheless, approaches exist and can be used as a starting point to proceed into this direction. As already mentioned, the cultural background and attitude of the U.S. efforts cannot be implemented. Therefore, the amount of private engagement and support in Germany will always be smaller than in the U.S., but the German situation could aim at an emancipated partnership between governmental and non-governmental stakeholders. Hereby, a redevelopment approach could be created, which will be able to deal with decreasing governmental funding sources and could generate a strong redevelopment program with long-term success.

## 10.2 Importance of Non-Governmental Stakeholders

Based on the foregoing studies and concepts, research question (5) can be answered as well.

*(5) What particular role do nonprofit organizations as well as other nongovernmental supporters play in (successful) urban redevelopment? What role needs to be played by these stakeholders in the future?*

The existence of non-governmental actors in redevelopment is strongly connected to the presence of the government. In the U.S., governmental agencies have never been responsible for a majority of social services, which lead to a strong nonprofit sector providing such services. Moreover, almost every citizen works voluntarily for a nonprofit organization, while private and business donations keep the funding of these non-governmental initiatives alive. Investigating the German situation shows a formerly strong role of the government, which is about to change due to the cutbacks of governmental money for social services. This comes with increased attention to the civil society, which is expected to take over the former governmental role. As a result, the governmental role has always influenced the non-governmental situation and created differences in duties and hence power of private initiatives.

Accordingly, the importance of non-governmental stakeholders in redevelopment differs. In the U.S., nonprofits are now, after the closure of Redevelopment Agencies, the most important and singular actor in redevelopment. Similarly, an increasing importance of nonprofits can be expected for the German program 'Soziale Stadt' due to the decreased governmental funds allocated to redevelopment. However, how German non-governmental stakeholders act and how private and business owners support them, has to go through significant changes, if the expectations stated should be achieved. Being a side-actor during the last decades, the new role of non-governmental engagement cannot provide new services without getting more power in return. To make new duties attractive for nonprofits, they must be involved at an early stage of decision-making processes. Moreover, the support of citizens and businesses needs to be increased, which only can take place if contributing yields some relevant benefit.

Non-governmental stakeholders could and should play an important role in redevelopment efforts in Germany in the future, if they are seen as partners and provided with necessary power and responsibility. In addition, the engagement of citizens and business has to receive more appreciation.

# Mobilizing more than Governmental Support

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# 11

In conclusion of the presented thesis, hypotheses which were phrased in chapter 1 and guided the research will be confirmed or disproved below. Moreover, a short retrospect on the research questions will be given. The chapter ends with an outlook and a general conclusion on the presented work.

## 11.1 Hypotheses

**Hypotheses**, which guided the work, were phrased as presumptions before the research started and will now be revisited for evaluation.

(1) *Policy Learning*, *Policy Transfer*, and *Lesson Drawing* provide the best guidance for the theoretical approach of the thesis. These approaches can be used for the juxtaposition of different countries and demonstrate steps for successful transfer and learning. In contrast, *Comparative Studies* are not useful since the comparative approach lacks guidelines for a subsequent learning process.

- ➔ *Comparative Studies* were confirmed to be an insufficient approach for the research. German and U.S. redevelopment approaches were compared, but the juxtaposition of differences and similarities could not provide necessary information on why these differences and similarities exist. Therefore, the *Policy Learning* and *Policy Transfer* approaches were consulted to provide guidelines for learning, transfer, and existing obstacles during the process. Moreover, *Lesson Drawing* was assumed to be useful at the beginning of the work. However, in the course of the thesis, it became clear that Rose's theory on *Lesson Drawing* could not be used without adaptations. His view on drawing lessons needed to be rearranged to better match the German background and the purpose of the thesis, which is less practically oriented than the ten steps provided by Rose (2005).
- ➔ Therefore, the following statements can be made: Hypothesis (1) proved true, i.e. *Policy Learning* and *Policy Transfer* were useful approaches for the thesis, whereas the *Comparative Studies* approach was inadequate. In contrast, *Lesson Drawing* as guiding approach had to be rejected, as the "ten steps approach" had to be rephrased.

(2) Different *Governance* structures as well as different *planning cultures* in the U.S. and Germany on the macro level lead to different approaches on the micro level (neigh-

borhood). For instance, governmental agencies in the U.S. are not seen responsible for the improvement of the quality of life in neighborhoods. Therefore, projects for improvement are organized and funded by private stakeholders in the U.S, whereas they are governmental issues in Germany.

