

APPROACHES AND PLANNING INSTRUMENTS FOR MORE DENSITY, MIXED-USE DEVELOPMENT AND AFFORDABLE HOUSING

TOOLBOX

**MIXED-USE &
DENSITY**

**LAND USE &
INTEGRATED URBAN
DEVELOPMENT**

**AFFORDABLE
HOUSING**



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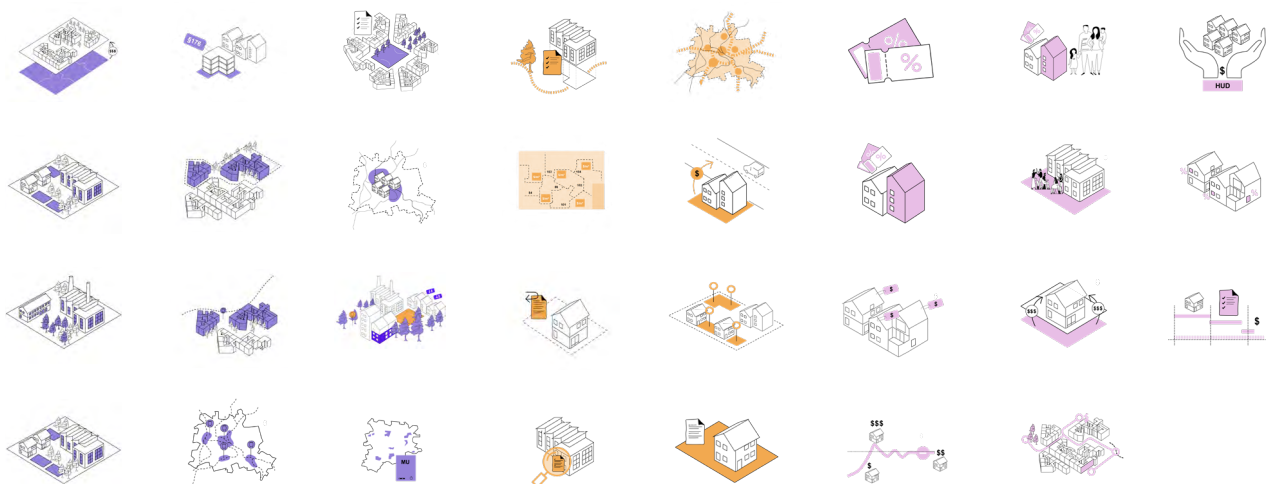
HOW CAN THE TOOLBOX BE USED?

This toolbox is part of the **Experimental Housing and Urban Development (ExWoSt)-Project "Density and Mixed Use: Innovative Approaches to Re-densification in German and US Cities"**. It serves as a selection for proven and innovative approaches to urban development. The concepts and ideas were collected at the German-U.S. Dialogues for Urban Change (D4UC) network meetings - whether in person or online. The toolbox does not aim to list every existing planning instrument, but rather to display a specific collection of helpful instruments discussed by the German (Berlin, Frankfurt am Main, Munich) and U.S. (Atlanta, St. Louis, Seattle) network cities.

The document is intended to help city authorities, urban planning experts, and the interested public by providing a consolidated set of methods and tools to create more liveable and equitable cities, especially for a growing number of residents. The tools identified, described and reviewed include approaches to planning instruments for higher levels of density, instruments for a compact urban structure with a mix of uses within short distances and securing affordable housing.

The toolbox aims to achieve the following:

- **Classify** similar German and American instruments into the respective categories: (1) Density and Mixed-use, (2) Land use and Integrated Urban Development and (3) Affordable Housing. This allows local practitioners to learn how other cities assess similar issues and to compare their own instruments with the collected tools.
- **Describe** the aim of each tool and the administrative provisions to give readers an overview of the tools used and inspiration for their own work.
- **Assess** the instruments in practice in the form of a "SWOT" (Strengths, Weaknesses, Opportunities) analysis. The assessment provides readers with a realistic understanding of the effectiveness of each instrument. The description and review of the tools was based on the interviews with the network cities, the workshops and exchanges during the meetings.
- **Provide** suggestions for improvement based on research findings from academic institutions, interviews with the network cities and experiences in the network exchanges. The conversations between participants revealed that some tools face obstacles in implementation, accessibility, and feasibility.



GERMAN-U.S. NETWORK

Dialogues for Urban Change (D4UC)

Informed by the principles of the Leipzig Charter on Sustainable European Cities (2007) and the New Leipzig Charter (NLC) (2020), the German Federal Ministry for Housing, Urban Development and Building (BMWSB) and the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) worked with various partner countries on selected topics of international urban development. One measure in this context is the project "Dialogues for Urban Change (D4UC)", which is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

D4UC promotes an international dialogue on sustainable, integrated, future-oriented urban development, and encourages municipal action. This process is carried out by using innovative learning and exchange formats between national authorities, municipalities, and city associations of the partner countries. At the same time, national urban development policies are strengthened through jointly gained insights from municipal practice as well as international impulses.

Since the end of 2021, new network seasons have been initiated with partners in the U.S., South Africa, and Ukraine, based on bilateral agreements between the ministries. All networks have also intended to contribute to the implementation of the New Leipzig Charter (NLC) and its focus on the common good. The German-U.S. Network based on a joint memorandum of understanding between the U.S. Department of Housing and Urban Development (HUD) and the then Ministry of Building (Federal Ministry of Transport, Building and Urban Development [BMVBS], now the Federal Ministry of Housing, Urban Development and Building [BMWSB]) from 2011. The 4th cohort of the city network started in 2021 and focusses on the topics of redensification, mixed-use neighborhoods and affordable housing. The German Marshall Fund (GMF) was involved as an additional implementation partner in the first year of the measure.

How does it work?

The learning networks are each composed of up to eight cities (three to four per country), which regularly exchange ideas with national authorities and city associations over a period of up to 24 months. The focus is on joint-learning based on one ongoing project example per city. The participating cities bring their examples as "case givers" into the so-called real laboratories, which are labeled "living labs."

In the living labs, the network participants learn together throughout the entire period; they advise each other on their implementation approaches, share best practices, and develop and implement ideas together. Guided by the D4UC project team, participants accompany the implementation of the project examples by consulting each other at face-to-face workshops, on-site assignments, and virtual peer consultation meetings. Issues identified by the networks are closely related to the project examples and revolve around specialist topics of integrated urban development.

Through the consistent involvement of national authorities and city associations, the framework legislation relevant for implementation is at the same time openly but also critically discussed and reviewed. In addition to mutual support, the work of the networks thus has an impact beyond the circle of participants. The insights gained from the projects are discussed with representatives of the national government level in the respective countries, which feeds them into national urban development policies and their implementation programs.

- Website National Urban Development Policy - **Dialogues for Urban Change (D4UC)**
- Integrated, interconnected, solution-orientated: **International exchange formats for creating livable cities - giz.de**

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ABBREVIATIONS

AHP	Affordable Housing Program
AMI	Average Median Income
BBSR	Federal Office for Building and Regional Planning
BMWSB	German Federal Ministry for Housing, Urban Development and Building
CCRP	Concerted Community Revitalization Plan
CDBG	Community Development Block Grants
CHDO	Community Housing Development Organization
CLT	Community Land Trusts
CNP	Choice Neighborhoods Program
D4UC	Dialogues for Urban Change
DHCR	Division Of Housing And Community Renewal
DST	Association of German Cities
ETOD	Equitable Transit Oriented Development
ExWoSt	Experimental Housing and Urban Development
FTA	Federal Transit Administration
HCV	Housing Choice Voucher
HOME	HOME Investment Partnerships Program
HTF	National Housing Trust Fund
MoDOT	Missouri Department of Transportation
GER	Germany
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMF	German Marshall Fund
HUD	Department of Housing and Urban Development
ISEK	Integrated Urban Development Concept
IUD	Integrated Urban Development
LEC	Limited Equity Cooperatives
LIHTC	Low-Income Housing Tax Credits
LVC	Land Value Capture
MHC	Mobile Housing Communities
MU	Urbanes Gebiet (Urban Area)
NIMBY	Not In My Backyard
NLC	New Leipzig Charter
PHA	Public Housing Agency
QAP	Qualified Allocation Plan
TDD	Transport Development District
TOD	Transit-Oriented Development
U.S.	U.S.-american
USA	United States of America
WBS	Wohnberechtigungsschein (Housing entitlement certificate)

GER: Urban Development Support Program

U.S.: Choice Neighborhood Program

GER: Urban Redevelopment Measure

GER: Urban Development Measure

U.S.: Eminent Domain

GER: Building Requirement

GER: Social Preservation Ordinance

U.S.: Transit-Oriented Development

U.S.: Transport Development District

GER: Concept Awards/ Tendering

GER: Sectoral Development Plan

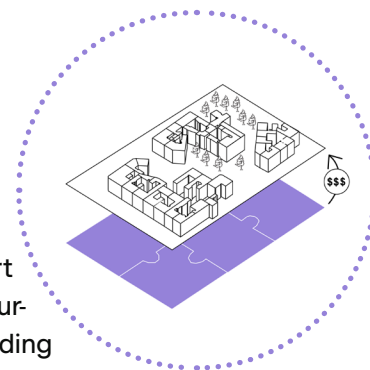
U.S.: Complete Communities Programm

GER: Urban Area

The governments of the U.S. and Germany utilize various tools to advance urban planning practices that emphasize mixed-use development and urban density. These tools target aspects of urban development ranging from increasing public transportation and connectivity to unused property rehabilitation and conversion. They encourage and enable city authorities to create more compact urban spaces where people can live, work, shop, and access services, contributing to safer, healthier, carbon-neutral, and economically and socially sustainable cities.



URBAN DEVELOPMENT SUPPORT PROGRAM



The **Urban Development Support Program** (Städtebauförderung) is a joint effort involving the federal, state, and local governments and a foundation for financing urban development and renewal. Since 1971, the federal government has been funding urban development projects for sustainable growth. Five key points characterize the program: cooperation between the federal, state, and local governments, integrated planning of overall activities; flexible adaptation to needs; participation of urban society; and continuous evaluation and development of the program (BMWSB 2023a). Urban Development Support is divided into three programs: Living Town and City Centers (€300 million in 2021), Social Cohesion (€200 million in 2021), and Growth and Sustainable Regeneration (€290 million in 2021).

Legal regulations for Urban Development Support can be found in the Basic Law, the Building Code, and corresponding administrative agreements between the federal and state governments. To receive funding, cities and municipalities must spatially define an eligible area, and an integrated urban development concept (ISEK) must be available outlining goals and measures. Priority areas for subsidies under §164b BauGB include strengthening city and town centers, considering historical monument preservation, implementing sustainable development in areas with opportunities for new construction (e.g., vacant housing, inner-city brownfield, industrial, conversion, and railroad sites), and addressing social deficiencies. Funding may also extend to villages with older urban cores in need of renewal or socially deprived areas within the “Socially Integrative City” initiative, as well as new urban areas in special planning locations.

STRENGTHS

- Urban Development Support is an important municipal and inter-municipal instrument and an important basis for creating and preserving affordable housing in livable, mixed-use neighborhoods. It helps unlock housing potential in new and existing areas, enhancing them with functional, urban, and green space qualities to create a better living environment.
- Under the umbrella of the National Urban Development Policy, Urban Development Support has been one of the central instruments for implementing the Leipzig Charter on Sustainable European Cities since 2007 (BMWSB 2020: 6).
- Ongoing evaluation ensures the program’s effectiveness by aligning short, medium, and long term goals with national priorities and local needs.
- Uniqueness of the program lies in the collaboration between federal, state, and local governments, agreeing on principles and guidelines.
- Contingency funds or neighborhood budgets (usually €5,000 to €25,000) can involve local stakeholders to allow faster implementation of their own pioneer projects (BBSR 2012b).

WEAKNESSES

- Urban Development Support is effective on the ground, but involves challenging bureaucratic procedures. Complicated procedures and inflexible regulations imposed by the federal, state, and local governments.
- In practice, it is difficult to spend federal government funds in a timely manner (Gdw 2023).

OPPORTUNITIES

- The application process can be improved and expedited by providing early clarity on the funding available for states. (Die Stadtentwickler 2023).
- The goal is often to enhance the designated area holistically, leveraging different funding streams. To achieve this, municipalities should consider not only Urban Development Support but also explore additional options, which may extend beyond purely investment-based measures.

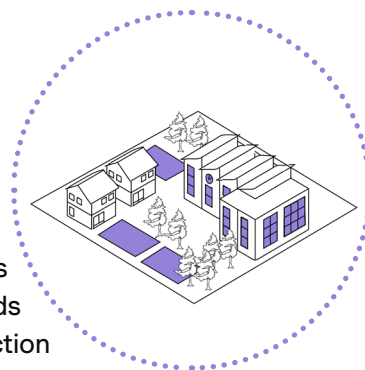
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- https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/ministerien/bmvbs/sonderveroeffentlichungen/2013/DL_Verfuegungsfonds.pdf?__blob=publicationFile&v=2





CHOICE NEIGHBORHOODS PROGRAM



Established in 2010, the **Choice Neighborhoods Program (CNP)** also known as Choice Neighborhoods Initiative aims to transform high-poverty neighborhoods into mixed-income, high-opportunity locales. The program supports the construction of mixed-income developments and community improvement initiatives within education, public safety, job training, and other social services. The CNP also mandates that affordable housing units be replaced 1:1 in any new project and that lease-compliant residents may be able to return to new developments (Urban Institute/MDRC 2015: 35 ff.).

The federal government administers CNP funds to public housing authorities or owners of other federally assisted housing developments that apply for a grant to reconstruct distressed properties. There are two types of grants: planning and implementation. Planning grants allow grantees to create and report on their initial plans, while implementation grants enable grantees to put their plans into action (Bulger et al. 2021: 170).

STRENGTHS

- CNP can positively contribute to social inclusion in neighborhoods. There are recent instances of progressive community engagement methods - such as ground-level capacity building workshops (Bulger et al. 2021: 177 ff.), with residents informing processes of affordable housing rehabilitation and construction.
- Newly constructed housing produces significant improvements in quality and comfort (Auerbach et al. 2023: 1046).
- "One-for-one replacement" of all public and private HUD-assisted housing units (Couch n. d.).

OPPORTUNITIES

- Establish higher standards for community engagement within grant applications. Implementation of a toolkit for best practices in social inclusion with a focus on breaking down hierarchies among government, private developers, and residents could be useful.
- Local groups can lead participation rather than local public housing authorities that rely on quantitative and technocratic approaches (Raciti/Lambert-Pennington/Reardon 2016: 11 ff.).
- CNP has great theoretical potential, but it also has a problematic context. There is not enough recent data or research to evaluate its efficacy. Community engagement methods are still evolving, and true forms of co-production are yet to be seen.

WEAKNESSES

- The CNP, an updated version of the 1992 HOPE VI program, still faces issues of displacement despite improvements. The former program resulted in a net loss of total housing assistance (Gress/Joseph/Cho 2019: 191). While the CNP improves upon this, there are still similar issues of displacement, but CNP works to counteract this issue by providing displaced residents with mobility counseling and housing search services.
- Despite promoting community involvement and prioritizing input, private investors and public housing agencies still hold disproportionate power over community wishes in CNP projects. Many cases show resident advocates being overridden in favor of amenities and aesthetics appealing to higher-income groups, a phenomenon researchers call "state-led gentrification," which leads to fragmented communities (Auerbach et al. 2023: 1035 ff.; Raciti/Lambert-Pennington/Reardon 2015: 11 ff.).
- Housing assistance loss rates within Choice Neighborhoods are still an issue to watch. By 2013, Choice households without housing assistance ranged between 14% and 19% (Urban Institute/MDRC 2015: xiii).

