

CHAPTER 6

THE PRIVATE SECTOR PERSPECTIVE OF URBAN REGENERATION IN THE JOHANNESBURG INNER CITY:

PRESENTING THE RESEARCH FINDINGS

6.1 INTRODUCTION

This chapter presents the research findings mainly in three sections. The first section covers general information about the respondents and their companies. The second section covers factors that motivate private sector to invest in the Johannesburg Inner City. It also presents findings with regards to factors perceived by respondent to be acting as hindrances to private sector investment as well as the private sector perception of urban regeneration in relation to social issues. The third section covers the findings in respect of the perception held by the private sector in regard to five policy measures that have been introduced or embraced by the City of Johannesburg to stimulate private sector investment and urban regeneration.

These include the Urban Development Zone (UDZ), the City Improvement Districts (CIDs), the Better Building Programme (BBP), the Regeneration Agency (Johannesburg Development Agency – JDA) and Crime Prevention Measures. The research data collected is presented in tables, figures and narrative formats. In analyzing data, responses that were advanced by the majority of companies will be started with followed by those mentioned by a few. The assumption is that the former carries more significance and is more research-relevant than the latter. However, related or linked responses will be mentioned simultaneously or the same context.

6.2 GENERAL INFORMATION ABOUT THE STUDY AND RESPONDENTS

6.2.1 Response rate of companies

As discussed in chapter 2 (paragraph 2.2.1), this study draws analysis from an in-depth interview survey through which research data was collected over a seven months period between July 2006 and February 2007. Also, as was explained in chapter 2 (paragraph 2.3), the survey was divided into three interview cohorts, firstly property developers, investors, financiers and builders; secondly property and regeneration consultants and researchers; and finally property managers and brokers. These cohorts are in turn referred to in this study as property developers, consultants and brokers respectively.

Out of 95 companies targeted for interviews, 78 accepted the invitation to participate in the study, thereby giving an overall response rate of 82% (Table 1 below). The remaining 17 companies either declined to participate in the study or did not respond to the invitation. The reasons for declining the invitation to participate in the study included time constraints on the part of respondents, sheer lack of interest in the study and unavailability of key personnel within companies to provide the necessary information. The response rate for each individual cohort varied notably with the property developer cohort having the highest response rate of 89% followed by consultants and brokers at 82% and 67% respectively.

The reason for high response rate of property developers cohort compared with the two other cohorts is that property developers had a first hand experience of urban regeneration issues as they were directly involved in the process and were more eager to be engaged in talking about urban regeneration. At the same time, the high response rate in the property developer cohort bodes well for the study as property developers' responses were regarded as more significant than the other two cohorts.



Table 1: Response rate of companies

<i>Item</i>	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	Total
Companies identified	59	35	26	120
Number targeted	46	28	21	95
Number participated	41	23	14	78
Response rate (%)	89	82	67	82

6.2.2 Location of respondent companies' offices

An interesting observation made from Table 2 is that while the majority of companies were located outside the inner city area, 44% of companies interviewed had their offices located in various nodes within the inner city boundaries. These included areas such as the CBD, Newtown, Marshalltown (19%); Braamfontein (8%); Berea, Hillbrow, Yeoville (12%) and Auckland Park/ Victory Park/ Mill Park (5%). As discussed in chapter 5 (paragraph 5.6.5), most of these areas are where government precinct upgrading projects have been implemented. This suggests a change of attitude towards the inner city and an improved private sector confidence in the area as a business location.

Table 2: Location of respondent companies' primary offices

<i>Place</i>	<i>Score</i>			Total	%
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration / Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Sandton/ Rosebank	7	4	4	15	19
CBD/ Newtown/ Marshalltown	10	4	1	15	19
Berea/ Hillbrow/ Yeoville/ Doornfontein	6		3	9	12
Braamfontein	4		1	5	6
Parktown/ Park Hurst/ Killarney/ Norwood		6	2	8	10
Fourways/ Highlands North/ Brynston	1	2	1	4	5
Florida/ Randpark Ridge/ Linden/ Dunkeld West	3	2		5	6
Houghton/ Parkwood/ Melrose/ Auckland Park/ Mill Park	1	2		3	4
Rivonia/ Sunnighill	3			3	4
Kempton Park/ Edenvale	1		1	2	3
Pretoria	1	1		2	3
Mondeo/ Boysens	2	2		4	5
Cape Town	1			1	1
Total	41	23	14	78	100

The location of private sector offices in the inner city also suggests that the private sector supports the urban regeneration initiatives and is prepared to locate in areas where precinct upgrading projects have been implemented. A few companies involved in urban regeneration and investing in regeneration schemes hailed from places far away from Johannesburg such as Cape Town and Pretoria. In addition, most of property development companies interviewed were footloose investors with national, provincial, regional and others with international investment interests (see Annexure B).

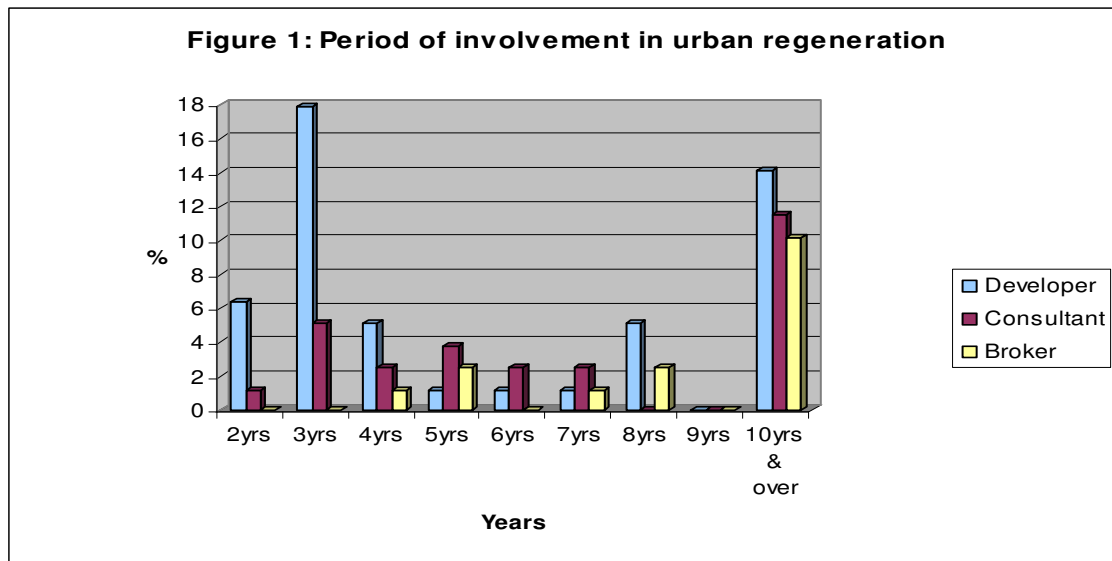
Similarly, some consulting companies interviewed that were showing business interest in the inner city had reputations as national or international players. All these suggest changing perceptions and attitudes towards the Johannesburg Inner City and the area now attracts a variety of actors. However, there is also a significant segment of the sample that is located in decentralized locations such as Sandton/Rosebank (19%), Florida/Randburg (5%) Sunninghill/Rivonia (3%) etc., suggesting that some companies still choose to maintain their offices outside the inner city.

6.2.3 Length of company involvement in urban regeneration

As stated in chapter 2 (paragraph 2.3.1), companies that had a record of involvement in urban regeneration projects of less than two years were excluded from interviews. Only one company was treated exceptionally to the “two-year rule” - Urban Skywalk. Although this company had been in existence for less than two years during the time of the interview, it was owned and managed by the former CEO of the Johannesburg Development Agency, Mr Graeme Reid⁵⁰, whom the researcher considered as an invaluable source of information.

⁵⁰ Mr. Graeme Reid had been a CEO of the Johannesburg Development Agency from the time it was established in 2000 until 2005. Before then he had held various senior positions in the City of Johannesburg. Mr Reid co-founded Urban Skywalk in 2005, meaning that his company was less than two years old when he was interviewed on 12 October 2006. Given his credentials, extensive experience in urban regeneration and knowledge of the inner city, he was viewed as an important source of information.

The length of the period of involvement in urban regeneration varied across all companies interviewed. As indicated in Figure 1, more than 60% of companies interviewed (property developers, consultants and brokers combined) had been involved in urban regeneration for 5 years or longer, with 36% of companies having been involved for 10 years and more. This means that the responses obtained by this study were knowledgeable as respondents had an extensive experience in urban regeneration and were therefore reliable sources of information. To further emphasise this point, most respondent companies interviewed were affiliated to forums such as POMA, JICBC etc. which means they interacted with other actors in the industry and gained additional insight and exposure to urban regeneration issues.



A small number of companies (31% in total) had been involved in urban regeneration for 3 years or less⁵¹. This indicates that there were new entrants to the urban regeneration market and supports the well-documented return of private sector to the inner city (discussed in chapter 5). A notable variable seen in Figure 1 is that the property developer cohort had the highest number of companies that had been involved in urban regeneration for a period of 3 years and less. This may be attributed to a recent surge in property transactions

⁵¹ Although companies that had been involved in urban regeneration for less than three years were interviewed, all companies interviewed had been involved in urban regeneration for two years of or more as the “rule” of a minimum of two years’ involvement always applied.

reported in the inner city as property developers acquire buildings for investment purposes or reinvesting in the area (see paragraph 4.7.2 or Map 6 above). The period of involvement in urban regeneration for consultants and property brokers on the other hand is almost evenly spread with the only significantly high number having been involved in urban regeneration for ten years and above.

6.2.4 Respondent companies' types of business activities

It was important to interview companies whose business activities bore relevance to inner city regeneration. As expected, the type of business activities in which respondent companies were involved were dispersed across various disciplines in the built environment spectrum. In line with sizes of the three interview cohorts, property developers had the largest representation (49%), followed by property managers and estate agents (26%) and regeneration/development consultants (15%). Other disciplines included town planners (5%), architects, quantity surveyors and projects managers (5%), and financiers (3%).