- ➔ Different backgrounds exist regarding the system of the state, economic situation, *political culture*, role of civil society, planning system as well as the structure of the collaborations between actors. Many of these contents can be attributed to the macro level, i.e. the federal level of government, resulting in particular regulations or laws (for instance planning law). These decisions on the macro level also influence the micro level (neighborhood), where many situations and decisions depend on overlying structures. This becomes clear in the missing responsibility of the U.S. governmental agencies for redevelopment, which leaves a gap that has to be filled by private stakeholders. Nevertheless, not only the macro level influences the micro level, but also particular *Governance* structures and *cultures* on the micro level exist, which can be considered independent from the larger context. How people interact and collaborate on the local level depends mostly on their personal relationships and settings, for instance.
- ➔ Hypothesis (2) holds true, since the *Governance* structures and *cultures* on the macro level do affect the micro level. In addition, the hypothesis even has to be expanded due to collaborations on the micro level that exist independently from the larger context.

(3) Even though urban redevelopment policies exist in the U.S. and Germany, **redevelopment methods** differ due to different initial situations in the neighborhoods as well as different stakeholder involvement in redevelopment processes.

- ➔ Redevelopment efforts exist in both countries and aim on enhancement of local areas in the U.S. as well as in Germany. Nevertheless, the varying initial situations neighborhoods face in both countries lead to different methods and programs to address the problems. In the U.S., local initiatives provide necessary services, as governmental entities are missing in the neighborhoods and governmental support is provided by grants only. In contrast, the German government provides more support by running the national redevelopment program 'Soziale Stadt'.
- ➔ Hypothesis (3) proves true, since the redevelopment measures, which seem to be very similar at first glance, differ in their genesis and sponsorship as well as in their purposes and implementation.

(4) Involvement of **non-governmental stakeholders** and funding in the U.S. urban redevelopment efforts seems a useful option for German redevelopment measures (in particular facing decreasing governmental support and funding).

- ➔ Due to the cutbacks of governmental funding in German redevelopment, more private sector support is postulated for neighborhood enhancement. Additional support for local improvement projects by private and business actors is crucial, following the recent developments. Nevertheless, no comprehensive approaches exist to implement private supporters into the existing governmental measures. Therefore, looking for lessons in the U.S. proved reasonable and fruitful. As presented above, various U.S. measures can be transferred to the German 'Soziale Stadt' program. Of course, adaption of the transferred parts is necessary.

- Hypothesis (4) proves true, since the transfer of measures, involving more non-governmental stakeholders in redevelopment as is the case in the U.S., is an option for the German redevelopment program as well, particularly facing the recent cutbacks.

(5) The transfer of certain redevelopment methods and instruments is considered impossible due to the existing different *planning cultures*. Especially the role of **civil society** and different attitudes regarding governmental duties strongly influences the redevelopment efforts, which are in question for transfer.

- All studied measures in the U.S. approach were evaluated regarding their transferability to the German situation. Particularly owing to the different (*planning*) *cultures* and the inconsistent roles of the civil societies in both countries, some non-adaptable and therefore non-transferrable measures were identified. Nevertheless, transfer of certain measures may be feasible if differences are taken into account and preexisting specifics are left unchanged, e.g. the more active role of U.S. citizens in common social activities. German citizens cannot be activated as readily as those in the U.S. and will therefore not be able to operate the local redevelopment measures on their own; however, more private engagement in the governmentally framed 'Soziale Stadt' program can be gathered by employing activation and motivating methods existent in U.S. approaches.
- Hypothesis (5) can be partially confirmed and disproved. It is true that certain methods and instruments cannot be transferred from the U.S. to Germany. Nevertheless, some approaches of the U.S. model may be useful for the 'Soziale Stadt' program if the existing differences in the role of the civil society and the cultural backgrounds are respected.

(6) On the scale of neighborhood projects (micro level), lessons can be learned from the U.S.. 'Quartiersmanagements' (QMs) can adapt methods used by **Community Development Corporations (CDCs)** regarding participation and activation processes. Hereafter, learned lessons can be implemented in German redevelopment efforts. Importantly, funding structures have to be changed, as well, to make these efforts more successful.

