

**URBAN REGENERATION AND PRIVATE SECTOR
INVESTMENT: EXPLORING PRIVATE SECTOR
PERCEPTION OF URBAN REGENERATION
INITIATIVES IN THE JOHANNESBURG INNER
CITY**

By

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ABSTRACT

This study, which is based on the private sector perception of urban regeneration initiatives in the Johannesburg Inner City, critically evaluates the current strategy employed by the City of Johannesburg which elevates private sector investment as the mainstay for inner city revival and the pillar for achieving what it calls “a world-class African city”. It argues that, in spite of the positive outcomes that have occurred in the inner city since the advent of urban regeneration, the initiatives informed by the current strategy and designed to induce private sector investment have contributed to urban change only in limited ways.

The motives behind the urban regeneration initiatives and the private sector perception do not correspond. General market factors and trends such as the high demand for space, relatively low property prices, perceived financial returns on investment, risk diversification and have been the main motivating factors for private sector investment decisions and subsequent urban growth. Conversely, the urban regeneration initiatives, while making a noticeable impact, are perceived to have played only a secondary role. Factors perceived to be acting as deterrents to private sector investment also relate largely to those aspects at which various urban regeneration initiatives are targeted. For instance, factors such as poor by-law enforcement, neglected degenerating buildings, crime and inadequate delivery of municipal services are increasingly seen to be contributing to limiting investment in the inner city. This suggests that urban regeneration initiatives are perceived as not achieving the intended objectives or as needing strengthening.

In addition, policy instruments such as the Urban Development Zone, City Improvement District, the Johannesburg Development Agency, the Better Building Programme and crime prevention measures, which are the pillars of Johannesburg’s regeneration strategy, are each generally perceived to have yielded significant benefits and advantages in the inner city. However, these instruments are also perceived to have some shortcomings and limitations both

as concepts and in practice. There is a pervasive perception that the effectiveness of these instruments is marred by, among other things, the fact that they do not embrace the wider inner city, but parts thereof, and have not been implemented in an integrated manner. The findings of the study, particularly around inadequate delivery of municipal services and lax by-law enforcement, also raise serious questions about the plausibility of the competitive cities approach that underpins the City of Johannesburg's urban regeneration strategy, suggesting that more work is required around the relevance of the competitive cities approach in the Johannesburg Inner City.



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LIST OF ACCRONYMS

ASGI-SA	South Africa's Accelerated and Shared Growth Initiative of South Africa
BAC	Business Against Crime
BBP	Better Building Programme
BENID	Benrose Improvement District
BIA	Business Improvement Area
BID	Business Improvement District
BID	Braamfontein Improvement District
CBD	Central Business District
CCI	Comprehensive Community Initiatives
CCTV	Close Circuit Television
CCW	Certificate to Commence Work
CID	City Improvement District
CoJ	City of Johannesburg
CPF	Community Policing Forums
CJP	Central Johannesburg Partnership
CWMC	Central Witwatersrand Metropolitan Chamber
DFA	Development Facilitation Act
DGP	Development Guide Plan
EDU	Economic Development Unit
EU	European Union
EZ	Enterprise Zones
FAR	Floor Area Ratio
FBI	Federal Bureau of Investigation
GDDPLG	Gauteng Department of Development Planning and Local Government
GDS	Growth and Development Strategy
GDSL	Gauteng Department of Safety and Liaison
GGDF	Gauteng Growth and Development Framework
GIS	Geographic Information System

GPG	Gauteng Provincial Government
GTIS	Gauteng Trade and Industry Strategy
ICO	Inner City Office
IDP	Integrated Development Plan
IOD	International Organization for Development
JDA	Johannesburg Development Agency
JHC	Johannesburg Housing Company
JICBC	Johannesburg Inner City Business Coalition
JICDF	Johannesburg Inner City Development Forum
JMPD	Johannesburg Metro Police Demartment
JNA	Johannesburg New Agency
JPC	Johannesburg Property Company
JSE	Johannesburg Securities/stock Exchange
KUM	Kagiso Urban Management
LDC	Land Development Corporation
LDO	Land Development Objectives
MID	Municipal Improvement District
MLC	Metropolitan Local Council
MPT	Modern Portfolio Theory
NGO	Non-Governmental Organization
NID	Newtown Improvement District
NID	Neighbourhood Improvement District
NPM	New Public Management
OPH	Olitsky Property Holdings
PBO	Public benefit organization
PID	Public Improvement District
POMA	Property Owners and Managers Association
PPP	Public-Private-Partnerships
RDP	Reconstruction and Development Programme
RID	Retail Improvement District
SAPS	South African Police Services

SDA	Scotland Development Agency
SDPD	San Diego Police Department
SEFIC	Spatial and Economic Framework for the Inner City
SID	Special Improvement District
SPI	Sold Property Index
SWID	South Western Improvement District
TIF	Tax Incremental Financing
TND	Traditional Neighbourhood Design
TOD	Transit-Oriented Design
UDAG	Urban Development Action Grant
UDC	Urban Development Corporation
UDZ	Urban Development Zones
UNISA	University of South Africa
URT	Urban Regime Theory

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CHAPTER 1

INTRODUCING THE STUDY AND PROBLEM STATEMENT

1.1 INTRODUCTION AND THE PURPOSE OF THE STUDY

The promotion of private sector investment is an integral part of the City of Johannesburg's urban regeneration strategy. Since the mid-1980s the City of Johannesburg introduced and pursued policies that sought to influence market conditions so as to stimulate private sector investment. The urban regeneration strategy document itself spells out clearly this desire to stimulate the market in that it seeks to 'raise and sustain private investment leading to a steady rise in property values' (CoJ, 2004a, p. 11).

This predilection towards stimulating private sector investment is also reflected in various policy trajectories and a raft of initiatives¹ that have been introduced or embraced by the City of Johannesburg. For instance, the City of Johannesburg, together with the Gauteng provincial government, has implemented a number of high-profile capital investment or precinct upgrading projects to prepare the investment landscape and promote certain locations as "good investment zones". The underlying assumption has been that these projects have the ability to act as catalysts for inner city revival and stimulate private investment (JDA, 2005).

The concept of City Improvement District (CIDs)² was introduced in 1998 in various parts of the inner city to supplement various urban management services of the City of Johannesburg such as cleaning, maintenance and public security (Engelbricht, 2004; Vetten and Dladla, 2000; GPG, 1998). Again, the underlying assumption is that well-kept areas are likely to appeal to the private investor

¹ These measures are discussed in detail in chapter 5. Due to the amount of information and detail that constitute these measures, it is best to discuss them in a separate chapter.

² CIDs are also known as Business Improvement Districts (BIDs) or special services districts or special assessment district (Heimann, 2007; Hoyt, 2004). As will be explained in chapter 3, CIDs are given many other names in various countries. The commonly used term locally is City Improvement Districts (CIDs). Similarly this study will make use of the latter term.

(Heimann, 2007). An urban regeneration agency - the Johannesburg Development Agency (JDA) – was established in 2001 to manage government funded regeneration projects and facilitate investment in inner city locations. The Better Building Programme (BBP) was introduced through which the City of Johannesburg identified derelict buildings and expropriated them for sale to private property developers.

More recently, the Urban Development Zone (UDZ) tax incentive was introduced to attract private sector investment in the inner city. Although introduced by the national government, the UDZ initiative has since become an integral part of the urban regeneration strategy in Johannesburg (CoJ, 2004a). Finally, a variety of crime prevention measures have been implemented to stem the effects of crime on private investment. In terms of this urban regeneration strategy, municipal officials are encouraged to forge effective partnerships with the private sector so as to ensure the efficient delivery of urban regeneration programmes (Bremner, 2000).

It is believed that the above initiatives have the ability to combat supply-side deterrents to private sector investments and aid in eliciting the much needed private capital necessary to bolster urban regeneration process. It is also believed that they have other benefits such as positive influence on the [property] market and local economy; improve property yields and values; spur better consumption of space; and improve occupancy levels³. Private sector investment is encouraged as it will ultimately be beneficial to the government in the sense that private sector investment and capital injection will accelerate the urban regeneration inertia and increase revenue base for the city in the form of municipal services, which can be utilized for other expenditure priorities. The various initiatives that have been introduced in Johannesburg under the

³ These measures are in fact some of the key performance indicators used by the urban regeneration agency – the JDA – to measure the impact and success of urban regeneration projects in areas where it has implemented them (JDA, 2005).

framework of urban regeneration, the changes in landscape and urban form were found to be intriguing and in turn motivated the undertaking of this research.

1.2 THE PROBLEM STATEMENT

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 is known about the private sector perception and its attitude towards urban regeneration and how it has responded to a variety of initiatives aimed at attracting investment in the inner city. Policies are often developed on a hunch and presumably to stimulate private sector investment but with limited understanding of the private sector perspective of the inner city. While the current urban regeneration initiatives have been generally welcomed by the private sector, through its ardent and continued participation in the inner city (Fraser, 2005a; JDA, 2005; Trafalgar Report, 2005), little is also known about factors that motivate the private sector to invest in the Johannesburg Inner City or those that hinder the flow of private sector finance into the area. No study has been undertaken or commissioned in this regard.

This study therefore seeks to explore and distil the private sector perspective of urban regeneration initiatives in the Johannesburg Inner City. Broadly defined the study focuses on the following research question: How does the private sector perceive the urban regeneration initiatives and has it responded to instruments designed to attract its investment in the Johannesburg Inner City. This research problem is further explored by focusing on the following sub-problems:

1.2.1 Sub-problems

1. What are the factors that motivate private sector investment in the Johannesburg Inner City?
2. What factors hinder the flow of private sector finance in the inner city?

3. How does the private sector perceive the government precinct upgrading projects in facilitating its investment in the inner city?
4. How does the private sector perceive the Urban Development Zones (UDZ) concept and its effectiveness in enticing private sector investment in the inner city?
5. How does the private sector view the Johannesburg Development Agency (JDA) - as the facilitator of urban regeneration and private investment?
6. What perceptions are held by the private sector about the Better Building Programme (BBP)?
7. What is the private sector's perception of City Improvement Districts (CIDs) in facilitating private sector investment?
8. What is the private sector's perception of crime and the effectiveness of crime prevention measures?

The study seeks to explore the broader scope of incentives used in the Johannesburg Inner City, questioning whether these incentives are effective or not, from a private sector perspective.

1.3 TYPE OF STUDY AND RESEARCH

This study is, in the main, an **empirical study (qualitative)**. There are of course different kinds of empirical studies (Mouton, 2005). In terms of the different tenets of empirical studies, this study is an example of **evaluation research**, that is, it evaluates a particular phenomenon as is (i.e. the private sector perception of urban regeneration initiatives and measures designed to attract private investment in the inner city). Mouton (2005) describes such research as 'qualitative (or naturalistic) evaluation approaches [that] involve the use of predominantly qualitative research methods to describe and evaluate the performance of programmes in their natural settings, focusing on the process of implementation rather than on (quantifiable) outcomes' (p. 161).

Mouton further states that these studies 'are also preferred designs when working with developing communities where participation by the participants in

the evaluation is desirable' (Mouton, 2005, p. 162). This applies to this study as the views of major participants in the urban regeneration process will be used to evaluate the perceived efficiencies and inefficiencies of various urban regeneration initiatives in the Johannesburg Inner City area. The researcher is aware of the limitations of evaluation studies. For instance, Mouton (2005) argues that it is difficult to evaluate programme outcomes systematically and rigorously using this approach, resulting in difficulties in making causal inferences regarding programme benefits and impacts.

However, this shortcoming will not affect this study as it is not primarily concerned with proving the "cause-effect" principle. Rather, it evaluates, from the private sector perspective, the urban regeneration initiatives against their original objectives and perceived outcomes. In other words it explores the perception and not the reasons why the private sector perceives the inner city in a certain way.

The study also "borrows" tenets of a **descriptive research or "case study"**. This is an empirical enquiry whose aim is to examine individual instances, or cases, of phenomenon (McBurney, 2001). The principal characteristic of a case study or descriptive research is that it is research in which a specific situation is studied either to see if it gives rise to any general theories, or to see if existing general theories are borne out by the specific situation (Goddard and Melville, 2005). Leedy and Ormrod (2005) further state that 'this type of research involves either identifying the characteristics of an observed phenomenon or exploring possible correlation among two or more phenomena. In every case, descriptive research examines a situation as it is' (p. 179). Similarly, this study will make certain observations from the research data, draw correlations and arrive at appropriate conclusions without seeking to pass a verdict, question the validity of current paradigm of urban regeneration or to explore the "cause-effect" principle.

1.4 THE SIGNIFICANCE OF THE STUDY

The significance and the relevance of this study relate, firstly, to the growing need to transform and revive the declining parts of the Johannesburg Inner City. The study provides a scholarly account and the private sector perspective of inner city regeneration thus contributing to academic knowledge and the understanding of the process of urban regeneration. It also offers significant insight, based on the private sector perspective, of aspects that have worked effectively in the urban regeneration process, those that have not and suggests areas of improvement to the benefit of the urban regeneration process.

Secondly, the importance of the study can be understood in relation to the role that private sector and investment can play in reviving the fortunes of declining inner city areas and reversing the wave of urban decline. By identifying areas of achievement, challenges and interventions perceived as necessary, the study contributes towards efforts aimed at improving the process of urban regeneration and enhancing the prospects of private sector investment in the inner city. Failure to understand private sector perspective can potentially culminate in the development and implementation of inappropriate interventions.

Even from a private investor perspective, the study provides a detailed account and noteworthy aspects (i.e. risks and opportunities; strengths and weaknesses; efficiencies and inefficiencies) about the Johannesburg Inner City as a potential investment area and business location. Through the sets of findings, the study provides an invaluable insight about the Johannesburg Inner City and highlights pertinent market factors that can be considered by prospective investors prior to embarking on major investments projects. For instance, it analyses prevailing market conditions in the inner city, identifies areas perceived as suitable investment areas and identifies some of the underlying risks in the inner city environment which are essential to investors.

1.4.1 Contribution and value of the study

There is presently a tremendous amount of interest (from academics as well as the public and private sector actors) in renewing declining inner city areas in South Africa⁴ in general and Johannesburg in particular (Fraser, 2005a; Chipkins, 2005; Bremner, 2000). The Johannesburg Inner City in general and urban regeneration initiatives in particular have received a significant amount of academic attention (Chipkins, 2005; Beall *et al*, 2002; Bremner, 2000). However, the study of library catalogues and internet searches revealed that no study yet has been done (singularly or collectively), on the private sector perception of the Johannesburg Inner City and urban regeneration initiatives, its attitude towards regeneration programme, the problems it experiences and possible solutions it perceives. Although there are numerous international publications in the field of financing urban regeneration (e.g. the work of Adair *et al*, 2003; 2000; 1999; Ball *et al*: 2003; McGreal *et al*, 2002; 2000) which compare well with this study, no similar study has been undertaken locally. This study therefore makes an original contribution to the body of knowledge particularly on urban regeneration and private sector investment.

The international studies mentioned above will form part of the literature review and serve as references to this study. Their findings will also be compared with those made by this study to identify similarities and differences. While these studies will be acknowledged and extensively referred to, this study remains an original investigation, thus making an original contribution to academic knowledge and literature, locally and internationally. While these studies bear similarities to this study in that they sought to understand the private sector perception of urban regeneration, the contexts and the frameworks for evaluation employed in this study is different from the international studies quoted above. For instance, the studies mentioned above did not specifically investigate the efficiency of specific measures designed to stimulate private sector investment

⁴ Major cities in South Africa such as Cape Town, Durban and Pretoria have all embarked on ambitious urban regeneration plans. However, Johannesburg has had a longer and more extensive experience in this regard.

such as CIDs, UDZ, BBP and crime prevention measures etc. as done in this study. *Secondly*, there are contextual differences which may lead this study to new discoveries.

While this study remains empirical in nature it also intends making a contribution to the theoretical debates in the field of urban regeneration. By secondary intent, it assesses the plausibility of various theoretical constructs (such as the competitive cities approach, New Urbanism, Regime Theory etc.) underpinning the urban regeneration strategy in Johannesburg. The study will therefore use the empirical findings on Johannesburg Inner City to give clues about possible theoretical debates that can be made on the basis of the research findings.

1.5 NARROWING THE MARGINS: THE SCOPE AND FOCUS OF THE STUDY

The study focuses mainly on the private sector perspective of urban regeneration in the Johannesburg Inner City. For the purpose of this study, the private sector depicts privately owned entities that have shown or are showing interest in the inner city and urban regeneration through property development and investments, space ownership, building management, providing various property services, research work and consultancy services. Typically, these include property developers and investors, property managers, property agents and brokers, financial institutions, consultants and researchers. The scope of the study revolves around certain **parameters**. *Firstly* the study analyzes private sector's perception of the inner city after the introduction of urban regeneration interventions to determine how such interventions are perceived. This will enable the researcher to draw certain conclusions about the process of urban regeneration in Johannesburg.

Secondly, it explores factors that have served to motivate private sector investment in the inner city as well as those that have acted as hindrances to same. This will enable the researcher to contrast such factors with urban

regeneration initiatives and to draw appropriate conclusions about the efficiency of the urban regeneration initiatives in attracting private sector investment. *Thirdly*, the study explores perceptions held by the private sector about five (5) policy instruments that have been introduced by the City of Johannesburg (including those introduced by national and provincial governments) to stimulate private sector investment thereby facilitating urban regeneration. These are: the Urban Development Zone (UDZ), the Johannesburg Development Agency (JDA), the Better Building Programme (BBP), the City Improvement Districts (CIDs) and the crime prevention measures (i.e. CCTV cameras, CIDs, Policing etc.).

The discussion about how data was gathered in respect of the above instruments is carried forward in Chapter 2 of this thesis which focuses on research methodology. The discussion on research methodology is done as a separate chapter due to the intricate nature of the method used in gathering data in this study. In exploring the private sector perception of urban regeneration and policy instruments designed to attract investment in the Johannesburg Inner City, the study does not seek to pass a verdict or make recommendations on the urban regeneration front. It was considered difficult to make recommendations on the basis of data collected in this study. The study does however articulate sentiments held by the private sector about the interventions perceived necessary to improve urban regeneration programme.

1.6 ABOUT THE STUDY AREA

The area on which the study focuses, hereinafter referred to as “the study area”, is the Johannesburg Inner City which is part of the greater Johannesburg metropolitan area (see Map 1). It forms part of region F⁵ and covers an area of about 18 square kilometres (CoJ, 2004a) or 1760 hectares (CoJ, 2004b). As will be discussed in Chapter 5, it is an area where the original mining camps of the “City of Gold”, as Johannesburg is also known, were established in the late 19th

⁵ The greater Johannesburg metropolitan area consists of eleven (11) administrative regions, of which the inner city is located in region F. The inner city is also known as the Johannesburg Central Region.

century, making it the heartland of where the greater Johannesburg started. The inner city is bounded in the north by Louis Botha Ave in Yeoville side, Empire road in Braamfontein, M2 highway to the west and various small roads to the east and south.

The inner city is characterised by the combination of commercial, retail, and residential uses. The area can also be divided into five primary segments: the commercial core (City Centre or Central Business District - CBD); the office satellite centre of Braamfontein; the lower density residential suburbs to the east of the City Centre of Yeoville, Bertrams, Troyeville and Jeppestown; the higher density residential areas of Berea and Hillbrow; City Deep; and with Newtown, Fordsburg, Pageview and Vrededorp to the west. The extent of the Johannesburg Inner City and location of various land-uses is shown on Maps 1, 2, 3 and 4. The inner city boundaries also coincide with the Urban Development Zone (UDZ) delineation (*ibid*). The inner city itself has also been subdivided in precincts which are discussed in chapter 5 (paragraph 5.6.5) and illustrated in Map 5.