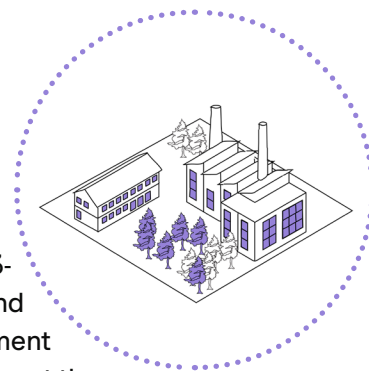
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- <https://www.wowt.com/2023/09/25/omaha-housing-authority-plans-major-rebuilding-project-south-side-terrace/>
- <https://www.urban.org/sites/default/files/publication/28636/412092-Monitoring-Success-in-Choice-Neighborhoods-A-Proposed-Approach-to-Performance-Measurement.PDF>





URBAN REDEVELOPMENT MEASURE



The **Urban Redevelopment Measure** (as §136 Städtebauliche Sanierungsmaßnahme) is an instrument from the German building code for modernization and urban renewal of entire neighborhoods. The goal is to correct urban development deficiencies and improve living conditions. Deficits exist when the area does not meet the general requirements for healthy living and working conditions, safety is not provided, or the fulfillment of tasks is significantly impaired by the location and function of the area.

The main objectives of the measure include the improvement of urban deficiencies as well to safeguard urban diversity, preserve open spaces, provide traffic-calming measures, and create alternative, diverse housing options in existing structures (Krautzberger 2018: 198 f.). To realize these goals, a redevelopment area is established along defined boundaries. The municipality is then responsible for implementing the Urban Redevelopment Measures and their constituent parts: the reorganization of the land relations, the land acquisition, the resettlement of residents and businesses, the building site clearance, and the construction and modification of development facilities. Property owners are responsible for implementing construction measures. Overall, the provision of funding is a prerequisite for the proper implementation of an Urban Redevelopment Measure (ibid.: 201). It is financed by the municipality, predominantly with financial subsidies from the state and the federal government within the framework of Urban Development Support. Financing is supported by property owners, who are charged after the completion of the redevelopment based on the resulting land value increases, or by private developers.

STRENGTHS

- The instrument improves the attractiveness and functionality of the area as well as the living conditions of the residents. Many redevelopment areas also generate a high regional benefit through the upgrading.
- The Urban Redevelopment Measure allows the use of other land law instruments and a proviso statute (special administrative tools).
- The Urban Redevelopment Measure is particularly effective in existing neighborhoods, but can also be used for conversion projects.
- The instrument expands the possibilities of the municipalities (Ministerium für Heimat, Kommunales, Bau und Gleichstellung NRW 2019: 9).

FURTHER INFORMATION

- https://www.stadtplanungsamt-frankfurt.de/urban_development_modernization_measures_5332.html?langfront=en&psid=i58rb5a72k9ov5r765a23de4e4 [Urban Redevelopment Measure is translated 'Urban Development Modernization Measures' in this entry]
- https://www.staedtebaufoerderung.info/DE/WeiterProgramme/SanierungEntwicklung/sanierungsentwicklung_node.html
- https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/ministerien/bmvbs/stadtentwicklung/2009_2011/DL_Bd3.pdf?__blob=publicationFile&v=2

WEAKNESSES

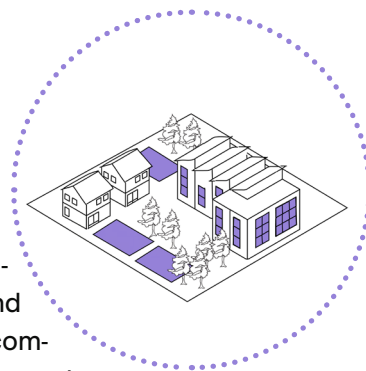
- The Urban Redevelopment Measure requires a high financial and personnel effort from the municipalities (Ministerium für Heimat, Kommunales, Bau und Gleichstellung NRW 2019: 9).
- The measure can negatively impact property owners, as local authorities can demand compensation fees for property value increases due to redevelopment and may block sales, even though value increases often happen years later and properties can be hard to rent out during construction.

OPPORTUNITIES

- Efforts for Urban Redevelopment Measure can be reduced preventatively through the revitalization of neighborhoods.
- To strengthen the Urban Redevelopment Measure not just a structural modernization program but also a key element of integrated urban development, linking redevelopment areas in a city-wide strategy.
- The administrative process can be expedited to ensure that the prescribed measures are implemented more efficiently and quickly.
- Clearly formulated objectives at the beginning of the Urban Redevelopment Measure help to speed up the implementation and to revoke the redevelopment area by a corresponding resolution of the city council once the objectives have been achieved.



URBAN DEVELOPMENT MEASURE



The **Urban Development Measure** (as §165 Städtebauliche Entwicklungsmaßnahme) is an instrument of the German building law for special development and redevelopment tasks. The measure serves to create residential, commercial and communal areas on previously unused, vacant or underutilized land. During the implementation period, the municipality is the owner of the corresponding areas through interim acquisition. The development measure serves to redevelop districts or parts of a municipal area in accordance with their particular importance for urban development (Krautzberger 2018: 201). A strong public interest is required for the implementation of an Urban Development Measure for more housing, commercial and community facilities. The swift implementation of the measure must be guaranteed, as must municipal land acquisition and financing (Bunzel 2018: 2405).

To utilize the measure, it is crucial that its objectives cannot be achieved through less restrictive urban development tools, such as Urban Development Contracts or private land acquisitions. The municipality can officially designate an urban development area, granting it significant authority under land and expropriation laws, along with a requirement to acquire the land (Krautzberger 2018: 201). After implementing individual partial measures, the land is typically resold unless needed for public purposes (Krautzberger 2018: 201f). The municipality acquires the land at its current value, without considering the development measure; the increase in land value due to development helps finance the measure upon resale. In practice, Urban Development Measures are currently mainly used for large urban development projects in larger municipalities. The legal instruments are often intentionally only partially used in order to be less restrictive.

STRENGTHS

- Municipalities can coordinate inner-city development and influence environmental qualities, social compatibility, and health concerns (SenSW 2018).
- Freezing the land value creates a fixed price, which is especially useful in areas where prices are rising quickly.
- The development measure is an effective instrument for achieving public goals and can achieve them more precisely than the Urban Development Contract (Bunzel 2018: 2406).
- Inner-city vacant land or brownfield sites offer enormous unused potential for needed housing construction, and reactivating land. The Urban Development Measure is one of the few formal instruments for mobilizing building land.

WEAKNESSES

- The necessary upfront financing and cost risks of the measures represent a particular hurdle for financially weak municipalities (Bunzel 2018: 2406).
- In some cases, the low sale value and possible expropriation may cause great disadvantages for the landowners (ibid.)
- Legally in terms of the law, they are the harshest means of municipal planning and, due to measures such as expropriation, they often lead to resistance and little acceptance of the projects.
- The instrument can only be used if there is a special need and is subject to a high level of justification measured against the standards of Article 14 (3) of the Basic Law, expropriation is only permissible for the public good.

FURTHER INFORMATION

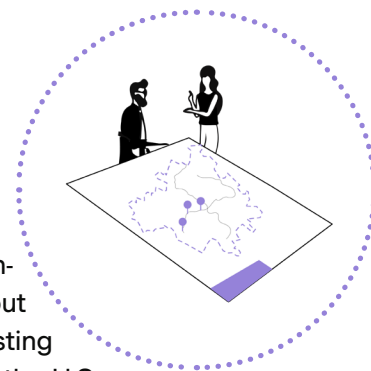
- City example Frankfurt: https://www.stadtplanungsamt-frankfurt.de/urban_development_measures_5331.html?langfront=en
- https://www.staedtebaufoerderung.info/DE/WeiterProgramme/SanierungEntwicklung/sanierungsentwicklung_node.html

OPPORTUNITIES

- To facilitate upfront financing by municipalities, Urban Development Support could be expanded and made more accessible.
- The announcement of the measure may prompt some landowners and property owners to take measures that may facilitate simpler procedures.
- A new "light" version of the Urban Development Measure could help municipalities to have an instrument that is less strict but easier to implement (Deutscher Bundestag 2021).



EMINENT DOMAIN



Eminent Domain is a legal mechanism in the United States that allows the government or authorized entities to acquire private property for public use, even without the owner's consent, provided just compensation is paid. This can include existing buildings, homes, or land. Rooted in the Fifth Amendment's "Takings Clause" of the U.S. Constitution, it is designed to balance the public's need for infrastructure and services with individual property rights. Over time, the definition of "public use" has evolved, encompassing not only traditional projects like roads and schools but also broader benefits such as economic development and urban revitalization. While Eminent Domain can support societal progress, it is often controversial, raising concerns about property rights, fairness, and the displacement of vulnerable communities.

In urban planning, Eminent Domain is frequently used to acquire land to build and facilitate large-scale infrastructure projects such as highways, public transit systems, and utility networks. It is also applied in urban renewal initiatives to address blighted areas and support redevelopment, such as constructing mixed-use developments or affordable housing. Economic development projects, such as industrial parks or stadiums, may also justify its use if they provide significant public benefits. Additionally, governments occasionally invoke Eminent Domain for environmental conservation efforts, like creating parks or managing flood control. Despite its utility, Eminent Domain's application often sparks debates over fairness, community impact, and the true definition of public use.

STRENGTHS

- Eminent Domain enables governments to pursue large-scale public projects that benefit society, such as building roads, schools, and utility networks, even when individual property ownership might otherwise impede progress.
- The tool ensures that critical infrastructure and public services can be developed efficiently, supporting economic growth and urban development by providing space for businesses or housing developments.
- By requiring just compensation, Eminent Domain seeks to balance public needs with individual property rights.
- Eminent Domain provides opportunities for environmental conservation through the acquisition of land for parks, flood control, or greenways.

FURTHER INFORMATION

- https://www.hud.gov/program_offices/public_indian_housing/centers/sac/Eminent
- <https://www.appraiseitnow.com/blog/Eminent-Domain-and-urban-development-examining-the-impact-on-communities>

WEAKNESSES

- Eminent Domain often faces criticism for its potential to infringe on property rights, particularly when "public use" is broadly interpreted to include private economic development.
- Displacement of low-income or marginalized communities can exacerbate social inequities, while disputes over property valuation and compensation can lead to lengthy legal battles.
- Public trust can erode if the process is perceived as unfair or lacking transparency.

OPPORTUNITIES

- Eminent Domain can drive urban renewal by transforming blighted areas into vibrant neighborhoods with mixed-use developments, affordable housing, or commercial spaces.
- When applied judiciously, it can catalyze faster economic development and be efficient against economically orientated (private) land reserves.





BUILDING REQUIREMENT



With a **Building Requirement** (Baugebot), a municipality can require property owners to make specific changes to their property if the costs are objectively reasonable for the owner (§176 Section 3 BauGB). This allows municipalities to activate plots of land, often left undeveloped or underused for speculative reasons, or convert dilapidated residential buildings into usable living spaces. By imposing the Building Requirement, the municipality can force property owners to take certain measures for urban development reasons, such as the realization of the permissible land use in the development plan. In such cases, the property must be developed within a reasonable timeframe or existing structures must be adapted according to the plan's provisions.

The order of the Building Requirement is used by a municipality towards property owners. Within the context of built-up districts (defined as "Innenbereich" by §34 BauGB), the municipality can oblige that undeveloped or less built-up plots of land are put to building use in accordance with building regulations, especially to close building gaps with the aim of redensification of inner-city or general central areas. The Building Requirement must be ordered for reasons of urban development, for example, to meet urgent housing needs (§175 Section 2 BauGB) as protecting the public interest is fundamental, outweighing private interests. If property owners are unable to build on their land due to financial constraints, they can request that the city purchase their land. If they refuse to comply with the Building Requirement without valid financial reasons, the city can resort to expropriation. After a takeover, it is the municipality's duty to arrange for the corresponding development of the land (Deutscher Bundestag 2018: 3 ff.).

STRENGTHS

- Building Requirements can be an effective tool for municipalities to address housing shortages as inner-city vacant land or brownfield sites offer enormous unused potential for necessary housing construction, and reactivating land.
- The Building Requirements represent a considerable encroachment on property rights, and the announcement of the measure is often enough to motivate property and land owners to develop the building site.
- If the owner requests a property takeover, the municipality can transfer the property to a municipally owned housing organization or a housing cooperative, promoting affordable housing and community-oriented development.

FURTHER INFORMATION

- The Building Land Mobilisation Act introduced in 2021 facilitates building permits, extends municipal pre-emption rights, regulates the conversion of rental flats into owner-occupied flats and allows compensation payments for environmental interventions. Local authorities can oblige owners to build residential property (DStGB, 2022).
- <https://difu.de/publikationen/2023/baugebote-fuer-den-wohnungsbau-von-der-kooperativen-aktivierung-bis-zur-anordnung>

WEAKNESSES

- The procedure is complicated and its application is not widely implemented, as municipalities prefer the modernization/maintenance requirement (§177 BauGB).
- The Building Requirement can only be applied to specific plots of land, as the proof of urban development necessity must be substantiated for the particular parcel of land.
- The instrument is only suitable for the development of housing and is therefore only intended for redensification without ensuring mixed use.

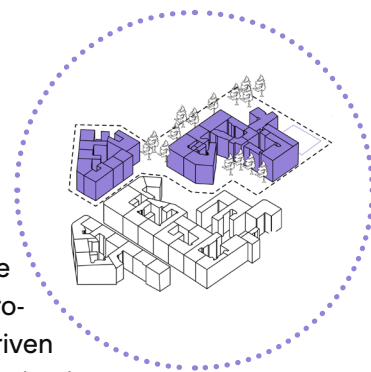
OPPORTUNITIES

- Strengthening the Building Requirement through the 'Building Land Mobilization Act' encourages more intensive for municipalities to use the Building Requirement in the future, especially directed to first refusal for municipalities and sectoral development plans.
- The Building Requirement can be more effective when integrated into a broader urban development strategy that aligns it with other formal and informal tools. This approach should be anchored in an urban development concept approved by the city council (Difu 2021).





SOCIAL PRESERVATION ORDINANCE



The **Social Preservation Ordinance**, also known as the Milieu Protection Statute (Soziale Erhaltungssatzung), aims to reduce the risk of resident displacement, protect the neighborhood's social structure, and secure housing stock from profit-driven investors. It helps prevent residents from being forced out due to expensive modernization projects or changes in land use, ensuring they can remain where their social infrastructure such as daycare centers, schools and healthcare facilities are located. While the ordinance does not directly control rent, it limits potential rent increases from modernization costs. Its primary impact is on the structural aspects of housing, rather than tenant protections.

The Social Preservation Ordinance protects the existing composition of the residential population from structural upgrading, demolition or change of use of residential buildings. In areas where this ordinance is in effect, such actions require municipal approval, which can be denied if the changes threaten the social composition of the area and the area will be jeopardized as a result (City of Leipzig 2022). The Social Preservation Ordinance requires an urban planning justification and can apply for an unlimited period. In the area covered by these statutes, there is a municipal right of preemption in order to prevent speculative property purchases. Additionally, the municipality holds the right of preemption to prevent speculative property purchases. However, buyers can bypass this if they agree to uphold the objectives of the Social Preservation Ordinance through an avoidance agreement with the respective district.