- Particularly on the micro level of redevelopment activities, learning and transfer is possible. Participation and activation processes of CDCs aim on increasing local involvement, which is also the objective of the 'Soziale Stadt' measures. Hereby, successful instruments like business partner activation can and should be transferred to the German approach. However, the above-mentioned cultural differences have to be taken into account. Another useful measure of the U.S. redevelopment portfolio is the funding model, which provides governmental funding only if at least 50 percent of the needed money is provided by the private sector. The implementation of such a model implicates a structural change in the funding regulations of the 'Soziale Stadt' program and cannot be performed on the neighborhood level alone.
- Hypothesis (6) proves true, since the research identified local U.S. redevelopment measures, which are transferrable to the German approach. Moreover, a shift in funding regulations is seen reasonable.

(7) So called **Intermediaries**, which act between the local redevelopment entities and the governmental level, have gained importance in redevelopment efforts in the U.S.. The introduction of such an intermediate stakeholder level would also support German neighborhood enhancement programs better.

- ➔ Based on the positive response to Intermediaries in the U.S., the question arises if these in-between institutions can address certain needs of the German program. An increase in experience exchange and the provision of know-how at a central institution that is available for every neighborhood entity would match the requirements of the 'Soziale Stadt' approach, as well. Whether this intermediate entity should evolve by expanding the existing 'Centre for Knowledge Transfer 'Social City'' or an independent new entity is a more suitable solution, needs to be discussed further.
- ➔ The assumption of hypothesis (7) is accurate and the establishment of an Intermediary in Germany, providing similar services as the Intermediaries in the U.S., is strongly suggested.

Most of the hypotheses phrased at the beginning of the research hold true. Nevertheless, some assumptions had to be changed or rejected. In summary, the formulation of hypotheses enhanced the study by providing early assumptions on different aspects of the work, which made the research more accurate and improved the results.

## 11.2 Results and Future Prospects

### Results

The research conducted in this thesis was lead by five major **research questions**, which were answered in the particular chapters:

- (1) What different as well as similar methods and instruments are used for urban redevelopment in the U.S. and Germany? (chapter 7.1)
- (2) What character do different structures of *Governance* have in urban redevelopment approaches in the U.S. and Germany? (chapter 9.1)
- (3) What instruments can be transferred from the U.S. to improve German redevelopment efforts? What methods cannot be transferred? What role do differences in the cultural environment of the countries play in this respect? (chapter 8.5 and 9.2)
- (4) Which ways exist to implement learned lessons from the U.S. in redevelopment approaches in Germany? (chapter 10.1)
- (5) What particular function do nonprofit organizations as well as other non-governmental supporters have in (successful) urban redevelopment? What positions need to be filled by these stakeholders in the future? (chapter 10.2)

The thesis used an **international example** to develop recommendations for challenges faced in the German 'Soziale Stadt' program. Experiences of redevelopment efforts in the U.S. displayed by Redevelopment Agencies in California and Community Development Corporations (CDCs) as well as nation-wide Intermediaries were tested for their transferability to the 'Soziale Stadt' program.

The **challenges currently faced by the 'Soziale Stadt' program** in Germany were the activator for looking into a different model of redevelopment abroad. The cutback of governmental funding, which the neighborhood initiatives rely on, created the need for



additional funding and support. To stay with the overall idea of the 'Soziale Stadt' program, the work focused on the rarely reached goal of private support and non-governmental initiatives. Can the mobilization of additional non-governmental stakeholders provide necessary support in the recent situation of German program areas?

The **U.S. example** was chosen because of the strong non-governmental activities, which exist not only in redevelopment efforts. It was shown that nations as the U.S., having a mindset of strong individualism paired with the willingness for donations and volunteering, can provide useful transferrable elements that can also improve German neighborhoods.

As already stated in chapter 9, the **scientific theoretical approach** had to be chosen carefully. Comparative studies between countries bear many obstacles. Regarding the thesis, an intense preoccupation with *(planning) cultures* provided the crucial framework for the comparison. Friedmann's (2011) definition of *planning culture* (including the differences in the form of government, level of economic development, *political culture*, as well as the different roles of civil society) was combined with an insight into the planning systems of both countries and resulted in the necessary basis of knowledge for such a complex undertaking. Beside cultural differences, the ways and structures of stakeholder involvement and collaboration were crucial for researching who is involved and in what way during redevelopment efforts in the U.S. and Germany. Therefore, the approaches of *Governance* and *culture* were combined and laid out a comprehensive frame for the research. The question of learning from each other and the possibility of transfer of methods was grounded by theoretical approaches as well. *Policy Learning* and *Policy Transfer* approaches provided necessary insights into learning processes as well as possibilities of transfer and guided the research on transferrable and non-transferrable elements of the U.S. model. Practical guidance was provided by Rose's (2005) approach of *Lesson Drawing* even though it had to be rephrased to match the requirements of the thesis. For more details on the theoretical conclusions see chapter 9.