In 2006 the inner city resident population was estimated at more than 200 000 people (www.joburg.gov.za; www.joburgcentral.co.za), of which 75% also worked in the area (Trafalgar Report, 2006). In 2002 about 800 000 commuters were reportedly entering the inner city everyday, thus accounting for more one quarter of the entire city's population⁶ (Beall *et al*, 2002). In addition to this, half a million people from other African countries come to the inner city each year for cross-border shopping (www.joburg.gov.za). The area is characterised by disparities between the rich and the poor. While the inner city houses an array of economic activities and is regarded as the centre of wealth creation, unemployment in the area is high, estimated at 29% with some 18% of households earning less than R500 per month (www.joburg.gov.za).

⁶ In terms of State of Cities Report 2006, the City of Johannesburg (i.e. the wider metropolitan area) had a population of about 2.9 million people in 2006 (SOC Report, 2006). The number was estimated to be 3 million in 2007 (Mabin, 2007).

The inner city experienced urban decline which commenced in the late 1980s. For instance between 1991 and 1996 and employment declined by 4.9% percent per annum with most shrinkage being in the manufacturing sector (Tomlinson *et al*, 2003b). Similarly most businesses left the city during this time to suburban locations. Extensive discussion on the extent of economic decline in the inner city will take place in chapter 5 of this thesis. Suffice to say that it is against this background of urban decline and business flight that urban regeneration has been framed with the underlying intention to restore private sector investment in the inner city.

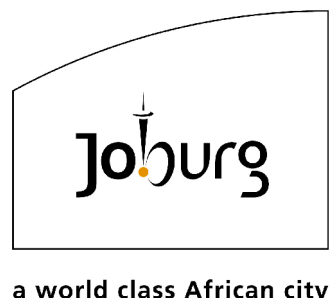
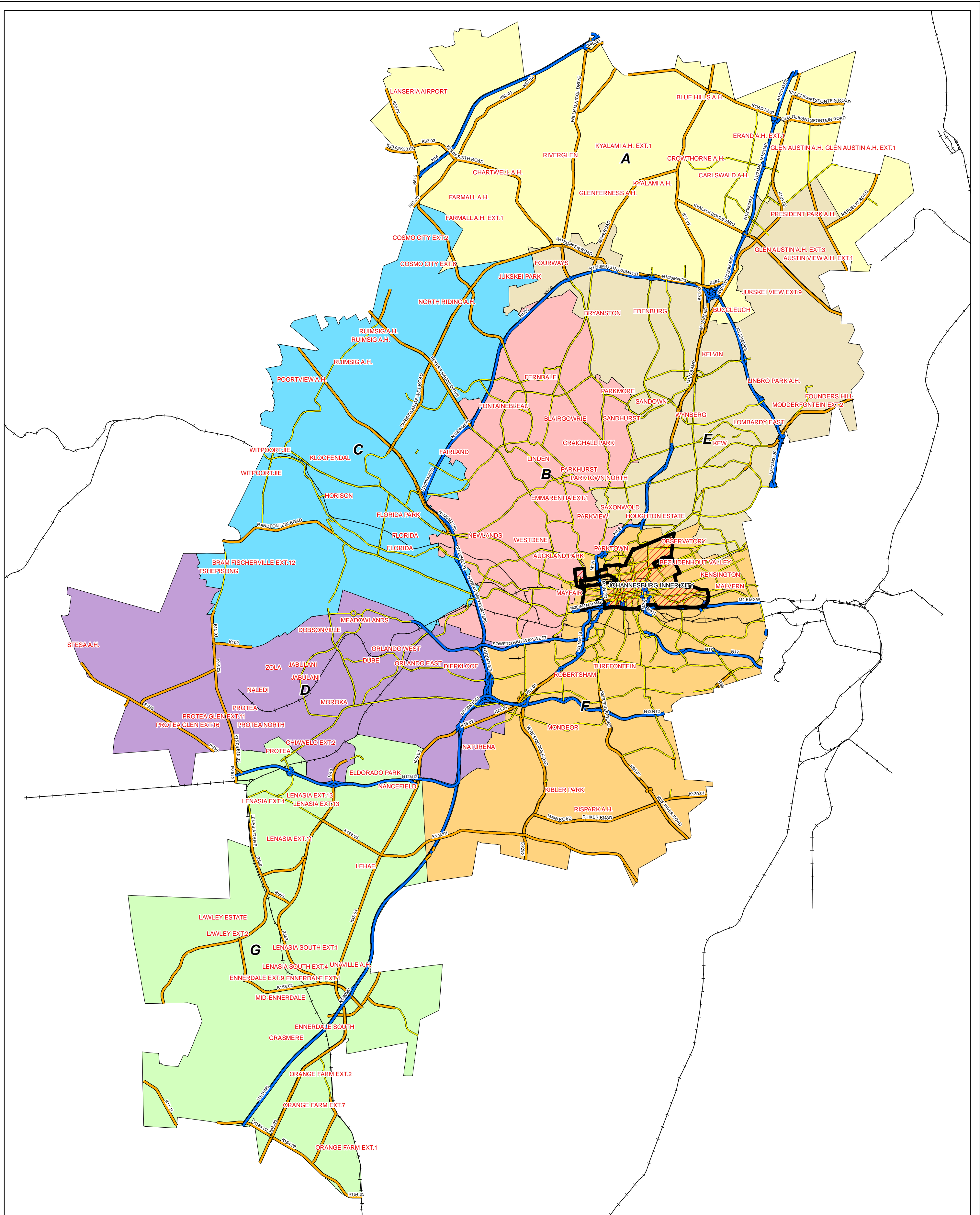
1.6.1 Reasons for selecting the Johannesburg Inner City as the study area

The City of Johannesburg is renowned for implementing the most extensive urban regeneration programme when compared to any other South African city. It is thus regarded as relatively “more advanced” in this regard (Frazer, 2005; Bremner, 2000) and ‘for many in South Africa, Johannesburg is the test case of urban reconstruction’ (Beall *et al*, 2002, p. 7). While other South African municipalities such eThekweni (in Durban), Cape Town and Tshwane (in Pretoria) have made noticeable strides at rejuvenating their inner city areas, their efforts have not been at the scale seen in Johannesburg and thus did not provide grounds for a comprehensive study.

Owing to the fact that urban regeneration is by nature a long-term intervention (Adair *et al*, 1999; Couch, 1990) whose results usually take long to realize, Johannesburg, by virtue of having extensive experience on urban regeneration issues, provided in many ways an ideal location to undertake an analysis of the emerging outcomes of urban regeneration process or where the results of the process could be measured against original objectives. In fact some key aspects that the study intended to investigate such as the regeneration agencies, precinct upgrading projects which have been implemented in Johannesburg Inner City had not been implemented in cities such as Durban and Pretoria, thus making Johannesburg an ideal area for investigation.



Map 1: Regional Locality Plan



Regional Locality Map

Map 1

Legend

- UDZ/Innecity Boundary
- Major
- Motorway
- National
- Provincial
- Railway Line

REGION

- A
- B
- C
- D
- E
- F
- G

City of Johannesburg

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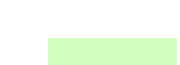



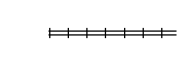


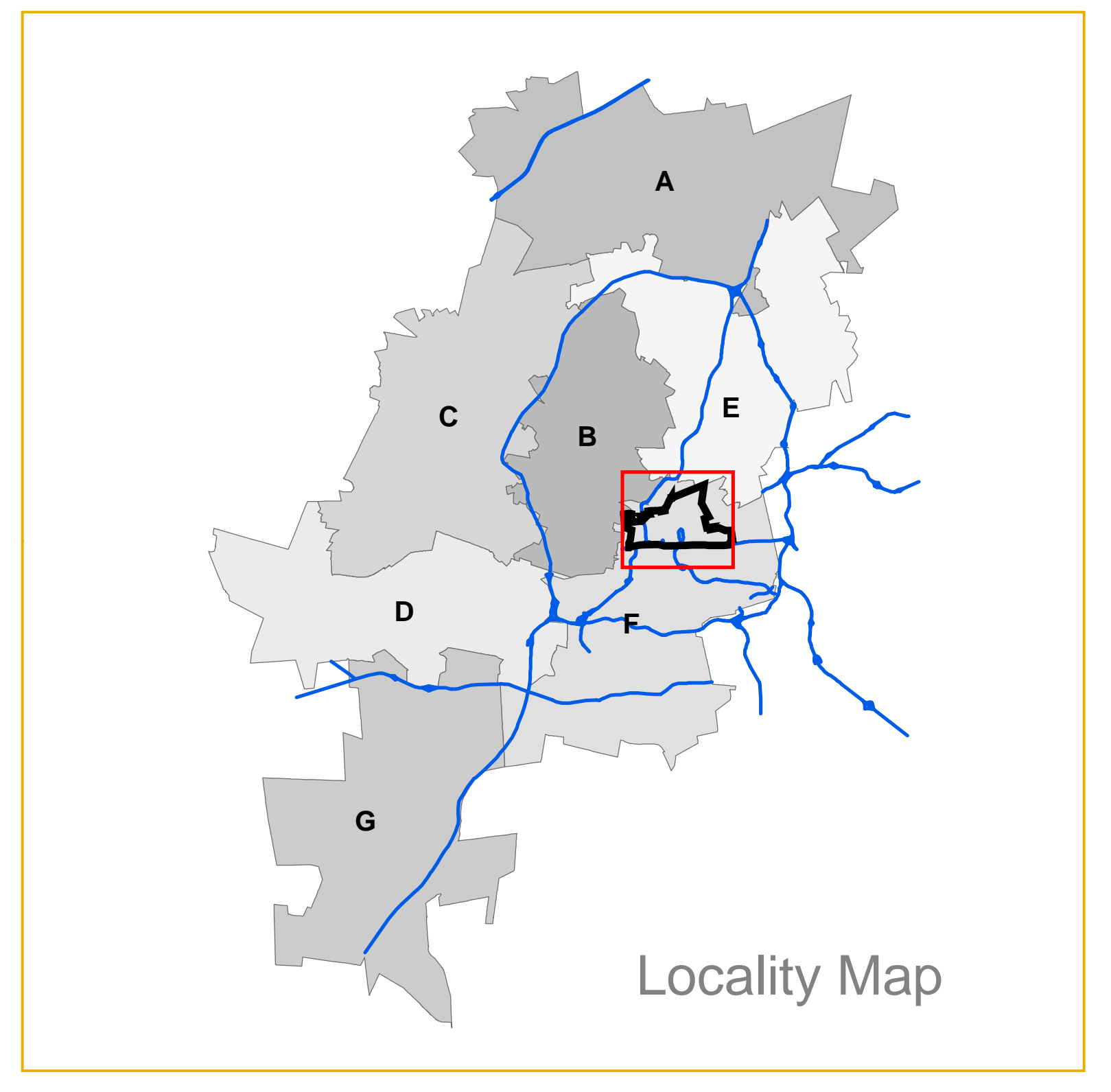
Map 2: Inner City Locality Plan

Inner City

Locality Map Map 2

LEGEND

-  Regional Boundary
 -  UDZ/Inner City Boundary
 -  Township Boundary
 -  Informal Settlements
 -  Parks/Open Spaces
- Road Type**
-  National Roads
 -  Major Roads
 -  Local Roads
 -  Railway Lines

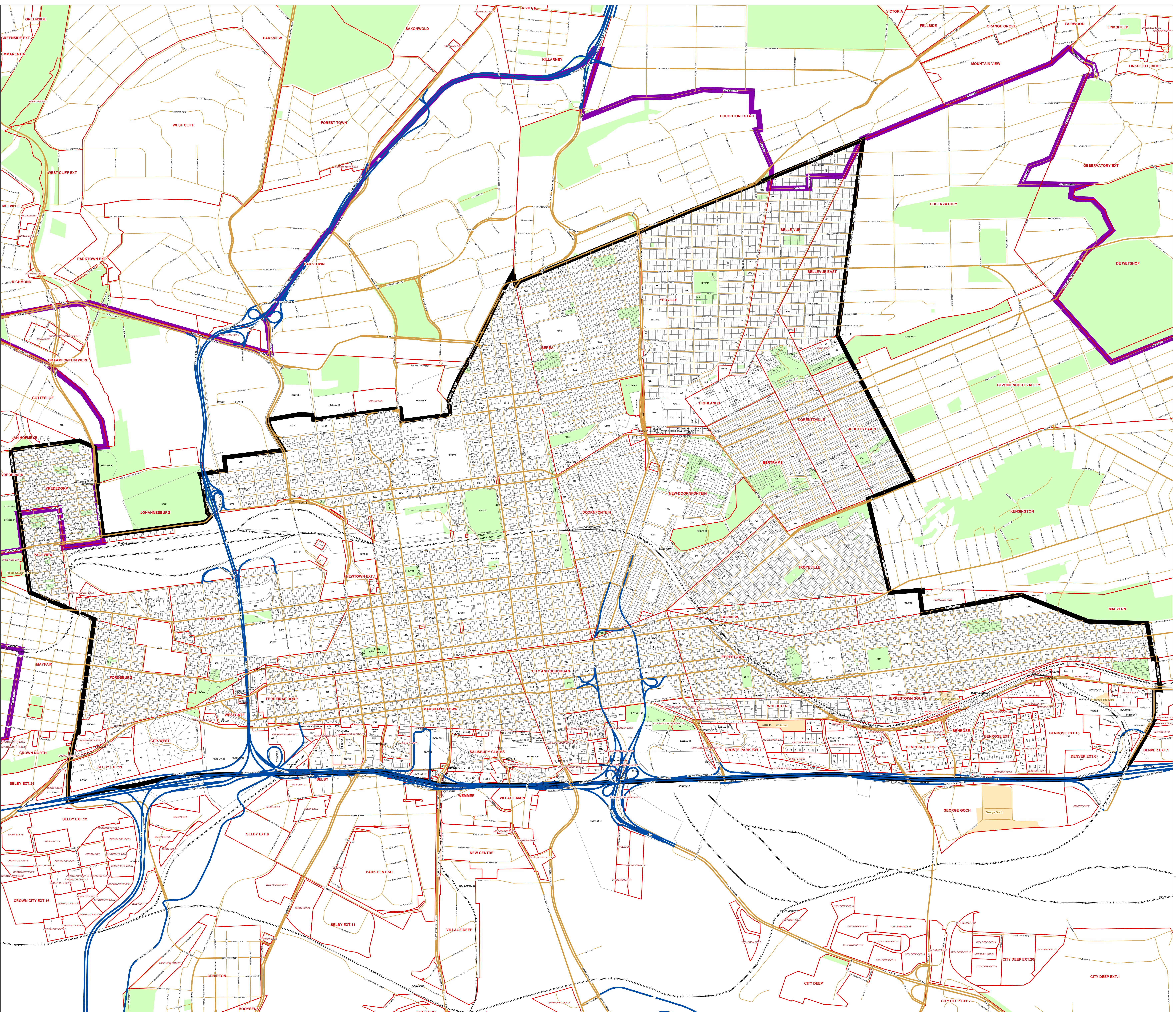


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Johannesburg is also the commercial hub of the South African economy, boasting the largest property market in the country (JHI Report, 2003). Since the study was mainly concerned with the private sector's views of urban regeneration, Johannesburg's suitability was also strengthened by the fact that a large number of major companies have presumably been involved in the area more than in any other South African city.

1.7 URBAN REGENERATION: TOWARDS A DEFINITIONAL DISCOURSE

The following terms are defined which will be used in various parts of this thesis:

1.7.1 Urban Renewal

The term "urban renewal" has its origins in the US literature (Couch, 1990; Barnekov *et al*, 1989) and depicts '*the process of redeveloping or rehabilitating of older parts of towns and cities including their central business districts and economic infrastructure*' (Gibson and Langstaff 1982, p.44). Couch (1990) defines it as '*a physical, or change in the use or change in the intensity of use of land and buildings which is the direct outcome of action of economic and social forces*' (p.12).

1.7.2 Urban regeneration

There is not a standard definition of the term urban regeneration. Adair *et al* (2003) defines it as '*the process of reversing economic, social and physical decay in towns and cities where it has reached that stage when market forces alone will not suffice*' (p. 374). Elsewhere it is defined as '*an idea that encapsulates both the perception of city decline (in local economies, in the use of land and buildings, in the quality of the environment and social life) and hope of renewal, reversing trends in order to find new basis for economic growth and social well-being*' (McCarthy and Pollock, 1997, p.137 and Healey *et al*, 1992a, p.3). In this study urban regeneration is viewed as encapsulating more than just physical urban change or rejuvenation of built environment but includes broader

revival of the inner city economy, people and enterprises. Another term closely related to urban regeneration is “urban renewal”.

The above two terms are often used interchangeably. The difference lies in their area of origin. Whereas the former is often associated with the US context and literature and is essentially about urban physical change (i.e. redevelopment, demolition and rebuilding etc.), the latter is derived from UK literature and generally is about seeking means to improve economic performance of locations, bring back investments, create employment and consumption of goods and to enhance the quality of life in urban areas (Couch 1990; Barnekov *et al*, 1989; Squires, 1997). It should also be acknowledged that the concept of urban regeneration in both the US and UK also encompasses another focus - that is, in particular neighbourhoods/estates with high concentrations of social houses and not just cities and suburbs.

1.7.3 Urban redevelopment

The term urban redevelopment depicts a process of demolishing a building or buildings completely and erecting new ones (Barnekov *et al*, 1989).

1.7.4 The “market-based” approach to urban regeneration or Privatism⁷

The term “market-based” approach to urban regeneration is used in this study to collectively refer to those initiatives that seek to influence the market so as to stimulate private sector investment and urban regeneration. It is synonymous with the notion of “privatism” which is defined as ‘*a tradition that encourages a reliance on the private sector as the principal agent of urban change*’ (Barnekov *et al*, 1989, p. 1) or ‘*the belief in the supremacy of the private sector and market forces in nurturing development, with the public sector as a junior partner whose principal obligation is to facilitate capital accumulation*’ (Squires, 1997, p. 267).

⁷ Privatism should not be confused with the process of privatization. The former depicts an ideology that governs the relationship between public and private sectors. Whereas the latter refers to specific policy of transferring authority and ownership of particular industries or services from government agencies to private entrepreneurs (Squires, 1997).