STRENGTHS

- The Social Preservation Ordinance addresses the growing demand from tenants and initiatives for neighborhood protection against gentrification.
- The instrument can effectively slow down displacement processes (Vogelpohl 2013: 14), such as by preventing the conversion of rental apartments into privately owned apartments.
- The Social Preservation Ordinance is designed for entire neighborhoods, not just individual properties, making it a powerful tool with a larger impact area.
- The municipality can expand its municipal land holdings and its building stock through the right of preemption and can transfer the property to a municipally owned housing organization or a housing cooperative.

OPPORTUNITIES

- When combined with rent control measures, the Social Preservation Ordinance could effectively protect residents from displacement due to rent increases. This approach would also enable climate-relevant modernization of the housing stock without raising rents for tenants.
- Comparing recently moved-out tenants with new residents in housing units could provide valuable insights into resident turnover and community dynamics.

WEAKNESSES

- The instrument can only indirectly influence the social composition of a neighborhood, as it is an urban planning instrument and relates to the built environment (Vogelpohl 2013: 11 f.).
- Rents can still rise and the instrument cannot prevent rent increases for smaller and approved modernizations. The statute also has no influence on the level of rent for new tenancies (ibid.: 14).
- The conversion of rental into ownership models can only be prevented to a very limited extent by the instrument; a conversion ordinance (§250 BauGB) is also necessary for this.
- The instrument can provide effective protection for existing properties in the short term, but can lead to a decline in investment in the housing stock in the long term and slow down important measures for transformation, accessibility or climate adaptation.
- The lack of standardized evaluation criteria for areas under the Social Preservation Ordinance results in inconsistencies in assessing resident groups.

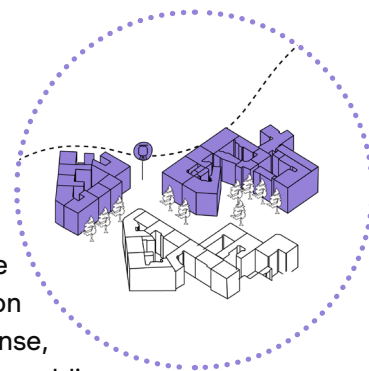
FURTHER INFORMATION

- City Example Leipzig: <https://www.leipzig.de/bauen-und-wohnen/stadterneuerung-in-leipzig/soziale-erhaltungssatzungen/>
- <https://www.bbsr.bund.de/BBSR/EN/research/programs/ExWoSt/year/2022/instruments-protecting/01-start.html>





TRANSIT-ORIENTED DEVELOPMENT



Transit-Oriented Development (TOD) is an increasingly popular concept in the U.S. TOD aims to develop a mix of commercial, residential, office, and recreation centers around public transit nodes. It promotes the relationship between a dense, compact urban form and the use of public transportation. TOD seeks to increase public transit ridership by reducing the need for private vehicles and promoting sustainable urban growth. Another goal of TOD is to improve the pedestrian experience by using smaller blocks and reducing the amount of space dedicated to cars. Public transit can help foster partnerships in communities that support the development of affordable housing near transit. When done right, TOD leads to more equitable communities (FTA 2023).

TOD addresses planning control of residential development for compact, land-saving structures and the modal shift from motorized private transportation to public transit. Many U.S. cities develop TOD policies and plans to reduce automobile dependency for and improve public transit access. The federal government's current TOD Planning Pilot Program funds land use and transportation planning, aiming to improve economic development, ridership, multimodal connectivity, transit access for pedestrians and bicycles, private sector involvement, infrastructure identification, and mixed-use near transit stations. Existing city TOD implementation relies on zoning, like special TOD overlay zones or rezoning existing classifications. Unlike traditional zoning, TOD zoning often mixes uses with careful consideration of permitted and prohibited zones related to the transit-oriented vision (Cervero 2004).

STRENGTHS

- TOD provides a clear model to connect mixed-use neighborhoods with public transit in a mutually reinforcing way. Public transit connectivity allows for higher density, walkable neighborhoods, while high density neighborhoods built around transit hubs promote ridership and produce greater revenues for transit companies (Noland et al. 2014: 14 ff.).
- TOD provides a number of benefits to residents, including decreased transit costs, lower car ownership, and greater disposable income, particularly amongst lower-income residents (Kim 2021: 1 ff.).
- TOD can decrease commute times, lower travel-time costs, reduce car trips, and increase walking and cycling (Ali et al. 2021: 1 ff.; Transit Oriented Development Institute n.d.).
- TOD can reduce transit-related greenhouse gas emissions, reduction of air pollution and smog, and a reduction of subsequent respiratory impacts (Ali et al. 2021: 1 ff.).

FURTHER INFORMATION

- <https://www.itdp.org/library/standards-and-guides/tod3-0/what-is-tod/>
- <https://www.transit.dot.gov/TOD>
- <https://www.thegpsc.org/tod/transit-oriented-development-community-practice>
- https://www.nhhsrail.com/pdfs/TODcasestudy-draft_100311.pdf

WEAKNESSES

- TOD correlates with increased property value, possibly raising housing costs and contributing to transit-induced gentrification. However, reduced transportation and car-ownership costs may offset this impact on disposable income (Kim 2021: 1–15).
- Implementation challenges include transforming low-density urban fabric and high transit project costs with long payback periods (Cervero 2004). Further, existing residents of low-density, car-centric communities often resist densification.
- Cooperation among government levels and agencies for coordinated transit expansion alongside TOD planning can be challenging (Cervero 2004).

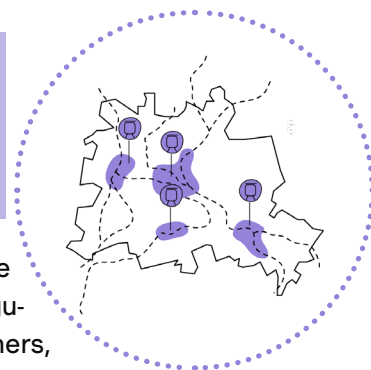
OPPORTUNITIES

- The TOD Planning Pilot Program aids the Federal Transit Administration's mission to enhance communities through public transportation by funding local integration of land use and transportation planning with new fixed guideways or core capacity transit investments (FTA 2023).
- Equitable Transit-Oriented Development (ETOD) is based on the planning approach of Transit-Oriented Development (TOD) and focuses on dense, mixed-use and liveable neighborhoods for all income groups without displacement. This area offers even more potential for equitable and mobility-linked urban design in the future (Center for Neighborhood Technology 2022; <https://etod.cnt.org/about/>).





TRANSPORT DEVELOPMENT DISTRICT



Transport or Transit Development Districts (TDDs) are a development incentive tool used to promote infrastructural and economic development. They are contiguous local political subdivisions that can be created by local voters, property owners, or transportation authorities around the site of a planned project relating to the improvement of infrastructure, including but not limited to bridges, roads, highways, railroads, light rail, airports, ports and parking lots (MoDOT 2023). In some jurisdictions, they are explicitly intended to be used as tools for facilitating TOD (Transit-Oriented Development, see p. 17). Their primary function is to create special tax boundaries, thereby incentivizing localized development of transportation-related infrastructural improvements (Williams 2006: 11).

Where authorized under state law, TDDs typically form via a petition by 50+ local voters, property owners, or the governing body of a relevant transportation authority. They must be contiguous areas under 320 acres (~130 hectares). A board of directors is usually elected to oversee projects and financing (MoDOT 2023). Projects in the district can be financed through various methods like special assessments, property taxes, sales taxes, toll roads, or debt financing. Taxes within a TDD are in addition to local property, visitor, and business taxes (EWG 2011). Specific jurisdictions have criteria for TDD creation; for example, in Northwest Indiana, factors such as rail station proximity, zoning, and impact analyses demonstrate potential TOD value in the proposed district (Indiana RDA 2022).

STRENGTHS

- Many regions have seen decline in the quality of infrastructure, and there are often not enough public funds for the state to intervene (Williams 2006). TDDs can be used to encourage private or public-private partnerships to adapt, maintain, or further develop existing and new infrastructure.
- They can leverage localized taxes in order to capture a portion of the economic value creation stimulated by development and utilize it to continue growth. These can be used to offset costs incurred by developers, public or private, to build critical infrastructure (MoDOT 2023).

OPPORTUNITIES

- Pair TDDs with highly specific formation legislation so they can be leveraged to encourage TOD. This can allow TDDs to function as drivers of walkable, mixed-use, and well-connected developments.
- Currently, TDDs are authorized only in Missouri, New Jersey, Ohio, Kansas, and Virginia, presenting an opportunity for broader application nationwide.
- While primarily focused on road and highway projects, TDDs could be used more in cities to improve public transit connectivity, prioritizing public transit over single-occupancy vehicles for a more sustainable transport future.

WEAKNESSES

- Depending on the structure of the TDD, such localized incentives may ultimately subsidize very few private developers (Missouri State Auditor 2017). In Missouri, for example, over 80% of TDDs have been related to the development of retail.
- In some cases, sales taxes and parking tolls have been used to reduce development costs within a TDD where the entirety of the land is owned by one entity, effectively subsidizing what could have been an otherwise profitable and entirely private investment.
- There is little data supporting the notion that TDDs support economic growth, with one study demonstrating that over \$300,000 in public funds were used for every job created in Missouri TDDs (EWG 2011).
- TDDs have also faced challenges relating to the proper reporting of public funds, the lack of competitive bidding processes, and other transparency-related issues (Missouri State Auditor 2017).

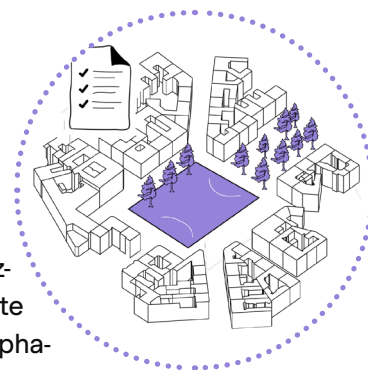
FURTHER INFORMATION

- <https://nextstl.com/wp-content/uploads/TIFFinal-Rpt.pdf>
- <https://www.nwitdd.com/home/#learntdd>
- https://www.fhwa.dot.gov/ipd/value_capture/defined/tid_tdd.aspx





CONCEPT AWARDS



The goal of **Concept Awards**, also known as Concept Tendering Processes (Konzeptvergaben), is to identify urban development concepts that effectively contribute to the long term vitality and sustainability of neighborhoods. This approach emphasizes a competitive process for innovative ideas to a designated urban area. The concept demonstrating the greatest potential for positive impact on the neighborhood is awarded the contract for the implementation phase.

Concept Awards focus on the public sale of land, allowing cities to guide land use and design without acting as developers or investors. The land is allocated to create a lively and stable neighborhood for all demographics. The process aims to select the best concept based on criteria of urban design quality, architecture, sustainability, affordable space, and social use to create more affordable housing, mixed-use, or space for different population groups. The plots are not awarded to the highest bidding entity, but it is a “competition of ideas.” The concept best fitting the city’s goals is awarded a city-owned plot of land (Architektenkammer Rheinland-Pfalz 2019: 7). Concept Awards are characterized by a participatory process involving different actors, such as developers, investors, building communities, cooperatives and private individuals. The conditions proposed in the concept can become part of a purchase, ground lease, or Urban Development Contract. While developing smaller neighborhood projects may be costlier and less profitable, the positive outcomes justify the investment (ibid.: 10 f.).

STRENGTHS

- Concept awards are an effective tool for developing vibrant, diverse, and robust neighborhoods. By prioritizing qualitative criteria over purely financial bids, these awards encourage innovative projects.
- The streamlined processes and time efficiencies inherent in concept awards contribute to reduced development costs and lower risks for stakeholders.
- They can address a range of specific public interests, aligning development outcomes with community needs.
- The process attracts a variety of innovative stakeholders, including smaller and unconventional entities that emphasize social, cultural, and architectural quality.
- Concept processes are suitable for a wide range of framework conditions and thus offer new development and innovation opportunities (BBSR 2020: 113).

FURTHER INFORMATION

- https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/sonderveroeffentlichungen/2020/konzeptvergabe-langfassung-dl-en.pdf?__blob=publicationFile&v=4
- <https://www.iba27.de/konzeptvergabe-bauprojekte/>
- <https://www.immovativ.de/themen/konzeptvergabe/>

WEAKNESSES

- Concept Awards are primarily suitable for municipally-owned properties (Architektenkammer Rheinland-Pfalz 2019: 7). However, many cities currently face a shortage of available, suitable municipally-owned land.
- Challenges can emerge regarding the target of the quality of the project proposal, and the absence of standardized evaluation criteria.
- The success of the process relies on public awareness and understanding.

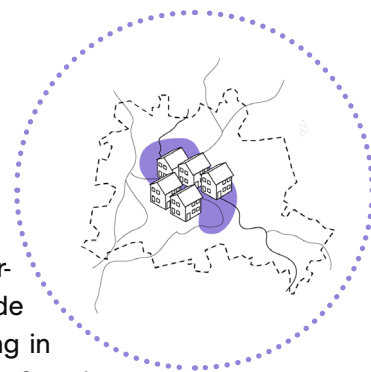
OPPORTUNITIES

- Concept Awards hold the potential to surpass traditional competition and award procedures by providing new avenues for urban policy and city administration in the development of urban districts and individual properties.
- The objectives of the process and the characteristics of the desired participants determine how low entry thresholds should be set, which makes it easier accessible for young professionals or small offices.
- Public interest-oriented actors such as cooperatives can be supported in the process by reserving plots for these target groups (BBSR 2020: 112).
- Successfully implemented procedures can foster a vibrant culture of quality-oriented actors, positively influencing urban development (ibid.: 212).
- Model is particularly suitable for the implementation of innovative concepts (ibid.: 113).





SECTORAL DEVELOPMENT PLAN



The **Sectoral Development Plan** (Sektoraler Bebauungsplan "Wohnraumversorgung" (Housing Supply), §9 Section 2d BauGB) was included in the Building Code by the Building Land Mobilization Act in 2021 to create more affordable housing in inner-city urban areas. The tool has not yet been extensively applied in cities; therefore, it still requires testing for municipalities and governments to understand its short and long term impacts.

The Sectoral Development Plan is intended to help create more affordable housing in inner cities, counteracting tight rental housing markets. This instrument enables municipalities to draw up a development plan in the unplanned inner-city area (§34 BauGB) for housing construction only. The sectoral B-plan can designate areas where only buildings that meet certain structural requirements for social funding can be constructed, allowing municipalities to prescribe a certain proportion of social housing in those areas. The establishment procedure can be facilitated and shortened. The preparation of the new sectoral B-plan is temporary. The procedure for drawing it up is limited to 5 years, until 2026.

STRENGTHS

- The sectoral B-Plan responds to specific housing needs and quickly addresses housing shortages.
- Landowners and property owners can be required to build social housing. Contribution to achieving socially acceptable rental prices in new residential constructions.
- Sectoral Development Plans strengthen municipalities' scope for action to mobilize building sites and brownfields or to use land policy instruments for new affordable housing construction (Architekturblatt 2021).

OPPORTUNITIES

- More best-practice examples of the instruments can show the Sectoral Development Plans potential for existing neighborhoods with vast potential for building gaps.