Table 3: Respondents type of business activities

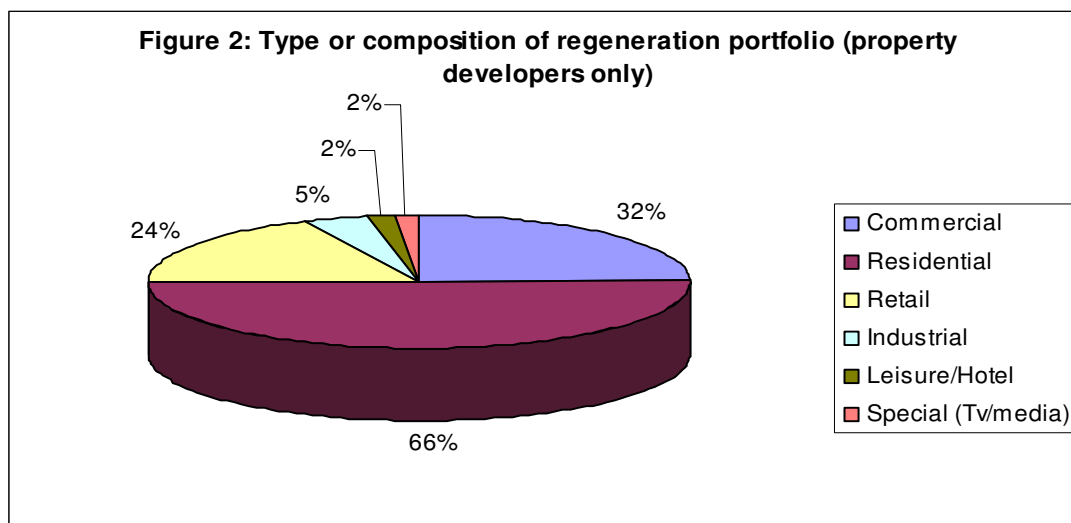
<i>Business Activity</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration / Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Property developer/ investor	38			38	49
Property Manager/ Broker/ Estate Agent	6		14	20	26
Regeneration/ Property/ Development Consultant/ Researcher		12		12	15
Town planning consultant		4		4	5
Architect/ Quantity Surveyor/ Project Mgt.		5		5	6
Property Finance/ Financial services	2			2	3
Construction/ building related services	1			1	1
Property Educationist		1		1	1
CIDs establishment & Management		1		1	1
Total	47	23	14	84	107

It should be mentioned that some companies were involved in multiple businesses in the inner city such property development companies that had an

in-house property management or brokerage services. Likewise, there were companies which were primarily consultants and brokers who owned one or two buildings in the area. While they were treated primarily according to the category of their main business, their comments were considered more significant as they had a first-hand experience of pertinent issues under consideration.

6.2.5 Composition of respondent companies' regeneration portfolio

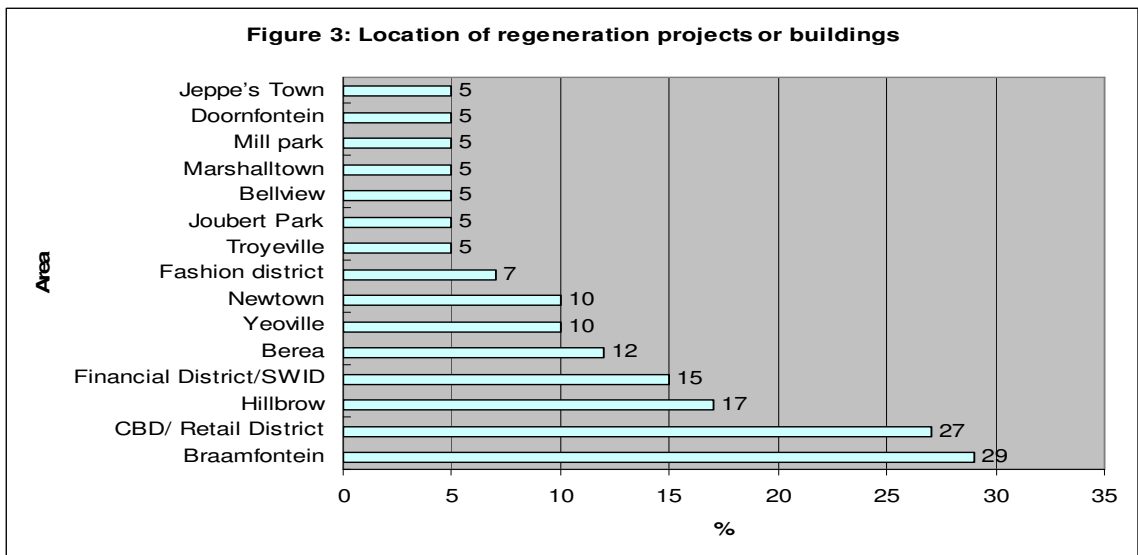
Respondent companies (i.e. property developers only) were asked about the type or composition of the urban regeneration portfolio they held. As indicated in Figure 2, 66% of 41 property developers interviewed were involved in residential sector. This suggests a higher demand in that sector than any other in the inner city. Behind the residential sector was commercial (offices) at 32% and retail at 24%. Very few companies were involved in sectors such as industrial, leisure or special sectors such as media or television recording studios. These had a "market share" (i.e. in terms of the sample) of 5%, 2% and 2% respectively. Atlas Studio was the only property development company involved in a special sector. The company converted an old bakery building in Millpark into up-market television drama recording studios, providing service to local and international markets. Again, some property developers were involved in multiple portfolios e.g. combination of residential and retail or commercial and retail.



6.2.6 Location of urban regeneration projects

The 41 property developers were again asked to indicate the location of their urban regeneration projects. Areas mentioned indicated locations with high market activity or areas with high demand for space. Both these indicators suggest areas that were likely to be favoured by the investor market. While areas of investment interest seem to be dispersed across the inner city, the study makes three significant findings or observations from data contained in Figure 3 below:

1. The urban regeneration projects tended to occur frequently in areas such as Braamfontein (29%), CBD/ Retail District (27%), Financial District (15%), Newtown (10%), Fashion District (7%) and Jeppe's Town (5%). As discussed in chapter 5 paragraph 5.6.5, these are predominantly commercial areas where the City of Johannesburg implemented precinct upgrading projects. The interest shown in these areas suggests a follow-through of private investment and that urban regeneration is indeed receiving positive response from the private sector.



2. Areas such as Hillbrow, Yeoville, Berea, Troyeville, Joubert Park and Bellview, north of the CBD, were strong in terms of investor interest with corresponding 17%, 10%, 12%, 5%, 5% and 5% percent of property developers being actively involved there. These are primarily residential inner city suburbs which received little attention compared to commercial

areas in terms of precinct upgrading projects. Yet a significantly large number of property developers interviewed (54%, combined) invested these areas. The interest shown in these areas suggests that urban regeneration initiatives (particularly government precinct projects) are not the only or the main factor facilitating private sector investment in the inner city. The interest in residential areas also correlates with the type of regeneration portfolio that developers hold (see paragraph 6.2.5 above) and generally corroborates the finding about a robust demand for residential space in the Johannesburg Inner City.

3. The location of regeneration projects generally coincided with the areas of City Improvement District (CID) intervention. While this may point to the positive effects of the CID interventions in facilitating private sector investment, there is also a huge investment interest in residential areas such as Hillbrow, Yeoville, Joubert Park etc. where no CIDs have been established. Table 4 below further illustrates this point more clearly.

Table 4. Location of urban regeneration projects and building in relation to CID and non-CID areas

<i>CID-area</i>	<i>Score</i>	
	<i>Property Developer/ Investor/ Financier</i>	<i>%</i>
Braamfontein	12	29
CBD/ Retail District	11	27
Financial District/ SWID	6	15
Newtown	4	10
Fashion District	3	7
Marshalltown	2	5
Jeppe's Town	2	5
Total	40	98
<i>Non-CID area</i>	<i>Score</i>	
	<i>Property Developer/ Investor/ Financier</i>	<i>%</i>
Hillbrow	7	17
Berea	5	12
Yeoville	4	10
Doornfontein	2	5
Mill Park	2	5
Bellview	2	5
Joubert Park	2	5
Troyville	2	5
Total	26	64

Almost all respondents had urban regeneration projects located in CID-areas. Yet a significant number of them (64%) were also involved in the non-CID areas. This suggests that the CIDs may have only played a supportive role in facilitating investment not the often purported catalytic one as investments continue to occur in places where CIDs do not exist. This also corroborates the finding discussed in bullet 2 above that urban regeneration interventions, of which CIDs are one, are not the primary determinants of private sector investment in the inner city.

As some developers held multiple portfolios (e.g. residential, commercial, retail etc.), they were also investing in more than one locations.

6.3 INNER CITY AFTER URBAN REGENERATION AND THE PRIVATE SECTOR PERCEPTION

The respondents were asked whether urban regeneration initiatives had produced any substantial positive outcomes to motivate continued private sector patronage of the inner city. As illustrated in table 4, the response was overwhelmingly positive, with 95% of respondents answering in affirmation. However, 5% of respondents had a different view. These generally felt that there were few improvements in the inner city and that decentralized locations were still better locations.

Table 5: Urban regeneration and positive results

<i>Comment</i>	<i>Score</i>				<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	
Has produced positive results	38	23	13	74	95
Has not produced positive results	3		1	4	5
Total	41	23	14	78	100

Those who answered in the affirmative (74) were asked to point out the most salient positive outcomes. While positive changes mentioned by respondents may not be regarded as entirely conclusive in terms of all positive changes that have occurred in the inner city, they indicated aspects that the private sector

considered significant. Meanwhile responses that were advanced (and in most other questions) tended to be in forms of detailed conversation and lengthy sentences. Consequently, these were paraphrased into smaller sets of abstracts or conceptual phrases.

Although the responses were vastly dispersed, 65% of 74 respondents pointed out that there had been a surge in building upgrading and refurbishments. This was generally seen as a sign of both investor confidence in the inner city and a response to a high demand for space, mainly residential followed by offices. Fifty four percent (54%) noticed the return of investors, entrepreneurs, tenants and people into the inner city probably that left the area in the 1990s. New enterprises and outlets were opening in the inner city e.g. restaurants and shops. Another 54% suggested a link between private sector return and government attempts to rejuvenate the inner city through precinct upgrading projects.