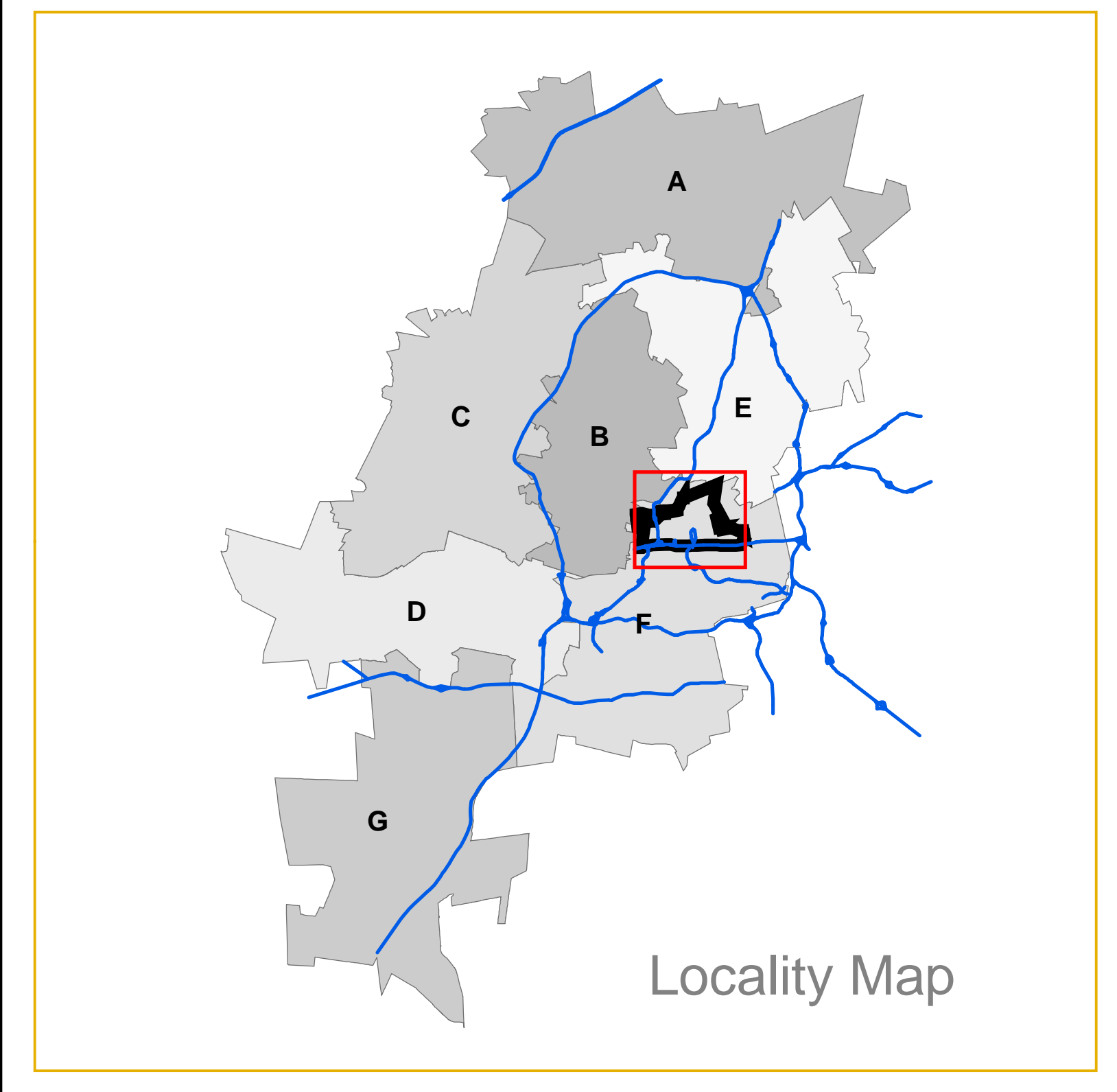
Map 3: Inner City land-use Map

Landuse Map

Inner City Map 3

LEGEND

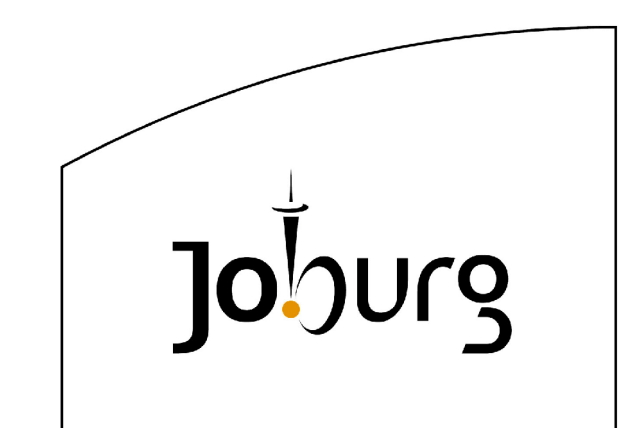
- | | |
|-------------------------|------------------------|
| UDZ/Inner City Boundary | Landuse |
| Township Boundary | Amusement arcade |
| Road Network | Construction site |
| National Roads | Educational |
| Major Roads | Filling station |
| Local Roads | INDUSTRIAL; Industrial |
| Railway Lines | Medical |
| | Movies/Theatre |
| | Night club |
| | Offices |
| | Open land |
| | Parking structure |
| | Parking surface |
| | Public/Government |
| | Public facilities |
| | Public park |
| | Religious |
| | Residential dwelling |
| | Residential hotel |
| | Restaurant |
| | Retail |
| | Scrapyard |
| | Warehousing |
| | Unused/Vacant |



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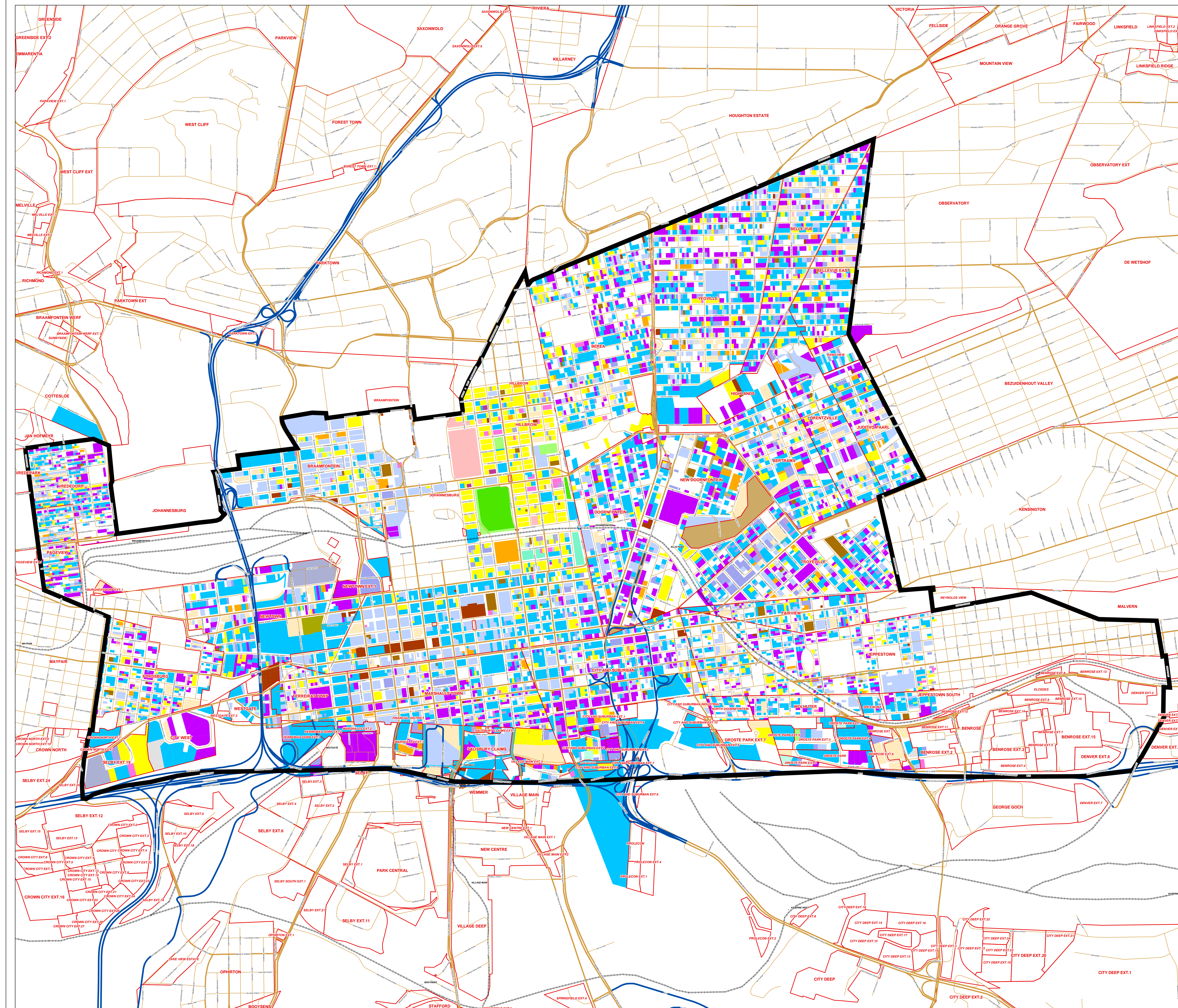
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1.7.5 The City of Johannesburg

The terms City of Johannesburg or Johannesburg Council are used frequently in this study in reference to the Johannesburg Metropolitan Council. This is the organ of the state that is primarily responsible for the regeneration of the Johannesburg Inner City.

1.8 CHAPTER OUTLINE

The study consists of 8 chapters. Chapter 1 has provided the background to the study. It has set out the purpose of the study by highlighting the research problem and sub-problems and also outlines the significance of this study. Chapter 2 discusses the research methodology that was used to gather the data and reasons for choosing such methodology. It outlines the criteria used in selecting respondents (sampling criteria), as well as their profile. Chapter 3 covers the substantive theory and literature review on urban regeneration and promotion of private sector investment. Based on the rich body of mainly international literature, it provides the ideological logic for promoting private sector investment in an urban regeneration set-up. It also presents the general perceptions held by the private sector about investing in urban regeneration schemes as well as measures that are often introduced to address such perceptions.

Chapter 3 also highlights some of the inherent flaws of the “market-based” approach to urban regeneration, internationally, and its contents will be subsequently used to buttress the findings of the study in terms of the shortfall of the Johannesburg strategy of urban regeneration. Chapter 4 is the continuation of chapter 3 – the two remain separate chapters to avoid an extremely long single chapter. However, chapter 4 provides an overview of theoretical literature that bears on the study. It engages various theoretical constructs and conceptual approaches that could help to unravel the notion of urban regeneration. These theoretical strands are later used to highlight the tensions and debates around the “market-based” approaches to urban regeneration.



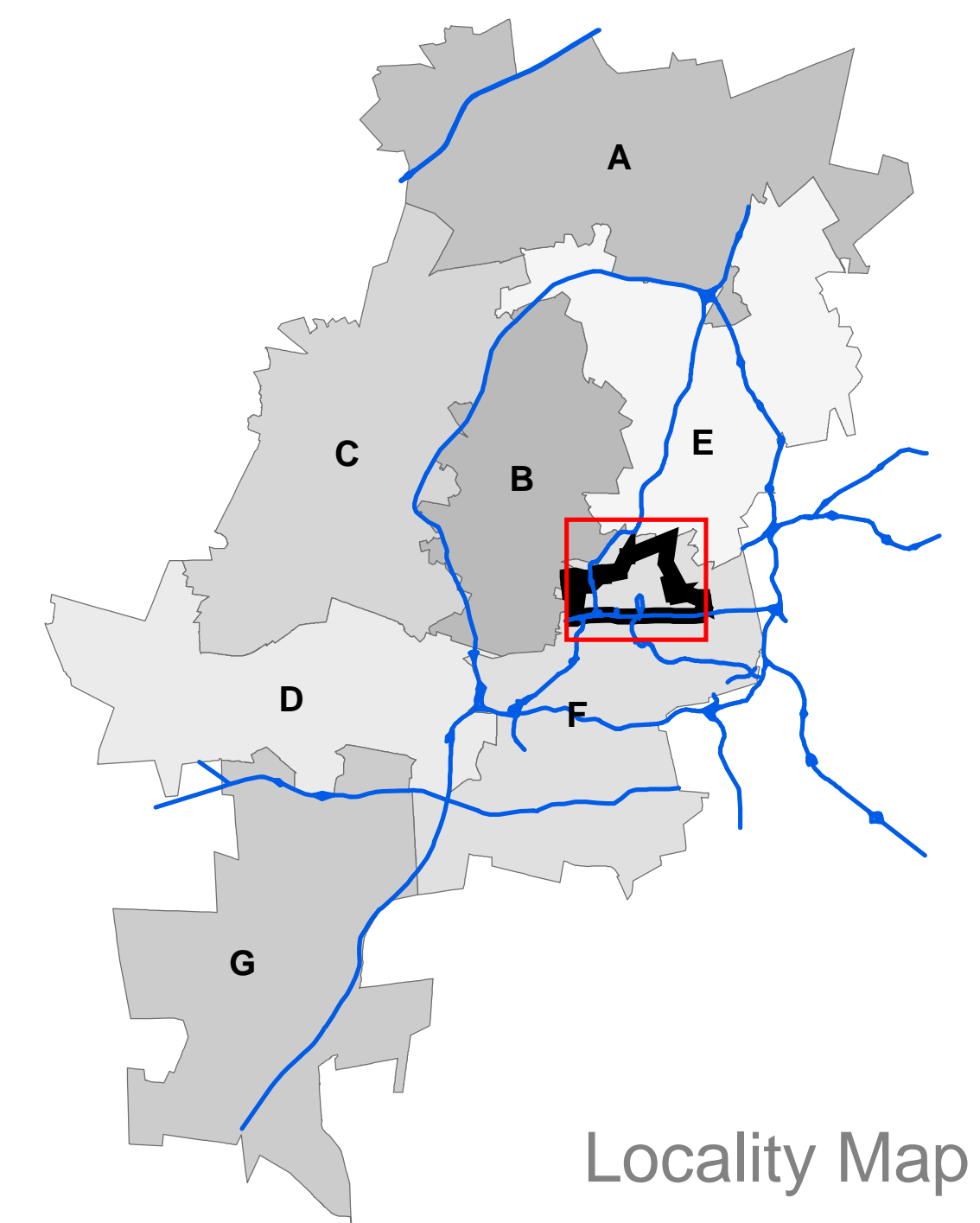
Map 4: Inner City zoning plan

Existing Zoning Map

Inner City Map 4

LEGEND

	UDZ/Inner City Boundary		Amusement
	Township Boundary		Business 1
	Property Boundaries		Business 2
	National Roads		Business 3
	Major Roads		Business 4
	Local Roads		Cemetery
			Commercial 1
			Commercial 2
			Educational
			Existing Public Roads
			General
			Government
			Industrial 1
			Industrial 2
			Industrial 3
			Institutional
			Municipal
			No Use
			Parking
			Pedestrian Mall
			Private Open Space
			Proposed New Roads and Widening
			Public Garage
			Public Open Space
			Residential 1
			Residential 2
			Residential 3
			Residential 4
			S.A.R
			Special

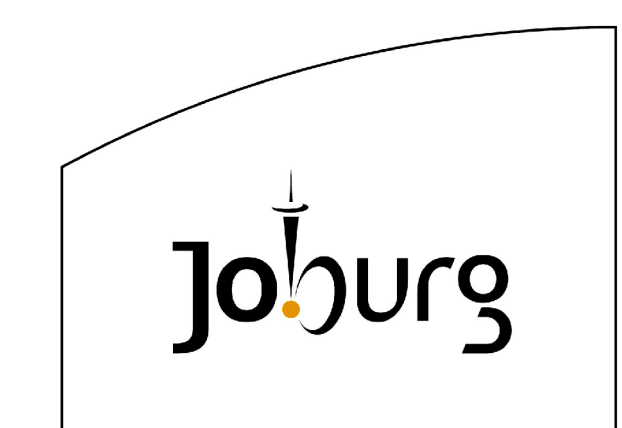


Locality Map

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Chapter 5 provides the background to the Johannesburg Inner City and particularly the emergence of urban regeneration initiatives aligning this with the emergence of the strategy that seeks to promote private sector investment inner city. Using various studies that have been conducted in the Johannesburg Inner City, the chapter highlights emerging themes, perspectives and debates from literature. Chapter 6 presents the data that was collected through interview surveys. It draws interesting correlations between various data sets as well as implications of such correlations for the process of urban regeneration and private sector investment.

It gives hints about some of the emerging trends and perspectives about the inner city. Chapter 7 provides the detailed analysis of the data that was presented in chapter 6, discusses significant findings and highlights major conclusions that the study draws. In doing so it highlights some of the significant shortcomings of the local urban regeneration strategy that seeks to promote private sector investment and the serious long-term implications of these to the process of urban regeneration. Chapter 8 concludes the study by reiterating some of the major findings and themes emerging from the study. It also suggests areas for future research.

CHAPTER 2

THE RESEARCH METHODOLOGY

2.1 INTRODUCTION

This chapter discusses the methodology that was used in gathering research data from various sources. As was explained in paragraph 1.5 of chapter 1, the research methodology is discussed as a separate chapter due to the intricate nature of the method used in gathering data in this study. This chapter therefore explains why a particular research methodology was chosen as well as the benefits of that method. It also covers, in detail, the main sources of primary data, how qualitative data was collected, how samples were selected using the purposive sampling procedure and the evaluation criteria used in the study. Finally the chapter discusses how the qualitative data was analyzed and will be presented in this study.

2.2 RESEARCH METHODOLOGY

2.2.1 A Qualitative Approach

The methodological approach employed in this study is essentially a qualitative one. Unlike experimental or statistical research which has, as its central tenets, hypothesis development, testing and modification, this study drew its conclusions from predominantly qualitative data and did not work on the “cause-effect” principle. The qualitative methodology was considered appropriate because the study is dealing mainly with an insubstantial (or subjective) phenomenon (i.e. private sector perception of urban regeneration) which could not be measured adequately through quantitative research methods (Leedy and Ormrod, 2005; McBurney, 2001).

The collected data had to provide sufficient detail to enable the researcher to draw appropriate conclusions. The broad conceptualization of the study also meant that the researcher would require specific type of data that would reflect

the private sector perspective of urban regeneration in Johannesburg. Unlike experimental or statistical research which often employs quantitative methodologies to prove a dichotomous “either or” principle, this study required detailed private sector perspective of urban regeneration which could best be obtained through a qualitative method. In this regard in-depth interviews were considered appropriate.

While comparable studies to this one have successfully employed quantitative methods (although measuring an objective phenomenon) (e.g. Adair *et al*, 2003; 2000; 1999; McGreal *et al*, 2002; 2000), this method would not have been relevant in this study because of the following aspects: *Firstly*, it was not possible to predict or guess possible factors that influence the private sector decisions to invest in urban regeneration and therefore formulate multiple choice questionnaires or compile a scoring matrix that quantitative studies normally use. In an environment where limited research has been undertaken on urban regeneration and private sector investment, such factors have proven to be wide ranging and unpredictable. *Secondly*, while such factors could be ‘borrowed’ from other similar international studies, some crucial and locally specific information could have been missed through that method. The advantage of the qualitative methods is that over and above detailed account, the researcher can seek clarity on certain aspects thus obtaining more detail of the phenomena being investigated (Leedy and Ormrod, 2005).

2.2.2 The data gathering process

The research data was gleaned by way of interviews with prominent private sector players who have had an extensive record of involvement in the urban regeneration process. The interviews took place over a period of seven months starting from July 2006, ending in February 2007. All interviews were conducted by the researcher in respondents’ offices and in some cases residential places. The duration of interviews varied between thirty (30) minutes to one (1) and a half hours. In an attempt to achieve a consistent quality of responses, most

questionnaires were administered by the researcher in face-to-faces interviews with respondents. Responses were recorded using shorthand and a tape recording machine. The questionnaires used in this study contained mostly open-ended questions.

Efforts were made to ensure personal administration of all questionnaires by the researcher and to avoid handing questionnaires to respondents for later collection or telephonic interviews⁸. Personal administration of questionnaires is recommended as it ensures the understanding between the interviewer and interviewee, especially where questionnaires have open-ended questions (McBurney, 2001). That is because, unlike multiple choice or closed-ended questionnaires, questionnaires containing open-ended questions take time to understand and may therefore require the researcher's presence to facilitate responses (Moore, 1987).

A large number of interviews were conducted by the researcher after working hours. However, in gathering data, personal administration of interviews was not always possible. This was due to, among other reasons, preference and insistence of respondents to be interviewed telephonically, convenience issues and availability times of respondents. Owing to these reasons, 28 out of 78 interviews were inevitably conducted telephonically. Five questionnaires (5) were also sent electronically to some respondents for completion and return at a later stage. However, the response rate from the latter group was very poor – only 1 out of 5 sent questionnaires was returned, despite numerous follow-ups made by the author on the other four questionnaires.