WEAKNESSES

- Because it is new, the sectoral development plan "housing supply" has hardly been applied. One of the first municipalities planning to apply the instrument is the state capital of Munich, which will use the tool of the Sectoral Development Plan plan for the first time for a building plot in the Obergiesing district.

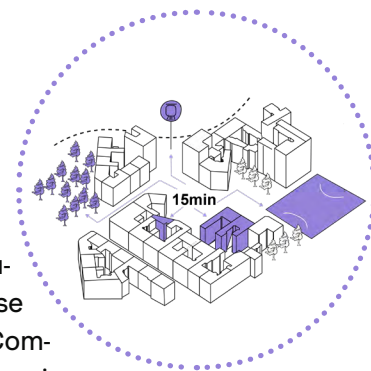
FURTHER INFORMATION

- City Example Munich: <https://ru.muenchen.de/2023/47/Sektorale-Bebauungsplaene-zur-Wohnraumversorgung-105968>
- <https://eldorado.tu-dortmund.de/server/api/core/bitstreams/b54d6f9c-3d5a-41c7-bbb3-9e2b935bb13e/content>
- <https://www.bmwsb.bund.de/Webs/BMWSB/DE/themen/stadt-wohnen/wohnungswirtschaft/baulandmobilisierung/baulandmobilisierung-node.html>





COMPLETE COMMUNITIES PROGRAM



The **Complete Communities Program** aims to meet the basic needs of a community, regardless of income, culture, or political ideology through integrated land use and transportation planning and community design (cf. Pivo 2005). Complete Communities seek to create a range of land uses and housing types, infrastructure, services, and amenities to meet a wide range of needs for a variety of people within a 15–20 minute walk (Montgomery Planning, n.d.). In larger urban areas, the focus could be neighborhoods within a municipality. In small towns, a town center might form the main hub of daily needs, with most housing nearby. In regional districts, it could be multiple hubs that are part of a connected regional network (ibid.).

The idea of a “complete community” can be implemented in cities through a variety of means, ranging from integrated land use planning to transportation planning and community design. The administration of the concept is different across municipalities, and is influenced by a city’s vision of community as well as the diverse needs and challenges that various communities face. Overall, as a tool, it is most often implemented through the creation of affordable housing projects, enhancing transport infrastructure to better connect neighborhoods, and supporting local businesses. These elements create more holistic urban communities that are based on data, influenced by an analysis and identification of strengths, opportunities, challenges, and potential actions that align with identified community goals (UBCM Guide).

STRENGTHS

- From an economic perspective, complete communities are mostly appealing for private development, business and job growth.
- The concept encourages planners to shift their focus from the potential of existing amenities to how people actually live in their neighborhoods.
- It improves access to amenities, transportation, green spaces, and a more inclusive range of housing types by allowing flexibility for infill and redevelopment.
- Density that supports convenience retail and local-serving amenities in a way that meets the needs of the neighborhood is provided.
- The measure encourages an arrangement of sidewalks, landmarks, and gathering spaces in a way that fosters community and physical activity.

FURTHER INFORMATION

- <https://www.pembina.org/reports/closetohome-final.pdf>
- <http://reconnectingamerica.org/assets/PDFs/20121001AreWeThereYet-web.pdf>
- <https://uh-ir.tdl.org/items/260d44fc-043e-477a-a842-9bde039394f7>

WEAKNESSES

- The Complete Communities framework is a broad concept, and therefore, it is difficult to agree upon a uniform approach that accommodates for the needs of every community.
- In general, there is no clear answer for the transition to becoming a more compact and complete community.
- There is a risk of gentrification involved in implementing the program, as improved services and housing can lead to increased property values and displacing existing residents.

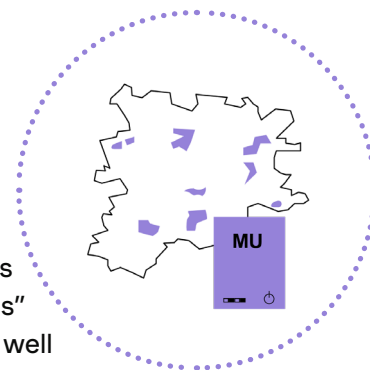
OPPORTUNITIES

- Most regions in the U.S. have the foundation to build a complete community (Brooks/Ohland, 2012).
- Unlike other tools for implementing integrated urban development, the “Complete Communities” program does not have one, consolidated, guiding instrument that can be implemented by cities. Rather, there exist multiple individual plans by different municipalities in the U.S. describing their goals. Therefore, the opportunity arises to consolidate all information about this concept into a written tool associated with the U.S. Department of Housing and Urban Development (HUD) that can be applied to diverse contexts.





URBAN AREA



The **Urban Area** (Urbanes Gebiet - MU) was included in the BauNVO in 2018 and is a result of the development of the "Leipzig Charter on Sustainable European Cities" (Schuchert et al. 2021: 21). The MU zoning district serves residential purposes as well as the accommodation of commercial enterprises and social, cultural and other facilities that do not substantially interfere with residential uses. A key feature of the MU is that the mix of uses does not need to be balanced; for example, in an urban area, commercial uses can dominate over residential uses. In the context of the current legal situation, this means that the mix in the MU zoning district can remain dynamically variable over time (ibid.: 20).

The MU promotes the development of compact settlement structures through a mix of uses, thereby reducing the consumption of resources and land. The goal is to support residential development through a flexible mix of uses and to allow for higher density. For an MU district, it can be stipulated that residential use on the first floor on the street side of a building is not permissible, or is only permissible as an exception; likewise, a certain proportion of the permissible floor area is to be used exclusively for residential or commercial uses. The determination of the area category MU in a development plan is carried out by the municipality. In the course of their formal participation in this process, public authorities and citizens are involved. Spatially, the MU includes a partial area, or the total area of a development plan, and thus a partial area of a municipality.

STRENGTHS

- The MU enables a better mix of uses than the mixed-use area or core area (Baumgart 2019: 133).
- It allows for a real coexistence of the different functions (BDA Bayern 2017).
- An MU can be used to create more housing, or to maintain appropriate commercial uses in the urban area (Baumgart 2019: 134 f.).
- The greater freedoms in an MU also mean greater responsibility for incorporating mix and compatibility into planning.
- An MU can be a best-practice example neighborhood or serve as a catalyst for surrounding areas (Schuchert et al. 2021: 209).
- Urbanity through concentrated diversity and multicode uses (areas with multifunctional combinations of uses) is entirely possible (ibid.).

OPPORTUNITIES

- Reorganization of the historic grown structures to create mixed use and short distances.
- A significantly increased density in combination with reduced noise levels enables a closer, genuine coexistence, even a coexistence of different functions.
- The tool enables the re-urbanization of areas that were initially clearly separated according to use and function.
- It supports reductions in land consumption and urban sprawl.

WEAKNESSES

- The increased building and use densities increase the stress and quality pressure on adjacent open spaces (ibid. 2021: 209).
- Not all conflicts of use can be resolved, whether within the MU or in adjacent (different) building areas.
- There is a higher risk of harmful environmental impacts, especially noise (ibid. 2021: 214).
- The introduction of the MU is targeting relevant problems, but implementation can create issues with the provisions of the Emission Control Act "TA-Lärm" (Noise) (Interview 3).
- As a new land use category, its application is limited, resulting in a lack of best-practice examples for municipalities to reference.

FURTHER INFORMATION

- https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/bbsr-online/2021/bbsr-online-08-2021-dl.pdf;jsessionid=7BC6083874E8AA88059B1C8D0A495332.live11312?__blob=publicationFile&v=2
- <https://www.deloitte-tax-news.de/german-tax-legal-news/reform-of-german-zoning-laws-urban-area.html>
- <https://www.muenchenarchitektur.com/beitrag/24696-urbane-gebiete>



U.S.: Ground Leases

GER: Leasehold

U.S.: Land Value Capture

GER: Land Value Capture

U.S.: Land Banks

GER: Building Land Registers

U.S.: Property Tax

GER: Integrated Urban Development Concept

GER: Urban Development Contract

Land use instruments shape inclusive cities through land and property policy as well as agreements and contracts. They unite public and private interests, create sustainable financing mechanisms for public projects and promote social justice.

Integrated urban development coordinates economic, social and environmental policies to create resilient and sustainable urban spaces. It promotes cross-sector co-operation to create a balanced urban environment.



GROUND LEASES



A **Ground Lease** is typically a long term lease agreement for unimproved land or previously developed property where the tenant constructs new improvements or developments. Lease terms customarily run from 50 to 99 years. The tenant usually holds ownership of the improvements during the ground lease term, and the tenant is obligated to pay all expenses attributable to the property.

A ground lease specifies that property improvements belong to the owner unless there's an exception. During the lease, the tenant covers relevant taxes. The landlord can resell the property at a higher price when the lease ends. Ground leases are common in manufactured or Mobile Housing Communities (MHCs). These leases can either be insubordinate or subordinate. In an insubordinate lease, the owner has top priority on the land, making it harder to obtain mortgage financing for home improvements. In a subordinate lease, the owner's claim on the property is lower, potentially risking home equity in case of a mortgage default (Musinski/Witkowski 2022). Though similar to Germany's Land Lease Law, land leases in the U.S. are generally governed by a private contract law rather than a specific legal framework.

STRENGTHS

- A ground lease cuts tenant development costs by removing land acquisition expenses, with the landlord retaining title and a reversionary interest. This offers a low-risk property development for the landlord and a stable, long term rental income.
- The landlord avoids laws to reformat or subdivide the land. Government landowners may not be allowed to sell the land, but instead lease it for development. A carefully drafted ground lease allows the landlord to retain control over the development and permitted use of the property.
- Lease payments are often deductible for tenants on both federal and state income tax returns.
- Additionally, property taxes are lower, as the lessee is typically taxed only on the improvements and not on the underlying land.
- They provide housing for 22 million residents in 8.5 million units (Lamb et al. 2021: 1). Approximately 40% of mobile home households reside on leased land (Durst/Sullivan 2019: 2). Homeowners are exempt from land costs, potentially making homes on leased property more affordable than single-family homes, especially for low-income households (Musinski/Witkowski 2022).

WEAKNESSES

- Over time, the total cost of a ground lease is usually higher than purchasing the land outright.
- Tenants often face limitations in developing and using the property due to lease restrictions, while landlords may have little control over land use, requiring collaboration.
- Financing or refinancing a ground lease can be challenging for tenants, preventing them from accessing equity.
- The tenant's leasehold interest is considered a "diminishing asset," as its value decreases as the lease term shortens.
- Residents in MHCs are vulnerable to lot rent increases and evictions, risking their homes, which are essentially immovable assets.

OPPORTUNITIES

- Networked and cooperatively owned MHCs are a promising model for people-centered housing resilience (Lamb et al. 2021: 2).
- States should adopt legislation to encourage the formation of more cooperatively owned MHCs through such measures as improved notice-of-sale requirements, tenant opportunity-to-purchase laws, and tax incentives for sales to residents (ibid.: 17).
- Possibilities to incorporate climate resilience into MHCs through community or household-level infrastructure investments through federal mortgage corporations (ibid.: 17).

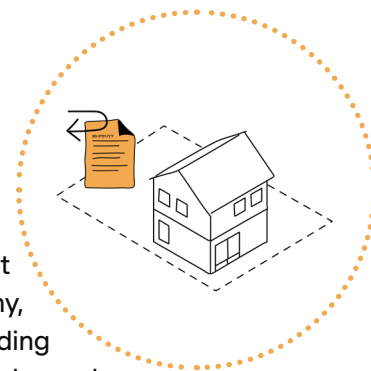
FURTHER INFORMATION

- <https://www.utsystem.edu/sites/default/files/documents/Ground%20Leases/ground-leasesbasic-legal-issues.pdf>
- <https://www.bankrate.com/real-estate/land-lease/>
- <https://www.fool.com/investing/stock-market/market-sectors/real-estate-investing/commercial-real-estate/ground-lease/>





LEASEHOLD



The **Leasehold** (Erbbaurecht) is an instrument of land and property policy that can offer opportunities for creating socially balanced housing options. In Germany, the land lease law is codified in the Erbbaurechtsgesetz (Law on Heritable Building Rights). The municipality secures property for a long term period, allowing prolonged influence over the land's use for housing and urban development policy objectives. Major cities in Germany have many leasehold sites, often initiated by municipalities, churches, or public institutions. Some private property companies and institutional investors also use leaseholds. The principle of leasehold lies in the separation of ownership of land and buildings for a fixed period. In practice, the most common duration is 99 years. Separating the building and the site leads to very different risk-return profiles for investors in land and in buildings; existing disadvantages must be minimized, and a risk-return trade-off must be made between the contracting parties. The success factor is a fair structuring of the leasehold contracts between leaseholders such as municipalities and leaseholders such as housing companies (which includes setting a ground rent in line with the market, appropriate terms, and compensation arrangements).

Currently, contracts that establish leasehold rights are always individually negotiated and notarial certified. Key points of the agreement include the precise determination of the land parcel, the duration of the contract, the ground rent, and the amount of compensation to the leaseholder. The Leasehold Law has been integrated into the German legal text since 1919 (Huttenloher/Senner 2019: 10). Unlike a leasehold agreement in the U.S., the German Leasehold is codified in the Law on Heritage Building Rights (Erbbaurechtsgesetz), so legal enforceability is more easily established.

STRENGTHS

- For the respective ground leaseholder, the financial burden is lower because the price for the land is deducted from the normal purchase price (Deutscher Erbbaurechtsverband e. V. n.d.). This enables individuals who cannot simultaneously cover the high costs of land and construction to still build a house.
- The long-standing legal validity of the Leasehold Law (since 1919) provides security for both contracting parties.
- Over the long term, the owner of the land can generate a return on investment. Additionally, there is a regular income that financially involves the owner in accordance with the contractual arrangement.
- long term goals of housing and urban development policy can be effectively managed in this way.

FURTHER INFORMATION

- https://www.deutscher-verband.org/fileadmin/user_upload/documents/Brosch%C3%BCren/Dokumentation_Fachdialog_Erbbaurecht_final_bf.pdf
- https://www.deutscher-verband.org/fileadmin/user_upload/documents/DV_Verbandsarbeit/Ausschreibungen/Anlage_1_2024_BuendnisBechluss_Erbbaurecht.pdf

WEAKNESSES

- Since the leasehold holder is never the sole owner of the property, the grantor of the leasehold often has a say in the design of the building.
- The actual value of the house is determined not only by its location and condition but also by the remaining duration of the contract. With a shorter contract duration, the value decreases significantly.
- The contractually agreed-upon ground rent can be adjusted to reflect the land prices in the surrounding area. If there is a significant increase, the costs can be passed on accordingly.

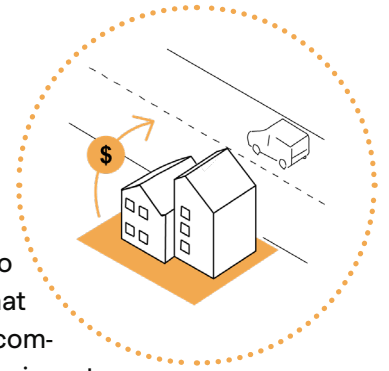
OPPORTUNITIES

- Leaseholds also allow for the specification of land use. For instance, a municipality can stipulate that an investor builds a kindergarten with public benefit on their land for a period of 99 years. This ensures public use for an extended period (Stiftung Trias, n. d.).