After basing the work on the named theoretical approaches, the **research resulted in recommendations** (see chapter 10). Of course, a complete transfer of measures was precluded, being aware of the various cultural differences between the studied countries. Moreover, the model of **Redevelopment Agencies in California**, active for almost 60 years until February 2012, was excluded from possible transfer due to its strong economical focus and the funding structure based on tax-increment. This funding model would have required immense changes not only in the German redevelopment model but also in the German tax structure and regulations. The objective of identifying methods, which harmonize with the existing 'Soziale Stadt' program without major structural changes, lead away from the Redevelopment Agency approach towards **Community Development Corporations (CDCs)**. These nonprofit organizations that have been active in U.S. neighborhood redevelopment for decades as well, resemble the 'Soziale Stadt' instrument better than Redevelopment Agencies did. The U.S. CDC model, which is based on local initiative as well as funding and acting independently from the government in its projects and measures, could be shown to provide interesting instruments for implementation in Germany. However CDCs get governmental funding, which covers up to 50 percent of the expenses (mostly provided by the governmental Community Development Block Grant), they are founded in the local areas, and are not regulated by a federal or state redevelopment program. In Germany, the governmental regulatory scaffolding, on which the 'Soziale Stadt' program is based, should not be dismissed. However, becoming independent from one-sided governmental funding and merging into a program that consists of private supporters as well, needs ideas on how non-governmental actors can be activated and kept motivated for neighborhood

enhancement. Therefore, the following transferrable measures of the CDCs seem useful for the German approach, while non-transferrable measures do not conform to the 'Soziale Stadt' program.

The following transferrable measures were identified (chapter 8.5):

- combined funding (governmental share + private share)
- project funding for building and maintenance
- 5-year plan and long-term mission
- long-term, stable governmental funding
- more intensive activation of local inhabitants (residents as partners)
- better integration of local businesses
- collaboration with banks
- looking for partnerships outside the neighborhood
- earlier and more intense involvement of other nonprofits
- national nonprofit organizations focusing on redevelopment

Nevertheless, non-transferrable elements exist as well (chapter 8.5):

- missing regulative role of government, due to differences in the expectations on government and a different taxation system (different kinds of welfare state)
- mindset of society: donation and volunteering cannot be transferred and implemented, but existing approaches can be used, supported, and expanded
- particular role of nonprofits: smaller number of nonprofits, slowly growing but cannot be forced
- former Redevelopment Agencies (as organizations)
- instrument of Community Development Block Grants (CDBGs)

How the transferrable elements can be implemented into the work of the 'Soziale Stadt' initiatives was shown by the recommendations phrased in chapter 10:

- *Restructuring of the instrument 'Soziale Stadt'*
- *Reorientation of participation and activation processes*
- *Reorganization of local redevelopment offices*
- *Establishment of a national redevelopment organization*

Working into the displayed direction will develop the 'Quartiersmanagement' of the 'Soziale Stadt' into a strong and more independent instrument for the redevelopment of distressed neighborhoods.

## Future Prospects

Looking into the future and going beyond the actual scope of the thesis brings up some more thoughts and future ideas on urban redevelopment. Moreover, some promising recent developments can be pointed out. Therefore, some possible future developments and additional thoughts are displayed in the following.

### *Decreasing governmental support for distressed neighborhoods*

As outlined in chapter 1, the retreat of the federal state from funding of the 'Soziale

Stadt' program in Germany shaped the initial situation for the thesis. The cutback of up to 70 percent of the financial support for the 'Soziale Stadt' program brought up some important questions about the role of government in urban redevelopment (however, these questions are valid for other fields as well).

Moreover, the situation of Redevelopment Agencies in California displays a turnaround in the governmental role in redevelopment as well. Even though the two instruments in Germany and the U.S. work differently, the underlying reasons for the cutback or shutdown are clear and akin: Large debts required the government to make more money available in the state's budget. In this context, redevelopment measures seemed an appropriate field for cutbacks. Surely, the shutdown of Redevelopment Agencies in California is different from the cutback in the still existing program 'Soziale Stadt' in Germany, but the underlying question is the same:

How much support will the government be willing to provide for the enhancement of distressed neighborhoods in the future?