⁸ Telephone interviews were not favored in this study due to numerous reasons: 1) respondents can be interrupted in the middle of the telephonic interview and stop the conversation, 2) the absence of eye contact makes it difficult to detect respondent's body language and determine if he/she is giving inaccurate information, 3) respondents can easily stop the interview if they do not feel comfortable with certain questions or where they simply feel uneasy about too many questions. In cases where telephone interviews were conducted as the only possible method, a confirmatory approach was also used. This method entails asking certain questions more than once to verify consistency of their answers (McBurney, 2001).

There are, of course, limitations to this approach – as any research method has strengths and flaws (McBurney, 2001). *Firstly*, the presence of the interviewer can create a social situation that may result in biased responses in that respondents may tell the interviewer what they think he/she wants to hear. To address this limitation, respondents were asked to give their frank opinion on the factors under evaluation and were often asked to substantiate their responses. *Secondly*, because open-ended questionnaires take time to administer and require more effort from the respondents, they do not work well with very large research samples. The latter limitation did not affect this research because the samples of this study were not too large. Instead, open-ended questions and self-administration of questionnaires led the researcher to new and unexpected discoveries and a large amount the information, as the researcher probed questions further by asking clarity seeking questions.

The examination of relevant secondary data and material was also done to provide an historical context to the study and fortify or verify the legitimacy of certain data gathered through in-depth interviews. For instance, as discussed in chapter 7, the results of this study in respect of positive outcomes of urban regeneration were consistent with media reports and other reports published by various organizations, about some ‘success stories’ of inner city regeneration.

2.3 SCOPE OF INTERVIEWS

Three distinct, yet generic, questionnaires were compiled and administered to collect data through structured interviews. The questionnaires designed for consultants and property brokers contained 25 questions and the one for property developers had 28 questions. The questions focused mainly on factors motivating private sector investment; factors hindering the flow of private sector investment; perceived efficiencies or benefits; and inefficiencies or limitations of various urban regeneration initiatives. As stated earlier, respondents were asked to give their frank opinion on the factors under evaluation and were often asked to substantiate their responses.

The study was based on an interview survey with property and development agents who had been involved in various urban regeneration projects in the inner city. These included property developers and investors, property/pension funds administrators, consultants/researchers, property managers/brokers/agents, property financiers, institutional investors as well as building companies. The study may also be perceived to resemble an executive opinion survey because the questionnaires were administered among senior executives of private sector companies involved in urban regeneration.

The respondents were divided into three cohorts. The first cohort, which was also the largest, consisted of property developers, financiers and investors who had been directly involved in urban regeneration projects or invested money in converting, refurbishing or redeveloping buildings in the inner city. The second cohort consisted of urban regeneration and development consultants including property economists and researchers whose involvement in urban regeneration was indirect and often on behalf of clients. The third cohort included property managers, brokers, estate agents whose involvement in urban regeneration was also indirect and on behalf of clients. The views of the latter two cohorts were important to validate the perceptions held by respondents in the first cohort.

2.3.1 Selection of samples

As stated in paragraph 2.2.2 above, the study targeted major private sector actors who had extensive experience in the process of urban regeneration and were still active in the process at the time of research. The samples were selected in relation to the research aim and objectives. In other words, respondents and their companies were selected on the basis of their relevance in providing answers to the research problem and sub-problems. The initial stage of sample selection was to identify companies that had been involved in urban regeneration through various sources described latter in this chapter. One hundred and twenty (120) companies were identified as having been involved in urban regeneration in Johannesburg and active at the time of interviews.

A **purposive sampling** method was used, as described below, to choose appropriate companies to be included in samples and to gather research data from. According to McBurney (2001) **purposive sampling** means selection of research units to meet a particular definition or criteria. The requirement in this study was that, in order to be selected, private sector companies had to show a clear and extensive record of involvement in urban regeneration and knowledge of the Johannesburg Inner City or must have held a substantial regeneration portfolio for a reasonable period.

By international standards, companies that have extensive involvement in urban regeneration are likely to provide a detailed account of the phenomenon under consideration. Most international studies comparable to this one have used similar qualification criteria in the selection of samples (e.g. Adair *et al*, 2003; 2000; 1999; Ball *et al*, 2003). In terms of this qualifying method, only companies that had been involved in the urban regeneration process for at least two (2) years and were still active in the area qualified for selection. As also recommended by Neil Fraser⁹, the period of two years was considered sufficient to provide companies with a reasonable exposure to urban regeneration issues which would also enable them to provide adequate input to the study. This was more so in Johannesburg Inner City where urban regeneration is a relatively new phenomenon and is a market where there are many new entrants, many of whom may have had a limited exposure to and an understanding of urban regeneration issues (Fraser, 2005a).

⁹ Neil Fraser has been extensively involved in urban regeneration in Johannesburg Inner City. He is running a consulting firm, Urban Inc., which specializes in inner city regeneration in South Africa and internationally. He has written widely on the subject, authored and presented various conference papers and publications and has served as an advisor to many organizations including the City of Johannesburg, the Johannesburg Development Agency and many private companies. He is the former CEO of the Central Johannesburg Partnership (CJP), an organization which, as explained in chapter 5, has been at the centre of the urban regeneration process since its beginning. In this study Mr. Fraser was considered a credible source of information and the researcher had numerous sessions with him, solicited his opinions and shared insights on urban regeneration.

Although the use of the length of involvement in urban regeneration as a requirement may have created the bias of the study towards bigger and well established actors, it was the only way of ensuring that good quality and reliable responses were obtained from informed and experienced respondents. In addition small property firms on the other hand were likely to have little overall impact in the market where large firms together hold a significant market share. As stated, in order to ensure reliability of responses, only persons in senior positions within organizations (i.e. decision-making level such as a CEO, Managing Director, Director etc.) and who were well conversant with urban regeneration initiatives and the inner city were selected (see Annexure B).

Out of 120 identified companies, 95 companies were then targeted by the study as they met the qualifying criteria and the purposive sampling method described above. However, only 78 prospective respondents¹⁰ accepted the invitation to participate in the study (see table 1 on page 181 or see Annexure B). Each of these groups selected also had an important purpose for the research and in answering research questions (Leedy & Ormrod, 2005). It can be argued that the fourth cohort of inner city users/tenants could have been included in the study. Indeed, a few (four in total) users/tenants were initially interviewed as part of this study, but their level of knowledge of specific urban regeneration initiatives was rather shallow and interviews with them were discontinued. Not much could be gained from that source. For instance, none of the tenants interviewed had knowledge of the Better Building Programme or the Johannesburg Development

¹⁰ While the sample may appear small, it should be borne in mind that the private sector population is also small. For instance, on the basis of various databases obtained from various structures of the City of Johannesburg (discussed below) it can be crudely estimated that there about 250 companies involved in urban regeneration in Johannesburg Inner City. Statistically, if the population or units being researched are fewer than 100, the survey should cover the entire population. If the population is around 500 or less, 50% of the population should be surveyed (Leedy and Ormrod, 2005). In this study 120 companies were identified for interview which was about half of estimated companies (250) involved in urban regeneration. Due to the qualification criteria, which was meant to ensure good quality results, and some companies declining to participate in the interviews, the sample size came down to 78 which represents about 30.8% of the estimated private sector population. However, the views of the sample may still be regarded as representative of those of a larger private sector community involved in inner city regeneration as it consisted of people that had extensive experience.

Agency or Urban Development Zone, which were critical urban regeneration initiatives under evaluation in the study. The study distinctly wanted to hear from the private sector how it rated the specific City of Johannesburg's urban regeneration initiatives and not residents' views.

2.3.2 Sources of research data (i.e. respondents details)

The researcher obtained various databases of potential companies (mainly property developers) that were involved in urban regeneration and were considered relevant to the study from six credible sources. *Firstly*, the researcher, through a lengthy period of reading in the field of urban regeneration in Johannesburg and extensive involvement in the property industry¹¹ compiled a database of companies (35) that had been involved in urban regeneration from publications such as newspapers, journal articles, internet websites etc. *Secondly*, a stakeholder database consisting of 70 regeneration practitioners was obtained by the researcher, from the urban regeneration agency - Johannesburg Development Agency (JDA).

Thirdly, the researcher also obtained, a database of 21 inner city investors and property managers from the Property Owners and Managers Association (POMA¹²). *Fourthly*, the researcher was given a database of 240 companies by the Johannesburg Property Company (JPC) that were registered under the Better Building Programme¹³. *Fifthly*, a list of 15 prominent urban regeneration practitioners was obtained from the Central Johannesburg Partnership¹⁴. *Sixthly*,

¹¹ The researcher has held senior management positions in various organisations including Director of Property Management in the National Department of Public Works. He is also a member and an active participant in numerous property bodies such as the South African Property Owner's Association (SAPOA)

¹² POMA is an association of major property owners, investors and managers in the Johannesburg inner city and represents their interests. The chairman of the association, Mr. Brian Miller, made the list of all affiliate companies available to the researcher.

¹³ While the Better Building Programme database included property developers, investors, property managers and consultants, it included companies involved in other business trades not related to the built environment caterers, cleaners, stationary and security services providers. Companies that were considered relevant to this study constituted a little more than a third (88) of the total number of companies in that database.

¹⁴ This database was obtained from the chairman of the CJP, Mr. Neil Fraser.

a list of 10 potential respondents was obtained from the Johannesburg Inner City Business Coalition (JICBC)¹⁵. Attempts to obtain a list of investors registered under the Urban Development Zone were not successful, although most property development companies interviewed (obtained from other databases) were already involved in this programme (see table 18 on page 211). From these sources, a total of 120 companies were identified from which a database of 95 companies that met the requirements of the study were sifted and were then consolidated by the researcher into a comprehensive research database (see Annexure A on page 325).

2.4 THE EVALUATIVE FRAMEWORK

Principally the study aimed to explore the private sector perception and attitudes towards the Johannesburg Inner City and urban regeneration initiatives introduced by the City of Johannesburg since 1986 (Bremner, 2004). Broadly, it assessed the perceptions held about the urban regeneration measures in achieving government's objectives of enticing the private sector investment in the inner city. This was done *firstly* by identifying factors that motivated the private sector to invest, locate business in the inner city. In this way the study could evaluate whether reasons given relate to urban regeneration initiatives or not.

Secondly, by identifying factors that hindered the private sector investment in the inner city the study intended to establish if the hindrances identified related to urban regeneration measures and therefore draw the appropriate conclusions about the effectiveness of urban regeneration initiatives. It intended to assess whether perceived hindrances presented any threats to private sector investment in and perception of the inner city and whether they were likely to have a long-term impact on the urban regeneration process. *Thirdly*, the study explored perceptions held about five (5) specific policy instruments that are designed to leverage private sector investment in the inner city thereby inducing urban

¹⁵ The chairman of the JICBC, Mr Rory Rorison, gave to the researcher a database of JICBC members at the author's request.

regeneration. These are: the Urban Development Zone; the City Improvement Districts; the Better Building Programme, the Johannesburg Development Agency and a variety of crime prevention measures.

The researcher was aware of the potential weaknesses of the above evaluation criteria, that is, it could be considered to be grounded on perceptions, rather than tangible, quantifiable facts or evidence (McBurney, 2001). While this study acknowledges the above as a general criticism of qualitative studies and opinion surveys, it is important to understanding the private sector perception of urban regeneration and the Johannesburg Inner City. In this study, due to the extensive level of involvement in urban regeneration of companies interviewed, such perception constitutes a significant source of knowledge. For instance, perceptions about the inner city may play an important role in determining whether the private sector continues investing in the inner city or not. It may also determine the type of economic activities that private actors get involved in in the inner city or locations that are preferred for investment.

The views of the consultants and property brokers were also considered important because prospective property developers and investors in the inner city were likely to solicit an opinion from consultants, brokers and agents in order make informed decision about where they would invest. Similarly tenants might consult property managers, brokers and agents before making locational choices. Even if this study is indeed grounded on perceptions, it is important that such perceptions are known and distilled through systematic and scientific methods such as those employed in this study.

2.5 ANALYSIS OF QUALITATIVE DATA

Being empirical/qualitative research, this study used **inductive reasoning** to draw conclusions about its observation. Inductive reasoning begins with an observation or an occurrence to draw conclusions about the entire classes of objects or events (Leedy and Ormrod, 2005; Goddard and Melville, 2005). When

analyzing qualitative data particularly from structured interviews and open-ended questionnaires, the study utilized a quantifying method. In this method data was informally quantified according to the frequency of responses occurring and was then sorted and categorized into smaller sets of abstracts or conceptual phrases. These conceptual phrases were then allocated numerical values and percentages according to the frequency of responses and entered into scoring matrices. However the disadvantage with this (as normally is the case with qualitative studies, especially open ended questions and in-depth information) is that it takes a very long time to do data coding. In presenting qualitative data the study used graphs and tables and constructed “interpretative narratives” which captured emerging trends, themes and perspectives (see chapters 6 and 8).

2.6 CONCLUSION

This chapter discussed the methodology that was used to gather research data from various sources. It also outlined the criteria used in selecting samples, collecting qualitative data how qualitative data collected was analyzed and presented in this study. The chapter has also explained that the qualitative research was best for this type of research. That is because the collected data had to provide sufficient detail to enable the researcher to make informed conclusions. The broad conceptualization of the study also meant that the researcher would require specific type of data reflecting the private sector perspective of urban regeneration.

CHAPTER 3

URBAN REGENERATION AND THE PROMOTION OF THE PRIVATE SECTOR INVESTMENT:

TOWARDS THE SUBSTANTIVE THEORY

3.1 INTRODUCTION

This chapter identifies, from a rich body of literature (mainly international), dominant themes about the rationale and ideological logic for private sector invocation in the process of urban regeneration. It discusses what the literature suggests about the general perceptions held by the private sector about the urban regeneration schemes and investing such schemes. It also explores the state-market relationship by looking at a myriad of measures, such as tax incentives, land-use control, crime prevention etc. that are often applied by public sector to attract private sector investment to areas affected by economic decline and to stem the effects of perceived risks.

The body of literature and case studies consulted in this chapter are predominantly of American and British origin for two reasons. Firstly, both the US and UK are prolific sources of urban regeneration knowledge as they both have had an extensive record and experience of promoting private sector investment in urban regeneration. Such experience is essential to provide an empirical background to this study. Secondly, as discussed in chapter 5, the experiences of the two countries have had a significant influence on urban regeneration policy formulation and implementation in Johannesburg. Johannesburg, being a global metro city, has seen local practices being benchmarked on the US and UK regeneration models.

3.2 THE LOGIC FOR STIMULATING PRIVATE SECTOR INVESTMENT IN URBAN REGENERATION

Traditionally, the delivery of urban regeneration programmes is understood to be the primary responsibility of public sector (particularly local authorities). The role of the public sector in this view is that of a natural agent that directs and controls urban change; formulates and implements policies; with particular emphasis on the regeneration of run-down and derelict parts of inner city areas (McCarthy, 1996; Imrie & Thomas, 1993; Deakin and Edwards, 1993; Barnekov *et al*, 1989). Such inner city policies may involve central government as grant giver and local authorities as recipients and spenders of urban regeneration funding (Deakin and Edwards, 1993; Stoker and Young, 1993).

However, the dominance of the state in the delivery public programmes such as urban regeneration tends to be reflected negatively in, for instance, the lack of new private sector investment in the declining parts of inner cities. The lack of private sector investment is perceived by policy-makers as a missed opportunity in terms of large amounts of underutilized land, lost revenue, jobs and so on. As will be explained later in this chapter, the combination of high costs and large scale nature of urban regeneration projects; public sector inefficiencies (perceived or actual); challenges of rejuvenating privately owned properties; and general failure of state-driven and welfare programmes to deliver public goods often serve as grounds to justify the need to invoke the private sector in the urban regeneration projects. In this regard, the public sector is often encouraged to 'forge effective partnerships with the private sector.....thereby forming an integrated approach in the delivery of regeneration programmes' (*cited in Adair et al*, 1999, p. 2033).

3.2.1 Private sector involvement in urban policy issues: Is this a new phenomenon?

Of course, the private sector involvement in urban development and the delivery of public goods is not new. The existence of this practice can be traced back, in

both American and British cities, from the heyday of the Industrial Revolution in the 17th and 18th century, albeit informal and uncoordinated (Squires, 1997; Couch, 1990; Barnekov *et al*, 1989; Heidenheimer *et al*, 1983). It was not uncommon, for instance, in Britain for private companies/individuals to embark on various urban development schemes with little state involvement (Couch, 1990). The unprecedented rise in commercial and industrial activities as well as spatial and demographic changes that characterized the 17th century had induced new forms of urbanization and created new demands for residential and other facilities.

This resulted in the widespread existence of poor housing, pollution, crowding and general deterioration to city life, which was regarded by some as a symptom of economic forces leading to an unequal distribution of wealth (Thomas; 1986; Heidenheimer *et al*, 1983). Beales (1967) writes that [private] builders ‘rushed up houses in unpaved and undrained streets and courts’...crowding people ‘together to make a profit at all costs, as rents were advancing rapidly. The time had not yet come for the establishment of a social code protective of that rather helpless body, the community’ (p. 84).

In America, the private sector involvement in urban renewal was encouraged by belief that individual and community happiness were to be achieved through the search for personal wealth. Cities took shape through these doctrines of political economy and competitive individualism where business enterprises were substantially unregulated (Briggs, 1963). This tradition continued in the 18th century and was a response to the dynamics of an unregulated urban land market dominated by ‘profit seeking builders, land speculators, and large investors’ (Warner, 1987, p. 4).

The result of the above dynamics was that cities started to develop as economic entities where capitalists began to engage in land development and sale as commercial venture (Heidenheimer *et al*, 1983). The townscape was determined

by the 'speculative grand plan which treated land as a commodity whose worth was expressed strictly in terms of market value' (Mumford, 1961, p. 421). Land was always viewed as 'a commodity which, if offered for sale at the right time and price, brings profits' (Heidenheimer *et al*, 1983, p. 252). This tradition continued from the Victorian period to colonial days and well into the 20th century such that observers consider terms such as "public-private-partnership" as a little more than a new label for a long-standing relationship between the public and private sectors (Squires, 1997).

The uncoordinated private sector involvement in urban development, however, fell under sharp criticism, from a socialist perspective, for benefiting only property developers while social problems persisted unabated. Briggs (1963) argues that 'the priority of industrial discipline in shaping all human relations was bound to make other aspects of life seem secondary' resulting not only in 'a paucity of social investment but a total indifference to social costs' (p. 18). Similarly Lewis Mumford (1961) argues that the belief in economic values in the new industrial age were merely a 'fortuitous concourse of atoms...held together temporarily by motives of self-seeking and private profit' (p. 454).

Consequently, in the UK, the activism of the private sector was discarded in the beginning of the 20th century in favour of state-driven policies and welfare programmes (Fainstein and Campbell, 1997; Imrie and Thomas, 1993). By contrast, the promotion of the private sector involvement in urban affairs in the US remained a significant part of the dominant and explicit urban policy from late 19th century onwards. The private sector remained a chief driver and beneficiary of planned urban change for a long time in American cities. Even the state intervention in urban affairs, which started in the late 1890s, further protected the interests of the private sector (Long, 1960). As Barnekov *et al* (1989) also note: 'throughout the nineteenth century...the influence of businessmen in civic affairs was unequalled and usually decisive' and 'remained largely unchallenged throughout the nineteenth century' (p. 16).