Table 6: Example of positive results of urban regeneration

<i>Example</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Building upgrading/ refurbishment	24	15	9	48	65
Return of investors & people	24	11	5	40	54
Public sector investment	18	17	5	40	54
Improved security	11	14	6	31	42
Improved cleanliness	10	8	7	25	34
Growth in rentals & property values	11	6	6	23	31
Improved public infrastructure	6	9	2	17	23
Increased occupancy rates/ reduced vacancy rates	6	4	3	13	18
Change in tenant behaviour	5	1	6	12	16
Improved investor confidence	4	3	1	8	11
Improved public perception	4	3		7	9
Provision of housing for lower middle income group	4	3		7	9
Integrated & inclusive city	1	2		3	4
Bank redlining lifted	1	1		2	3
More employment opportunities		2		2	3
Total	129	99	50	278	376

The high profile government-driven projects and other mixed use development such as Newtown Cultural Precinct, Braamfontein, Constitution Hill etc. were

frequently mentioned as having served as a signal about government commitment to urban regeneration and challenged the private sector to follow suit. Closely associated with public sector investment is a notable improvement in public infrastructure (23%). The inner city was also perceived to have made significant improvements in security and cleanliness as mentioned by 42% and 34% of respondents respectively. These two aspects were generally attributed to the impact of CIDs and CCTV cameras. Thirty one percent (31%) of respondents noticed a swift increase in rental and property values, while 18% saw a decrease in vacancy rates, an observation which corresponds with documented changes in the inner city (discussed in chapter 5).

There was a perceived change of heart from tenants' side in terms of honouring rental obligations. Sixteen percent (16%) of respondents noticed a change in the culture of non-payment and tenants were seen as less likely than before to default on their rental obligations. The effect of this was the reduction of potential risks to landlords in the form of income (rental) loss and thus strengthening the property investment momentum. This was further bolstered by the cessation of the redlining practice by commercial banks as stated by 3% of respondents, which meant prospective buyers could access mortgage finance for inner city buildings and that developers could sell buildings quicker than before.

There was a perceived improvement in investor confidence, public perception and creation of employment opportunities to many, as mentioned by 10%, 9% and 3% of respondents respectively. Nine percent (9%) of respondents noted as a positive development the attempts to provide housing to lower middle class. In this regard, developments such as the Brickfield development, as well as others provided by the private sector, were seen as important attempts to increasing housing choice and provide housing to other population groups other than middle income earners and above. The inner city was also seen by some 4% of respondents to be more integrated than before, both racially and spatially. While the racial composition of the inner city reflects demographics of the country,

infrastructure developments such as the construction of the Nelson Mandela Bridge and the Queen Elizabeth Bridge had aided in spatial connection of different parts of the city.

6.3.1 Factors motivating the private sector investment in the inner city

The majority of respondents (59%) regarded the demand for space in the inner city as the most significant motivating factor for private sector investment in the inner city. This figure includes 61% (or n=25) of all property developers. The demand for space was followed by low property prices and rentals in the inner city, as indicated by 42% of respondents. On the other hand, land shortages and high property prices in alternative locations such as decentralized nodes were perceived to be limiting investment options as stated by 19% of respondents.

At the same time 35% of respondents saw this demand as presenting an opportunity to realize good profits or good returns on investment, the majority of whom (18) were property developers. Thirty three percent (33%) regarded the location and accessibility of the inner city as an attractive feature, while 17% mentioned the existence of good public infrastructure. Seventeen percent (17%) also mentioned diversification of investment risk as a motivating factor, whereas 10% saw it as means to protect already existing investment in the area.

Others associated private sector investment in the inner city with benevolent intentions such as providing accommodation to inner city dwellers including low income earners and contributing to employment creation as mentioned by 18% and 4% respectively. The inner city is also considered attractive to general business due to the existence of a large workforce as mentioned by 13% of respondents. Other motivating factors mentioned include: vibrant inner city life (8%), favourable economic climate (such as low interest rates and inflation) (4%), peer successes or success of competitors (6%), love and faith in the inner city (6%) and influence decision making about the urban regeneration (4%).

The majority of factors discussed above are largely market-related. Sixteen (16) out twenty three (22) factors contained in Table 7 fall within this category. At the same time these factors were considered to be the most significant motivators for private sector investment. In this regard, a subtle correlation can be drawn between this finding and the one made earlier that urban regeneration initiatives of the state seemed to be not the primary motivating factor for private sector investment in the inner city.

Table 7: Factors motivating private sector investment in Johannesburg Inner City

<i>Motivating Factor</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration / Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Demand for space	25	13	8	46	59
Low property prices & rentals	15	13	5	33	42
Potential financial returns on investment	18	5	4	27	35
Location & accessibility	9	10	7	26	33
Government investment i.e. precinct projects	7	5	3	15	19
Limited choices outside inner city	7	5	3	15	19
Provision of accommodation	8	2	4	14	18
Good public infrastructure	5	6	2	13	17
Diversify investment portfolio/risk	7	4	2	13	17
Availability of large workforce	5	3	2	10	13
UDZ Tax incentives	3	2	4	9	12
Protecting own investment	4	1	3	8	10
Contribution to government regeneration objectives	6	2		8	10
Impact of CIDs	4	3		7	9
Vibrant inner city life	4	2		6	8
Love of & faith in inner city	5			5	6
Peer successes	2	3		5	6
Cleanliness	1	3	1	4	5
Favourable economic climate	2	1		3	4
Employment creation	2	1		3	4
Influence decision-making and direction of inner city	2	1		3	4
Improved security/ safety		2		2	3
Total	141	87	48	276	353

Although urban regeneration initiatives were mentioned as motivating factors, they tended to rank lower than market factors both in number and significance. On that front, 19% mentioned public sector investment (i.e. government precinct upgrading projects), while 10% regarded private sector contributing to

government objectives of urban regeneration as an investment motivator. The UDZ tax incentive was mentioned by 12% of respondents as a motivating factor. The City Improvement Districts (CIDs) were mentioned by 9% of respondents as a motivating factor.

Although improved cleanliness and security were mentioned as motivating factors, they both ranked very low, mentioned by only 5% and 3% of respondents respectively - a stark contrast to the perceived improvement in this regard (see Table 6 above). A notable variation among the three cohorts is that generally the responses advanced by property developers tended to have a higher response percentage-to-cohort size ratio. In other word, the responses given by property developers had a higher percentage within the cohort itself in relation to other two cohorts.

For instance, 61% of property developers stated high demand in the inner city as a motivating factor compared with 57% of consultants and the same percentage of property managers and brokers. The same pattern was observed in other responses as well. This high response ratio of property developers may be attributed to the fact that property developers interviewed had a direct experience with urban regeneration issues and were likely to provide more input than other respondents.

6.3.2 Factors perceived to be hindering the flow of private sector investment in the inner city

The most frequently mentioned hindrance to private sector investment was, put widely, the deficiencies in provision of municipal services which was mentioned by 73% of respondents. This pertained to the sheer lack of sound urban management practices, poor response from city authorities to problems, the lead time in delivery of services such as building plans approval, issuance of rates clearance certificates, provision of utility services, incorrect billing process, service connections and so on. Forty six percent (46%) stated illegal building

occupants as a problem, making this the second frequently mentioned problem after the poor delivery of municipal service.

Poor maintenance of public spaces was seen as problematic by 42% of respondents. This was aggravated by the fact that 40% of respondents perceived crime in the inner city to be a big problem and felt that current policing methods were ineffective. Also small crimes such as grime, incivility and litter were perceived to be prevalent in the inner city. Twenty six (26%) of respondents stated that the city was lax in by-law enforcement. This correlates with the perceived inefficiency of the municipality and the police stated above. It must be mentioned that most respondents perceived crime to be generally lower in CID-areas. This was because, as established in an interview with Kagiso Urban Management, CID-areas enjoyed multiple crime prevention efforts as they also had CCTV cameras.

Table 8: Factors hindering the flow of private sector investment in the inner city

<i>Problems/ Hindrances</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Deficiencies in delivery of municipal services	29	21	7	57	73
Illegal building occupants	17	12	7	36	46
Poor maintenance of public space	15	13	5	33	42
Crime/ Ineffective policing	18	9	4	31	40
Unregulated informal traders	8	9	4	21	27
Lack of parking and access problems	8	8	4	20	26
Poor by-law enforcement	7	10	3	20	26
High/ overcapitalized property prices	7	8	5	20	26
Degenerating neglected buildings	8	6	3	17	22
Lack of social facilities/ amenities	6	7	2	15	19
Lack of holistic approach to urban regeneration	4	9	2	15	19
Retail developments in Soweto	8	5	1	14	18
Negative inner city perceptions	4	8	2	14	18
Lack of public open space	4	7		11	14
Tenant behaviour	3		5	8	10
Lack of nightlife	1	2	4	7	9
Configuration of office space	2	1	3	6	8
Poor public-private sector relations	5	1		6	8
Conversion of office into residential uses	3	3		6	8
Regular industrial action (marches)	2	3		5	6
Total	159	142	61	362	465

Twenty seven percent (27%) of respondents stated that informal traders pose a problem to private sector investment while 26% cited the lack of parking, access problem and inefficient public transport system as a problem. The existence of derelict and neglected buildings was another problem identified by 22% of respondents. The inner city was considered lacking in terms of social facilities and other amenities, as stated by 19% of respondents. In addition, 14% stated lack of public open spaces and facilities such as parks as a problem.

On regeneration strategy itself, 19% stated that one of the key problems in the inner city is lack of a holistic approach to urban regeneration. Regeneration interventions, particularly government's precinct upgrading projects, tended to focus on a few locations, leaving other areas still derelict. Eight percent (8%) stated the conversion of old office buildings into residential units is considered a problem as these buildings were not built for this purpose and reconfiguring is costly. The same number of respondents stated building space configuration was problematic as some buildings were not compatible with business needs and new information technology requirements.

Twenty six percent (26%) stated high property prices and rentals in the inner city may make difficult for small businesses and low income earners to afford space. There was also a general perception that some prices were inflated by owners to take advantage of favourable market conditions such as high demand, low interest rates etc. Nineteen percent (19%) stated, as a problem, that the inner city was inactive at night. The lack of nightlife was construed as limiting to business operating hours and discouraged retail and leisure activities such as restaurants which, by nature, are usually active after working hours or at night. Another problem identified was the development of retail facilities in Soweto as 18% stated. This was perceived as having a directly impact on the retail activity in the inner city. Other problems stated include regular industrial action (6%), ineffective public-private relations (8%) etc.

