

CHAPTER 8

CONCLUSION

This study set out to explore the private sector perception of urban regeneration and how the private sector has responded to a variety of initiatives designed to attract investment in the Johannesburg Inner City. The various initiatives that have been introduced in Johannesburg under the framework of urban regeneration and the changes that have since taken place were intriguing to a point of inspiring the undertaking of this research. While the current strategy and policy direction are clear about encouraging the flow of private sector investment in the Johannesburg Inner City (Lipietz, 2004; CoJ, 2004a; Beall *et al*, 2002; Bremner, 2000), little has been known about the private sector perception of urban regeneration. This has been the case despite the private sector often being encouraged to participate in urban regeneration projects, portrayed as an important partner in the delivery of such projects and indeed actively participating in the process.

To gather research data necessary to address the above research problem, a qualitative research method was deemed appropriate. This was because the study needed to obtain an in-depth account of an insubstantial phenomenon (i.e. perception). The broad conceptualization of the study meant that the researcher would require specific type of data that would reflect the private sector perspective of the Johannesburg Inner City and the urban regeneration initiatives.

This study explained (using mainly international literature) the underlying rationale for promoting private sector investment in urban regeneration or what it calls the “market-based” urban regeneration approach. It discussed how notions such as sharing the risks and rewards of urban regeneration projects, efficient delivery of regeneration projects, augmenting government’s resources and so on are often used to justify the need for involving the private sector in urban

regeneration schemes. While the private sector often view these schemes as zones of risk (Adair *et al*, 1999; 2000; McGreal *et al*, 2002), measures such as tax incentives, financial grants, heavy public sector investment, CIDs and a variety of crime prevention measures, are often believed to have the ability to reduce perceived supply-side risks and facilitate investment in locations.

Yet international studies have shown that this strategy has numerous shortcomings such as poor social impacts (Bailey *et al*, 2004; Jones, 1998; Loftman and Nevin, 1995), selection of regeneration projects on the basis of profitability thus encouraging development in a few areas (Healey *et al*, 1992b), creation of high cost facilities (Atkinson, 2000; Loftman and Nevin, 1995) etc. This study also explained how the City of Johannesburg has embraced the notion of “market-based” urban regeneration through various initiatives and policy instruments despite its well documented flaws.

Chapter 4 of this study engaged various theoretical constructs to unravel the notion of urban regeneration. It placed urban regeneration on the pedestal Competitive Cities Theory and World Cities Theory, as an intervention to reverse the urban decline, harnesses a city’s competitive advantage over others and thus improving its position in the hierarchy of world cities. In this case private sector investment is portrayed as an essential partner to urban change and the property development industry has to respond to international competition and not only focus on the investment role of property (Healey *et al*, 1992a). It can also be inferred from the New Urbanism Theory and the Compact cities concept that urban regeneration is an important vehicle for achieving compact, integrated, mixed-use and vibrant spaces and discourage urban sprawl (Grant, 2006; Harrison, 2002; Breheny, 1997).

Both the Elite and regime theories posit interesting insight into why the private sector gets involved in policy aspects such as urban regeneration, arguing that its involvement is the result of the advent of neo-liberal dynamics of urban

governance and changing responsibilities of the state which sees the state as the facilitator of development. Theories on crime suggest an interesting relationship between crime and derelict environments, that crime is likely to be high in such areas (Hoyt, 2003). As a result interventions such as CCTV cameras, CIDs which fall within the urban regeneration framework are often hailed as important in curtailing this scourge.

This study illustrated how the private sector in Johannesburg perceives urban regeneration and has responded to policy instruments designed to attract investment in the Johannesburg Inner City. It found that generally the private sector has responded positively to numerous urban regeneration initiatives and can identify positive changes that the urban regeneration process has yielded in the inner city. These positive outcomes are in turn likely to inspire (or have inspired) more private sector actors to invest in the inner city. Notwithstanding the perceived positive outcomes of the urban regeneration process, the study also found that, in spite of the underlying motive and intention to stimulate private sector investment in the inner city, the urban regeneration initiatives are perceived to have contributed to urban change only in limited ways. The motives behind urban regeneration initiatives and the private sector expectations do not correspond.

Firstly, the market factors are perceived to have had a major influence in motivating private sector investment decisions. The high demand for space in commercial and residential sectors, perceived total returns on investment, low property prices, diversification of investment risk and so on were all cited by respondents as dominant factors motivating private sector investment. On the other hand the urban regeneration initiatives such as the UDZ, CIDs, BBP etc., while serving as motivation for private sector investment, are perceived as having played only a secondary role. The study argues that the problem is not mainly the role played by the market relative to urban regeneration initiatives. Rather it

bemoans the dependency of urban regeneration on market forces, arguing that this is not sustainable as markets change from time to time.

