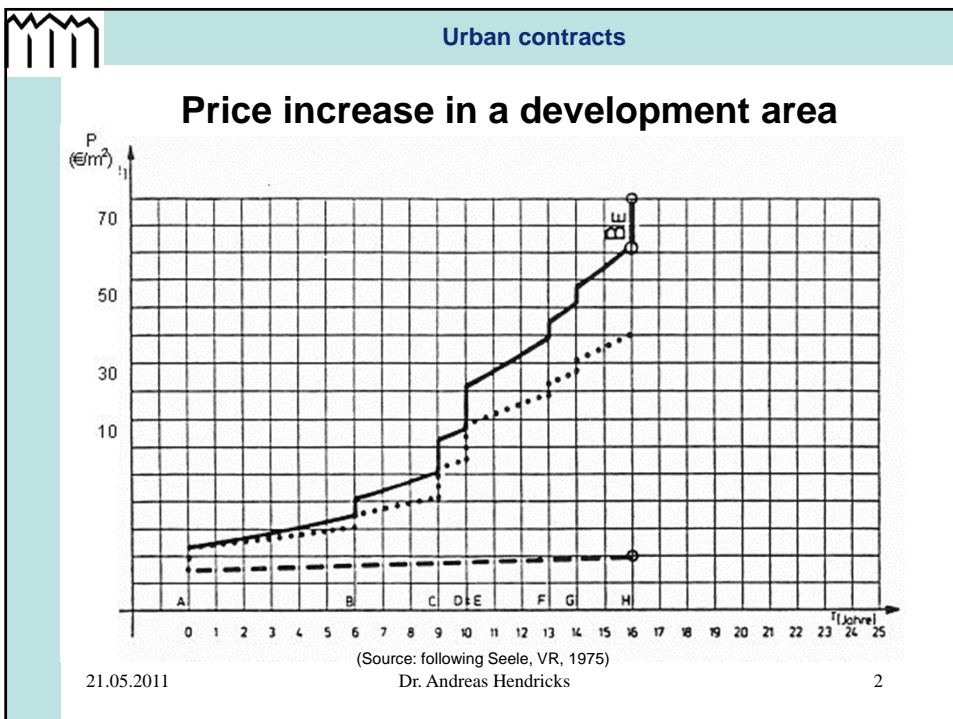


Urban contracts

Urban contracts: A method to refinance the costs of the urban development

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Urban contracts

Legal criteria

- Contract before passing of the municipal land use planning
- Legal objectives:
 - “contracts of planning” (e. g. the draft of the preparatory or legally binding land-use plan)
 - “contracts to prepare the building activities” (e. g. demolition of old buildings)
 - “contracts of edification” (e. g. use of the plot, ecological compensation, housing supply for locals)
 - “contracts to cover the follow-up costs”
- Important legal principles:
 - “exclusion of arbitrary tying arrangements” (strict objective connection between obligation and development)
 - “adequacy” (the maximally permitted absorption is controversial discussed, prevailing opinion: up to 50 % is permitted)

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Urban contracts

Dynamic profitability calculation

	1. Year	2. Year	3. Year	4. Year	5. Year	Sum
Costs						
Preparing measures	1,00	1,00				2,00
Acquisition of land	4,00	4,00	4,00			12,00
Infrastructure		8,00	8,00			16,00
Ecological compensation			1,00	1,00	1,00	3,00
Sum	5,00	13,00	13,00	1,00	1,00	33,00
Proceeds						
Sale of the developed land			4,00	6,00	4,00	14,00
Compensation charge			1,00			1,00
Subsidies	2,00	8,00	10,00			20,00
Sum	2,00	8,00	15,00	6,00	4,00	35,00
Balance	-3,00	-5,00	2,00	5,00	3,00	2,00
Amount of the previous year		-3,24	-8,90	-7,45	-2,65	
Balance total	-3,00	-8,24	-6,90	-2,45	0,35	
Payment of interest (8 %)	-0,24	-0,66	-0,55	-0,20	0,03	-1,62
Surplus/Deficit	-3,24	-8,90	-7,45	-2,65	0,38	
Final balance of the development					0,38	

(Source: following Dransfeld, Finanzwirtschaft, 1/1999)

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