It is worth noting that the majority of hindrances identified above have a direct impact on urban regeneration. By and large, they relate to problems that have been existence prior to the commencement of urban regeneration initiatives. Moreover, they relate to problems that most urban regeneration initiatives have been targeted, suggesting that there may be problems with the way initiatives have been crafted or implemented. This therefore correlates with the finding that urban regeneration was not the main motivating factor to private sector investment in the inner city.

Ironically certain aspects that were earlier mentioned as areas of improvement (e.g. improved cleanliness, improved safety – see Table 6) were, in stark contradiction, latter mentioned as hindrances to private sector investment (i.e. poor maintenance of public space, crime/ ineffective policing – see Table 8). Again this suggests that urban regeneration initiatives, while yielding noticeable improvements in the inner city, were perceived to be less effective in facilitating investment.

Table 9: Impact of identified hindrances on private sector’s long-term investment ambitions in the inner city

<i>Indication</i>	<i>Score</i>				<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>			
Has no impact	37	22	10	69	88	
Has an impact	4	1	4	9	12	
Total	41	23	14	78	100	

A notable variation in responses seen in Table 8 above is that, unlike factors motivating private sector investment, the responses given by consultants in respect of hindrances to private sector investment tended to have a higher response percentage-to-cohort size ratio. For instance, while 71% of property developers and 50% of property brokers interviewed cited the deficiencies in the delivery of municipal services, a significantly high 91% of consultants cited this problem. This pattern tended to occur in other responses as well and could be attributed to the fact that, although property developers were likely to be affected

the hindrances identified and suffer [financial] losses as a result thereof, consultants on the other hand (and due to the nature of their work), were likely to be more critical of the developments in the inner city.

Property developers on the other hand, while aware of prevailing problems in the inner city, were likely to be prepared take risks or find ways of dealing with them. When asked whether these problems were considered a threat to private sector's long term investment ambitions in the inner city, 88% said "NO" (Table 9). This suggested that the private sector was prepared to manage risks embedded in the urban regeneration portfolio and strong optimism on the part of the private sector about the future of the inner city, despite the existence of hindrances.

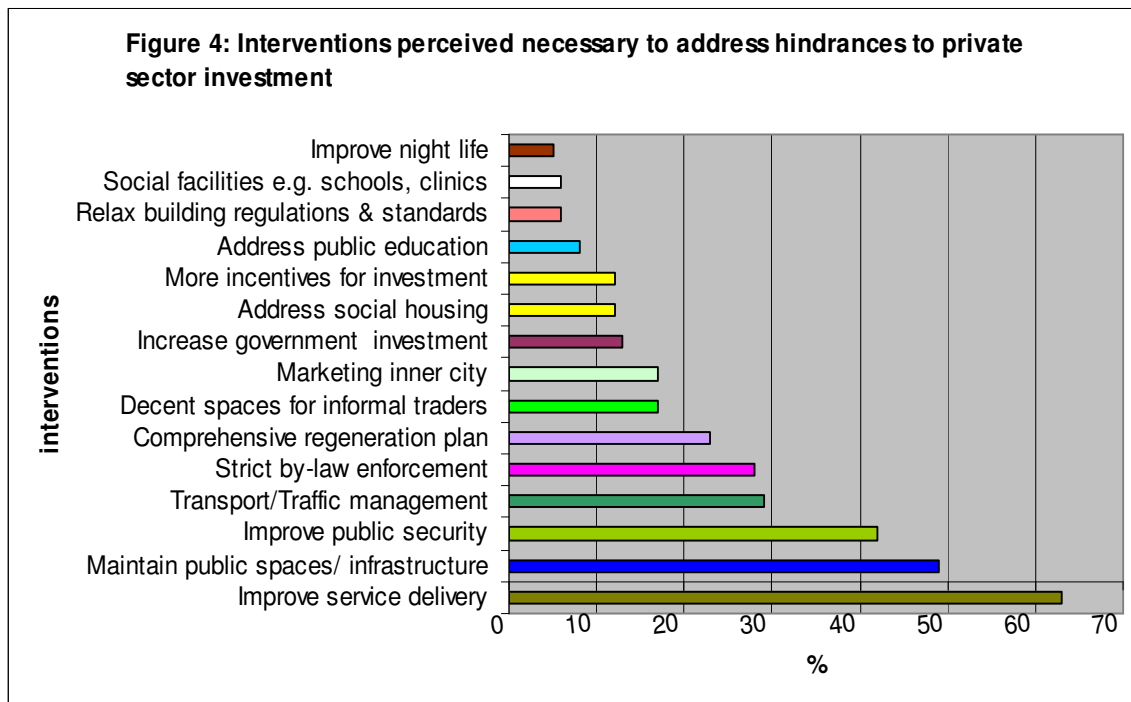
6.3.3 Interventions perceived necessary to address hindrances to private sector investment

As illustrated in figure 4 below, interventions deemed necessary to address the hindrances discussed above ranged from policy interventions to service delivery improvements. As expected the majority of respondents, (63%), stated that there was a need to improve service delivery in the city and city management. Closely linked to improving service delivery, 49% proposed numerous interventions which have been generally summarized as improving maintenance of public space and infrastructure, including the water and sewer systems, waste management, ensuring cleanliness and providing and maintaining public toilets. Forty two percent (42%) saw the need to improve security and public safety. Specific measures such as the installation of more CCTV Cameras, creating more CIDs, increasing police visibility and improving street lighting were mentioned. In addition 28% stated the need to ensure stricter by-law enforcement.

Addressing parking and traffic management came strong as a necessary intervention as mentioned by 29% of respondents. Twenty three percent (23%) stated the need to draw up a comprehensive and a holistic urban regeneration plan and framework that would guide future interventions and address major

hindrances identified. Thirteen percent (13%) saw the need to increase government investment in regeneration as an important intervention, while 12% saw the need to address social housing and accommodation for poor as part of urban regeneration.

Seventeen percent (17%) of respondents stated that the improvements and changes happening in the inner city were not widely known by the public and investors. They therefore recommended better marketing of the inner city and dissemination of information on media about the area. This could help in educating the general public and would-be investors, changing negative perceptions, as stated by 5% of respondents. It is interesting to note that while informal traders are generally considered as menaces in the inner city, the private sector does not call for its total banning. Seventeen percent (17%) said informal traders must be planned for and decent places must be created to allow them to trade their wares.



Twelve percent (12%) saw a need to increase incentives to attract more investment, other than the UDZ. Six percent (6%) saw the need to create more social facilities such as schools, crèches and clinics to encourage people to

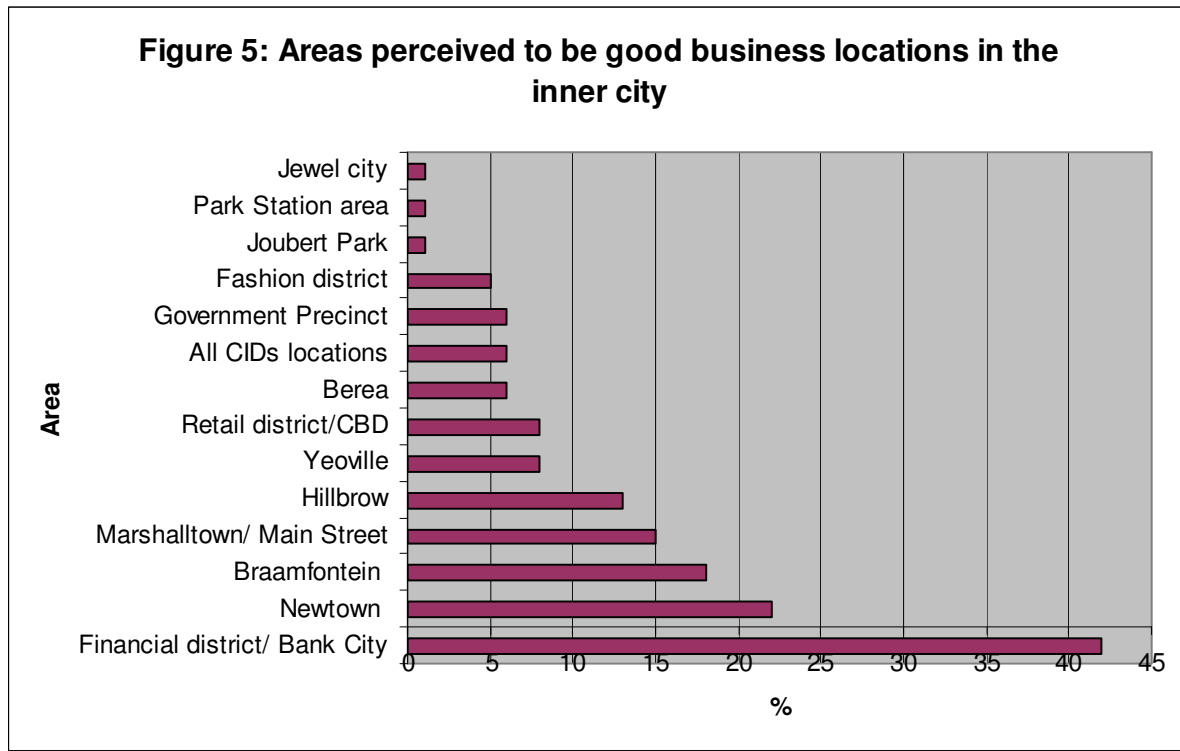
reside in the inner city. In response to problematic building configuration, 6% argued for relaxation of building standards and regulations to meet current business needs. This included relaxation of floor area ratios, allowing the conversion of certain floors into parking and many others. At the same time 5% pointed to the need to improve night life in the city through various interventions. What is interesting is that most interventions perceived necessary to address hindrances facing private sector investment relate to factors that urban regeneration has been trying to address. Again this confirms the finding that the current urban regeneration initiatives, in spite of their motive and intention, were perceived as less effective than desired in stimulating private sector investment.

6.3.4 Areas regarded as good business locations or good investment areas

Respondent were asked to point out areas in the inner city which they regarded as good locations for business or good investment areas. The intention was to establish if any correlations exist between areas perceived by the private sector to be good business locations with those where government precinct upgrading projects had been implemented as well as those where private sector regeneration projects were located. More importantly, the findings in this regard, it was hoped, would enable the study to reach logical conclusions about the direction and pattern of development that is likely to occur in the inner city. Three key observations are made in this regard (Figure 5).