Secondly, factors perceived by the private sector to be acting as deterrents to investment relate largely to aspects that the government has been attempting to address through urban regeneration initiatives. The poor provision of municipal services, lack of by-law enforcement, poor maintenance of public spaces, crime, informal traders and others are increasingly perceived to be some of the hindrances facing private sector investment. *Thirdly*, instruments such as the Urban Development Zone, the Johannesburg Development Agency, City Improvement Districts, the Better Building Programme and crime prevention measures, are all perceived to have numerous benefits in facilitating private investment and urban regeneration. However, these all face an array of shortcomings both as concepts and in practice which in turn tarnish their effectiveness.

In the light of the above, the study highlighted some of the flaws of the current urban regeneration strategy and its limitations in stimulating private sector investment in the Johannesburg Inner City. At the same time there are other flaws inherent to the “market-based” approach to urban regeneration some of which were identified by the research. These include selection of regeneration projects on the basis of their potential profitability leading to spatial fragmentation, creation of unaffordable facilities and facilitation of the process of gentrification, poor public sector accountability, and so on. The beneficiaries of urban regeneration are increasingly seen to be of a certain class, a class of those who can afford, thus systematically excluding low income groups from cycles of consumption.

This study illustrated that the urban regeneration approach employed in Johannesburg has been framed largely on international experiences particularly from the USA and UK. Consequently, the outcomes of this urban regeneration

model are largely comparable to those contained in a myriad of international studies. However, this does not suggest that the outcomes of the local regeneration initiatives or perception held about them by the private sector were obvious, predictable or axiomatic thus nullifying the importance of this study. The context is also different

In fact the study made a significant contribution towards improving local knowledge and the understanding of the intricacies of the urban regeneration process. It analysed various urban regeneration initiatives within specific contexts, and what the impacts of such projects are likely to be in terms of broader developmental goals and socio-economic redress. It contributed to the debate around the competitive cities approach as a model for urban growth. It also set the thought process in motion in terms of the current urban regeneration strategy and forms part of efforts that seek to guide the process going forward.

In fact it can be argued, based on the findings of this study that it behoves the City of Johannesburg to review the current urban regeneration policies. Various interventions are perceived by the private sector as necessary to improve urban regeneration and levels of private sector investment. These interventions are informed by the need to focus on aspects perceived as hindering private sector investment. While the study did not seek to pass a verdict, question the validity of the current urban regeneration paradigm, the sentiments emanating from the interviews point to the need for a review of the current urban regeneration policy.

From a theoretical perspective, this study contributed to the debate around the competitive cities approach and New Urbanism and partially serves other studies in providing starting points for various debates. It led to more questions about the plausibility of the competitive cities approach and suggested that more work is required around the relevance of this approach in the context of urban regeneration. This study argues, based on the research findings for the introduction of a raft of interventions which are encapsulated in what the study

calls a “comprehensive urban regeneration plan” or “back to basics plan”. This plan should be socially conscious and seek to encompass a myriad of policy trajectories including, but not limited to: up-scaling urban management practices, improving municipal service delivery, introduction of creative financing models and investment incentive schemes, housing provision (including social housing), improving stakeholder engagement, re-working crime prevention strategies, public education, parking and traffic issues, informal trading, small business development and so on. It should generally serve as the blue-print that will guide future urban regeneration initiatives and inform policy trajectories of the City of Johannesburg and its various entities.

8.1 Suggested areas for further research

One of the limitations of this study is that it drew its analysis primarily from the private sector perception of urban regeneration initiatives in Johannesburg Inner City. At the same time, it inadvertently analyzed specific initiatives such as the Urban Development Zone, the City Improvement Districts, the Better Building Programme etc. designed to attract private sector investment in the Johannesburg Inner City, using the private sector perception. Yet, these initiatives constitute broad concepts and disciplines that can each be further investigated or researched as separate sets of studies and discourses. This invariably implies that this study was perhaps not the best vehicle for providing a compendium of analysis of each of the above-mentioned initiatives.

Therefore further research focusing more specifically on each of the abovementioned measures may likely unearth interesting findings or provide nuanced analysis that could not be done on the basis of the research data collected in this study. For instance one study may specifically seek to measure the potency of the UDZ in facilitating private investment (i.e. whether investment would have occurred in locations without the UDZ or not). Another may seek to test the effects of the UDZ in creating shadow effects for other areas and stifling development outside the edges of its boundaries. And another may investigate

the effects of CIDs in displacing crime from CID-areas to areas beyond the CID boundaries. Equally interesting could be study that would compare Johannesburg to other city(ies), especially from one of the developing countries. While urban regeneration and the vision of Johannesburg are based on Western experience, a great deal can be learnt from what cities from developing countries have done on the urban regeneration front.

At the same time the private sector is grappling with the harmonisation of the visions of an African city and a Western city. While the private sector has endorsed and pursues principles of the Western city by seeking to ensure order and control through by-law enforcement, it is faced at the same time with challenges emanating from African style of living characterized by nucleus families and extended families. As discussed earlier, these groups are likely to break the city by-laws, unwittingly (e.g. overcrowding), if they live as one unit within the inner city set-up. Does this make Johannesburg less of an African city or an exclusive enclave for those inclined towards the Western style of living? Can Johannesburg be a city for all, different cultures, lifestyles, the rich and the poor living together? Such questions are best left for future studies.