Not only did the state accept the need to fulfil the marketplace imperative, some government reforms were not enacted without at least tacit approval of leaders of large corporations (Barnekov *et al*, 1989). Further, local authorities were permitted to purchase and clear sites and then resell them at a price below what they paid for it. The federal government would then pay the city between two thirds and three quarters of the difference between the city's expenditure and price charged to the private developer. Therefore private developers were allowed to purchase prime land with several million dollars worth of federal subsidy.

This worked on the premise that the urban renewal program had to compete with other forms of investment for developers' interest and that renewal opportunities therefore had to be made particularly attractive to private capital:

The public planning done by city renewal authorities in the United States consists largely of furnishing support services for private real estate interests: selecting sites which the authority believes will be attractive to private capital; acquiring the sites through condemnation or purchase; and clearing them in order to resell to private developers. Local public authorities have not only provided a service to private developers in assembling redevelopment sites, but national government has subsidized the purchase of land by private enterprises through the device of the "write-down" (Heidenheimer *et al*, 1983, p. 270).

While the urban policies of the UK and US from late 19th century to mid-20th century, with reference to urban regeneration, were vastly polarized, in the 1970s and 1980s, the policies of the two countries converged¹⁶ (Fainstein and Campbell, 1997). Their policies on inner city problems shifted and emphasis was placed on the "market-based" or private sector solutions (Carmon, 1999; Barnekov *et al*, 1993; Stoker and Young, 1993; Imrie and Thomas, 1993). There was also a strong shift from a welfare and managerial approach to service delivery to an entrepreneurial form which put much emphasis on the role of the private sector in urban development.

¹⁶ Until the 1970s, the UK urban policies were strongly grounded on state delivery of public services under the welfare state. The US on the other hand applied fundamentally different policies during this time which were premised on promoting the private sector in delivering public goods. However with the rise to power of the Conservative government saw UK policies realigned to the US and favouring the private sector. This applied to urban regeneration as well.

This process is often referred to as *privatism of urban policy* (McCarthy and Pollock, 1997; Squires, 1997; Imrie and Thomas, 1993; Barnekov *et al*, 1989) or *the enterprise culture or private enterprise solution* to urban problems (Deakin and Edwards, 1993); or *entrepreneurial urbanism or entrepreneurial urban governance* (Ward, 2006; du Gay, 2000); or *entrepreneurial planning* (Stoker and Young, 1993); or *privatised planning* (Murray, 2004); or *leverage planning* (Lock, 1988; Heidenheimer *et al*, 1983) and so on. As stated in paragraph 1.7.4 of chapter 1, this study uses the term “market-based” approach to urban regeneration to refer to the same phenomenon.

The approach was further strengthened by ideological parallels in political leaderships of Britain and America as well as affinities that existed between the Ronald Reagan and Margaret Thatcher administrations which tended to favour economic-oriented policies (Lum *et al*, 2004; Atkinson and Moon, 1994; Deakin and Edwards, 1993; Stoker and Young, 1993; Healey, 1992; Lawless, 1991). These political regimes supported privatization programs to expand the role of the private sector by shifting from public sector provision of goods and services to private sector alternatives.

As also discussed in chapter 4, paragraph 4.2.1, the promotion of the private sector investment in urban regeneration was associated with the economic imperative to create globally competitive locations. The global restructuring of industries in 1960s and 1970s had led to the decline of old industrial sites. In the context of growing international and interregional competition and where investment flow had an international dimension, urban regions had an important role to capture [private] investment opportunities and position their cities on the global economic stage (Percy, 2003; Healey *et al*, 1992a). As a result characteristics of locations became very important (Percy, 2003). Urban regeneration therefore was used as an instrument for improving economic

conditions of cities, marketing and promoting certain locations (Smyth, 1994, Bianchini *et al*, 1992).

Meanwhile, on the social front, the 'post-modernist' differentiation of lifestyles, global homogenization had combined with individual and group assertion of differences of the 1970s presented new changes in social relations (Stutz and de Souza, 1998; Healey *et al*, 1992b). The availability of more disposable incomes saw large numbers of people seeking out diversity of leisure activities and experiences, and pursuing cultural interest of many kinds, thus creating a demand for diversity of locales and market opportunities. The rationale for encouraging private sector investment in urban regeneration is largely informed by the following factors:

3.2.2 Sharing of risks and benefits

The private sector involvement in urban regeneration projects is important not only to ease the financial burden on the part of the government but also to encourage better risk sharing and accountability in the long term between private and public sectors. Walzer & Jacobs (1998) confirms this risk sharing rationale, arguing that 'both parties share in the risk, gains, and losses of the business venture. In other words, both sides take an equity position in the business' (p. 5). Ball *et al* (2003) also write of urban regeneration partnerships as providing 'synergistic benefits for their participants' (p. 2239).

3.2.3 Augmenting government's regeneration attempts and providing additional capital and resources

The promotion of private sector investment is firmly premised on the belief that more value can be realized if public and private sectors work together in partnerships. As Ball *et al* (2003) put it: 'a major justification for regeneration partnerships is the argument that together agencies can create more than they can separately' (p. 2240). By virtue of being involved in urban regeneration, it is believed, the private sector and its capital would augment public expenditure

base on urban regeneration, bring additional finance to assist in the transformation of areas of dereliction and skills necessary to make urban renewal projects efficient (Lum *et al*, 2004; Imrie and Thomas, 1993)

A study conducted by Jo Beall, Owen Crankshaw and Susan Parnell (2002) on urban regeneration and partnership formation in Johannesburg could be seen as reflective of the above “additional resources” thesis. These authors argue that the involvement of the private sector in urban regeneration projects is generally extolled by local government authorities as important:

In the context of fostering local economic development in the inner city, it can be argued that partnership projects have not been altogether unproductive. Formal business operating in, and on, the inner city has been successful in initiating, and participating in, urban partnerships. This very much has been driven by North American perception of inner-city decay and models of urban regeneration. For their part, the metropolitan council was grateful for the involvement of other layers and the external motivation and resources that they brought (Beall *et al*, 2002, p. 127).

3.2.4 Achieving efficiency in the delivery of urban regeneration projects

There is an underlying belief that the private sector’s involvement in urban regeneration is important to achieve efficient delivery of urban regeneration programmes. For instance, in the UK in the 1980s, the delivery of urban regeneration under the welfare state was considered inefficient (Imrie and Thomas, 1993). The local government was criticized as ‘overly bureaucratic and characterized by rigid planning system and high rates which discouraged private entities’ (Atkinson and Moon, 1994, p. 144, *see also* Flynn (2000)). The ‘anti-bureaucratic sentiments’ saw the private sector therefore as the only option in improving efficiency of regeneration schemes as Paul du Gay (2000) puts it: this approach ‘prefer[red] market mechanisms to bureaucratic mechanisms’ (p. 63).

Likewise, in the US, the private sector was ‘credited with being the most productive, innovative, and effective’ (Squires, 1997, p. 268):

The private sector was often portrayed as inherently dynamic, productive, and dependable; a belief that private institutions are intrinsically superior to public institutions for the delivery of goods and services; and a confidence that market efficiency is the appropriate criterion of social performance in virtually all spheres of community activity (Barnekov *et al*, 1989, p. 141).

In both US and UK the term public-private-partnerships had a clear unifying thread in all its uses: maximization of efficiency. The assumption among advocates is that, inherently, private managers can deliver at lower costs services similar or superior to those of public managers (Bailey, 1987, p. 14).

This fidelity to the tradition of privatism was also encouraged by political rhetoric which recalled well-known themes of conservative political and economic theory: 'that government was too big and expensive; government was too involved in economic and social affairs; the market was intrinsically more sensitive and more responsive than the state to social and economic change, and that the removal of government supports and controls allows firms and families alike to rediscover the traditional values of enterprise, initiative, and self-reliance' (Barnekov *et al*, 1989, p. 3). The achievement of urban regeneration and economic transformation was not only motivated by perceived inefficiencies in the public sector, but also required an extensive reliance on a marketplace that was free from governmental restraint (Imrie and Thomas, 1993).

This did not only involve the transfer of ownership and control of public goods and services to the private sector, but also, sometimes, public sector's emulation of the private sector as a model of efficient performance (Barnekov *et al*, 1989). Inspired by ethos of New Managerialism or New Public Management (NPM)¹⁷ practices, municipalities were often encouraged to adopt businesslike models in city management and to use of business management techniques to run the municipal enterprise in a manner that would exhibit the same efficiency and professionalism attributed to commercial enterprises (Flynn, 2000). Emphases were placed on cost containment and stringent financial control, and ensuring "value for money" in all activities.

¹⁷ The New Managerialism and New Public Management concepts are discussed in chapter 4. These terms refer to neo-liberal approaches to urban management and changes in urban policy seen in industrialized economies since the 1970s. These were characterized by, among other things, the introduction of private sector modes of management and ideas to public services, with the use of tools such as performance management, competitive incentives, output control, service delivery partnerships and goal-directed budgeting (Imrie and Thomas, 1993; Healey *et al*, 1992a).

The drive for efficiency could also be seen in the institutional reforms and the establishment of the Urban Development Corporations (UDCs) in both the US and UK in 1968 and 1980 respectively (Flynn, 2000; Barnekov *et al*, 1983; Imrie and Thomas, 1993). The UDCs were meant to function along the principles as the private sector culture and independent from the government to harness the relationships between the private sectors. They also acted as an ‘interface between central government and the private sector, both facilitating private investment and welding this to the service of central government strategy for inner city regeneration’ (Deakin and Edwards, 1993, p. 10). It was assumed that the UDCs were most likely to deliver efficient regeneration schemes and foster productive partnerships with the private sector as they understood the needs of modern business (Healey, 1995; Imrie and Thomas, 1993).

3.2.5 Achieving public ends through private means: An alternative to orthodoxy

The “market-based” approach to urban regeneration, in the main, epitomizes the use of private sector solutions to solve public problems (Segbers *et al*, 2005) or attempts to achieve public policy goal through private means (Deakin and Edwards, 1993; Judd, 1988). Whilst it is generally accepted that the delivery of public goods is the main responsibility of government, the “market-based” approach therefore is an alternative to orthodox methods of service delivery.

3.2.6 Percolative effects of private sector investment

The promotion of the private sector investment in urban regeneration is often defended using the ‘trickle-down’ effects theory; that people will eventually benefit from such intervention as private sector benefits trickle down to them (Bailey *et al*, 2004; Imrie and Thomas, 1993). Private sector investment is believed to be spatially contagious and have pull-effects to other economic activities and has other benefits and penetrative effects into the social and economic life of inner city areas, such as jobs creation, alleviation of poverty and economic development, all of which are primarily the policy objectives and

broader social goals of the public sector (Bailey *et al*, 2004; Deakin and Edwards, 1993). While this claim accretes among advocates for private sector investment in urban regeneration, regeneration literature critical of the approach suggests that the benefits of urban regeneration tend to people who hail from outside the regeneration areas (see paragraph 3.5.1 below).

In this regard, the well-being of urban communities is linked to a greater reliance on private sector initiatives and the fate of local economies borders on market efficiency. This claim is seductive both because it appeals to traditional values in market-oriented societies and offers the prospect that business skills and resources could be mobilized to find harmonious solutions to urban problems (Barnekov *et al*, 1989).

3.2.7 Creation of an investment focus

Private sector investment is often promoted in certain urban areas to create an investment focus. This can be deduced from flagship and prestige projects¹⁸ which were a common feature of urban regeneration programmes in the US and UK in the 1980s. For instance, in many UK and US cities, private sector investments were promoted due to the belief that it was essential in creating a revitalized core from which more investment and other benefits can follow (Barnekov *et al*, 1989). Writing about the role of flagships in urban regeneration, Smyth (1994) argues that the assumption behind these projects was that 'physical transformation will generate further spin-off benefits in terms of boosting civic pride and business confidence, making urban locations more attractive to private sector finance, inducing growth in property and land values as well as adjoining areas' (Smyth, 1994, p. 28).

¹⁸ Flagship projects are defined by Bianchini *et al*, (1992) as 'significant, high-profile and prestigious land and property developments which play an influential role in urban regeneration' (p.245). Prestige projects on the other hand are a hybrid or variety of flagship projects defined by Loftman and Nevin (1995) as 'pioneering or innovative, high profile, large scale, self-contained development which are primarily justified in terms of their ability to attract inward investment, create and promote new urban images and act as the hub of a radiant renaissance – facilitating increase in land values and development activities to adjacent areas' (p. 300).

Therefore flagship projects were accepted as important symbols of urban regeneration because they helped in attracting more private sector capital and created a conducive environment for private sector investment and economic growth. It was believed that flagships would lead to a structured and systemic development and have further effects on economies of scale as development gradually “trickle down” to other areas.

3.2.8 Creation of growth and resuscitation of consumption patterns

Private sector investment in urban regeneration is often believed to have an important role to play in stimulating economic growth in areas, revitalizing consumption cycles thus improving the revenue base for the state. For instance, the delivery of public services by private entities in the US in the 1970s was considered important in stimulating new forms of growth and expansion of existing urban centres (Barnekov *et al*, 1990). Similarly, in the UK in the 1980s, the flagship projects were hailed for engendering unprecedented commercial successes in parts of UK far beyond expectation of initiators, generating wealth, jobs, improving physical environment and creating new places to visit (Loftman and Nevin, 1995).

3.2.9 Improving inner city patronage and economic performance

The other justification of private sector invocation in urban regeneration is to encourage refurbishments, upgrading or redevelopment especially of privately owned buildings. This helps in creating of better environments to work and live in and has the ability to attract more private sector actors such as tenants and visitors thus increasing the patronage of locations. The new users who are attracted to regenerated areas would further yield other forms of indirect investment such as space take up or space consumption and support new facilities (e.g. retail). The increase in space-take up would improve the performance and yields of inner city portfolio by improving financial performance of buildings, reducing vacancy rates and increasing property values (Loftman and Nevin, 1995; Bianchini, 1993; Bianchini *et al*, 1992).

3.3 INNER CITY REGENERATION AND PERCEPTIONS GENERALLY HELD BY THE PRIVATE SECTOR

Investing in urban regeneration schemes is frequently seen by the private sector to be not different from normal business decision-making processes based upon the application of risk and reward consideration (Adair *et al*, 2003, McGreal *et al*, 2002, Adair *et al*, 2000, 1999). In other words, investors tend to assess the financial viability of urban regeneration projects on the bases of risks relative to returns with the expectation of achieving above average returns. While the private sector understands the economic, social and environmental impact of urban decline, it is increasingly cautious of investing in urban regeneration due to four reasons.

Firstly, there is a general perception about limited levels of return, income and growth in urban regeneration markets (Adair *et al*, 2000; 1999). *Secondly*, the private sector generally does not see as its role the regeneration of declining inner city areas, but rather understands urban regeneration at a business level with an overriding perception that urban regeneration is predominantly the responsibility of government (Loftman and Nevin, 1995). *Thirdly*, areas of decline are often characterized by physical and social decay, contamination, poor social controls, prevalence of social disorder and incivility, and criminal invasion (Ward, 2006; Sung, 2004; Hoyt, 2004; Braga, 2001). *Fourthly*, from a financial and business point of view, such areas are considered by the private sector as zones of risk due to uncertainty of the urban regeneration markets, lack of market information and the perceived volatility of land values in these areas:

The tendency of property data to reflect prime property markets can leave secondary locations including regeneration areas lacking in market data with potential for lost opportunities....The relative lack of information is considered to be a major issue constraining private sector involvement and explaining why regeneration does not seem to attract the level of institutional funds that might be expected (Adair *et al* 2003, p. 372-373).

In this regard, the work of respected UK proponents such as Alistair Adair, Jim Berry, Stanley McGreal, Bill Deddis and Suzanne Hirst is worth mentioning. In

Evaluating the investor behavior in urban regeneration (1999) they analyse factors motivating investors to participate in urban regeneration. The study, which was funded by the Joseph Rowntree Foundation, concluded that investors are generally sceptical to invest in urban regeneration schemes because of perceived risks and where they do they take into account risks and returns:

From the private sector perspective, inner cities and urban regeneration projects are commonly considered to present high levels of risk with a general lack of information about the value of assets. Furthermore, given the need for financial prudence, decision-making may bypass the potential opportunities offered by urban regeneration locations (Adair et al, 1999, p. 2031)

In *The financing of urban regeneration* (2000), the authors reiterated this perception of urban regeneration schemes as zones of risk:

Urban regeneration projects/locations are generally perceived by private sector investors to carry more risks than Greenfield sites. The attraction of an increased flow of investment into inner city localities is seen to require the use of a combination of mechanisms such as financial pump-priming, flexible administrative procedures, disposal of sites and use of sites licensing agreements...Nevertheless some local authority participants are of the opinion that large scale public sector funding in urban regeneration projects has soft bedded the private sector or at least favored some relative to others (Adair et al, 2000, p. 153).

3.4 STATE-MARKET RELATIONSHIP: MEASURES OFTEN UTILIZED TO STIMULATE PRIVATE SECTOR INVESTMENT (i.e. RISK AVERSION MECHANISMS)

While economically distressed environment are often perceived as risky investment zones, the public sector is often challenged to devise measures to stimulate investment and regeneration. This often entails, as in fact is the case in Johannesburg, attempts to draw private investment to certain parts of the inner city by directing public expenditure and introducing a myriad of financial and non-financial incentives as well as other measures to minimize the impact of perceived risks. The role of the state in this regard can be on one hand to address market failures and on another, facilitate market forces. Measures that are often utilised in this regard are engaged and explored below:

3.4.1 Financial relief mechanisms and tax incentives

The use of financial relief mechanisms and tax incentives can be understood from an economic point of view. Due to areas of decline being generally regarded as distressed markets, it is unlikely that urban regeneration can occur in them purely as a result of market forces. In addition, due to the risk underlying speculative developments such as urban regeneration, the tax incentives are considered the most effective means to bridge the gap between cost of development and the value of the scheme on completion (McGreal *et al*, 2002; Healey, 1995). To the private sector, a tax incentive means undertaking urban regeneration projects in discrete zones of decline at discounted costs, thus achieving the commercial objectives and contributing to social objectives of government.

To the public sector, applying tax incentives means compromising a portion of potential tax revenue which could have accrued to its coffers, to enable urban regeneration to occur without having to singularly spend huge sums of money revitalizing distressed areas. Tax incentives are also geared towards making the urban regeneration schemes relatively self-financing. The bottom line is that inner city areas need to be more attractive to private capital and promise better financial returns. Such attractiveness may be non-existent in areas of decline and tax incentives therefore are believed to be acting as “pull factors” to private sector investment. The pulling mechanism has other benefits not only in encouraging exogenous investment to locations but also encouraging owners of private buildings to renovate them. Some of the tax and other financial incentives that have been used in the UK and US are discussed below:

Enterprise Zones (EZs)

The idea of the Enterprise Zone (EZ) was originally invented by the Conservative Party in the UK in the mid-1970's, while still in opposition, as a proposal for fast-tracking urban regeneration which was later implemented when the Margaret Thatcher government came to power in 1979 (Atkinson and Moon, 1994;

Barnekov *et al*, 1989). The concept was later borrowed and implemented by American Conservatives (Heidenheimer *et al*, 1983). The EZs were intended to be growth zones where planning and taxation legislation were significantly relaxed (Atkinson and Moon, 1994).

In the EZs business would benefit from fifteen year's exemption from corporate tax, complete freedom from development land tax and increased capital allowances (Atkinson and Moon, 1994). They also allowed property developers a tax concession of 100% capital allowance on both industrial and commercial buildings which benefited developers and encouraged inner city developments as well as exemption from rates on both industrial and commercial buildings which benefited developers and encouraged inner city developments and exemption on industrial training levies (Atkinson and Moon, 1994; Healey, 1992; Law, 1992).