There was an interesting split of responses in terms of areas perceived to be good investment areas, according to those areas where government had implemented precinct upgrading projects and those where there had been no such government investment. *Firstly*, most of the areas identified by private sector as good business locations generally correlated with areas where government had investment money in improving public spaces such as the Financial District, Main Street, Newtown cultural precinct, Braamfontein, Provincial Government Precinct etc. (i.e. precinct projects discussed in chapter

5). These areas also coincided with area where CIDs have been established and CCTV cameras installed.



Secondly, the perceived good investment locations correlated with areas where property developers had regeneration projects (see also Figure 3 above). *Thirdly*, the residential areas of Hillbrow, Yeoville, Berea and Joubert Park, were also mentioned as good business locations. As stated earlier, these areas had, in the past, received little attention in terms of urban regeneration initiatives. This confirmed the demand for residential space in the inner city and that urban regeneration initiatives were not the only motive for private sector investment in the inner city. On the basis of the above findings, it can be concluded that private sector investment in the Johannesburg Inner City and the future growth of the inner city are likely to follow certain patterns favouring predominantly 1) areas where the government invested money in precinct upgrading, 2) areas in which the private sector is already investing and 3) residential areas of Hillbrow, Berea, Yeoville etc..

6.3.5 Perceptions held about urban regeneration in relation to social issues

Respondents were asked to share their views on urban regeneration in relation to social issues. In other words the study intended to establish what the private sector considered to be its role with regards to social issues and welfare programmes that will touch lives of the less fortunate? Did it for instance consider as its role making a contribution towards changing the lives of disadvantaged people or undertake philanthropic community projects as part of its social corporate responsibility? There was a general acknowledgement that social issues in general and social housing in particular had not been adequately addressed in the inner city as part of the urban regeneration process. Ninety percent (90%) of respondents shared this sentiment (Table 10). Only 10% of respondents believed that social issues were being addressed or were beginning to receive attention.

Table 10: Urban regeneration and social issues

<i>Indication</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Has not addressed social issues	37	20	13	70	90
Has addressed social issues	4	3	1	8	10
Total	41	23	14	78	100

When asked whether their respective companies had ever contributed towards social programmes or projects in the inner city during their involvement in urban regeneration, more than two-thirds of companies interviewed (67%) conceded to have never contributed in this regard (Table 11). Only a third of companies interviewed (33%) had contributed to social issues. It is worth noting that the property developer cohort had the highest level of involvement in social projects compared to consultant and property manager cohorts. As illustrated in table 11 more than half of property developers (54%) had been involved in social projects compared with 17% of consultants and none of property managers.



Table 11: Private sector involvement in social issues

<i>Involved/ Not involved?</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Not involved	19	19	14	52	67
Involved	22	4		26	33
Total	41	23	14	78	100

To further probe this issue, respondents who were not involved in social issues were asked to state reasons for not contributing to them. Table 12 contains the reasons that were advanced. Generally, some respondents expressed extreme dismay at the manner in which the government has handled social issues. Out of 52 respondents whose companies did not contribute to social issues, 62% generally believed that social issues were the responsibility of government. Others, while willing to contribute towards social issues, cited financial constraints or limited company resources (12%). For some (8%), social projects were simply not a priority, whereas others (4%) were discouraged by below board financial returns on social projects such as social housing. Ten percent (10%) stated non-existence of a strategy, plan or vision from government to address social issues or lack of direction in this regard. Such strategy or plan was considered important to enable the private sector to align itself with.

Table 12: Reasons for not contributing to social issues

<i>Reason</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Government's/ Municipality's responsibility	18	7	7	32	62
Budget constraints	3	3		6	12
No plan/ vision to address these	3	2		5	10
Not a priority	3	1		4	8
Small profit margins	2			2	4
Total	29	13	7	49	96

Respondents whose companies had been involved in social issues were asked to mention the types of social projects they had contributed to. This was to confirm validity of claims about companies' contributions to social issues. The

programmes and projects mentioned varied but generally included social housing, crime prevention measures, job creation, training and development etc. (Table 12). It is not necessary to discuss these in detail as they are less relevant to the objectives of the study. Suffice to mention only a few social projects where respondent companies were involved. For instance, Aengus Property contributed funds to Business Against Crime for the installation of CCTV cameras in the street.

Kagiso Urban Management (KUM) established the Trust for Homeless and created employment through City Improvement Districts. Atterbury Property donated money and office space to colleges that helped students from poor backgrounds. Zenprop Property Holding provided low end housing. Madulamoho Housing, over and above providing social housing, helped in the running of a mobile clinic project in the inner city.

Table 13: Examples of social projects where companies were involved

<i>Project type</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration / Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Education/ Free training/ advisory service	7	3		10	38
Donation/sponsorship	3	6		9	35
Poverty alleviation/ job creation projects	3	4		7	27
Housing for poor/ social housing	4	1		5	19
Improving public space	3			3	12
Crime prevention & security programmes	2			2	8
Contribution to Arts and Culture	2			2	8
Total	24	14	0	38	147

Affordable Housing Company (AFHCO) provided backroom housing for one person with a shower at a rental between R600-R800 per month. Refresh Realty and Urban Oceans together ran a centre that provide free training for building managers and advisory service on entrepreneurial skills, whereas Standard bank properties sponsored the building of the art gallery project in Newtown cultural precinct. Olitsky Property Holding (OPH) provided the cleaning service free of charge to improve public space and leisure facilities in Gandhi square. Itemba

Property Trust and Connaught Properties offered free education to tenants and first time buyers about building maintenance, their rights etc. Although the monetary size of investment in social issues was not asked, it could also be deduced from the examples given that the type of social projects where the private sector was involved were generally low scale in terms of monetary investment value and the number of individuals reached.

6.4 RESPONSES TO MEASURES DESIGNED TO STIMULATE PRIVATE SECTOR INVESTMENT IN THE JOHANNESBURG INNER CITY

This chapter has thus far discussed findings about the private sector perception of urban regeneration initiatives in a general sense. The following sections will discuss the perceptions held in respect of specific instruments or measures that have been introduced or embraced by the City of Johannesburg to stimulate private sector investment in the inner city. The analysis of responses to these instruments will enable the study to reach appropriate conclusions about their effectiveness in stimulating private sector investment and urban regeneration.

6.4.1 The Urban Development Zone (UDZ)

The respondents were firstly asked to comment about their perceived advantages or benefits of the UDZ tax incentive (both as a concept and in practice). While 62% expectedly stated the tax incentive for investment as the major benefit of the UDZ, there were other perceived advantages of this innovation. For instance, the UDZ tax incentives were perceived as essential in enhancing the feasibility of regeneration projects and minimizing project financial risks as stated by 31% and 8% respectively. Some respondents stated that some regeneration projects would not have been feasible without the presence of the UDZ tax incentive.

Thirty three percent (33%) said the UDZ was effective in encouraging landlords to refurbish their buildings. In that regard, the UDZ positively influenced landlords and helped to eradicate derelict buildings as stated by 4% and 14% of

respondents respectively. The UDZ was perceived as effective in facilitating the return of investors to the inner city as stated by 23% of respondents. Therefore the UDZ was believed to be instilling confidence in the inner city as stated by 15% of respondents. Fourteen percent (14%) stated that the UDZ created a focus area for urban development and private sector investment. Eight percent (8%) said the UDZ assisted in marketing the inner city and creating awareness about urban regeneration.

Table 14: Advantages or benefits of the UDZ

<i>Advantage/ Benefit</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Tax incentive for investment	28	14	6	48	62
Encourage building refurbishment & inner city rejuvenation	10	14	2	26	33
Enhance project feasibility	8	11	5	24	31
Facilitate return of investors	6	9	3	18	23
Instils confidence in inner city	6	2	4	12	15
Creates development focus	5	4	2	11	14
Eliminate derelict buildings	3	2	6	11	14
Inner city marketing	4	2		6	8
Minimize financial risks	3	2	1	6	8
Off-set personal tax	3	2		5	6
Create opportunity for emerging developers	1	2		3	4
Positively influence landlords	1	2		3	4
Total	78	66	29	173	

Six percent (6%) stated that the UDZ tax benefit even helped in so far as off-setting personal tax for individuals. Other perceived benefits of the UDZ included the creation of property investment opportunity for emerging developers (4%). These perceived advantages and benefits are generally in line with the purpose of the UDZ, suggesting that the initiative is serving the purpose for which it was intended. This also correlates with the earlier finding that the UDZ was one of the factors that motivated private sector investment in the inner city. It also implies that the UDZ has been welcomed by the private sector as an important measure to facilitate urban regeneration.

Perceived shortfalls or limitations of the UDZ concept

The UDZ, both as a concept and in practice, is not without shortcomings. The majority of respondents (23%) cited complicated administrative procedures associated with registering and claiming tax incentive as the main shortcoming of the UDZ. Nineteen percent (19%) considered the minimum space threshold of 1000m² for UDZ qualification as unrealistic and actually excluding small and emerging investors or owners of small property units from UDZ benefits. In addition, 8% stated that the problem of UDZ benefiting only a few investors is compounded by UDZ's inability to recognize and benefit Public Benefit Organizations (PBO)⁵², loan stock companies, pension funds and section 21 companies.

The UDZ was perceived to be contributing to the sharp increases in property values. Eighteen percent (18%) considered this problematic as high building acquisition costs could make it difficult for property developers (especially emerging ones) to purchase buildings they were interested in. The UDZ was criticized for catering for property development as a business, as stated by 17% of respondents. It was seen as doing little to encourage other businesses which were as important as property and who consumed rejuvenated spaces.

Another problem identified was that the tax incentive was also not applicable on the purchase price of buildings. Thirteen percent (13%) stated that, as a result of that problem with the UDZ, investors who wanted to use the scheme to renovate buildings before selling them would be discouraged because they would lose the tax benefit on monies they spent on renovations. That meant the UDZ only favoured the owner-occupier and not those who intended invest in buildings for sale purposes, as stated by 5% of respondents.

⁵² Public benefit organization (PBO) or Section 21 company are exempted from paying company tax and are therefore excluded from the UDZ tax incentives.