LAND VALUE CAPTURE



Land Value Capture (LVC) is a policy approach that allows local governments to charge fees and taxes to developers and property owners and raise revenue that can then be reinvested into community and city services (Hart 2020). It enables communities to recover and reinvest the increased land value that results from public investment and government actions (Korngold 2022: 1). The basic idea is that public projects, such as new roads, transit, schools, or zoning changes, often raise nearby property values. Instead of only benefiting private landowners, LVC allows some of this value increase to be redirected to fund more public projects or services. LVC tools may include charges for development rights, infrastructure levies, developer obligations, and strategic land management (OECD/LILP n. d.: 1).

States typically delegate the authority to control land use to local governments, granting them significant autonomy within their jurisdiction. As a result, LVC instruments vary widely due to the lack of a national definition and the broad autonomy of states and municipalities (OECD/LILP n. d.: 1).

STRENGTHS

- LVC works as additional funding for communities to follow-up and develop projects.
- LVC projects often provide benefits such as increased green space, extended transit networks, and additional housing construction. These projects are also easier to fund because the cost is shared between the public and private sector (Korngold 2022: 10).

OPPORTUNITIES

- LVC can deter developers from building housing, worsening the existing housing shortage. Some scholars argue that LVC should align with market conditions through measures such as tax exemptions, reduced in-lieu payments, larger density increases, or softened affordability standards. While reduced affordability standards may make development more cost-effective for builders and result in an overall increase in housing, they may still neglect the needs of the most low-income families (Kober 2020: 14).
- Conversely, other urban scholars argue for a more liberal use of LVC, with higher and more frequent fees to ensure that developers properly contribute to the public good (Korngold 2022: 53 ff.). Compared to more market-oriented scholars, these urbanists emphasize the potential social benefits of LVC. Ultimately, LVC is highly dependent on place and market conditions, and its theoretical benefits must align with the real-life incentives that developers face.

WEAKNESSES

- LVC can backfire because policies that rely on escalating property values can result in decreased affordability for nearby low-income renters and homeowners (Immergluck 2009: 1724 ff.).
- In order to issue land levies, local governments must demonstrate that a special benefit impacts specific landowners, which requires extensive technical calculations that municipalities may not have the capacity to perform (OECD/LILP n. d.: 2).
- LVC can lead to overdevelopment and unnecessary increases in built-up area, especially when local governments rely too heavily on LVC revenues as a source of income and develop land purely for fiscal gains.

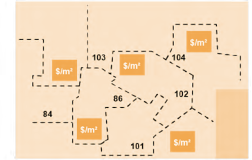
FURTHER INFORMATION

- https://www.oecd.org/cfe/cities/Land_value_capture_USA.pdf
- <https://www.urbanet.info/land-value-capture-affordable-cities/>
- <https://www.lincolnst.edu/publications/policy-focus-reports/land-value-capture-in-united-states>





STANDARD GROUND VALUE



Standard Ground Value (Bodenrichtwert), or **Land Value**, provides information about the price per square meter for a specific area. The size of the area is determined by significant value-related differences between different regions. To achieve comparability between areas, the comparison is based on similar criteria such as size, accessibility or utilization of the area and function (BBSR 2020: 15). When public investments increase the value of private land, this increase should benefit the public. The principle of Standard Ground Value serves as a basis for taxation; almost all countries utilize Standard Ground Value, and there are numerous international examples showcasing its effective implementation.

The collection of Standard Ground Value is regulated in §196 (1), sentence 4, of the German Building Code (BauGB). According to this regulation, the values must be recorded by December 31st, at least every two years; some federal states record Ground Value annually. Local expert committees derive the Standard Ground Value for each municipality and provide it to the respective federal state. The Standard Ground Value is an important reference point for determining the value of land and real estate prices. Since 2019, the collected values have been nationally recorded in the BORIS-D portal. In developed areas, Standard Ground Value is to be determined using the value that would result if the land were undeveloped. They are collected through the land value assessment, which provides information on the price per square meter for a certain area, and it's an important reference value for determining a property's taxation.

STRENGTHS

- Standard Ground Value offers high transparency, with planners and the public having easy access to data through user-friendly portals, which are frequently utilized according to expert committees.
- Standard Ground Value serves as a valuable funding source for fostering more sustainable and inclusive cities.
- The system allows for straightforward and accessible comparisons between different areas (BBSR 2020: 16).
- Standard Ground Value can reclaim unjust capital gains from real estate (OECD Berlin Centre 2022).
- Standard Ground Values are a key parameter in integrated urban development, as they provide important information on market conditions and the value of urban areas. They serve as a guide for planning and investment decisions and thus have a significant influence on the strategic direction and prioritisation of urban development.

FURTHER INFORMATION

- Supporting tool "Bodenrichtwertinformationssystem für Deutschland" - BORIS-Deutschland; <https://www.bodenrichtwerte-boris.de/boris-d/?lang=de>
- <https://blog.oecd-berlin.de/land-value-capture-als-finanzquelle>
- https://www.kfw-entwicklungsbank.de/PDF/Download-Center/Standpunkte/2019_Nr.2_Standpunkte_LandValueCapture_DE.pdf

WEAKNESSES

- Different federal states place varying emphasis on the collection of information. A completely uniform presentation of results and ultimate comparability is not 100% achievable.
- Indicators used to determine prices are not always easy to understand. For instance, in some federal states, attributes like an exceptionally good transportation connection are valued more highly than a quiet location.
- Furthermore, the precise delineation of areas is not always completely comprehensible (Zeiser 2022).
- Ultimately, the Standard Ground Value tool is just a rough guideline. In individual cases, an official land value assessment must always be obtained for the specific property in question.

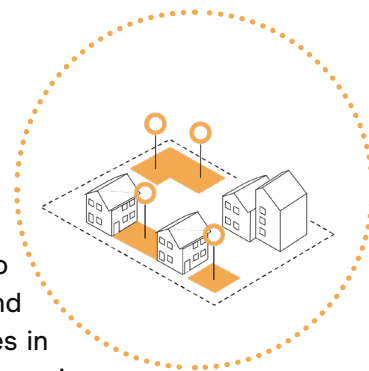
OPPORTUNITIES

- The already functioning tool can be enriched with additional information in the coming years and extended to the European level.
- Standard Ground Value is often underutilized in urban planning and development processes. Despite its potential to generate significant funding for public projects and create more sustainable and equitable cities, many municipalities fail to fully leverage this financial tool.
- Increased awareness, appropriate policy frameworks, and enhanced capacity to implementing strategies, municipalities can unlock the full potential (OECD Berlin Centre 2022).





LAND BANKS



Land Banks are established by public or nonprofit organizations and therefore do not serve as financial institutions, but rather are designed for the community. Land Banks acquire, hold, manage, and, in some circumstances, redevelop properties in order to return these into productive uses to meet community goals, such as increasing affordable housing or stabilizing property values (Lowe/Prochaska/Keating 2022: 3). Land Banks are most commonly established in localities with relatively low or declining housing costs and a sizable inventory of tax-delinquent properties that the community wants to repurpose to support community goals. As an example of integrated urban development tactics, Land Banks allow for the acquisition of land to serve community needs, ensuring that inequalities are addressed.

The most common ways Land Banks acquire properties are through the tax foreclosure and auction processes, as well as voluntary donations from private owners or transfers from municipal governments. Land Banks are enabled by state legislation and are created by local jurisdictions (rarely by nonprofits) (Lowe/Prochaska/Keating 2022: 3). In a competitive marketplace, Land Banks with access to property acquisition funds can quickly access financing to purchase available properties. Once the land is acquired, project sponsors may need time to assemble permanent financing, while Land Banks maintain and hold the property tax-free, helping limit the developer's costs until construction begins.

STRENGTHS

- Land Banks can provide more flexible management that may allow for interim uses or partnerships for community-stewardship (Lowe/Prochaska/Keating 2022: 4).
- Land Banks play a crucial role in managing vacant or underutilized properties to support urban planning goals like housing stability, economic growth, and sustainable development and therefore are a strategic tool within integrated urban planning in the U.S.
- A Land Bank has discretion to establish criteria for eligible buyers and uses. For example, Land Banks can prioritize nonprofit and mission-oriented developers who include affordable housing units in their proposals (ibid.: 1 ff.).
- In some jurisdictions, Land Banks help facilitate affordable housing development by temporarily holding properties while the original owners assemble financing and wait for the market to be ready for new development. Having the property held by the land bank can reduce or eliminate municipal taxes during the holding period.

WEAKNESSES

- Land Banks are technically difficult to manage and active community engagement is necessary to educate community members about this relatively unknown concept. Funding also requires significant work (ibid.: 13).

OPPORTUNITIES

- All levels of government should facilitate more partnerships between Land Banks and Community Land Trusts. Land Banks typically purchase properties in weak markets with the goal of bringing them back to productive use, while Community Land Trusts have focused on ensuring affordability in hot markets. Land Banks are also exempt from property taxes, which has the potential to reduce the price of acquisition for interested land trusts (ibid.: 1 ff.).
- Land Banks and CLTs could be jointly used to acquire and protect land for affordable housing, but this practice is not common yet (Zehner 2020: 11).

FURTHER INFORMATION

- <https://nhc.org/policy-guide/land-based-solutions/land-banks-and-community-land-trusts/>
- <https://communityprogress.org/resources/land-banks/national-land-bank-map/>
- <https://localhousingsolutions.org/housing-policy-library/land-banks/>





BUILDING LAND REGISTERS



Building Land Registers, also known as Land Cadastres (Baulandkataster), are essential tools in land budget policy. They provide information on designated building land, existing fallow land, and underutilized areas suitable for construction. Building Land Registers captures underused plots in a database, supplemented with extensive urban planning data, and makes this information publicly accessible online for land research. This instrument aims to enhance market transparency and promote inner-city development. In contrast to the U.S. where each state pursues its own approach to managing property registers, Germany's central, standardized system allows for increased transparency and accessibility of data to inform an integrated urban planning approach.

Each municipality can create a municipal Building Land Register in accordance with §200 Section 3 BauGB. The establishment of the cadastre is usually done in collaboration with a geoinformatics office. The subsequent addition of new data falls within the municipality's responsibilities. Data collection from households is voluntary, and property owners have the option to revoke their data at any time (Thiel 2015).

STRENGTHS

- Building Land Registers are a valuable tool for integrated urban development, as they provide a sound basis for decisions on the utilisation of building land. It contributes to sustainable land utilisation, supports the planning of residential and commercial space and the provision of infrastructure and helps to achieve the city's ecological goals
- The longer a Building Land Register is maintained, the more profitable it becomes. This is primarily due to the high initial investments (Becker/Lohr 2017).
- This tool can contribute to raising awareness for influencing land use policies and can expedite the resolution of citizen inquiries.

FURTHER INFORMATION

- https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/bbsr-online/2022/bbsr-online-11-2022-dl.pdf?__blob=publicationFile&v=3
- https://www.nationale-stadtentwicklungspolitik.de/NSP/SharedDocs/Projekte/WSPProjekte_DE/Berlin_Baulueckenmanagement_im_Internet.html;jsessionid=8364754E18B0AA80F439F3E9EDB9CA4B.live21301?nn=2890948#doc1385676bodyText1

WEAKNESSES

- Smaller municipalities often cannot afford the development of a land development cadastre.
- Even after completion, the system requires a continuous supply of new information (Preuß 2018).
- Residents of the areas often fear disclosing information about their property because they do not view their ownership as potential development land. They can also withdraw their information at any time.
- Some associations reject a legal obligation to maintain Building Land Registers because of the bureaucratic effort involved.

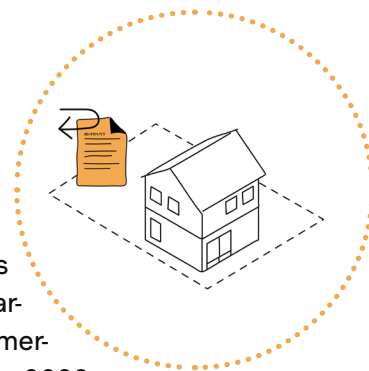
OPPORTUNITIES

- It is common to collect more than 20 indicators about a given area. In addition to overarching details such as county, district, and street name, there are also deeper-level specifics, like whether the development land is serviced or even viable for construction.
- Moreover, as more information enters the system, it becomes more informative and can provide additional insights (Becker/Lohr 2017).
- Improving communication and collaboration between builders and public administration.





PROPERTY TAX



Property taxes are typically the primary source of funding for local governments in the U.S., used to fund local public services like schools, fire departments, libraries, and sanitation. This is a tax on any owned property — such as homes or commercial real estate — paid by the individuals or legal entities that own the property. In 2022, property taxes made up 10.6% of total tax revenue in the U.S. (Tax Foundation 2024). Tax collection varies significantly by location; for example, in 2016, the District of Columbia collected an average of \$3,535 per capita, while Kentucky collected an average of \$775 per capita (Tax Foundation 2019). Variations exist within states as well. All registered nonprofit organizations are exempt from property taxes, which can encompass a wide range of land uses, such as religious institutions and public universities. A local tax assessor makes a value assessment based on their estimation of the property's market value (Moreno 2023). The frequency of these assessments varies by location. This value is then multiplied by the local tax rate, also known as a “millage rate” (ibid.). Payment methods vary by location, but property owners can typically pay their property taxes as part of their monthly mortgage payment or directly to the local tax authority (ibid.).

STRENGTHS

- Assessment caps can be beneficial to property owners whose property has rapidly increased in value (Lincoln Institute 2009).
- The homestead exemption provides a fixed amount of relief, regardless of income or property value, for property owners facing circumstances such as bankruptcy or death of a spouse (Kagan 2024).
- Property tax “circuit breakers” take income into account, increasing property tax relief for households with declining incomes (Lincoln Institute 2009).

OPPORTUNITIES

- Embracing technology, such as by improving software, can make assessments more accurate by allowing more efficient and frequent assessments (Strong/Towns 2023).
- Grassroots efforts and local journalism can put pressure on local tax authorities to make assessments more just (Strong Towns 2023).
- Property tax policy has the opportunity to advance racial and socioeconomic equity, for example, through tax relief programs, that could protect residents of color from gentrification in urban neighborhoods which increases property taxes.
- Property taxes have significant implications for affordable housing provision, and tax incentives that promote affordable housing can help proliferate this model.

WEAKNESSES

- The current assessments process results in regressive assessments, meaning that lower-value property owners end up paying more than higher-value homeowners (ibid. 2023). In fact, owners of lower-value properties pay a 50% higher effective property tax rate than owners of higher-value properties (Amornsiripanitch 2021).
- This exacerbates wealth inequality among homeowners, and because of the lasting impact of redlining on home values, this inequality is especially prominent across ethnical lines and leads to the overtaking of minority homeowners (Strong Towns 2023).
- Homeowners have an option to appeal their assessed values, but appeal processes favor wealthy homeowners with strong personal networks or connections and deepens these disparities (ibid.).