In the UK the use of tax incentives were applied as part of the long-standing policy of urban containment (McGreal *et al*, 2002; Healey, 1995). Due to limited supply of land, urban regeneration was to be achieved by restricting peripheral development and metropolitan decentralization. This was achieved through the deployment of tax disincentives (such as tax penalties) to divert property development away from sensitive Greenfield areas thus promoting relocation into the inner city (McGreal *et al*, 2002).

The Tax Incremental Fund (TIF)

A Tax Incremental Fund (TIF) is a mechanism in which a city encourages urban regeneration by financing regeneration projects through future increases in property tax revenue. The government would firstly invest heavily in upgrading public infrastructure to attract private investment into a designated district. Then it would identify a specific designated geographical area as a TIF district from which an amount of tax that the area generated would be used as a baseline and then ring-fenced or frozen (McGreal *et al*, 2002; Man, 1999a; Man, 1999b). Any additional future property tax and other revenue collected in subsequent years is

collected into a specific fund and used to finance future redevelopment costs in the area.

The TIF arrangement is premised on assumption that the city would recover the costs of its investment and expenditure in acquiring and preparing site through the increase in taxes it could introduced once the redevelopment was completed (McGreal *et al*, 2002). The resultant rejuvenation of vacant or dilapidated sites, with TIF assistance, would be elevated to a productive use thus increasing gain in revenue generated. The TIF initiative is considered effective in providing additional revenue to be used in improving infrastructure of declining areas 'as a means of attracting private investment and encourage economic growth' (Man, 1999a, p. 1153).

Box 3.1: Benefits and shortcomings of tax incentives (Dublin, Ireland)

Case Study 1: The Case of Dublin (Ireland)

The tax incentive schemes commenced in the city of Dublin in the late 1980s. The city had experienced low levels of private investment, high unemployment, very high national debt levels to the European Union and inflation. Tax incentive schemes were introduced through the enactment of legislation (i.e. Urban Renewal Act and Finance Act, both in 1986) to facilitate regeneration within designated renewal area. In terms of the legislation, a full package of benefits was conferred to investors, including a 100% capital allowance and a 10% rate of corporation tax. The process of regeneration in Dublin was pioneered by the [private] end-users and small builders/developers, particularly the owner-occupiers who bought into the inner city in the early 1990s and kick-started demand. However, the regeneration process could not move speedily until the introduction of tax incentives. The incentives played such an important role in facilitating regeneration in the city such that the scale of physical renewal in that country would not have been achieved in the absence of the tax incentives. The benefits of incentives were reflected in buoyancy in property market and economic growth, stimulating property-based Urban Renewal that drew investor and developer interest from different part of the country. The economy grew to such an extent that that the tax incentives were considered not necessary due to strong economic growth with GDP consistently between 8 and 10%.

Tax incentives led to creation of new markets. For example while the residential market was initially the primary target of the incentive scheme, they became prevalent within the commercial property sector (e.g. facilitating development of top-quality office accommodation). Through tax incentives the regeneration process became widespread and resulted in a significant increase in property values with property rentals growing by more than 40% between 1998 and 2000. Properties in regeneration areas commanded higher rents than in prime locations. However while benefits were recognized tax mechanisms experience some shortfalls. The implementation of tax incentives were accompanied by gentrification and the displacement effects for other land users, especially the poor. While high-priced commercial properties seemed sustainable, the high-priced residential sector created major problems in affordability and housing accessibility especial to low income groups. The tax breaks were found to favouring owner-occupier and investors. The result was that by late 1990s the incentives were re-evaluated and refocused.

Source: McGreal et al, 2002

The TIF has many economic benefits. For instance, the TIFs in Chicago played an important role in regenerating the downtown area and attracting people back to the inner city. It dramatically improved the image of the inner city and enhanced development interest (McGreal *et al*, 2002). In most Indiana cities, the TIF was hailed as significant in generating local employment, increasing the demand for local labour and had substantial positive impact on local economic development (Man, 1999a). The following case study illustrates some of the positive and negative effects of tax incentives in general.

3.4.2 Other financial incentives

Other financial measures that can be used as tools to attract private sector into urban regeneration include top-up grants to developers to make urban regeneration schemes viable, relief to lower costs of development and other forms of subsidy (McGreal *et al*, 2002; Adair *et al*, 2000). The public sector may also invest large scale funding in public infrastructure upgrading such as roads to revive public spaces to stimulate urban regeneration. This is believed to have a soft-bedding ability for private sector and assist in creating favourable environment. Up-front financial grants may also be used to defray building refurbishment and maintenance costs through a cash allowance thereby leveraging more private investments in cities.

The public sector may commit itself to minimum returns on regeneration schemes (Adair *et al*, 2000). This may entail promising a subsidy or top-up for investor to guarantee a minimum return to ensure that the project performs on par with other projects elsewhere. If the project is successful and investor achieves an adequate return, no top-up would be levied. However this is also on condition that the developer makes available transparent accounts of the project.

The public sector may also commit to property rate rebates for private investment located specific locations in the inner city or to property income stream through pre-letting and rental guarantee arrangements. In addition, the public sector may also commit to off-plan sales to kick-start the regeneration project (*ibid*).

However, this can have some shortcomings. A large amount of time can be lost while trying to market developments and to close down deals. It is considered a difficult task to convince consumers to commit themselves to sale and lease transactions that depends on a number of factors that are not within their control.

3.4.3 Non-financial mechanisms

The non-financial mechanisms may range from land assembly powers to facilitate private sector investment by removing the risk of site purchase thus reducing cash outflows in the initial stages of a project (Adair *et al*, 2000). This implies that the private sector is offered land at little or no purchase cost. This strategy was carried out by the Urban Development Corporations in the UK in the 1980s which were awarded a range of land acquisition powers for private sector developments (Imrie and Thomas, 1993). Donation of public property (with equity implication on project profitability) is also a means of unleashing development potential of under-utilized property. Other non-financial measures include land assembly mechanisms, land-use control measures, institutional reforms, crime prevention measures and establishment of City Improvement Districts (CIDs). These will be discussed in the following paragraphs.

Land assembly mechanisms

Land assembly was popular in the US in the 1960s where, due very little publicly owned land and buildings within major metropolitan areas, municipalities would use their *power of eminent domain* (compulsory purchase of privately owned land) for urban renewal purposes:

Within cities, municipalities have often used their power of eminent domain for urban redevelopment, but only to assemble individual project sites which are then sold to private developers as quickly as possible. Typically, a city would expropriate land not to restrain or control development, but rather at the behest of a private developer who had selected a specific site for investment. In return for the much needed investment, the city acts as the developer's agent, assembling the site for him by using its power of expropriation (Heidenheimer *et al*, 1983, p.250-251).

Land-use and development control policies

Land-use and development control policies as pro-market planning incentives have existed in both the UK and the US since the 1960s. For example, in the

1960s the US implemented what was called the *Zoning Ordinance*, a federal statute which restricted the types of construction that were acceptable in certain parts of the cities. This method was considered effective in containing development in the inner city areas thus reducing urban sprawl and ‘Greenfield’ developments. The *Zoning Ordinance* aimed at ensuring conformity to an already existing pattern of land-use and preventing unacceptable structures.

Similarly the UK government have applied a reward and sanction approach to guide urban regeneration. In the 1960s and 1970s, the British urban regeneration was guided by a consistent philosophy of containing urban growth and correcting regional economic imbalances (Healey, 1995). This was implemented through a combination of policies promoting inner city regeneration and those controlling development overflows (McCarthy and Pollock, 1997). For example, the ‘Green Belt’ concept in London, which was a permanent girdle of open space around the city, was designed to limit indefinite urban sprawl (*ibid*). Land considered a resource was subject to strict government regulation. To ensure compliance to this policy, a “betterment tax” would be levied on Greenfield schemes to discourage development in certain areas. This tax was levied on land sold and development schemes, where a seller of land or developer made profit. This eliminated the incentive for land speculation by private property developers.

Unique land-use and development control policies in East Asian countries

Land-use and development control policies have also been applied in East Asian cities, particularly in Singapore and Hong Kong. While the principle is similar to those applied in the US and UK, the approach adopted by the two countries is unique and innovative as illustrated by the two case studies (Boxes 3.2 and 3.3 below).

Box 3.2: Land-use and development control measures (Singapore)

Case Study 2: The Case of Singapore

Singapore first introduced land use control measures to facilitate in urban regeneration and to supplement government efforts in 1994 through the Development Guide Plan (DGP) initiative. Prior to this, the city had experienced passive private sector participation in urban regeneration schemes. The government had relied only on the government land sales program, which had been in existence since 1967, to acquire and assemble sub-optimally used land parcels, using the *power of eminent domain*, and sell them to private sector for comprehensive redevelopment. This mechanism was criticized because the government paid too low a price for land which was resold at high prices to [private] property developers. Developers who bought these land parcels also had to adhere to stringent sets of conditions that stipulated, among other things, the type of development allowed and timeframes for completion.

At the same time privately owned land parcels were small and did not cater for large scale regeneration schemes and the ownership of land was fragmented and there were few incentives for private developers to develop sites, given the non-trivial land assembly and other transaction costs involved. In the early 1990s, the system that had guided the country's regeneration policy for 30 years was found to be inadequate to steer the future and ensure maximum private sector involvement in urban regeneration. In 1991, the Urban Renewal Authority (URA) introduced a major rationalization exercise called Revised Concept Plan, which was a strategy for maximizing land-use, increasing provision of housing land and mapped out vision for the long-term redevelopment in the country. Under this plan, the URA, introduced the Development Guide Plans (DGP) – statutory plans that contained details such as land-use zones, development intensity, transportation networks, open space and recreational places. The DGP program was meant to support Revised Concept Plans by providing new channels of growth. The program worked by relaxing extant development controls on building densities in terms for allowable plot ratio or floor area ratio (FAR) for areas falling within the DGP, thus giving a land-use incentive to developers to amalgamate diverse land ownership interests. This incentive gave rise to attractive land value enhancement possibilities that triggered a string of en bloc or collective sales. Many en bloc redevelopments brought accelerated rejuvenation of residential areas as intended by policy makers.

Further, more land was rezoned for residential use under the program, particularly parcels in locations with better public infrastructure such as roads and services. In an area characterized by fragmented private land ownership, private owners, who saw this as an opportunity for private gains, responded by banding together sites, combining them for sale and subsequent redevelopment collectively. Sites in DGP areas enjoyed positive market gains as they acquired higher redevelopment potential. This sparked new land deals as private developers consolidated small parcels for development of larger schemes, which would not have been possible in small land parcels. Larger land parcels offered developers greater development flexibility. However because policy makers believed that a 100% consensus level amongst landowners of en bloc redevelopment scheme was mandatory, the processes of assembling private owners and negotiating deals was time consuming. Disagreements with regards to sale price, the apportionment of sale proceeds, the method of disposal and coordination and phasing of development schemes were also common problems. This frustrated the would-be developers and the implementation of the DGPs. In order to remove this supply side constraint, the Land Titles (Strata) (Amendment) Act was passed in 1999 in terms of which en bloc sales were allowed to proceed as long as a majority, rather than all, of the land owners were in agreement.

Source: Lum et al, (2004)

Box 3.3: Land-use and development control measures (Hong Kong)

Case Study 3: The Case of Hong Kong

Hong Kong has applied land-use control measures through a zoning incentive called two-tier plot ratio system. The system worked by allowing for a relaxation of the Floor Area Ratio (FAR) for residential plots. The normal permissible FAR for residential plot was 6.0, but in terms of the two-tier plot ration system, the FAR was increased to 7.5 for sites that were: 1) over 400m² in extent and 2) where property developers undertook to provide site services, infrastructure and facilities such as adequate parking and loading/unloading zone. This then granted developers an FAR bonus of 1.5 for larger sites with better servicing facilities in their redevelopment. The key purpose of this differential plot ration system was to encourage private developers to amalgamate sites into large units to enable development into more efficient building with the provision of off-street facilities without costing government large sums of money.

Sites that met the above requirements were required to obtain a certificate to commence work (CCW) prior to site development. The result of this new initiative was that 305 sites obtained CCW between 1986 and 1997 leading to extensive redevelopment of inner city neighbourhoods. Hong Kong, like Singapore, experienced challenges of lengthy negotiations as buildings were under multiple ownership without a single owner holding a respective share of the whole building or land it stood upon. The system was also marred by poor enforcement of the space requirement leading to sites smaller than 400m² benefiting from the program. There was also a lengthy lead time between approval of building plans and issuance of the CCW. As a result developers tended to shun redevelopments schemes in old built-up areas to new 'Greenfield' development sites. The fact that developers had to provide (at their cost) additional services and facilities did not only eat up most, if not all, of the ground and first few levels worth of building space, it also translated into smaller profits.

Source: Adams and Hastings (2001); Tang and Tang (1999)

Institutional reforms and the creation the regeneration agencies

As discussed above, it has become a common practice for most cities to introduce drastic institutional reforms in order to facilitate private sector investment in urban regeneration. These reforms are often reflected in the establishment of government-controlled urban regeneration agencies that operate along the lines of the private sector (Imrie and Thomas, 1993, Barnekov *et al*, 1989). These organisations have an important role to play such as formulating urban regeneration plans, strategies and implement projects on the urban regeneration front and forging relation with the private sector. Examples of such institutions include the Urban Development Corporation (UDC) in the US and the UK, the Land Development Corporation (LDC) in Hong Kong, the Urban Renewal Authority (URA) in the US, Hong Kong and Singapore, the Scotland Development Agency (SDA) in Scotland.

In addition, cities such as Rotterdam, Lille, the Ruhr and Milan have also established special agencies to do the same (Frazer, 2003). Locally, the Johannesburg Development Agency (JDA) has been established to play a largely similar function to its international counterparts. The underlying rationale behind the establishment of these agencies is that urban regeneration can be better facilitated if government or its entity operates along the private sector principles, having simpler business processes and less bureaucracy associated with the public sector (Lum *et al*, 2004; Adam and Hastings, 2001; Imrie and Thomas, 1993; Deakin and Edwards, 1993).

3.4.4 Crime prevention measures

Crime, which tend to prevail in insalubrious environments and areas associated with urban decline, can be a serious deterrent to private sector investment and a threat to the urban regeneration process. It creates a sense of instability and poor social control thus contributing to the perception of risk associated with urban regeneration environments. Crime also increases business risks, imposes direct and indirect costs thus rendering certain locations less suitable for investment (Stone, 2006). Governments and law enforcement agencies are always challenged to respond to the problem of crime so as to enhance the investment potential of urban areas. The following two sections highlight strategies, practices and policy interventions that have been implemented in various cities and countries to fight crime. These strategies have informed most policies on crime prevention in many South African cities in general and Johannesburg in particular.

Policing

Policing is probably the oldest form of crime prevention mechanism that has been in existence in modern democracies since the early 19th century (Sung, 2006). A legitimate state is obliged to deliver security and justice to citizens' satisfaction through the implementation of a sound policing strategy. Police have many functions which relate to crime prevention. They enforce the law and maintain

peace, stability and public order. They perform authoritative interventions and dispense symbolic justice. They seek to obtain citizen's compliance with the law. Policing is a service-oriented activity that requires resources, manpower and has, as a top priority, meeting the needs of citizens and private groups in society. In modern democratic societies, police are accountable to the law and citizenry rather than to the executive branch of the state apparatus (*ibid*).

Therefore citizen perception and public trust act as a yardstick for police effectiveness and whether police have the ability to ensure security and justice while maintaining public and business confidence in police to attain these goals. The collapse of this trust in police and the persistence of crime in locations has seen the proliferation of many crime prevention measures including those made possible by private sector. Some of the measures that have informed policy include the "Zero-tolerance" policing, "Hot spots" policing, The "Broken windows" theory and will be discussed in chapter 4 as they form part of theoretical framework on crime. The following paragraphs will discuss the Close Circuit Television Cameras and City Improvement District Concept.

The Close Circuit Television Cameras

The Close Circuit Television (CCTV) cameras are technological installations that record and transmit proceedings in a particular area. In the context of crime prevention, CCTV cameras are installed in public places to provide formal surveillance (or the "eyes") as a measure for preventing personal and property crimes. In this regard, CCTV cameras enhance or take the place of security personnel. These devices have proliferated public places in British and American cities.

A study conducted by Welsh and Farrington (2003) which systematically reviewed various research studies that focused on the effects of CCTV cameras in various cities in the United States, Scotland and United Kingdom found mixed

results about CCTV effectiveness. The study observed that crime generally decreased after the installation of CCTV cameras suggesting their effectiveness:

The studies included in this systematic review show that CCTV can be most effective in reducing crime in car parks....Conversely, the evaluations of CCTV schemes in city centers and public housing measured a much larger range of crime types, and the schemes did not involve, with one exception, other interventions. These CCTV schemes, and those focused on public transport, had only a small effect on crime....Overall, it might be concluded that CCTV reduces crime to a small degree (Welsh and Farrington, 2003, p. 118).

The above suggests that CCTV may be effective in some areas but tend to produce mediocre results in others. The study therefore recommended that CCTV should be installed in various settings to ensure maximum effects.

The City Improvement District (CID) concept

Another key ingredient of measures designed to fight crime and aid regenerating areas of decline is City Improvement Districts (CIDs) concept. A CID can be defined as a geographical area in which the majority of property owners and businesses agree to pay a voluntary levy, in addition to municipal rates, in order to deliver services over and above the traditional municipal norm. Hoyt (2004) defines CIDs as 'self-imposed financing mechanisms implemented by business and property owners for local improvements, specifically the enhancement of public services' (p. 367). Primarily, CIDs provide cleaning and security services. However, some provide comprehensive urban management and capital improvement functions which may include the maintenance of public spaces such as repainting traffic poles, street cleaning, graffiti removal, waste management, parking and transportation management, policy advocacy, economic development, small markets management and area marketing etc. (Hoyt, 2005; Mitchell, 1999). It is believed that CIDs, through their services, enhance formal surveillance activities and remove signs of neglect, respectively.

In the context of urban regeneration, CIDs can be viewed as important in that by providing clean and safe environments, they aid in creating an attractive environment to private investment. The CIDs concept has been in existence in

countries such as the US, Canada, New Zealand (Hoyt, 2006) and therefore constitutes what Hoyt (2003) calls an ‘internationally diffused model for urban revitalization’ (p. 2). Proponents of the CID approach argue that CID organizations are more efficient than their government counterparts:

[T]he great advantage of BIDs lies in their private characteristics. Unlike government, BIDs possess finite goals, which they can accomplish free of civil service rules and bureaucratic procedures. More importantly, they negotiate labor contracts from a clean slate: unbound by decades-old municipal labour deals, they can reward – and fire – employees according to their productivity, not their civil service status (MacDonald, 2000, p. 389).

The effectiveness of the CID approach in reducing crime can be seen in the case study of Philadelphia discussed below:

Box 3.4: The efficiency of City Improvement Districts (Philadelphia, US)

Case Study 6: The Case of Philadelphia

Since the early 1970s the City Philadelphia experienced a steady population decline from 1.9mil in 1970 to 1.5mil in 2000. At the same time the number of new business and residents outside the city limits continued to grow, suggesting a trend of outward migration. The exodus of firms and households to suburban areas was strengthened by the development of suburban shopping malls. Criminal activities in downtown Philadelphia increased and crime became a significant barrier to the city’s economic revitalization. For instance, the city’s retail businesses struggled to survive as evidenced by a modest 1.2% increase in retail sales between 1974 and 1980. The demographic and economic shifts were clear and business responded with redevelopment efforts focusing on the formation of CIDs. Since then nine CIDs were formed in less than nine years.