Table 15: Shortfalls of the UDZ concept

Shortfall	Score				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	Total	%
Complicated admin processes	8	8	2	18	23
Unrealistic minimum space threshold of 1000m ²	6	7	2	15	19
Increase building acquisition costs	6	6	2	14	18
Targets only property as business	7	4	2	13	17
Transferability of tax benefits after property sale	6	3	1	10	13
Not an investment catalyst – does not initiate investment	2	5	3	10	13
Difficult to measure its success	3	4	2	9	12
Stifle development outside UDZ boundary	1	5	2	8	10
UDZ area is small	5	3		8	10
Does not cater for social needs	2	5	1	8	10
Not well marketed/Promoted	4	3		7	9
Does not change perceptions	2	1	4	7	9
Does not provide upfront capital	3	2	1	6	8
Works if investor makes an income/ profit	3	2	1	6	8
Benefits a few investors only	4	2		6	8
Does not incentivise private sector money spent in improving public spaces	2		1	3	4
No benefits on the purchase price	3	1		4	5
Favours building owner-occupiers	1	1	2	4	5
Encourages gentrification	1	2		3	4
Has no investor management framework		3		3	4
Total	69	67	26	162	209

As a measure to encourage property investment, one of the identified pitfalls of the UDZ was that it did not provide potential investors with upfront capital to be used in building acquisition and refurbishment. While 8% stated this, the same number of respondents stated that the UDZ benefits (in the current format) could only be realized if a regeneration scheme was profitable or made reasonable income from which the depreciation tax allowance could be deducted. Thirteen percent (13%) stated that the UDZ did not initiate property development or spark investment and was therefore not an urban regeneration catalyst.

Twelve percent (12%) of respondents stated that it was difficult to measure the success of the UDZ. In other words, it was not easy to ascertain whether all developments in the UDZ boundaries occurred as a result of the UDZ tax incentives or not. Because the UDZ was a circumscribed area, 10% of

respondents felt that the UDZ area was small. The same percentage felt that the initiative was potentially leading to more development in one area while stifling development in others especially those outside the UDZ boundaries. Another 10% criticized the UDZ for failing to cater for social needs or facilitating the provision of social housing. As a result 4% felt that the UDZ was at best an initiative that encouraged gentrification.

Others perceived shortfalls of the UDZ included poor promotion of the concept and its inability to change the negative perception of the inner city, both stated by 9% of respondents. The UDZ was criticized for having no investor management framework, as stated by 4% of respondent. Also 4% of respondents stated that the UDZ did not cover money that investors spend in improving public spaces. Institutional investors (e.g. Liberty Properties, Olitsky Property Holding, Gensec etc.) had invested substantial amounts of money in cleaning and upgrading pavements, improving street lighting and repairing roads. Yet they could not deduct the tax benefits from the money spent in public space because the incentives only applied to buildings.

Table 16: Sufficiency of the UDZ initiative as the main motivating factor for private investment

<i>Indication</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Not sufficient	36	21	10	67	86
Sufficient	5	2	4	11	14
Total	41	23	14	78	100

When asked whether the UDZ was sufficient as the main motivating factor for continuing private sector investment in the Johannesburg Inner City, an unsurprising 86% said “No”. Only 14% stated otherwise (Table 16). This clearly indicated the UDZ alone was perceived as not enough as an incentive for investment and pointed at the need for more investment incentives in the inner city. Subsequently, those who said “No” were asked to state additional incentives (over and above UDZ) they perceived as necessary to attract private

investment or measures necessary to enhance the UDZ concept and make it work better. These are discussed below.

Measures perceived necessary to improve the UDZ or additional incentives to attract private sector investment

Out of the 67 respondents who were asked this question, 24% stated that there was a need to firstly improve the delivery of municipal services before considering improvements on the UDZ front. At the same time, 18% stated the need for incentives for other businesses (other than property) in a more general sense. Others specifically called for the introduction of incentives such as rates rebates (13%), rate fixing (4%), tax holidays (6%), free trade zone (4%), and export processing zones (1%), to attract private sector from property and other businesses. In the same vein, 10% stated that the government investment in the inner city such as precinct upgrading projects, occupation of space etc. needed to be strengthened to stimulate private sector investment. This correlated with the earlier mentioned finding in terms of measures perceived necessary to enhance private sector investment in the inner city (see Figure 4 above).

In response to the shortcoming that the UDZ did not provide start-up capital to property developers, 9% recommended upfront refurbishment grants as an incentive. Similarly 2% stated the need for measures to assist emerging property developers with start-up capital. Four percent (4%) of respondents called for measures to sanction Greenfield development. Only 1% called for measures to fast track the Better Building Programme to ensure the release of more buildings to developers for refurbishments. On measures to improve the UDZ itself, 21% stated the need to market the UDZ and promote other products of urban regeneration more effectively. Twelve percent (12%) stated the need to increase the UDZ boundaries to encourage investment in other areas outside the inner city.



Ten percent (10%) stated the need to simplify the administrative processes that comes with the UDZ. Finally, 6% stated the need to decrease the UDZ minimum threshold of 1000m² to cater for developers who invest in smaller spaces. A clear message that comes across from these sets of findings is that the UDZ, as the main incentive available to the private sector investment, is not sufficient. While the UDZ has benefits and advantages in the inner city, there is a call for additional incentives for property investment and alternative incentives for other businesses (other than property). However, the call for more incentives in general bodes well for inner city regeneration. It suggests that the private sector is optimistic about the inner city, is prepared to continue investing in the area and the introduction of more incentives is seen as the way to facilitate more investment in the area.

Table 17: Additional incentives to UDZ or measures to improve it

Additional incentive to the UDZ	Score				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	Total	%
Improve council service delivery	9	5	2	16	24
Incentives for other businesses	5	7		12	18
Rate rebates	8	1		9	13
Increase public sector investment	5	2		7	10
Upfront grant schemes	3	2	1	6	9
Tax holiday periods	3	1		4	6
Subsidy schemes for low cost/social housing	3	1		4	6
Rate fixing e.g. TIF	2	1		3	4
Free trade zones; retailers	1	2		3	4
Penalise Greenfield developments	1	2		3	4
Measures to assist with start-up capital	2			2	3
Export processing zone		1		1	1
Fast track Better Building Programme	1			1	1
Total	43	25	3	71	103
Measures to improve the UDZ	Score				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	Total	%
Market UDZ aggressively	4	6	4	14	21
Increase size/limits for UDZ area	4	3	1	8	12
Simplify administration processes	4	3		7	10
Decrease minimum threshold of 1000m ²	2	2		4	6
Total	14	14	5	33	49

Property developers were asked if they were involved in the UDZ and registered for tax concessions. The majority (28) were either registered or planning to do so. Most of them had already completed building refurbishments in the inner city and had already started benefiting from the tax incentives. Only 13 of property developers were not registered for tax incentives. While reasons for not registering were not probed, 5 of the 13 companies were not eligible anyway for the tax benefit in terms of the Revenues Laws Amendment Act (No. 45 of 2003) because their companies were loan stocks, PBOs, section 21 companies etc.

When consultants and brokers were asked if they would consider investing in the UDZ area, given an opportunity, or if they would advise someone to do so, the majority (35) said “Yes”. The above indicates that the private sector was likely to continue supporting the UDZ initiative. A total of eighty one percent 81% of respondents indicated their support for the UDZ initiative (Table 18).

Table 18: Private sector support for the UDZ initiative

<i>Indication</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Yes	28	21	14	63	81
No	13	2	0	15	19
Total	41	23	14	78	100

6.4.2 The Johannesburg Development Agency (JDA)

One respondent (representing Zulberg Estate) declined to answer questions pertaining to the JDA for reasons of partiality. Out of 77 respondents who were asked questions about the JDA, 90% believed that the JDA was effective and efficient in fulfilling its mandate. Only 9% stated otherwise. This suggested that the JDA driven projects were likely to receive support from the private sector. It was also resonant with the rallying support of government precinct upgrading projects by private sector discussed earlier, most of which were managed and implemented by the JDA on behalf of the City of Johannesburg.

Table 19: Perceived effectiveness and efficiency of the JDA

<i>Perception</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Efficient and effective	35	23	11	69	90
Not efficient and not effective	5		2	7	9
Total	40	23	13	76	99

The respondents were also asked about specific activities at which the JDA was perceived most effective. As illustrated in Table 20, out of 69 respondents who stated that the JDA was effective and efficient, 70% stated that the JDA was effective in project management. Thirty six percent (36%) stated that the agency was effective in mobilizing stakeholders, coordinating various government and private sector activities and thereby enhancing public–private sector relationships. Other activities at which the agency was considered effective included facilitating private investment, marketing the inner city and urban regeneration, establishing CIDs and consistent approach to urban regeneration as stated by 25%, 16%, 4% and 3% of respondents respectively.

Table 20: Functions/areas in which the JDA is perceived to be effective and efficient

<i>Function</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Project management	19	22	7	48	70
Mobilizing stakeholders	14	9	2	25	36
Facilitating private investment	8	7	2	17	25
Project initiation/ identification	6	5	2	13	19
Marketing urban regeneration/inner city	3	6	2	11	16
CIDs establishment	1	2		3	4
Consistent approach to urban regeneration	1	1		2	3
Total	52	52	15	119	173

Nineteen percent (19%) of respondents believed that the JDA was effective in initiating or identifying areas and projects that would unlock the development potential in the inner city. As stated, these projects were considered effective giving an indication of areas where government intended stimulating private

investment and urban regeneration. A notable variation is that the consultant cohort had a significantly higher response rate on perceived efficiencies of the JDA. This may be attributed to the fact that consultants were more likely to work directly with the JDA on urban regeneration projects than other two cohort groups and had better knowledge of it.

Perceived limitations and shortfalls of JDA

In order to objectively evaluate the JDA, respondents were also asked to point out perceived weaknesses or shortfalls of this organization. The largest number of respondents (33%) stated, as a limitation, the lack of autonomy in JDA's activities and decision-making (Table 15). In other words the JDA was perceived as unable to independently take certain decisions as these would require council approval. This was considered to be restricting decision making processes of the JDA and was perceived to have potentially negative effects on its efficiency.