This question cannot be answered exhaustively yet, but will have to be further revisited in the future, particularly in times of decreasing governmental budgets and increasing debt burden as well as constant challenges in distressed neighborhoods.

Non-governmental stakeholders will have to take over former governmental duties. The shift will be even more significant in Germany, because of the comprehensive role of the state. Shifts in competencies will also question existing laws and regulations, for example Art. 72 (2) GG, which states that it is the duty of the municipality to guarantee the same quality of life for everyone. An intensive discussion and process of change about the future duties and role of the government can be expected in Germany.

#### *New player 'Zivilgesellschaft'?*

The government's changing role in redevelopment brings a shift in other stakeholders' roles as well. As, for example, 'Länder' and municipalities cannot cover the missing federal government money share of the recent cutbacks, but there rather is the call for non-governmental actors to become active or get even more active in redevelopment efforts.

Hereby, the 'Zivilgesellschaft' seems to carry a particularly promising potential for redevelopment. In spite of all obstacles, nonprofits' contribution to neighborhood enhancement is promising for the future. The early participation and activation of local citizens is still seen as an important factor for successful redevelopment. It is anticipated, that the willingness to participate in projects dealing with one's own living environment is particularly high. Expectations are high and opportunities to take over former governmental duties are endless. Nevertheless, more research on and experience in the ways and methods of nonprofits that are active in former governmental duties is necessary. Additionally, it is not clear yet, which duties can be taken over by the 'Zivilgesellschaft' and which services for the public must remain with the government. On the other hand, it is certain, at least in Germany, that the state is ultimately responsible for the provision of public goods and civil society cannot act as makeshift for gaps in the governmental budget. In terms of neighborhood redevelopment by the 'Soziale Stadt' program, regulative guidelines for enhancement as well as financial incentives given by the government will remain important and non-substitutable. The future will show the direction of governmental and nonprofit contribution to the provision of public goods and neighborhood enhancement.

*Promising existing approaches*

Not only the 'Zivilgesellschaft' can be in charge for new ways of redevelopment, but new strategies for collaborations between government, citizens, businesses, and non-profits are necessary. After the decreasing governmental support for redevelopment, this supportive role as well as the power has to be shifted to new stakeholders.

As already mentioned in chapters 8 and 10, many approaches and new ways of collaboration already exist. Nevertheless, combinations with existing 'Soziale Stadt' efforts often still need to be established yet. Already existent collaborations take place between the 'Soziale Stadt' program and another governmental program called BIWAQ (see chapter 10) as well as further governmental support programs. Interaction between 'Soziale Stadt' areas and instruments like 'Business Improvement Districts' (BIDs) or 'Housing Improvement Districts' (HUDs) seems promising as well. Furthermore, it has to be stated that even in Germany a great number of civil society engagement already exists. Many so called 'Stiftungen' (foundations) support local projects and people in need. In various German cities, engaged citizens established a 'Spendenparlament' (Parliament of Donors, <http://www.spendenparlament.de>) which supports local social projects. An increasing disposition for social engagement exists in the private business sector as well. For example, local businesses are willing to support neighborhood events and large international companies engage in Corporate Social Responsibility (CSR). Private and public collaborations also exist in PPPs (Private-Public-Partnerships), which already resulted in various successful projects.

Probably among the most important ways of collaboration are local cooperation and local engagement of singular stakeholders (nonprofits, citizens, or businesses). These activities often do not gain attention outside the neighborhood, but are a crucial part of the enhancement process. These forms of engagement may be most promising for the future of neighborhood enhancement.

Unfortunately, the scope of the thesis did not cover research on the neighborhood level in sufficient depth to bring up and focus on all these local initiatives. Nevertheless, the thesis made clear how the overlying structures change and how the establishment of such local structures can be supported in the future. Hereby the following conditions seem to be of particular importance to build strong collaborations on the neighborhood level (maybe even with no or little governmental support):

- common goals and interests between stakeholders
- all involved stakeholders can take part in phrasing measures and policies
- everybody is involved right from the beginning and has the same power and co-determination
- stakeholders know each other and are connected
- positive outcome for every participant (might be different outcomes, but every participant has to know his/her benefit of participation)

The following became clear while studying redevelopment approaches in the U.S. compared with the 'Soziale Stadt' program in Germany: Distribution of power to involved stakeholders is crucial. While the 'Soziale Stadt' program works with participation and activation of stakeholders, which then get embedded in the existing program, the U.S. approach treats involved actors as partners, providing them codetermination regarding goals, financing, etc. of all projects.