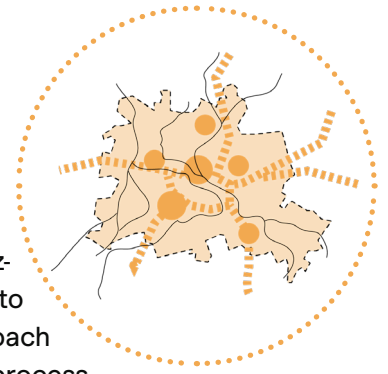
FURTHER INFORMATION

- <https://www.urban.org/research/publication/property-tax-exemption-nonprofits-and-revenue-implications-cities>
- <https://housingmatters.urban.org/articles/what-policy-makers-need-know-about-racism-property-tax-system>
- <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>
- <https://www.brookings.edu/articles/how-the-property-tax-system-harms-black-homeowners-and-widens-the-racial-wealth-gap/>
- <https://www.taxpolicycenter.org/taxvox/detroit-considers-shift-property-land-value-taxation>
- <https://propertytaxproject.uchicago.edu/>





INTEGRATED URBAN DEVELOPMENT CONCEPT



Integrated Urban Development Concepts (Integriertes Stadtentwicklungskonzept – ISEK or INSEK) combine interdisciplinary and interdepartmental strategies to address various aspects of urban development in a coherent manner. This approach enables the early identification of synergies and conflicts within complex urban processes, helping to reduce disparities (Heinig 2021: 142). An ISEK aims to incorporate diverse tasks into a comprehensive urban development strategy, which involves setting municipal goals and defining priorities for action. All municipalities can create city-wide ISEKs that spatially cover the entire municipal area. With no fixed legal framework governing these concepts, their design can vary widely. Consequently, the role and importance of an ISEK in municipal policy and planning differ from city to city. In contrast to the U.S., which primarily discusses integrated urban development through its relation to transportation, the German concept encompasses broader interlocking sectors and systems of urban development.

An ISEK is usually developed in a participatory process with the stakeholders of an urban community. The main components of an ISEK include an analysis of the current situation, the identification of challenges and potentials, the development of guidelines and objectives, the definition of spatial priorities, an implementation strategy and a catalog of proposed measures. (ibid.: 142 f.). In practice, an ISEK often serves as an orientation framework for subsequent planning processes and represents a combination of existing and new development topics (Interview 3). Potential areas for inner city development can be identified within an ISEK and evaluated according to urban planning, transport and ecological aspects (Interview 3). The municipality draws up an ISEK, but in order to do so, participation processes are carried out with citizens and other stakeholders.

STRENGTHS

- Different spatial levels, different departments, and different stakeholders are involved in the development and planning process, resulting in holistic concepts.
- ISEK functions as a holistic upgrading strategy for cities, municipalities, and their sub-regions.
- Integrated action creates synergistic effects in very different areas or administrations.
- ISEKs enable goal and problem-oriented approaches with transparent planning processes.
- German urban development programs use ISEK well to ensure the quality of urban development; therefore, maintaining integrated action as a requirement for federal and state funding is key.

FURTHER INFORMATION

- https://www.staedtebaufoerderung.info/Shared-Docs/downloads/DE/WeitereProgramme/AktiveStadtUndOrtsteilzentren/Arbeitshilfe_ISEK.pdf?jsessionid=2771071E310606852089936AB5A8DA08.live21301?__blob=publicationFile&v=4
- https://www.bbsr.bund.de/BBSR/DE/veroeffentlichungen/sonderveroeffentlichungen/2023/handlungsempfehlungen-stadtentwicklungskonzepte-dl.pdf?__blob=publicationFile&v=2
- City example Berlin: <https://www.berlin.de/sen/stadtentwicklung/planung/berlinstrategie/>

WEAKNESSES

- Timely and ongoing cooperation among involved parties are often perceived as insufficient.
- Financing the ISEK frequently presents a significant barrier due to the need for combining various funding programs.
- Aspects of full transparency and inclusive participation have not yet been fully realized.

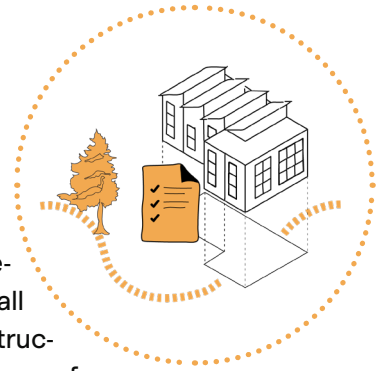
OPPORTUNITIES

- In the face of constantly changing framework conditions and growing challenges for urban development, ISEK has proven to be a valuable and central instrument for successful urban development projects (BBSR 2013).
- One of the key goals of ISEK is to achieve broad public acceptance; therefore, participation by citizens and stakeholders with local knowledge can be more effectively implemented.
- Regularly updating ISEKs can help to ensure they reflect the latest developments and evolving needs of the city.
- Integration saves resources by ensuring that existing specialist plans, concepts, statistical data, forecasts and defined objectives as well as ongoing dialogue processes are used effectively in the creation of the ISEK.





URBAN DEVELOPMENT CONTRACT



The **Urban Development Contract** (Städtebaulicher Vertrag) is an agreement between a private party and a municipality that enables the municipality to transfer all or part of the costs for the provision and mobilization of building land and infrastructure to the private party (Deutscher Städte- und Gemeindebund 1999: 6). These are, for example, the costs for the development of a property through roads, social infrastructure such as schools and day-care centers or a certain percentage of subsidized housing construction. This contract serves as an effective financial instrument to support the municipality in providing the necessary infrastructure on site and thus contributes to achieving urban development goals that are oriented towards the common good.

The Urban Development Contract serves to implement and prepare Urban Development Measures in accordance with the German Building Code. Through the contract, the municipality transfers the costs to the private party and in return creates building rights by drawing up a development plan. The principle of appropriateness applies, according to which the transferred costs may not exceed the planning-related increases in land value (Schmidt-Eichstaedt 2018b: 2416 ff.).

STRENGTHS

- Further information Urban Development Contracts mean considerable financial and administrative relief for municipalities in the provision of building land (ibid.).
- Investors assume costs for the preparation and realization of a development project that would otherwise have to be borne by the general public.
- The contract model usually leads to an acceleration of the process (ibid.).
- The instrument offers a variety of possibilities for agreeing on regulatory content that cannot be anchored in a classic development plan. New innovative agreements such as a commitment to a new building density, the construction of a proportion of subsidized housing and aspects of climate adaptation can be agreed.
- In legal terms, Urban Development Contracts are milder than Urban Development Measures.
- The instrument is "right and valuable" for skimming land price gains (Interview 1).
- Urban Development Contracts are well suited for the legally secure safeguarding of urban development and social qualities (Interview 2).

FURTHER INFORMATION

- https://www.uni-ulm.de/fileadmin/website_uni-ulm/nawi.wichem/Instrumentensteckbriefe_Sandy/Staedtebaulicher_Vertrag_20200226.pdf
- SoBoN Munich: <https://stadt.muenchen.de/infos/sozialgerechte-bodennutzung.html>

WEAKNESSES

- Individual negotiations are required for each project. If the investor's ideas are curtailed or costs to compensate for social benefits reduce the profit, the risk of the contract or contract negotiations failing increases. For this reason, local authorities often do not fully utilise their scope for negotiation and conclude investor-friendly contracts (Deutscher Städte- und Gemeindebund 1999: 6).
- The impact on the overall housing market is small because the negotiation applies only to individual projects at a time.
- The instrument does not apply to building permits according to §34 BauGB, which comprise a large part of redensification projects (Interview 1).
- Housing can become more expensive, because the social costs must be borne by the investor.

OPPORTUNITIES

- Agreements in Urban Development Contracts are significantly more flexible than those in development plans.
- This allows for environmental protection concerns to change and adapt to current events (Energieagentur Rheinland-Pfalz 2023: 1).
- The agreements can also surpass minimum standards and present a pioneering approach (Universität Ulm n. d.: 1).
- Urban Development Contracts can be a crucial instrument for enhancing social cohesion within neighborhoods by obligating the investor to social causes. For instance, costs related to the construction of a kindergarten or elderly care facility can be transferred to the investor (Industrie- und Handelskammer 2009).

U.S.: Housing Choice Voucher Program

GER: Social Housing Eligibility Certificate

U.S.: Rent Control/Stabilization

GER: Rent Brake/Stabilization

U.S.: Shared Equity Initiatives

GER: Housing Cooperatives

U.S.: Home Investment Partnerships Program

U.S.: Community Development Block Grants

U.S.: National Housing Trust Fund

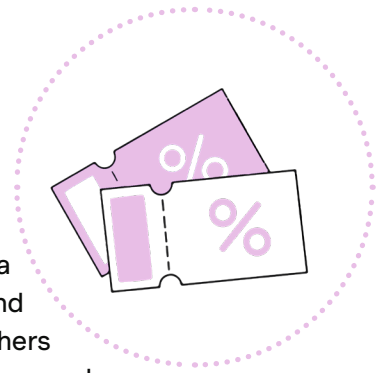
GER: Housing Benefit

U.S.: Low-Income Housing Tax Credits

In order to provide sufficient affordable housing, cities are supported by instruments such as public subsidies and social housing programs that are geared towards the common good and community support. The following tools showcase how the German and U.S. governments have implemented various programs that increase urban residents' ability to access long term, sustainable, and equitable housing.



HOUSING CHOICE VOUCHER PROGRAM



The **Housing Choice Voucher (HCV)** program, commonly known as Section 8, is a federal initiative designed to support extremely low-income families, the elderly, and individuals with disabilities to afford housing units. Families holding housing vouchers are usually responsible for finding decent housing with a participating landlord. In general, to be eligible, a family's income may not exceed 50% of the median income for their county or metropolitan area. Eligibility is determined by the respective local Public Housing Agency (PHA) and can vary across the states. The PHA must provide 75% of its vouchers to applicants whose incomes do not exceed 30% of the area median income (HUD n. d.). The goal of the HCV program is not just to subsidize housing costs, but also to facilitate the movement of people living in low-opportunity/high-poverty areas into high-opportunity/low-poverty areas.

Local PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) for administering the HCV program. A PHA directly pays the housing subsidy to the landlord on behalf of the participating family, though there is a new initiative at HUD that would provide funds directly to families. The family then pays the difference, if any, between the actual rent charged by the landlord and the amount subsidized by the program. Families contribute 30% of their monthly adjusted income toward rent (HUD n. d.).

STRENGTHS

- The HCV program provides rental assistance to around ten million individuals and lifts three million people in the U.S. out of poverty (HUD 2023; Fischer/Rice/Mazzara 2019: 1).
- Rental assistance reduces the share of homeless families by 75% and the share of families living in overcrowded conditions by more than 50% (Fischer/Rice/Mazzara 2019: 1).
- Children that move to low-poverty areas have higher university attendance rates than children who stay in high-poverty neighborhoods, and adults have higher earnings (CBPP 2022: 2).

OPPORTUNITIES

- Housing agency administrators could provide credit counseling to voucher applicants to improve their apparent risk profiles for prospective landlords (Graves 2016: 357).
- HCVs can become more attractive to landlords by providing flat repair assistance programs and signing bonuses (ibid.).
- If vouchers were provided to all eligible households, they would lift 9.3 million people above the poverty line and cut the child poverty rate by a third (Acosta/Gartland 2021: 7).
- The provision of rental search assistance would help voucher holders locate available apartments and protect them from racial discrimination.

WEAKNESSES

- 75% of eligible households do not receive rental assistance in time, as the average waiting time to receive a voucher is two years (CBPP 2022: 2; Acosta/Gartland 2021: 4).
- Many voucher holders rely on public transportation and this necessity often outweighs voucher holders' desire to move to higher-opportunity areas (Graves 2016: 252).
- In most states, landlords voluntarily participate in the HCV program, and they are not required to accept vouchers (some states prohibit discrimination based on sources of income, however). Multiple studies report higher rejection rates for African-American and Hispanic voucher holders (Turner et al. 2013: 66 ff.). Rejection rates are also high in low-poverty neighborhoods (Cunningham et al. 2018: xii ff.). Landlords often reject vouchers due to time-consuming HUD registration and safety processes (Graves 2016: 354 xii).
- Sometimes landlords that do accept vouchers still make units inaccessible by having minimum credit score requirements like extremely high application fees or extremely high security deposits.

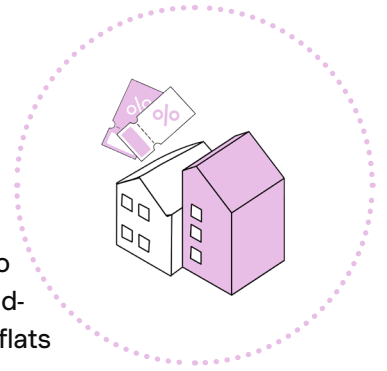
FURTHER INFORMATION

- https://www.hud.gov/topics/housing_choice_voucher_program_section_8#hcv01
- <https://www.cbpp.org/research/housing/the-housing-choice-voucher-program>





SOCIAL HOUSING ELIGIBILITY CERTIFICATE



The **Wohnberechtigungsschein** (WBS) is a social housing eligibility certificate to help tenants rent a state-subsidized flat. As the state provides support for the landlords (funding for social housing construction and renovation), the rent of these flats is lower by regulation than the local average. Rent increases are only permitted in exceptional cases and conditions. The federal states issue different types of housing eligibility certificates based on the holder's income and vulnerability. The certificate shows the appropriate size of the housing unit; generally, this is calculated as 50 m² of living space for one person. Households of more than one person can apply for larger apartments (Berliner Mieterverein 2023a). The number of social and subsidized rental apartments in Germany has continuously shrunk in recent years. In 2023, there were around 1.07 million social housing units nationwide. Compared to the previous year, the number of social rental apartments has fallen by around 14,000 (Statista 2024).

Applications to receive a WBS social housing eligibility certificate are made at the housing office, or online, in the respective city or municipality. The certificate is valid for one year, and the tenant must hand it in when moving in. The rules, including the income limits, vary by state. All eligible applicants are guaranteed certificates. For example, in 2023, the annual net income limit for a WBS certificate in Berlin for a one-person household was between €16,800 and €26,400, and between €25,200 and €39,600 for a two-person household, depending on the WBS type. For each child belonging to the household, the eligible income increases by €800 (SenSBW 2023). The apartments subsidized with social housing promotion funds are only allowed to be rented to households that have a WBS certificate.

STRENGTHS

- WBS gives lower-income people the possibility of finding a housing unit with a long term contract, as landlords subsidized by the state to construct social housing are bound to rent a percentage of units as WBS units.
- WBS housing units are protected from large rent increases, as landlords do not choose the price of the housing units themselves (BMWSB 2023a).
- The WBS provides special support for vulnerable population groups like senior citizens, single parents, and severely disabled people. Each housing certificate also indicates a personal urgency level. For example, levels 1–6 apply if there is a very short-term need due to impending homelessness, illness, or other pressing reasons.

OPPORTUNITIES

- Stronger incentives for landlords and investors are necessary to build and rent out social housing units. The "Wohngemeinnützigkeit" (housing community benefit) model, mentioned in the federal government's coalition agreement, would be helpful. This plan would provide tax benefits to investors that offer apartments at a favorable price (Deutscher Bundestag 2023a).

WEAKNESSES

- A social housing eligibility certificate does not necessarily guarantee housing. It allows people to rent a state-subsidized unit, but the person must manage to find a housing unit themselves.
- The WBS does not provide the right to demand an apartment from a landlord. Also, social housing is often only available in low-income areas or larger housing complexes.
- Discrimination against foreigners is pervasive in the housing market. Despite holding a WBS certificate, some people are not invited to viewings and are not selected as tenants (Berliner Mieterverein 2023b).
- Rents increase faster than the framework and calculations for the housing certificate foresee. New buildings with social housing units only have this status for 12–20 years, though the length of affordability guarantees depends on the federal state.