The JDA was perceived by 32% of respondents to be lacking capacity to drive certain ambitious projects. Capacity constraints were expressed largely in three areas, namely insufficient number of employees, lack of critical technical competences and lack of sound leadership. At the same time 19% stated that the agency suffered from budgetary constraints to carry out certain projects. The JDA was criticised by 15% of respondents for favouring certain areas over others in the implementation of precinct upgrading projects.

The above was compounded by the perception that the JDA did not have a clear policy framework that guided project selection and vision; that it was too operational and lacked strategic vision as stated by 4% and 8% of respondents respectively. At the same time, 13% felt that the agency often wasted public funds on unnecessary projects and was poorly accountable to the public. Ten percent (10%) of respondents pointed out that the JDA's scope of function was limited as it did not perform certain functions which were related to its services.



Table 21: Perceived shortfalls/limitations of the JDA or measures necessary to improve its performance

<i>Shortfall/ limitation</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Lacks autonomy	14	8	4	26	34
Lack capacity	8	12	5	25	32
Need to improve its relationship with other municipal structures	3	8	4	15	19
Budget constraints	6	7	2	15	19
Project focus on selective areas	3	7	2	12	16
Poor accountability/ Waster of public funds	3	4	3	10	13
Does not consult extensively	2	4	3	9	12
Limited scope of function	4	3	1	8	10
Not well known to private sector	3	1	4	8	10
Too operational – Lack strategic vision	1	3	2	6	8
Overlapping mandates with JPC	3	1	1	4	5
Lack of clear policy framework	2	1		3	4
Total	52	59	31	142	182

While its projects were seen as improving infrastructure and public spaces, the JDA was seen as limited by its inability to, for instance, enforce by-laws, and did not provide on-going maintenance services in areas it had upgraded. It is for this reason that 19% of respondents felt that the JDA needed to improve its relationship with other key structures within council, such as law enforcement agencies, utility and cleaning companies etc. Another significant problem perceived to be facing the JDA was poor consultation of key stakeholders and the fact that that the organization did not seem to have a clear public participation process in place for most of its projects as mentioned by 12% of respondents.

Fifteen percent (15%) of respondents felt that the JDA was not well known to most private sector players, especially the new market entrants. Worse still, the mandate of the JDA was also seen to be overlapping with that of the Johannesburg Property Company (JPC) as stated by 5% of respondents. The two organizations had, in the past, undertaken urban regeneration projects of similar nature, leading to perceived duplication, subtle sharing of mandates between the two and ineffective use of resources.

6.4.3 The Better Building Programme (BBP)

When asked about the Better Building Programme (BBP), all respondents stated that the concept was generally a good idea, in principle. More than half of respondents (i.e. 54%) stated that the BBP was an important vehicle for identifying and eradicating “bad” or derelict buildings. Thirty two percent (32%) stated that by disposing “bad” buildings to developers, the BBP created investment opportunities and unleashed development potential of the inner city.

The BBP was also regarded by 17% as an incentive for development and 4% saw it to be facilitating the provision of accommodation in the inner city and generally encouraging investment and regeneration. Twenty three percent (23%) stated that the BBP was important in reducing building acquisition costs. This was because (as discussed in chapter 5) the BBP allowed for writes-off or writes-down of rates and taxes amounts owed by previous owners, thus making it feasible to acquire and revamp buildings without having to first pay amounts in arrears. Thirteen percent (13%) stated that the BBP was an effective vehicle for dealing with absentee landlords, while 10% considered it to be effective in ridding the inner city of illegal building occupants.

Perceived limitations of the BBP

One of the serious drawbacks of the programme, as mentioned by 63% of respondents, was that it was slow and inefficient. While identifying buildings was quick and relatively easy, transferring them to prospective developers took long due to lengthy legal and expropriation processes. This was compounded by the fact that some buildings were owned by foreign investors who could not be easily traced (4%) and that the BBP itself did not seem to have a operational framework in terms of delivery milestones and timeframes (6%).

Another perceived problem with the BBP was the eviction of people as stated by 38% of respondents. Like the JDA, the JPC (the custodian of the BBP) was seen as lacking autonomy in decision making and lacking capacity to deliver this programme efficiently as stated by 15% and 10% of respondents respectively.

Another problem with the BBP pertained to an unclear process followed in allocating buildings to buyers.

Table 22: Efficiencies and limitations of the Better Buildings Programme (BBP)

<i>Efficiencies</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Identification & eradication of derelict buildings	22	14	6	42	54
Creation of investment opportunities	12	8	5	25	32
Write-off/ write-down arrears	8	4	6	18	23
Incentive for development	2	7	4	13	17
Dealing with absentee landlords	2	1	7	10	13
Eviction of illegal building occupants/ slumlords	5	1	2	8	10
Facilitates provision of accommodation	1	2		3	4
Total	51	35	30	116	153
<i>Limitations</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Slow and cumbersome	24	16	9	49	63
Eviction of people	10	14	6	30	38
JPC lack autonomy	8	3	1	12	15
Allocation of buildings	5	1	4	10	13
JPC Lacks capacity & leadership	4	2	2	8	10
Gentrification	3	4	1	8	10
Some buildings are not suitable for refurbishment	2	1	3	6	8
Property owned by Foreign landlords	2		1	3	4
Not widely known	1		1	2	3
Total	62	47	28	137	164

Thirteen percent (13%) of respondents stated that the process of building allocation, when it occurred, was not transparent and tended to favour certain developers. Also, the buildings that were sold and refurbished under the BBP tended to be put into a different uses. The problem was that the new uses tended to be more expensive and less accessible to people, thus leading to the process of gentrification as stated by 10% of respondents. Finally, 3% stated that the problem with the BBP was that it was not widely known and that attempts should be made to promote awareness about the programme.

6.4.4 The City Improvement Districts (CIDs)

The City Improvement Districts (CIDs) were generally perceived by most respondents as making a significant positive impact in the inner city and thus adding value to businesses and people. The majority of respondents saw CIDs as making an impact in crime prevention (85%), improving cleanliness (79%) and the maintenance of public space (8%). Seventeen percent (17%) stated that CIDs were an effective vehicle for networking key stakeholders all who have an interest in inner city regeneration. This ensured that there was effective communication between the public and private sector stakeholders.

Table 23: Perceived value added by CIDs or function in which they are most effective

<i>Area of activity</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Improve security	37	18	13	68	87
Improve cleanliness	34	19	9	62	79
Improve property values	9	7	5	21	27
Area marketing	9	6	4	19	24
Networking public & private sector	5	6	2	13	17
Restore confidence in inner city	5	6	2	13	17
Facilitates return of business and people to city	1	6	2	9	12
Stimulates urban regeneration	4	2	3	9	12
Create a sense of belonging/ pride	3	6		9	12
Improve occupancy rates	1	3	3	7	9
Maintenance of public space	3	1	2	6	8
Private sector involvement in regeneration	2	1	3	6	8
Job creation	2		3	5	6
Creates an area of business focus	2	3		5	6
Total	117	84	51	252	324

Some respondents stated that by contributing to improving the outlook of the urban environment, CIDs added value in the following manner: improving property values (27%); marketing the inner city (24%); restoring business confidence (17%); facilitating return of business and people to the inner city (12%), creating a sense of pride and belonging among property owners and tenants (12%); improving occupancy levels (9%); and creating a business focus

(6%). All of these generally aided in stimulating urban regeneration as also stated by 12% of respondents.

The limitations of CIDs

One of the key perceived limitations of CIDs, as stated by 31% of respondents was that there were few of them in the inner city. Their impact was thwarted by the fact that they existed only in some parts of the inner city and not in others. In the same light, 19% stated that CIDs focused not only in a few areas but also in geographically small sections of the inner city. They were thus perceived to be making an impact only in a few parts of the inner city where they existed. Fifteen percent (15%) stated that CIDs were hampered by their limited scope of function and therefore did not offer a reliable vehicle for comprehensive service delivery. For instance CIDs could not enforce by-laws.

Table 24: Perceived limitations of CIDs

Limitation	Score			Total	%
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Few of them/ Limited No of BIDs	12	9	3	24	31
Impose a double rate charge	6	9	4	19	24
Too expensive	6	10	4	18	23
Getting buy-in from property owners	6	8	3	17	22
Focus in small areas	5	8	2	15	19
Operate during working hours only	6	4	3	13	17
Dominant in business areas than residential	9	12	2	12	15
Limited scope of function	7	4	1	12	15
Absolves municipality from its duties	4	4	1	9	12
Lack power/voice/clout	7			7	9
Limited budget/funding	3	2	1	6	8
Profit-driven & lack social responsiveness	2	3		5	6
Private sector regulation of public space	2	2		4	5
Work in isolation to other stakeholders	1	3		4	5
Threat to utility companies	1	1		2	3
Total	77	79	24	180	212

Another problem besetting CIDs was the cost factor. Twenty four percent (24%) regarded the costs in the form of CID levies as high. These levies were therefore invariably regarded as imposing a double charge for similar services as those

provided by the municipality and for which property owners also paid. Likewise, 23% considered CID services to be too expensive. As a result 22% stated that the levies made it difficult to get a buy-in from the minimum 51% of property owners required for the establishment of a CID.

Seventeen percent (17%) felt that CIDs were not effective as they were only operational during working hours and not at night. Fifteen percent (15%) stated that CIDs tended to be only effective in business areas and not residential areas, while 6% said CIDs were profit-driven and lacked social responsiveness. By providing same services as their municipal counterparts, 12% said CIDs absolved the municipality of its service delivery obligations or justified poor service delivery. The CIDs were also seen as a threat to utility companies (3%).

CIDs were perceived as lacking power to take and implement certain decisions (9%). In addition, CIDs were generally perceived by 5% of respondents to be working in isolation to other key stakeholders and lacked strategic relationship with other service providers such as police, municipality, ward councillors, utility organization etc. Another finding, although mentioned by only a few respondents (5%), was that CIDs discouraged relaxation, loitering and sitting in public spaces. This was seen as private sector regulation of public space.

Measures perceived necessary to improve CIDs

While CIDs may be seen to have shortcomings, a significant number of respondents (41%) pointed out that it was necessary to increase their number in the inner city (Table 24). In fact three percent (3%) felt that the entire city should be a CID, while the same number felt that CID membership should be made compulsory. In response to the problem of costs and other difficulties in establishing CIDs, 32% pointed at the need for greater municipal support to enable CIDs to succeed. In response to limited scope of CIDs, 10% saw the need to expand the scope of their function. Because of their efficiency in their work, there was a general feeling that CIDs should take over more functions of

the municipality. In addition, 9% percent said CIDs needed to operate in an integrated manner and not in isolated fragments of the inner city.