Hence, the more support non-governmental stakeholders should provide, the more power must accordingly be granted to them by the government. This way of thinking is not

common in Germany yet, but the future might bring up new ways of collaboration and a change in opinions.

### *Comparability U.S. and Germany?!*

Another important part of the thesis, which needs a remark in the conclusion chapter, is the comparability of Germany and the U.S.. A lot has been written about the differences of the two countries. However, there might still be a feeling of comparing apples with oranges to some extent. Therefore, the following paragraphs of the conclusion will be used for remarks on the comparison between the U.S. and Germany, including restrictions and chances for the future.

As displayed in chapter 5, many differences exist between the U.S. and Germany. Biggest differences regarding the field of urban redevelopment are the different mentalities (for instance volunteering, understanding of the common good) as well as the role of the state and non-governmental actors.

Particularly, the little expectations of the government regarding many areas of life has consequences on the actions of individuals in the U.S.. Without seeing the government in charge, citizens are willing and motivated to get active themselves (as far as their financial and private resources allow for). German citizens do not feel responsible for redevelopment, since it is seen as governmental duty. Coming from such different initial situations, German non-governmental stakeholders need different incentives for getting active than U.S. citizens.

Moreover, as mentioned before, governmental regulations will remain important on the neighborhood level in Germany as well. The government as a mere provider of grants yet without regulative and thematic influence on the neighborhood activities seems to be unlikely for the German situation. Nevertheless, the share of power with local stakeholders will be necessary in Germany as well.

The future influence of the government is also seen as important counterweight to too much private influence on the society and its duties in Germany. While U.S. citizens accept large influence of private companies on their lives (by advertising, etc.), German citizens do not readily trust private companies to act in a way compatible with the public good. This understanding will probably remain valid for Germany in the near future. Nevertheless, in times of shrinking governmental budgets, there might be a chance to test common projects and release more responsibility to private actors at least in the relatively secure surrounding of neighborhoods.

The chosen example of redevelopment in the U.S. should therefore be understood as source for ideas which of course have to be adapted before transfer, but the U.S. was found a reasonable country for inspiration.

### 11.3 Conclusion

*'Mobilizing more than Governmental Support for Distressed Neighborhoods - U.S. Redevelopment Approaches and Instruments Can Demonstrate New Ways of Private and Nonprofit Sector Support for German Neighborhood Redevelopment.'*

The topic of the thesis could be proved as it is possible to mobilize more than governmental support for distressed neighborhoods, which was displayed by the U.S. model of CDCs. Parts of the instruments and measures in the U.S. redevelopment approach provide new ideas for German neighborhood redevelopment. They can be used to demonstrate additional ways of non-governmental stakeholders' contribution to the enhance-

ment of local areas, including private support, business support as well as nonprofit sector support.

As stated in chapter 1, new funding sources and stakeholders are needed in redevelopment in Germany, due to decreasing governmental funding. Particularly non-governmental stakeholders and private funding has to gain more attention in German neighborhood management ('Quartiersmanagement' (QM)). As already phrased in the program goals, the activation of nonprofits, local businesses, and citizens does not take place in a satisfactory manner yet. Ideas and approaches could be gathered by the study of the U.S. CDCs. Nevertheless, the cultural background, *Governance* structures, and restrictions in transfer and learning have to be kept in mind. However, dealing with such different countries and underlying mindsets, the chosen example of the U.S. provided instruments and methods transferrable to Germany. Moreover, these instruments can be implemented without re-inventing the overall 'Soziale Stadt' program.

Of course, not only the program maker and already active stakeholders are the ones who can change the program and steer it into the new and necessary direction. Private stakeholders, businesses, and nonprofits, not yet active in redevelopment, have to take an active part as well. Since such a change in mindsets from passive participants to active actors in redevelopment (and in all elements which are seen as governmental duty until now) does not take place easily, yet cannot be forced.

Overall, this thesis laid out a theoretically grounded research on possible transferable methods. It closes with recommendations for already active stakeholders on how more non-governmental support can be gained. This can direct the German redevelopment program 'Soziale Stadt' into a future of being more independent from governmental money, but remaining a relevant instrument for the needed enhancement of our cities.