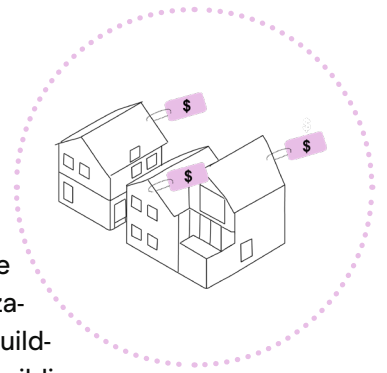
FURTHER INFORMATION

- https://verwaltung.bund.de/leistungsverzeichnis/EN/leistung/99107022012000/herausgeber/BEL100108_120671/region/11
- <https://www.bpb.de/kurz-knapp/zahlen-und-fakten/soziale-situation-in-deutschland/341826/sozialmietwohnungen/>
- <https://service.berlin.de/dienstleistung/120671/>





RENT CONTROL/ STABILIZATION



Rent Control addresses the affordable housing crisis by regulating the private housing market. Rent regulation programs such as rent control and rent stabilization, aim to achieve two key objectives: protecting tenants in privately owned buildings from illegal rent increases, and allowing property owners to maintain their buildings while earning a reasonable profit. The goal of rent control legislation is to enhance housing affordability and prevent rent increases. Nevertheless, rent control is controversial; unintended repercussions have negatively affected property owners, tenants, and the housing market. Specifically, some argue that rent stabilization and rent control laws have reduced the amount of new construction in the communities where these policies have been implemented. Opponents of rent control — such as landlords — have successfully passed legislation to ban it in 26 states (NMHC/NAA 2021). Rent stabilization is the newer of the two systems of rent regulation. Some states allow rent stabilization to a small degree, but no state specifically enforces rent control.

Rent control laws are enabled by state governments and facilitated by municipalities, and the details vary widely. There are different forms of rent control laws in different states, varying from rent caps to rent stabilization laws. All rent control laws have the following policy components: permitted rent increases, types of housing covered, process of de-control, exceptions, and tenant protections (Urban Institute 2021: 5).

STRENGTHS

- Rent control provides immediate relief to people in existing affordable housing units who could be exposed to high rent increases without local regulation (Diamond 2018: 1).
- Rent control provides insurance against rent increases, which limits displacement and protects social capital (Rajasekaran/Treskon/Greene 2019: 3).
- Rent stabilization provides protections to tenants besides limitations on the amount of rent increases. For example in New York City if a tenant's rights are violated, Division of Housing and Community Renewal (DHCR) can reduce rents and levy civil penalties against the owner. In cases of overcharge, DHCR may assess penalties of interest or treble damages payable to the tenant.
- Rent control allows for the preservation of neighborhood character, allowing longtime residents to stay in units they have lived in, counteracting gentrification and displacement due to unaffordability.

FURTHER INFORMATION

- <https://www.urban.org/research/publication/rent-control-key-policy-components-and-their-equity-implications>
- City example San Francisco: <https://sftu.org/rent-control/>
- <https://www.naahq.org/rent-control-policy>
- <https://hcr.ny.gov/fact-sheet-1>

WEAKNESSES

- People of color and low income people are not especially benefited by these laws (Rajasekaran/Treskon/Greene 2019: 7).
- Limited evidence shows that rent control can reduce gentrification, but more evidence shows that it deters housing construction due to property disinvestment and neighborhood decay (Diamond 2018: 3).
- Rent control can lead to a housing stock that caters to high income residents. Control laws led to decreased rental housing in San Francisco, California and Cambridge, Massachusetts, and they led to a 5.1% increase in rental prices from 1995 to 2012 in San Francisco (ibid.).

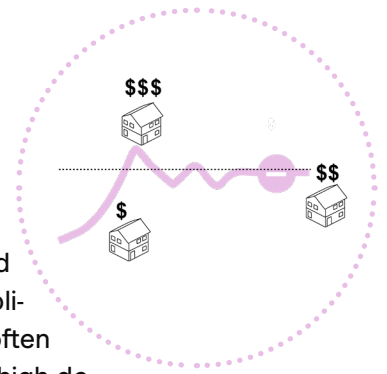
OPPORTUNITIES

- A government tax credit that protects against rent increases could remove landlords' incentives to decrease the rental housing supply and could provide households with the insurance they desire (ibid. 2018: 6).
- Local policies could enforce strict code violations, reward landlords who invest in maintenance through rent increases, or allow rent increases only if landlords perform quality upkeep (Rajasekaran, Treskon/Greene 2019: 3).
- Expanded rent stabilization can be combined with policies that boost new construction, curb rent inflation, prevent displacement, and increase housing supply (Zapatka/Galvao 2023: 48).





RENT BRAKE/ STABILIZATION



The **"Rent Brake"** (Mietpreisbremse) is a rent control law in Germany designed to limit rent increases and secure affordable housing. In large cities and metropolitan areas, housing market pressures continue to rise steadily, with rental prices often jumping by 30% or more when properties are re-let. Even existing rents in these high-demand markets are increasing above average, causing achievable rents in some cities to diverge significantly from local comparable rent levels. The Rent Law Amendment Act of March 2015 aims to curb this trend by limiting how much rent landlords can charge per square meter, depending on the location. The policy varies slightly across federal states and applies to areas with tight housing markets, as defined by the individual states, where rents can be capped (Deutscher Bundestag 2020).

Possibilities for rent increases in existing tenancies were already legally regulated in 2013. As a rule, increases may not exceed 20% of the rent existing before the rent increase within three years and, in areas to be specially defined, rent increases are limited to 15%.

Additionally the Rent Break regulates the permissible rent for re-letting and stipulates that the net cold rent (rent without heating costs and other additional expenses) may not be more than 10% higher than the local comparative rent (the local comparative rent is shown in a rent index). If landlords charge more than the legally permissible rent, the tenant has the right to a rent reduction.

STRENGTHS

- Rent control protects people against excessive and improper rental costs. Tenants can reclaim overcharged rent from the beginning of the tenancy relationship.
- The Rent Brake is efficient in combination with other tools of an active housing market policy, such as the provision of building land, active municipal real estate policy, or the promotion of energy-efficient modernization.
- The aim of the law is to limit the rent charged by landlords and at the same time limit how much they can increase the rent for existing tenants, which is effective in reducing sharp increases in the rental market.

OPPORTUNITIES

- The Rent Brake can be effective if the exceptions to the regulation are either better controlled or abolished. More transparency about necessary information is also essential, such as the disclosure of local comparative rent, the amount of the previous rent, and modernization.
- To protect people from improper rental costs, it would be more effective if the rent break is also applicable to the rental of furnished apartments and short-term rentals, while ensuring that the furnishing surcharge is transparent (Deutscher Bundestag, 2023b).
- Improve rent control laws to take more measures against rent increases in existing tenancies (Deutscher Mieterbund 2020).

WEAKNESSES

- Empirical analyses show that although the introduction of the Rent Brake has slowed down rent increases in regulated markets, it has not stopped rent increases (Mense, 2018: 6).
- Many apartment listings do not comply with the Rent Brake rules and exceed the permissible value, as landlords can bypass it by claiming exemptions, such as modernization, allowing them to set higher rents. As a result, the Rent Brake is often ineffective.
- The law has made expensive apartments available at lower prices, benefiting middle to high-income renters more than the low-income households.
- There is uncertainty on both the tenants' and the landlords' sides about the permissible amount of rent.
- With the introduction of the Rent Brake, the profitability of new construction investments has increased since apartments in new construction are exempt from the Rent Brake. At the same time, the demolition of older small residential buildings has also increased.

FURTHER INFORMATION

- <https://www.bundestag.de/presse/hib/kurzmeldungen-959746>
- <https://www.bbsr.bund.de/BBSR/DE/forschung/fachbeitraege/wohnen-immobilien/mieten-preise/mietpreisbremse/01-start.html>





SHARED EQUITY INITIATIVES



Shared Equity Initiatives provide homeownership opportunities for low- and moderate-income families. Shared equity is a broad term that includes various programs encompassing affordable housing through various models like inclusionary zoning, **Limited Equity Cooperatives** (LECs), and **Community Land Trusts** (CLTs) homes with long term affordability restrictions. These programs make buying a home below market value easier and assist homeowners in home maintenance. Shared equity homeownership programs are typically operated by a state or local government agency or a nonprofit housing corporation (Urban Institute 2017).

LECs allow residents to own shares in a housing cooperative, resell them at prices that ensure affordability, and earn modest equity (Temkin/Theodos/Price 2013: 555). LECs are self-governed, pay monthly fees for common expenses, and offer low-income households autonomy and affordable rents (Ehlenz 2014). Similar to CLTs, both aim to keep housing affordable and empower residents. However, CLTs focus on affordability through land control, leasing land from nonprofits while allowing residents to own their homes. But, this does not include the underlying land, which they lease from a local non-profit organization. When the homeowner decides to resell, the nonprofit landowner (i.e., the CLT) either repurchases the homes at a below-market price or requires a purchase from another income-eligible household for a below-market price determined by a formula embedded in the ground lease (Temkin/Theodos/Price 2013: 556).

STRENGTHS

- Shared Equity Initiatives create a stock of affordable units and opportunities for families to accumulate wealth (Temkin/Theodos/Price 2013: 561).
- By recycling subsidies, the programs offer a less expensive method of supporting homeownership than initiatives that provide grants to families to purchase market-rate homes (Temkin/Theodos/Price 2013: 562).
- A 2009 evaluation of a program in Burlington, Vermont shows that owners of shared equity initiative homes tend to have lower delinquency rates and remain homeowners longer than average low-income buyers (Urban Institute 2017).

OPPORTUNITIES

- Establish an Office of Shared Equity Housing to support affordable cooperatives and provide technical assistance to tenants, non-profits, and cities looking to support cooperative housing models.
- To issue zero-interest loans for the predevelopment, development, preservation, and conversion of properties into limited equity cooperatives for low-to-moderate income households. Existing programs like HOME funds (largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households by the HUD, see p. 46) could be broadened or encouraged to fulfill this purpose.
- A hybrid CLT and LEC model could create more equitable, permanently affordable housing.

WEAKNESSES

- Cooperatives entail greater risk sharing, financing costs, and administrative time costs compared to condominiums; hence, housing cooperatives are fewer and more difficult to scale up.
- Organizations need money to initially buy the land; may need to find a wealthy philanthropist to invest
- Government funding for affordable housing does not typically go toward CLTs. When the government chooses to fund CLTs, it is typically intended for land preservation rather than affordable housing.
- Resell appreciation varies greatly across regions and co-ops, so high wealth accumulation is not an inherent part of the structure (Temkin/Theodos/Price 2013: 565f).
- CLTs do offer ongoing home ownership support, yet require conventionally “bankable” households.

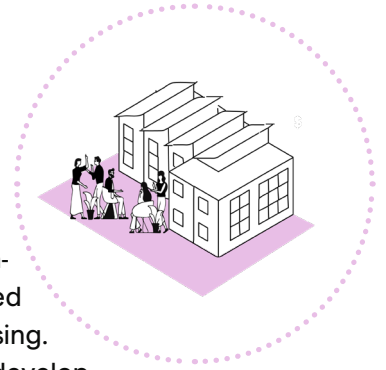
FURTHER INFORMATION

- <https://nhc.org/policy-guide/shared-equity-homeownership-the-basics/>
- https://www.nlc.org/wp-content/uploads/2021/08/Community-Land-Trusts_A-Guide-for-Local-Governments_Report-1.pdf
- <http://williampennhouse.com/>
- <https://www.villagecooperative.com/communities/century-hills-tx>





HOUSING COOPERATIVES



Housing Cooperatives (Wohnungsgenossenschaften), or housing co-op, are non-profit associations that play an important role in the development of socially mixed neighborhoods. Their main purpose is to provide adequate and affordable housing. Thus, municipalities increasingly involve co-ops as partners in housing and urban development policy strategies (BBSR 2016). Co-op members acquire a lifelong right to live in a cooperative apartment at affordable rents when they purchase shares. They are therefore both tenants and shareholders in the co-op company. In 2022, the Federal Ministry of Housing, Urban Development, and Building (BMWSB) and KfW launched a new program to promote the purchase of shares in co-ops (KfW 2023). Approximately 2.2 million housing units are currently under the management of housing co-ops (BMWSB 2023). Besides the housing co-ops, the communal housing associations make an important contribution to urban development and the improvement of the housing environment.

The co-ops follow the principles of self-help and self-management, operating democratically with general meetings where decisions are made. Each cooperative determines the amount of the shares itself. They are often based on the size of the apartment. Profits generated flow into community funds. The paid rent fee, together with the reserves, forms the cooperative's equity. It is used to finance business operations, renovation measures, new construction and other services to support its members. Each co-op's structure can vary, governed by bylaws and regulations. Regardless of the extent to which the co-op's value may appreciate, when a co-op member moves out, they receive the payout of their initial contribution credit balance.

STRENGTHS

- Housing co-ops contribute significantly to affordable housing provision for families with children, multigenerational housing, housing for the elderly, social urban and neighborhood development, and retirement provision.
- Co-ops are one of the most effective tools against the growing privatization and commercialization in the housing market (Englert 2019).
- Co-ops often pay attention to structural quality and strive for social diversity. They promote community and often realize more innovative structural and conceptual solutions than conventional housing construction.
- Every member has a lifelong right of residence in their co-ops with their permanent use contract. This makes a cooperative apartment secure, as it is protected against sale.

WEAKNESSES

- Financing housing construction and renovation requires a considerable investment. Cooperatives often rely on government grants, loans and the equity of their members.
- The availability of these financial resources can be limited and the effort involved in raising the funds can also be a deterrent to the project.
- Co-ops often have long waiting lists as most of the apartments are taken.

OPPORTUNITIES

- Municipalities should reserve land contingency on housing co-ops and, when possible, execute their right of preemption in favor of housing co-ops.
- More support for lower-income residents so that they can participate in cooperatives. Cooperative and neighborly living promotes a sense of community. If cities recognize this advantage to a greater extent, they can save on investments in neighborhood management in the long term.
- Public advice centers, such as the Münchner Mitbauzentrale, help and support citizens in setting up co-ops or inform those who want to join an existing co-op.

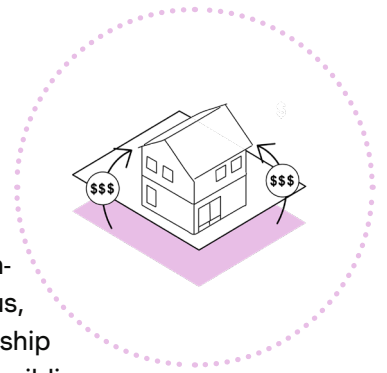
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- <https://www.wohnungsbaugenossenschaften.de/>
- <https://www.mitbauzentrale-muenchen.de/startseite.html>





HOME INVESTMENT PARTNERSHIPS PROGRAM



The **HOME Investment Partnerships Program** (HOME) offers formula grants - non-competitive grants awarded based on a set formula considering population, census, and other data - to states and localities. Communities use these grants, in partnership with local nonprofit groups, to fund a wide range of activities. This may include building, buying, and/or rehabilitating affordable housing for rent or homeownership, or providing direct rental assistance to low-income people. HOME is the largest federal block grant provided to state and local governments designed exclusively to create affordable housing for low-income households (HUD 2023: 18 ff.).