Typically, the CIDs provided urban management services such as cleaning and maintenance and deployed uniformed security personnel to observe and report suspected criminal activities. The establishment of CIDs was supported by Mayor – Edward Rendell who emphasized safety as a key delivery programme of his term. Some CIDs established a formal relationship with Philadelphia Police Department and implemented a geographic information system (GIS) to track crime, locate nearest police sub-stations in CID-member office buildings, conduct joint calls with CID security and police and send CID members to regular police-run meetings. The CIDs also focused on eliminating crime “hot spots”, guided by principles of “broken window” theory and worked very closely with the community. The outcome of these interventions was the reduction of crime in CID-areas at a rate more than twice that of non-CID areas (5% and 2.3% respectively). The presence of CID security guards, dressed in bright and colourful uniforms, tended to stand out among the blue and black business suits and sent a clear message to potential offenders. This resulted in more investment and tenant returning to the city and pedestrian responded by spending more time outdoors feeling safer.

Source: Hoyt (2005, 2004, 2003); Gleaner and Kahn (1999)

The underlying belief held by business and property owners is that in order to be competitive urban areas need the same dedicated funding and management

tools as a regional shopping centre, an office campus, or a theme park (Hoyt, 2004). The same competitive spirit applies to attracting a strong customer base:

Commercial interests rely on the business improvement district (BID) to create and promote enhanced pedestrian experiences, attract visitors and investors, and improve the city's ability to compete with regional office parks, shopping malls, and suburban living (Hoyt, 2003, p. 1)

Usually, CIDs are established through a petition process which, if signed by the majority of business and property owners, makes membership compulsory for entire district.

3.5 THE EVALUATION OF THE “MARKET-BASED” APPROACH TO INNER CITY REGENERATION

It is important to evaluate the “market-based” approach to urban regeneration in terms of its benefits, advantages and shortcomings. Since the 1960s in the US, private sector investment was hailed for sparking rapid economic growth, productivity and wealth in most American cities that adopted the economic approach to urban regeneration (Barnekov *et al*, 1989). At the same time cities developed into wealth creation centres for business and large corporation, whilst making contributions, albeit modest, to social services.

Similarly, in the UK writers argue that the private sector investment stimulated the growth of cities and shaped their physical form, their politics, and their economic and social structures (Atkinson and Moon, 1994). The dramatic economic, physical restructuring in the UK under the Urban Development Corporations was achieved such as the revitalization and clean up of the Docklands, both in physical and marketing terms (Bianchini, 1993). At the same time, a great deal of emphasis was put on building high quality and high cost owner-occupied properties for those who wished to return to inner cities.

The creation of new facilities resultant from private sector investments led to employment creation and improved cycles of consumption. Barnekov *et al* (1989) write, for example, that in UK and US, the numbers of people working in

city centers increased, and tourists and suburbanites patronized the hotels, stores, and restaurants in the renovated shopping districts. Some urban areas successfully leveraged private investment, mobilized public-private-partnerships, enjoyed strengthened institutional capacity for local economic development, broke the inertia of traditional bureaucratic structures in local government and created new prospects for economic growth in both the US and UK.

The involvement of the private sector in urban regeneration stimulated economic activities such that it was seen 'as only a preview of even better things to come from continued confidence in the promise of privatism' (Barnekov *et al*, 1989, p. 225). The flagship projects, which had a strong private sector presence, acted as visible symbols of change and catalysts from which further development would spiral. Even in other European cities such as Paris and Frankfurt, cultural flagship projects enhanced the city's credentials as future economic and cultural capital of Europe and international image respectively (Bianchini, 1993). In addition, the flagship projects were also utilized to promote new land uses and new sub-markets in spatially specific area e.g. tourism district, cultural centres, entertainment zone etc., to meet the new pattern and demands of production and consumption activities (Jones and Watkins, 1996; Loftman and Nevin, 1995).

While the elements of gentrification¹⁹ mentioned above are the most common by-products of "market-based" urban regeneration worldwide, questions are often asked whether gentrification helps or harms urban neighbourhoods (Slater, 2006; Atkinson, 2002). The debate around this question has been raging for the past two decades reflected in the works of scholars such as Damaris Rose in Canada, Kate Newman in the US and Tom Slater in the UK. There are innumerable

¹⁹ Gentrification is defined as the rehabilitation of working-class and derelict housing and the consequent transformation of an area into a middle class neighbourhood (Smith and Williams, 1961, *cited in* Atkinson, 2002). According to Hamnett (1984), gentrification first appeared in Britain in the 1960's and was closely associated with the rehabilitation of older inner city housing areas thus resulting in a change of class from working-class to middle-class, and tenure from private renting to owner-occupation. These developments were usually done by private sector or individuals in anticipation of growth in property values and high returns/ profits on rehabilitated properties.

benefits of gentrification contained in literature. For instance Rose (2004a) states that gentrification can be the potent means of bringing new class of people in areas affected by decline thus 'repopulating' the city and improving social mix:

Thus, changing the social mix of an area can either mean increasing the proportion of middle-class people in a low-income area, or vice versa. Increasingly, the desirability of achieving demographics and 'lifestyle' diversity among households is also part of the discourse (p. 279).

Similarly, Rowland Atkinson (2002), in his paper which systematically examined the impact of gentrification on urban neighbourhoods, writes about a number of benefits of the process i.e. 'positive gentrification'. These include increased property values, stabilizing of declining areas, increased social mix, increased local fiscal revenues and so on. Newman and Wyly (2005) add that 'one interpretation is that the improved public services and other neighbourhood conditions brought by gentrification offers incentives for poor renters to find ways to remain in their homes – even in the face of higher rent burdens and other stresses (p. 1).

While there is acknowledgement of the positive aspects of gentrification, there are negative elements that come with the process such as social displacement and others discussed later in this section. As Atkinson (2002) accepts: 'where some see a boon to the public purse and the revitalization of the built environment others see huge social costs and the continued moving of the poor with little if no net gain to cities and the wider society' (p. 6). In his later work, Rose (2004b) concedes that the social mix discourse need not be taken likely as built on a foundation of inclusive neighbourhoods capable of harmoniously supporting a blend of incomes, cultures, age and lifestyles. That is because there is an uneasy cohabitation between gentrification and social mix and displacement in lower income group is an inevitable occurrence.

In his significant contribution to the gentrification debate, Tom Slater (2006) takes the social displacement debate further, arguing that academic research on gentrification is losing its critical edge. He argues that there is less

documentation of incidences of social displacement on account that displacement is difficult to measure (see also Newman and Wyly, 2005). The problem lies, Slater argues, not in the difficulty in tracking evidence, but in neoliberal urban policies and decision makers for research funding who discourage future documentation of social displacement. From this perspective, policy makers are likely to discourage the documentation of displacement as they are likely to support growth in property values and low-rent land uses removed from the city. The debate around gentrification is an interesting one, which probably can be pursued as a separate academic study. It is important to look at other negative aspect of the “Market-based” urban regeneration strategy.

3.5.1 Criticism of the “market-based” approach to inner city regeneration

As stated previously (paragraph 3.2 above), the promotion of the private sector investment is often justified on the basis of risk sharing, provision of additional capital and resources, efficiency defined in both the transformation of declining areas and creation of wealth, jobs and other benefits to urban environments and citizens and so on. However, the “market-based” approach is not without shortcomings and it is unlikely that the approach will be a reliable model for sustainable urban regeneration partly due to reasons discussed thematically under the following sub-headings:

Poor social impact

The “market-based” approach to urban regeneration is frequently criticized on the basis of social equity and the difficulty in reconciling private sector needs to make profit whilst meeting the needs of all urban citizens, especially the poor. Broadly defined, there is an inherent assumption to this approach, that private sector investment in urban regeneration projects has a “trickle-down” effect insofar as private sector investment, wealth and benefits to the wider society are concerned (Bailey *et al*, 2004; Carmon, 1999; Jones, 1998; Loftman and Nevin, 1995; Smyth, 1994; Imrie and Thomas, 1993; Healey *et al*, 1992b; Barnekov *et al*, 1989). Yet, evidence from the literature shows that while some benefits indeed

accrued from the “market-based” strategy and jobs were created, there are reasons to doubt the plausibility and efficacy of the “trickle-down” effects theory.

Studies generally conclude that the benefits of these developments tend to be unevenly distributed between urban residents and also private sector interests. That is because the “market-based” approach is largely premised on the notion of wealth creation with little or no regard to wealth distribution issues (Deakin and Edwards, 1993).

While privatism may contribute to national economic growth and increase aggregate wealth of some urban places, it does not ensure an equitable distribution of that wealth (Barnekov *et al*, 1989, p. 229).

In areas where “market-based” approaches have been implemented, particularly in the UK, studies tend to argue that the failure of “trickle-down” effects to reach all in society suggests that very little consideration was given to how the trickle-down theory would work in practice (McCarthy and Pollock, 1997). Private sector investments tend to be profit-oriented (Jones, 1998) and ‘private developer’s primary consideration [is] based on commercial motives and market demand, unlike the case where redevelopment is undertaken by the public sector’ (Lum *et al*, 2004, p. 8).

Writing on waterfront flagship developments, Jones (1998) argues that private sector investment also creates high cost facilities that primarily benefit highly-skilled professionals and managers and offering very little for workers displaced from redeveloped locations. Even where jobs occur they are usually taken by people from outside the regeneration area or tend to be largely low-paid service-sector or part-time duties such as cleaning, shop attendant, waitressing etc., located in sectors characterized by high vacancy turnover rates (Jones, 1998; Imrie and Thomas, 1993; Barnekov *et al*, 1989).

In such cases debates about the distribution of wealth ‘are to be avoided whenever possible, with the market determining where resources are to be directed’ (Squires, 1997, p. 269). For instance, the UDC projects that had a

social or community content were seen as poor investments primarily because the UDCs' remit was to invest in schemes which brought the largest amount of private investment (Imrie and Thomas, 1993). It is for these reasons that proponents accuse private sector investment in developments such as prestige and flagship projects of only serving to 'exacerbate existing social divisions within urban areas' (Loftman and Nevin, 1995, p. 309) and for creating 'winners' and 'losers' (Atkinson, 2000, p. 1039), with the latter outnumbering the former (Barnekov *et al*, 1989).

Diversion of public sector resources

As stated, the implementation of urban regeneration programmes often requires the public sector to invest heavily in upgrading public infrastructure so as to stimulate private investment in designated districts. This is necessary both to signal urban regeneration drive and to alleviate risks perceived by the private sector. However, the key concern with this is that it often entails the diversion of scarce public sector resources away from welfare-related needs (such as social housing, education and social services) and deprived neighbourhoods welfare spending priorities (Loftman and Nevine, 1995, p. 308)

Jones (1998) also argues that from an economic perspective there is over-reliance on the public provision of infrastructure to make regeneration schemes successful. This requires that public infrastructure provision and maintenance to be on par with the standard and pace of other developments. While this makes sense, the difficulty is that the public sector cannot always keep up with the infrastructural demands which sometimes cannot be met or are not in its plans. Where this is done it is at the expense of other funding needs of the government.

Effects on public sector accountability

One of the effects of privatism is that it blurs accountability of the public sector. The greater involvement of the private sector in urban policy issues, decision making and the delivery of public services suggests that the government is no

longer the sole decision-maker or the main provider of public services (Engelbricht, 2004; Deakin and Edwards, 1993). This means that the government cannot be held fully accountable for certain decisions taken largely by private interests. For instance the prioritization of major infrastructure projects such as road construction may be such that they cater primarily for private interests rather than those of the public. Barnekov *et al* (1989) argues that 'in essence, privatism is an effort to restrict the functions of government.....' (p. 4) and give unmerited power to private institutions to decide the course of action. Stewart (1987) adds from his observation of similar policies in the UK that 'what began as public policy – with local government being the natural agents of change – has become a vehicle for articulation of private sector interests' (p. 141). The "market-based" approach therefore serves to 'curtail and undermine public debate and involvement in policy formulation, and open and accountable government in a number of ways' (Loftman and Nevine, 1995, p. 310).

Project selection and spatial effects

The private sector investment is inherently spatially selective in favour of projects that are likely to generate most profits (Adair *et al*, 2000, Healey, 1995). In other words the involvement of private sector in regeneration projects requires that such projects must be viable to ensure reasonable returns to investors. The decision on whether to invest in urban regeneration projects or not tend to border on what the private sector sees as priorities and is willing to accept as investment risk. The problem with this is that it confines development to profitable or potentially profitable locations:

The activities which the private sector considers as sound investments, and as within their domain of expertise, have been property development projects in areas selected for their commercial potential and profitability' (Barnekov *et al*, 1989, p. 225)

This trend is also observed by studies in Hong Kong where the dependence on private sector finance by the Land Development Corporation (LDC) led to development being clustered in areas that offered most commercial opportunities.

The selection of regeneration localities on the basis of profitability carries some problems. Together with the effects of tax incentives discussed below, it dictates that projects that promise high potential returns are likely to be chosen over those that do not. The net effect of this is urban fragmentation as it led to the creation of isolated and discrete areas of improved outlook surrounded by poorly developed areas:

The strategy with its focus on a few locales (the city centre, waterfronts), has concentrated development and investment activity on a few places only. With little investment to go around, other areas have been blighted (Healey *et al*, 1992b, p. 281).

As a result, “divided cities” and “cities of conflict” grew in the late 1980s and 1990s (Fainstein *et al*, 1992; Marcuse, 1993), in which ‘island of renewal’ were surrounded by the “seas of decay” (Berry, 1985), and where “unequal partnerships” (Squires, 1989) in “pursuit of the private city” were reported (Squires, 1997, Barnekov *et al*, 1989). Consequently ‘the terms such as dual city, social polarization and social segregation became common currency in the debate of what was taking place in urban areas’ (Atkinson, 2000, p. 1038). Therefore the “market-based” approach to urban regeneration represents, ‘at best, a partial and one-dimensional response to the multifaceted problem facing urban areas, and, at worst, a vehicle for exacerbating social polarization in cities’ (Loftman and Nevin, 1995, p. 300) or ‘an obsession with urban fragments, the planning of individual elements rather than integrated urban system’ (Wilkinson, 1992, p. 209).

Impact of market forces and economic cycles

The “market-based” approach also tends to be prone to changing market conditions. For example, the high demand for new space in the UK in 1980s, a period associated with heightened property speculation, created high enthusiasm for private builders and developers to supply space in large quantities. Similarly, the proliferation of UDC projects occurred, which was fuelled by this property boom of the mid-to-late 1980s (Loftman and Nevin, 1995). However, the property downturn of 1989 onwards in the UK punctured the enthusiasm of property-driven urban regeneration and led to an acute oversupply of space and

the curtailment of developments in London and other British urban property markets when easy credit for investment and economic confidence both collapsed (Healey, 1995).

As Smyth (1994) notes: many of the elements behind prestige and flagship projects in the 1980s 'were developed in the confusion of a heady period of optimism' (p.7) – 'indeed, a period of false optimism' (p. 14). Due to this, some space could not be taken up by the market. Some projects were delayed or cancelled because 'the prevailing slump in the property sector (since 1989) and individual sectors of the economy, however, had contributed significantly to the curtailment, delay or failure of prestige projects' (Loftman And Nevin, 1995, p. 306). This collapse in the property market also meant that the UDCs were not able to dispose of some of the land they had bought during the boom period of the 1980s and the underlying ethos of rapid development were under threat (Atkinson and Moon, 1994). Similarly, in the US, some dockland projects in Baltimore were canned after the market growth tailed off.

Efficiency of tax and other incentives

One of the key problems with tax concessions, subsidies, grants or rates arrangements is poor targeting. That is, they tend to benefit only property owners and private developers, who receive public sector subsidies and subsequently enjoy higher rents or land values as a result of developments within specific zones, rather than the consumers of space (McGreal, *et al*, 2002; Adair *et al*, 2000; Atkinson and Moon, 1994). The incentives also tend to channel development to only some part of the urban environment. For instance, the experience of the Enterprise Zones (EZs) in UK and US shows that location played an important role in determining success or failure of a zone.

The tax incentives tended to dominate the areas with relatively weak market economies and property markets (McGreal *et al*, 2002). As a result, in depressed areas the subsidies led weak firms to relocate into zones in order to

take advantage of the protection offered by subsidies. Areas where subsidies were available tended to be inundated with development activity as developers and investors clustered around them, reorganizing local land value maps to reflect subsidy patterns (Healey, 1995). The increased investment in one area was therefore at the expense of others elsewhere in the cities, as firms moved within conurbations to take up the new space, leaving their former premises vacant (Turok, 1992).

Incentives alone are also not sufficient to stimulate investment but often need to be supported by large public sector capital and huge investments in public infrastructure. This is likely to happen at the expense of diverting public funds from other expenditure priorities (Adair *et al*, 2000). The efficiency of financial incentives is often questioned because of indications that some projects would have occurred without them, suggesting doubt about claims that they are an indispensable ignition for urban development. There is evidence from both the US (e.g. the UDAG programme) and UK (e.g. the Enterprise Zones) experiences that investments presumably induced by subsidies would have occurred in any case. In some cases incentives were 'obtained for projects already planned or underway rather than for new initiatives in targeted economic development' (Barnekov *et al*, 1989, p. 226).

The use of the Tax Incremental Fund can have negative effects on property values. For instance, the growth rate in property values in TIF districts in US cities was significantly slower than that in areas that did not adopt the TIF programme (McGreal *et al*, 2002; Man, 1999a). This was because TIF created a market perception of double taxation which was reversed by the market. The TIF was also perceived to be reducing the amount of tax base, resulting in less increment with which government can work.

Efficiency of urban regeneration agencies

The efficiency of urban regeneration agencies is often questionable, leaving doubt over whether they are better positioned, than government, to stimulate urban regeneration. For instance, studies found the UDCs to have similar structure and processes to that of municipalities thus replicating the very bureaucracy that is purportedly prevalent in the public sector (Imrie and Thomas, 1993). In addition, their decision making processes and operations were regarded in many senses as similar to those of local government and in many cases their processes and decisions required government approval before implementation (Imrie and Thomas, 1993, p. 23). The regeneration agencies are also criticized for poor accountability to the electorates on decision making as again seen in the case of the UDCs:

The UDCs were characterized by lack of direct local electorate accountability, with decision-making dominated by a board of government appointees....an attention to centrally devised performance indicators and the promotion of an organizational culture which replaced the 'red-tape' of bureaucracy with the 'can-do' mentality of the private sector (Brownill *et al*, 2000, p. 235).

The above amounts to circumventing local democracy and asserting the primacy of market goals over social and community objectives (Atkinson and Moon, 1994).

Affordability and accessibility of facilities created under "private sector culture"

The promotion of the private sector investment has been criticized for creating facilities that are considered costly, unaffordable and inaccessible to lower income groups. A study conducted by J-K Seo (2002), on factors that motivate new residents to new inner city developments in Manchester and Glasgow found that the new residential, cultural and leisure facilities in the city were less effective in attracting new residents to live there. The lack of affordable housing in these areas that were designed for high-income groups had an impact on the economic sustainability of these areas. Although low income households were not prevented from living in these areas, the study argued that cultural facilities 'systematically discouraged low-income groups by providing expensive housing' (Seo, 2002, p. 120). Generally the unaffordability of facilities tends to generate

spatial separation of urban residential areas according to economic status and groups and leads to gentrification of urban space. As discussed above, there are a number negative effects of gentrification contained in literature such as the displacement of low income earners from the area, which suggest that the process of gentrification needs to be well managed (Jones, 1998, Cooper and Spinks, 1995, Hajer, 1993)

Effects of policy imitation

The competition for capital and investment often results in cities experimenting with initiatives that have been tried elsewhere. For instance, most of regeneration models in the UK such as flagships projects, culture and property-led renewal and waterfront regeneration scheme were based on the American experience (Breen and Rigby; 1998, Jones; 1998, McCarthy and Pollock 1997; McCarthy, 1996; Loftman and Nevin, 1995; Smyth, 1994; Bianchini, 1993; Bianchini *et al*, 1992). Some were based on almost blind emulation of foreign concepts without taking into account local conditions.