# List of Abbreviations

AB 26	Assembly Bill 1X 26
AB 27	Assembly Bill 1X 27
BAG	‘Bundesarbeitsgemeinschaft’
BauGB	‘Baugesetzbuch’
BauNVO	‘Baunutzungsverordnung’
BID	Business Improvement Districts
BMVBS	‘Bundesministerium für Verkehr, Bau- und Stadtentwicklung’
CDC	Community Development Corporation
CRA	Community Reinvestment Act
CSR	Corporate Social Responsibility
CDBG	Community Development Block Grant
DDA	Disposition and Development Agreement
Difu	‘Deutsches Institut für Urbanistik’ - Centre for Knowledge Transfer Social City
ERDF	European Regional Development Fund
E.S.D.P.	European Spatial Development Perspective
ESF	European Social Fund
GG	‘Grundgesetz’
HID	Housing Improvement District
HUD	U.S. Department of Housing and Urban Development
LAO	Legislative Analysts’ Office
LD	Lesson Drawing
LISC	Local Initiatives Support Corporation
MKRO	‘Ministerkonferenz für Raumordnung’
PAC	Project Area Committee
PL	Policy Learning
PT	Policy Transfer
QM	‘Quartiersmanagement’
RDA	Redevelopment Agency
ROG	‘Bundesraumordnungsgesetz’
U.S.	United States of America
USD	United States Dollars
vhw	‘Bundesverband für Wohnen und Stadtentwicklung e.V.’
VV	‘Verwaltungsvereinbarung’

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# List of Interviews and Talks

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Erie, Steven P. (2011), *University of California San Diego - Director Urban Planning Program UCSD*; Talk 'Redevelopment in California', San Diego: April 18, 2011.

Glöckner, Susanne (2012), *Bundesministerium für Verkehr, Bauen und Stadtentwicklung Deutschland - SW 22 - Soziale Stadt, ESF-Programme*; Interview 'Zukunft des Programms 'Soziale Stadt'', Berlin: April 26, 2012.

Gracian, Isela (2011), *East LA Community Development Corporation - Associate Director*; Interview 'Work of Community Development Corporations in LA', Los Angeles: August 3, 2011.

Horiye, Joe (2011), *San Diego Local Initiatives Support Corporation (San Diego LISC) - Executive Director*; Interview 'Work of San Diego LISC', San Diego: August 1, 2011.

Jarolim, Bernhard (2012), *Magistratsabteilung 25 Wien - Stadterneuerung und Prüfstelle für Wohnhäuser - Abteilungsleiter, Oberstadtbaurat*; Interview 'Gebietsbetreuung in der Stadt Wien', Wien: July 18, 2012.

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Kreutz, Stefan (2011), *HafenCity Universität Hamburg - Stadtplanung - Arbeitsgebiet Projektentwicklung und Projektmanagement*; Talk 'Forschungsprojekt - Sicherung tragfähiger Strukturen für die Quartiersentwicklung im Programm Soziale Stadt', Hamburg: November 28, 2011.

Lengyuel, Michael (2010), *Redevelopment Agency San Diego - Project Manager*; Talk 'Work of Redevelopment Agency San Diego', San Diego: December 9, 2010.

Lima, Claudia (2011), *Los Angeles Local Initiatives Support Corporation (LA LISC) - Senior Program Officer*; Interview 'Work of LA LISC', Los Angeles: July 13, 2011.

Othengrafen, Frank (2011), *HafenCity Universität Hamburg - Stadtplanung - Arbeitsgebiet Regionalentwicklung/-planung*; Talk 'Uncovering the unconscious dimensions of planning', Hamburg: November 28, 2011.

Reynolds, Sue (2011), *Community Housing Works - President*; Interview 'Work of Community Housing Works', San Diego: September 14, 2011.

Schönig, Barbara (2012), *Bauhaus Universität Weimar - Professur Stadtplanung*; Phone Interview 'Zivilgesellschaftliches Engagement in der Stadtplanung in den USA', Weimar/Wien: May 30, 2012.

Selby, Jerry (2010), *Imperial Beach Redevelopment Agency - Redevelopment Coordinator*; Interview 'Redevelopment in California'; Imperial Beach: December 7, 2010.

Wilson, Mark (2011), *Coalition for Responsible Community Development Los Angeles - Executive Director*; Phone Interview 'Work of Coalition for Responsible Community Development', Los Angeles/San Diego: August 10, 2011.