HOME is one of HUD's five Community Planning and Development Formula Grant programs. Local and state jurisdictions that seek funding under any of these programs must submit a Consolidated Plan. As part of the Consolidated Plan a grant-receiving jurisdiction must certify that they will affirmatively further fair housing through conducting an "Analysis of Impediments to Fair Housing Choice," create strategies to meet the needs of public housing residents, and engage the community in the development of the plan. In order for HOME to be distributed to a Community Housing Development Organization (CHDO), there needs to be a written agreement specifying the distribution of proceeds from the sale of housing. A local jurisdiction becomes eligible when they qualify under the need-based formula for \$500,000 and can use the funds as grants, direct loans, loan guarantees or other forms of credit enhancement. For many states and local governments, HOME is the only reliable stream of affordable housing development funds available to them (CRS 2021a: 1).

STRENGTHS

- By requiring long term income targeting and affordable rent, the investment of HOME funds in rental projects increases affordability for families at the very lowest income levels (CRS 2021a: 7).
- HOME funds frequently fill the critical gap in financing that makes rental housing funded with Low-Income Housing Tax Credits (LIHTC) or other federal, state, or local housing projects feasible (ibid.: 7).

WEAKNESSES

- Participating jurisdictions must use HOME funds within their jurisdiction, which clusters HOME units in low-opportunity areas (Gayles/Mathema 2014: 3).
- 40% of the HOME rental units are situated in areas that have more than 75% non-white population, increasing racial and income segregation (Gayles/Mathema 2014: 18).

FURTHER INFORMATION

- <https://nlihc.org/explore-issues/housing-programs/home-investment-partnerships-program>
- https://www.hud.gov/program_offices/comm_planning/home
- City Example Kenosha: <https://www.kenosha.org/departments/city-development-new/community-development-cd/home-investment-partnership-program-cd>

OPPORTUNITIES

- To provide more housing choices for low-income families, authorities and administrations should encourage participating jurisdictions to form consortia or develop joint projects with surrounding jurisdictions (Gayles/Mathema 2014: 42).
- Participating jurisdictions should take steps to give priority to HOME projects that are planned in low-poverty neighborhoods (Gayles/Mathema 2014: 42).





COMMUNITY DEVELOPMENT BLOCK GRANTS



Administered by HUD, **Community Development Block Grants (CDBG)** provide formula-based block grant funding to states and eligible localities. A CDBG must benefit low to moderate income people, provide decent housing and suitable living environments, expand economic opportunities, and prioritize the greatest challenges a community faces. CDBG activities may include property acquisition, relocation, rehabilitation, public infrastructure improvements, energy efficiency improvements, or economic development initiatives (Jaroscak 2020: 1).

Local and state jurisdictions that seek CDBG funding must submit a Consolidated Plan. Local governments receive 70% of CDBG funding, and 30% is given to states with communities that do not qualify for entitlement funds (ibid. 2020: 2). Similarly to the HOME program, consolidated plans for CDBG funding must also contain annual action plans that provide a concise summary of actions, activities, and both federal and non-federal resources that will be used to address the priority needs of a community, and helps local jurisdictions assess affordable housing needs through data-driven, place-based investment decisions (HUD 2023).

STRENGTHS

- CDBG is popular among local lawmakers due to its flexibility. The program can be used in a wide range of ways, from rehabilitating affordable housing to funding youth training programs (Theodos/Plerhophes Stacy/Ho 2017: 2).
- CDBG can be a steady source of funding for some low-income communities (ibid.).
- Between 2005 and 2013, the CDBG program helped create or retain 330,566 jobs, assisted over 1.1 million homeowners, benefited over 33 million people through public improvements, and provided public services to over 105 million people (ibid.).
- For example in Grambling, Lincoln Parish, Louisiana, a predominantly low- to moderate-income area, CDBG funds were used to create public infrastructure for a new grocery store, ending a 35-year food desert, creating over 69 jobs, generating tax revenue, and introducing the town's first pharmacy.

WEAKNESSES

- Studies have found that the formula's ability to match funding to needs has diminished over time. For example, wealthy suburbs that have an older housing stock and low population growth may technically qualify for more funding than a high-poverty jurisdiction (ibid. 2017: 6).
- Monitoring relies heavily on self-reporting and is susceptible to exaggeration (ibid.: 9).
- Allocation of funding may perpetuate patterns of segregation.

OPPORTUNITIES

- U.S. Congress could put more weight on a measure of concentrated poverty or children living in poverty to determine need and reduce the weight of housing stock age and population variables (ibid. 2017: 9).
- External monitoring of how well jurisdictions meet social targets may be a better solution for gathering more reliable data (ibid.).
- Conduct in-depth studies and research about the program's effects that could provide valuable evidence to strengthen support and secure continued funding, countering opposition from conservative policymakers.

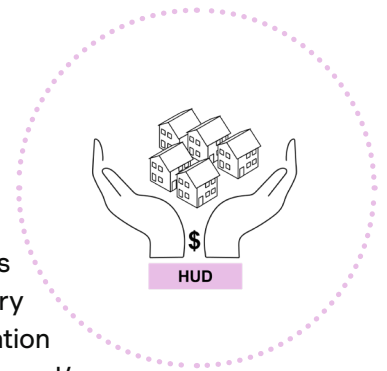
FURTHER INFORMATION

- https://www.urban.org/sites/default/files/publication/89551/cdbg_brief_finalized_1.pdf
- <https://ncdaonline.org/wp-content/uploads/2022/04/CDBG-Impact-Report-April-12-2022-2.pdf>
- <https://coscda.org/advocacy/cdbg-impact/>
- <https://coscda.org/projects/grambling-economic-development-project/>





NATIONAL HOUSING TRUST FUND



The **National Housing Trust Fund (HTF)**, established in 2008, provides grants to states to produce and preserve affordable housing for extremely low and very low-income households. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted units are required to maintain a minimum affordability period of 30 years (CRS 2021b: 1). The HTF program is very similar to the HOME program, but differs in the sense that it operates at a broader state-wide scale, operates on larger affordability periods, and primarily focuses on rental housing rather than a broader range of community development activities.

HUD distributes HTF funds to states in accordance with an allocation formula that weighs state needs and construction costs. State governments are responsible for distributing the money to state and substate level implementers (ibid.: 5). Examples of eligible forms of assistance through the program include: equity investments, deferred payment loans, interest-bearing loans, and interest subsidies. Additionally, examples of eligible activities include: property acquisition, site improvements and development hard costs, demolition, and relocation assistance.

STRENGTHS

- All HTF dollars must benefit households with very low incomes, earning no more than 50% of Average Median Income (AMI) (NLIHC 2020).
- The HTF is an essential source of gap financing that is often used with the HOME Investment Partnerships Program (HOME), the Federal Home Loan Banks' Affordable Housing Program (AHP), and other state affordable housing programs, including state or local Housing Trust Funds (Gramlich 2022: 31).
- HTF regulation encourages site selection outside racially segregated neighborhoods (Gutierrez/Allan/Haberle 2021: 9).

FURTHER INFORMATION

- <https://nlihc.org/explore-issues/projects-campaigns/national-housing-trust-fund>.
- <https://files.hudexchange.info/resources/documents/National-Housing-Fund-Trust-Factsheet.pdf>

WEAKNESSES

- The current federal regulation does not require or encourage HTF project sites in high-opportunity neighborhoods or in low-income neighborhoods with an established revitalization plan in place (ibid. 2021: 10).
- The regulation requires that local communities approve HTF housing units prior to construction or rehabilitation, resulting in the completion of fewer housing units. (ibid.: 14).

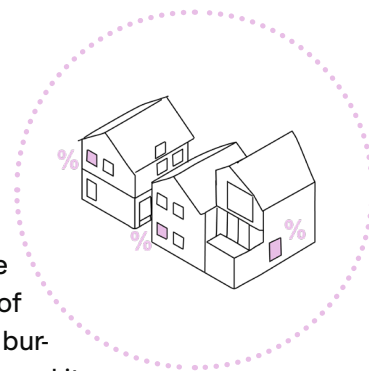
OPPORTUNITIES

- HUD could establish stronger, more specific site selection criteria that encourage socioeconomic diversity, construction in high opportunity areas, and/or a requirement for a comprehensive community revitalization plan (ibid.: 26 ff.).
- Rather than requiring strict adherence to local zoning laws, states could accept projects that seek variances to local zoning regulations after failing to gain zoning approval due to community opposition to affordable, low-income housing (ibid.: 16).
- Projects in areas of high poverty should focus on acquisition or rehabilitation rather than new construction, in order to ensure that segregation is not reinforced, and specific state guidelines can help achieve this direction.





HOUSING BENEFIT



The **Housing Benefit** (Wohngeld) is a federal subsidy for rent or charges for the (sub)tenants of an apartment or room. The Housing Benefit only reimburses part of the rent, never the entire rent, but it is an effective contribution to reducing the burden of housing costs for low-income households. The amount of housing subsidy and its eligibility criteria depend on the number of household members, the total income, and the qualifying amount of rent or financial burden (BMWSB 2023b). It also depends on the rental level in which the applicant's current residence is located, which allows for fair support in the context of local housing costs. On average, the subsidy totals to €370 per month (Bundesregierung 2023).

The Housing benefit is provided as a rental subsidy for individuals who are tenants or subtenants of an apartment or room. The amount of housing benefits depends on three factors: the number of household members, the amount of the total income under the housing allowance law, and the amount of eligible rent or charges (in the case of owner-occupiers). The Housing Benefit is granted for 12 months, with the possibility of extension, but recipients must reapply after two years at the latest; this arrangement helps to ensure that it is targeted at the low-income groups. The housing benefit is also available for homeowners, though called Lastenzuschuss (burden subsidy) which can assist in offsetting the financial burden of loan costs, maintenance costs, property taxes, and administrative costs (BMWSB 2024).

STRENGTHS

- In January 2023, with the housing benefit reform called "Wohngeld Plus" the housing allowance amount increased significantly, and a permanent heating cost component and a climate component were introduced.
- On average, the housing allowance for existing recipients has doubled, and the size of the recipient group has tripled. This enhances the efficacy of the housing allowance and provides relief to low-income households that need it most, including many retirees, families, single parents, and individuals working for minimum wage (BMWSB 2023b).
- The Housing benefit is particularly socially targeted, as there is a legal entitlement once a certain income threshold is reached. In contrast to housing eligibility certificates, this is a person-focused subsidy that is not tied to a specific property.
- Before applying for housing benefit, an online housing benefit calculator can be used to calculate the monthly housing benefit without obligation on the basis of the information you provide.
- An online housing benefit calculator can be used before applying for housing benefit. By entering personal data, income, rental costs and other expenses, one can determine how much housing benefit it is possible to receive each month. This preliminary estimate helps applicants to plan better and to recognize possible rejections or the loss of a housing benefit entitlement at an early stage, which can avoid unnecessary effort when applying.

WEAKNESSES

- The application process is complicated, and for many people, the effort is not proportional to the small amount they receive: roughly only 50% of eligible individuals apply.
- Housing benefit is a subsidy in the existing housing market and, on average, rents tend to rise rather than fall. Rents in new housing units are often higher than the maximum amounts eligible for subsidy.

OPPORTUNITIES

- Around 1.2 million households were receiving housing benefit at the end of 2023, with the average monthly entitlement for pure housing benefit households increased by 106 euros year-on-year to 297 euros.
- Government expenditure on housing benefit more than doubled in 2023 compared to 2022 (to around 4.3 billion euros)
- In combination with property-specific housing eligibility certificates (WBS), housing benefits can contribute to real social diversity and help keep the housing market affordable for lower-income brackets (Temkin/Theodos/Price 2013: 69).

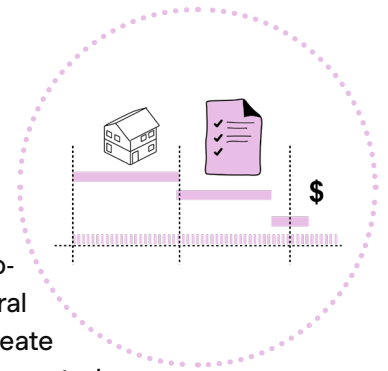
FURTHER INFORMATION

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- <https://www.bundesregierung.de/breg-de/aktuelles/wohngeldreform-2130068>





LOW-INCOME HOUSING TAX CREDITS



Low-Income Housing Tax Credits (LIHTC) offer a tax incentive for building or renovating affordable rental homes for low-income households. It's the leading federal program for promoting such housing. States and select local agencies need to create a Qualified Allocation Plan (QAP) to allocate federal LIHTCs. These credits are granted exclusively to projects aligned with the QAP's priorities and criteria (CRS 2023: 4 ff.).

The federal government issues tax credits to state and territorial governments. State housing agencies then award the credits to private developers of affordable rental housing projects through a competitive process. Developers generally sell the credits to private investors to obtain funding. Once the housing project is made available to tenants, investors can claim the LIHTC over a ten-year period (CRS 2023: 1).

STRENGTHS

- LIHTC has financed over three million units since 1986 (Scalli/Gold/Dubois 2018: v ff.).
- LIHTC allows state governments to have an influential role in setting priorities and administering the program (ibid.: 12).
- LIHTC's longevity stems from bipartisan support, homebuilding industry support, and a history of strong program performance (ibid.).

OPPORTUNITIES

- States can reserve a portion of credits for projects in high-opportunity areas, award them additional points in the selection process for LIHTC developments, or grant these projects supplementary credits known as a "basis boost" (Fischer 2023: 5).
- Current federal laws prioritize projects in high-poverty areas with CCRPs, but there are no established federal standards for CCRPs. It is advisable for HUD to establish comprehensive standards for CCRPs (ibid.: 6).
- Improve the LIHTC program by extending affordability beyond the required compliance periods, ensuring long term affordability and reducing the rent burden that tenants often face compared to those in HUD programs (Torres 2023).

WEAKNESSES

- It frequently takes twice as long to finish a LIHTC-financed project as a market rate one. LIHTC projects also have few incentives to keep costs low because reducing development costs would result in not using the full tax credit issued for the project (Scalli/Gold/Dubois 2018: 13).
- Some state housing finance authorities tend to concentrate LIHTC projects in racially and economically segregated areas (ibid.: vi ff.). It relies on private developers to determine where and how housing is built. Private developers are not willing to deal with resistance from NIMBYs in wealthier neighbourhoods, so they prefer to build in already poor and racially segregated neighbourhoods where refusal won't happen because of existing poverty. Community opposition can stymie LIHTC development in low-poverty areas (ibid.: vi ff.).
- A review of state policies found that most QAPs do not define what a Concerted Community Revitalization Plan (CCRP) is or do not require substantial efforts to transform a neighborhood (Fischer 2018: 6).

FURTHER INFORMATION

- <https://nlihc.org/explore-issues/housing-programs/tax-reform>
- City example Washington DC: <https://capi-tolvistadc.com/leasing-requirements/>



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Interviews

- Interview 1: Urban Development Office, District Pankow of the City of Berlin, dated 03 March 2022.
- Interview 2: Planning Department of the City of Frankfurt a. M.; Department for Urban Development at the Urban Planning Department of the City of Frankfurt a. M.; Urban Planning Office of the City of Frankfurt a. M.; German Architecture Museum (DAM), dated 18 March 2022.
- Interview 3: Urban Development Planning Department in the City of Munich; Urban Planning and Building Regulations Department of the City of Munich, dated 7 April 2022