Table 25: Measures perceived necessary to improve or enhance CIDs

<i>Measure</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
Create more CIDs throughout inner city	17	11	4	32	41
Greater municipal support/ involvement.	9	10	6	25	32
Improve stakeholder relationship	4	5	1	10	13
Canvass commitment of all landlords	8	2		10	13
Marketing/ branding of CID-areas	2	6	2	10	13
Enrich scope of function	4	3	1	8	10
Need to operate in an integrated manner	4	2	1	7	9
Improve delivery of municipal services	3	2	1	6	8
Encourage CIDs in residential areas	1	1		2	3
Make CIDs membership mandatory	1	1		2	3
Total	53	43	16	112	145

Thirteen percent (13%) felt that CIDs needed to improve their relationship with other stakeholders such as the municipality, police and utility companies. The same number of respondents felt the need for CIDs to actively canvass more commitment from landlords to regeneration and that CID-areas needed to be better marketed or branded. Eight percent (8%) stated that CIDs were only a supplementary service and that there was a need for municipality to improve service delivery. In response to the criticism of proliferation of CIDs only in commercial areas, 3% stated that conscious efforts should be made in encouraging formation of CIDs in residential areas.

6.4.5 Perceptions held about crime and crime prevention measures

The study intended to assess perceptions held by major private sector players about crime, whether crime was perceived to be a major impediment to private investment and whether the various crime prevention measures applied in the inner city were perceived to be effective. Firstly respondents were asked whether they considered crime to be one of the major impediments to private sector investment. More than two thirds (85%) of respondents conceded to this while only 15% stated otherwise (Table 26). Those who answered in affirmation

were asked to state how crime affected private sector investment decisions in the inner city in general.

Table 26: Perception of crime as in relation to private sector investment

<i>Yes/No</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
A major impediment	34	21	11	66	85
Not a major impediment	7	2	3	12	15
Total	41	23	14	78	100

It is interesting to note that out of 66 respondents who considered crime to be a major problem in the inner city, more than a third (39%) of them cited the perception of crime in the inner city rather than actual crime to be a major problem (see Table 27 on page 223). This suggests that while the City of Johannesburg had made efforts to fight crime, the perception of crime based perhaps on history and experience in the inner city may still be lingering in people’s minds thus affecting the area, economically. However, 9% of respondents also stated that any incident of crime in the inner city simply confirms the perception of crime. Crime was perceived to be restricting investment locations or discouraging investment in certain areas as stated by 38% of respondents. It was perceived to be an impediment in that it increased capital and operating costs of running a business as property and business owners often had to install and maintain crime prevention devices. Twenty one percent of respondents (21%) stated this latter problem.

Thirty six percent (36%) perceived crime be affecting tenant and customer patronage of the inner city, thus negatively affecting demand and consumption of space, goods and services. Thirty percent 30% of respondents cited the direct impact of crime to businesses as the problem. This group of respondents included people who once experienced crime first hand or knew someone who experienced incidents such as theft, robbery, break-ins etc. in their businesses.

Crime was perceived to be affecting private sector investment through building “hi-jacking” as stated by 20% of respondents.

A notable variable is that this belief was stronger amongst property developers and brokers cohorts. This may be attributed to the fact that property developers and brokers were more likely to be faced with problems of building ‘hi-jacking’ as they owned or managed buildings. Eleven percent (11%) of respondents stated that crime shortened business operating times and restricted businesses from operating after normal business hours. The factors discussed above through which crime was perceived to be affecting private sector investment have far-reaching implications.

Table 27: Impact of crime on the private sector investment

<i>Impact</i>	<i>Score</i>				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</i>	<i>%</i>
Perception of crime	12	9	5	26	39
Restricts investment locations	11	8	6	25	38
Affects tenant/ customer patronage	13	7	4	24	36
Direct business impact	9	9	2	20	30
Increase costs of running business	7	5	2	14	21
Discourage investment	4	7	2	13	20
Building hijacking	8	1	4	13	20
Impact on staff	4	4		8	12
Shortens operating hours	2	5		7	11
Confirms perception	1	3	2	6	9
Skills base emigration/loss	3	3		6	9
Affects business confidence		3	1	4	6
Affects property values	1	1		2	3
Creates crime hot spots	1	1		2	3
Total	70	65	25	160	257

Some repercussions mentioned by respondents included impact on business confidence and creation uncertainty (6%) and impact on property values (3%). The perception of crime as a major problem in the inner city correlates with the factors perceived to be hindering private sector investment in the inner city (paragraph 6.3.2 or Table 8 above). The perceived impact of crime on private sector investment is discussed more elaborately in chapter 7 as this chapter

merely presents research data and the following one provides detailed analysis thereof.

Table 28: Effectiveness of JMPD and SAPS in fighting crime

<i>Effective or Not Effective</i>	<i>Score</i>				<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>			
Not effective	39	17	13	69	88	
Effective	2	6	1	9	12	
Total	41	23	14	78	100	

Nevertheless, respondents were subsequently asked whether they considered the Johannesburg Metro Police Department (JMPD) and South African Police Service (SAPS) to be effective in fighting crime. More than two-thirds (88%) said “No”. Only 12% thought SAPS and JMPD were effective in this regard (Table 28). However, when respondents were asked a similar question but this time about the effectiveness of CCTV cameras and CIDs in fighting crime, 82% said “Yes”. Only 18% answered otherwise (Table 29). This correlates with the perception that crime was lower in CID-areas discussed above.

Table 29: Effectiveness of CCTV cameras and CIDs in combating crime

<i>Effective or Not Effective</i>	<i>Score</i>				<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>			
Effective	30	21	13	64	82	
Not effective	11	2	1	14	18	
Total	41	23	14	78	100	

While there was an acknowledgement of strides made by JMPD and SAPS in reducing crime, this is overshadowed by the perception that these organizations were under-resourced and had serious capacity shortages. The measures discussed above were deliberately grouped according to those largely driven by the government (i.e. SAPS and JMPD) and those driven largely by the private sector (i.e. CCTV cameras and CIDs). It can be seen from the above that the

private sector-led crime prevention measures are perceived as more reliable than government-led measures.

Interventions perceived necessary to reduce crime

The majority of respondents, 63%, regarded improved police visibility as an important intervention. Closely linked to that was the perceived need to improve police capacity as stated by 31% of respondents. This included better training for police, ensuring availability of sufficient resources and budget for crime prevention measures, increasing government investment on crime prevention and elimination of corrupt policemen. In correlation with the perceived efficiency of private sector-led crime prevention measures, 32% and 21% of respondents saw the need to increase the number of CCTV cameras and CIDs, respectively.

Table 30: Intervention perceived necessary to reduce crime

<i>Intervention</i>	<i>Score</i>			<i>Total</i>	<i>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
More police visibility	24	18	7	49	63
Increase number of CCTV cameras	7	11	6	25	32
Improve police capacity	15	8	1	24	31
Increase the number of CIDs	4	10	2	16	21
Focus on hot spots	6	6	3	15	19
Positive inner city marketing	7	5	2	14	18
Comprehensive crime prevention plan	7	4	2	13	17
Focus on small crimes	4	7	2	13	17
Improve street lighting	5	3	2	10	13
Improve maintenance of public environment	1	2	5	8	10
Effective community participation	3	3		6	8
Strict by-law enforcement	3	2		5	6
Severe punishment of offenders	5			5	6
Focus on organized crime	3	1	1	4	5
Better incentives for police	2	1		3	4
More private sector support	2	1		3	4
Total	98	82	33	213	274

Nineteen percent (19%) stated that the city should focus on crime hot spots, including conducting regular raids. Eighteen percent (18%) saw the need for positive inner city marketing and spreading good news about the area. This might serve the purpose of educating the public and investors and allaying

perception of crime. Seventeen percent (17%) stated that crime prevention efforts in the City of Johannesburg should also focus on small crimes such as grime and litter. Seventeen percent (17%) stated that there was a need for a comprehensive crime prevention strategy or plan that would consolidate efforts of all role players in crime prevention. Effective community engagement and involvement in the crime prevention plans was seen as important to the plan by 8% of respondents.

Thirteen percent (13%) of respondents stated that there was a need to improve street lighting to reduce fear of crime and encourage people to come to the inner city at night. Meanwhile, ten percent (10%) saw the need to improve maintenance of public environment and cleanliness to create an environment that was not inviting to crime, while 5% saw the need to target organized crime including drug dealing syndicates. Six percent (6%) of respondents saw the need for strict by-law enforcement in the inner city. It was interesting to note that emphasis was on the implementation and enforcement of existing by-laws and not on the introduction of new ones. Other measures considered necessary included severe punishment of offenders (6%), more private sector involvement in crime prevention (4%) and better incentives for police (4%).

6.5 CONCLUSION

This chapter presented the findings in terms of private sector perception of urban regeneration and how the prominent private sector players have responded to measures designed to attract investment in the Johannesburg Inner City. Generally, the private sector had a favourable attitude towards the inner city and the urban regeneration process. Urban regeneration initiatives were perceived to have produced significant positive outcomes including improved urban management (including security and cleanliness), precinct upgrading and building refurbishments, improved property performance, return of investors, improved infrastructure etc.

While this may be true, the findings of this study suggested that the urban regeneration initiatives may have contributed in a limited way in facilitating private sector investment. Market factors were perceived to be playing a more significant role in motivating private sector investment with urban regeneration initiatives only playing a secondary one. This finding generally impugned the generally held views about the potency of urban regeneration initiatives as main factors stimulating private sector investment. Moreover, factors considered to be hindrances to private sector investment were predominantly those that urban regeneration interventions were targeted at addressing.

The policy measures designed to attract private sector investment in the inner city evaluated in this chapter were viewed with mixed feelings. While all respondents pointed to some benefits and advantages of each of these measures, these measures were also perceived to be submerged in an array of shortfalls and faced numerous challenges both as concepts and in practice. These shortfalls tended to downplay any perceived efficiencies of the policy initiatives. A myriad of interventions were perceived as necessary to ameliorate identified pitfalls. The research data will be analysed and discussed more elaborately in the following chapter.