The danger of this is that it resulted in 'standardization' of physical fabric or spatial mismatch as certain project could be deemed, in retrospect, economically not viable (Bianchini *et al*, 1992).

Prestige projects, when first built, may be innovative and unique developments but are often followed by a plethora of (newer) imitators in other urban areas' (Loftman and Nevin, 1995, p. 307).

Similarly in the US, numerous Indiana cities were likely to adopt the Tax Incremental Fund (TIF) initiative because an adjoining city or state had already adopted it (Man, 1999a, p. 1165).

Efficiency of crime prevention measures

One of the problems of crime prevention interventions such as CIDs, CCTV cameras, hot-spot policing is that they tend to be area-focused and work within defined boundaries. The problem with this is that gaps are left between areas where an intervention exists and those without one:

In cities where BIDs proliferate, interstitial areas – gaps between BID areas – materialize. For example, in about fifteen minutes, a tourist shopping in Philadelphia and headed north on Second Street would pass through the South Street Headhouse District, enter a commercial area that is not managed by a BID, and stroll into the Old City District. These interstitial areas, like the one the tourist passed through, emerge because municipal government seldom coordinates the authorization of BIDs (Hoyt, 2004, p. 378).

As a result of this, studies generally argue that these measures may be less effective in eliminating crime, but rather tend to reduce crime only where they occur. The interstitial areas in-between are considered problematic in that, studies contend, criminal activities tend to be displaced and spilled over into adjacent areas. For instance, a study conducted by Lloyd, *et al* (2003) in Los Angeles found that the creation of CIDs leads to the displacement of crime beyond CID boundaries. This, the study found, was evidenced by the need to create adjacent CIDs to fill the interstitial gaps. Similarly studies on the effects of CCTV cameras and hot-spot policing suggest possible diffusion effects of crime from areas where these interventions focused to areas that received less attention (Welsh and Farrington, 2003; Braga, 2001).

Regarding City Improvement Districts, a study by a Massachusetts Institute of Technology (MIT) researcher and academic on the impact of CID in Philadelphia, Lorlene Hoyt (2004) found that CIDs may not be reliable as part of a comprehensive crime reduction and urban management strategy. This is because CIDs tend to occur in relatively wealthy parts of the city where property owners willing and able to pay additional CID levies, leaving poorer areas whose owners cannot afford to pay without CID services.

Other studies criticize the establishment of CIDs for constituting what they call the effective privatization of public space (Ward, 2006; Arthurson, 2001). As a result CIDs may spark controversy by taking on many of the functions of government within a demarcated area, without the obligation to achieve social equity or ensure equitable access. Regarding CCTV cameras, studies argue that these technological interventions may cause reported and actual crimes to increase (Welsh and Farrington, 2003). This is because the presence of CCTV

cameras may give people a false sense of security and cause them to cease taking precautions that they would have taken in the absence of cameras, thus leading to increased crime reporting to police and recording by police.

3.6 CONCLUSION

This chapter has discussed that, underpinning the promotion of the private sector investment in urban regeneration is the move away from welfare to market-oriented delivery programmes justified on grounds of, among others, sharing of risks and rewards; social and economic benefits; achieving efficient delivery of regeneration programmes; augmenting government's regeneration efforts and provision of additional capital and resources by private sector etc. The perception of risk held by the private sector associated with urban regeneration environments often compels city authorities to utilize a myriad of incentives to reduce supply side constraints to investment.

This chapter has shown that while the benefits of this strategy are known (e.g. risk sharing, provision of additional capital and resources, job creation etc.), it has some inherent flaws which suggest that it may not be a reliable vehicle for sustainable. These include: the tendency to focus too much on economic returns with little regard to social impacts and social benefits, diversion of public sector funds from welfare expenditure programmes which tend to compromise accountability of public sector to electorates, susceptibility of private sector investment to market forces, development of potentially unaffordable facilities etc. And while the City of Johannesburg had embraced this approach almost in its entirety, it is likely that the local version will face the same shortcomings as its international counterparts.

CHAPTER 4

THE THEORETICAL FRAMEWORK

4.1 INTRODUCTION

This chapter engages various theoretical constructs to unravel the notion of urban regeneration and provide the lenses through which urban regeneration can be construed. In broad terms, theoretical strands discussed in this chapter focus on the notions of urban economic growth models, urban politics and power relations, risk taking, crime and crime prevention. In particular, the following theories are covered: Competitive Cities Theory and New Managerialism; World Cities Theory; New Urbanism and Compact cities; Elite Theory; Regime Theory; Pluralism; Growth Machine (Elite and Regime Theories in application); Classical and Contemporary theories on Crime; and the Modern Portfolio Theory.

The above theories bear on the study and were considered important in unravelling various aspects of urban regeneration. Meanwhile, the study has taken cognisance of the varied criticisms that have been advanced against each theory it engages and will therefore exercise caution when applying these in the data analysis stage.

4.2 THEORIES ON URBAN ECONOMIC GROWTH MODELS

4.2.1 Competitive City Theory and New Managerialism

Urban regeneration can be understood from the perspective of the competitive city theory. As an economic and physical intervention, urban regeneration is believed to have the ability to reverse urban decline, create an environment that better enhances city's investment prospects and enables it to compete more effectively for investment. It also has positive effects on a city's local economy and harnesses its competitive advantage over others. The competitive cities theory is located within the broader globalization discourse which emerged in the 1960s and 1970s as the new hegemony of political and intellectual thought

(Percy, 2003; Harrison, 2002; Stutz and de Souza, 1998; Duffy, 1995; Healey, *et al*, 1992a).

One of the most respected urban geographers, David Harvey, once wrote in the late 1980s that 'those urban regions that achieve a superior competitive position survive, at least in the short run, and do better than those that do not' (*cited in* Duffy, 1995, p. 5). Factors that induce the need for competitiveness are linked with the transition from mechanical mass-production technology in manufacturing (known as 'Fordist' production processes) to the more flexible and customer-sensitive processes enabled by electronic technology that emerged in the 1960s and 1970s (Healey, *et al*, 1992a).

The global restructuring of industries had spurred the decline of old industrial sites that economically had legacies of heavy industry, with control of capital more concentrated and centralized at national and international level (Stutz and de Souza, 1998). The new technologies of production brought along new strategies for managing production and distribution, and new spatial divisions of labour. This change in modes of production saw massive downsizing of manufacturing plants resulting in huge job losses and exodus of business and people from affected locations.

While companies needed space to expand business, the changes in manufacturing technologies were forcing them to look for space outside inner city areas. As a result, they left the hemmed-in city cores for the outer suburbs and beyond. Far flung locations became more suitable and were supported by the development of new motorway networks. This, together with subsequent job losses, 'had a profound effect on all western economies' (Duffy, 1995, p. 11).

The competitive cities theory can therefore be linked to the emergence of neo-liberal approaches which dictated principles of managing the post-industrial city. As new technologies were introduced, some industrial sites became redundant

and the rate of unemployment increased. Old industrial areas declined and had to seek new sources of wealth, particularly in tertiary and quaternary activities (Percy, 2003). Meanwhile global competition of industries intensified and places which were once renowned as places of production had to reinvent themselves as places of consumption in order to attract inward investment and footloose capital.

On the other hand barriers to global capital flows had collapsed and much property investment and development activity became globalized. The dominance of countries such as the US in the global economy started to disintegrate. Most industrial firms experienced sharp market share losses from foreign competition. The global economy changed so as to produce complex duality - spatially dispersed, yet globally integrated organization of economic activity (Sassen, 1997). Globalization of society aided by technological innovations, led to increased mobility of capital and an intensification of localities. At the same time global investments were increasingly diversified and reflected the needs and preferences of customers (Duffy, 1995).

The above dynamics had a major impact on the spatial and social relationships of many cities. They were mirrored spatially in the decline into dereliction of the production and distribution sites associated with old production technologies. As Healey *et al*, 1992a) puts it: 'the landscape of "Fordist" production [was] devalued, made redundant, while urban regeneration policies sought to promote the images of 'post-Fordist' production and consumption' (p. 5). It is veritable the same dogma and imperatives of international and interregional competitiveness that todate still serves to motivate cities to regenerate themselves and make themselves competitive on the local, regional, national and global fronts. A city's attractive image is believed to have the ability to appropriately position it in the face of global competition. Local institutions and urban regions are regarded as important in their ability to capture investment opportunities by attracting new

industries, position their city on the global economic stage, and bring about economic success (Percy, 2003; Healey *et al*, 1992a).

Also, in the context where the investors are footloose and the investment flow has an international dimension, regions and cities have to compete with each other to secure new sources of wealth in the face of growing international competition (Squires, 1997). The economic activity of land and property development (e.g. urban regeneration) is then locked into this dialectic between globalizing and localizing forces (Healey *et al*, 1992a). On one hand, its activity and its products are strongly influenced by changing patterns of demand from occupiers and on the other land and property markets are driven by the dynamics of the investment value of land and property.

The private sector investment is considered critically important in the transformation of cities and the property development industry is challenged to respond to international competition and not only focus on the investment role of property (*ibid*). In *Competitive Cities: Succeeding in the global economy*, Hazel Duffy (1995) argues for the need for cities to attract inward investment:

The prospects of inward investment from other parts of the country and overseas has put cities, more than ever, into a sort of beauty parade. They must give prospective investors a panoply of reasons why a company should choose that particular location for the branch plant, head office, regional office, or back office which will employ hundreds of low-paid, often part-time data processors (Duffy, p. 4).

Consequently, improving characteristics and outlook of locations and place marketing tend to be of vital importance (Percy, 2003; Smyth, 1994).

Measures that are usually introduced to improve competitiveness vary from one city to the other. Again Duffy (1995) argues that measures can include focusing on the spatial division of consumption and creation of good living environment. Other cities may decide, Duffy (1995) continues, to compete for 'key control and command functions' such as finance or government. Others may bid for the 'redistribution of economic power' at the national level – making use of a designation which allows the offer of grants to attract outsider investor

companies, and government to make cities look more attractive. Local authorities may also prepare the grounds for private enterprise by 'intervening in the local economy, by investing in companies, either to propel their progress, or to rescue them when in trouble' (Duffy, 1995 p. 5). All of these measures fall squarely into the urban regeneration thinking.

In South Africa the competitive cities approach is regarded by Harrison (2002) as one of 'the dogmas of post-apartheid planning' (p. 5). In Johannesburg in particular, this approach emerged in the 1990s and coincided with South Africa's re-entry into the global economy after the isolation which started in the 1980s (Tomlinson *et al*, 2003b; Harrison, 2002; Bremner, 2000):

In terms of the competitive city approach the primary developmental role of the local state is to position localities optimally to gain maximum benefit from globalization. The main aim of planning and urban management within this paradigm is to make the city attractive for capital (Harrison, 2002, p. 11).

In the context of Harrison's argument, the competitive city theory can be seen as framing ideas about urban regeneration and urban planning in which case these two are seen as means to achieve competitiveness. Similarly, ideas of regenerating declining inner city areas which emerged in the 1990s are portrayed as part of measures to bolster Johannesburg's competitive position (CoJ, 2002). This, according to Harrison (2002) 'reflect very strongly an ideological orientation with a focus on globalization, private sector-led economic growth, and business practices in government, even though the goals are about raising the standard of living and improving the quality of life of all citizens' (p. 11).

New Managerialism

The new managerialism practice or New Public Management (NPM) is closely linked to the competitive cities approach, although it influences service delivery across a range of public services such as health services, social welfare and employment, not just urban regeneration. This practice refers to the major changes in managerial practices within the public sector such as those that emerged in the late 1970s and 1980s particularly in the US and UK, most of

which have been discussed in chapter 3 of this thesis. Similar to the competitive cities concept, it emerged as part of new changes in urban policy, the rise of the neo-liberal approaches to urban management, the introduction of private sector modes of management and ideas to public services, with the use of tools such as performance management, competitive incentives, output control, service delivery partnerships and goal-directed budgeting (Imrie and Thomas, 1993; Healey *et al*, 1992a).

The new ways of running government functions were adopted including emulating management models used by private companies in a competitive market. These included the use of competition as a way of reducing costs, a more flexible workforce, more charging for services at the point of delivery, performance related pay, short term contract and so on. While the efficiency of government organizations was important in creating national competitiveness, red tape and over-regulation and a civil service that had always been considered unfriendly to business were seen as disincentives for inward investment.

Along with the victory of market solutions came the death of the hierarchical bureaucracy, sheltered from competitive pressures (Flynn, 2000). Public organizations were reformed as part of national efforts to improve efficiency and competitiveness. The New Public Management (NPM) was then coined as the term used to describe a series of these reforms which reshaped the relationships between public and private sectors (Newman, 2000, du Gay, 2000). In South Africa, studies point to the influence of the NPM in urban planning.

For instance, in *Change and continuity in spatial planning*, Vanessa Watson (2002) points to the influence of the practice in shaping South Africa's system of integrated development planning (IDP). She argues that the idea of city management has become directly related to the process of managing a private enterprise. Using Cape Town Metropolitan council as a case study, Watson argues that the NMP practice in South Africa has become 'intertwined with the

view of IDP as a tool for institutional planning and management, rather than just a way of achieving effective spatial planning’ (p. 86).

Criticism of the Competitive City Theory and New Managerialism

The competitive cities theory has fallen into the path of critics in the similar manner as the promotion of the private sector discussed in chapter 3. For instance, this theory is criticized for tending to put much emphasis on competitiveness of commerce, industry and government institution as determinants of city’s prosperity. However, proponents have argued that the capacity of a city to upgrade its economy and improve its competitive potential lies not only in its commercial attractiveness but also ‘depends on underlying structural and institutional characteristics, such as its workforce, its infrastructure, its post-secondary educational institutions, and its public policy’ (Duffy, 1995, p. 187).

The competitive cities concept together with imperatives of international competitiveness usually clash with the immediate interests of poor citizens within a city. For instance, Harrison (2002) have argued from the Johannesburg context that: ‘when hawkers are removed from their stands in the inner city, or informal settlers relocated, it is defended in terms of the image of the city for international capital’ (p. 12). Notwithstanding criticism levelled against the competitive cities theory, it continues to be a powerful force in modern literature on urban policy.

4.2.2 World Cities Theory

Urban regeneration can also be understood within the framework of the world cities theory and the “world cities hypothesis”. In terms of this theory, cities across the world are seen to occupy a place within the hierarchy of the world cities, and possibly make their way through various categories as their economies grow. A city that is able to attract more investment is likely to be accorded an “international player” status and therefore occupy a higher position

in the hierarchy of cities (Robinson, 2002). This “league table” approach has shaped the ways in which cities around the world have been presented.

The term “world city hypothesis” was first coined by the American urban planner, John Friedmann in an article²⁰ published in the mid-1980s (Gugler, 2004; Friedmann, 1995a; Duffy, 1995; Knox, 1995; Friedmann and Goetz, 1982). It is concerned with exploring how changing dynamics of the world economy affects cities and how global system of market relations impact on cities. It is both ‘a way of asking about cities in general [and] a statement about a class of particular cities – world cities – set apart from other agglomerations by specifiable characteristics’ (Friedmann, 1995a, p. 21). In other words, it is a way of zeroing in on a class of cities which, with due regard to their specific role in the global economy, are called global or world cities.

The world cities phenomenon, which is linked to competitive cities approach discussed above, emerged as part of post-World War II economic restructuring that came with globalization (Stutz and de Souza, 1998; Sassen, 1997; Knox, 1995; Friedman and Goetz, 1982). Since the Second World War the process by which capitalist institutions freed themselves from national constraints and proceeded to organize global production and markets for their own intrinsic purposes increase dramatically. Forces behind restructuring entailed ‘the need for multinationals to develop strategies to locate new markets and to organize world-scale production more profitably, the national policies of developed countries to improve their future international competitive position, and the national policies of developing countries to attract subsidiaries of multinationals’ (Stutz and de Souza, 1998, p. 333). As a result multinationals or transnational corporations and cities, competed for the control of economic space in a fashion that in turn shaped the economic map of the world.

²⁰ Friedman’s influential article – *The World City Hypothesis* - was first published in 1986 in the *Development and Change* Journal. It was reproduced or revised and republished in 1995 under Knox and Taylor’s (1995) editorial *World cities in a World-System*. This study used the republished version as the original one could not be obtained.

The emerging global system of economic relations assumed its material form in urban localities that were enmeshed with the global system. The specific mode of their integration in this system gave rise 'to an urban hierarchy of influence and control' (Friedman and Goetz, 1982, p. 310). At the apex of this hierarchy were a small number of massive urban regions or cities that were in turn called world or global cities. These were also intensely connected with each other through decision making and finance and constitute a worldwide system of control over production and market expansion (Sassen, 1997; Knox, 1995). They were also called "smart cities" because of the information and computer networks connecting them (Stutz and de Souza, 1998). Examples of world-cities include New York, London, Tokyo, Paris etc.

One of the by-products of this approach, has been attempts to rank the major cities of the world according to the functions they perform within, and their integration into, the global economy, whether they are centres of decision-making and authority in the registers of economic, cultural and political information (Simon, 1995; Friedman and Goetz, 1982). For instance, Friedman (1995b) writes that 'key cities throughout the world are used by global capital as "basing points" in the spatial organization and articulation of production and markets. The resulting linkages make it possible to arrange world cities into a complex spatial hierarchy' (p. 319). Academic writers give prominence to the top rank of world cities (Robinson, 2003) where 'the explanation for the dominance of a few cities at the top of the global urban hierarchy rests on the concentration in these cities of capacities for control and coordination of a globally dispersed economy' (*cited in* Robinson 2003, p. 262).

In her significant contribution to the world cities debate, Saskia Sassen (2000; 1997; 1995) shows how the term 'world cities' capture a distinctive feature of the world economy. She argues that the spatially dispersed global economy requires locally-based and integrated organization, and this takes place in world cities

(Sassen, 2000). While many transnational companies seldom maintain headquarters in central areas of these major cities, the specialized firms which they rely on to produce the capabilities and innovations that are necessary for command and control of their global operations have remained or chosen to establish themselves there. As a result the concentration of financial and service functions within the contemporary global urban system has fostered localized economic cores so potent that they have generated entirely new production complexes (Sassen, 1995).

The world cities are those that control the global economy (Knox, 1995; Friedmann and Goetz, 1982). Competition between world cities and the impact of external shocks shape the fortunes of world cities and their position in the hierarchy (Robinson, 2006; 2002). Therefore cities may rise and fall through the hierarchy, and their position is determined by the relative balance of global, national and regional influence. Even though the status within the world city hierarchy is informed by a range of criteria, including national standing, location of state and interstate agencies, and cultural functions, the primary determining factor is economic status (Robinson, 2002; Duffy, 1995). As Friedman (1995b) writes: 'The economic variable is likely to be decisive for all attempts at explanation' (p. 317).

Cities which do not meet this criteria, especially those from poor countries, are taken "off the map" of world cities theorists (Robinson, 2006; 2002). They are described as lacking innovative dynamism and their hope for survival borders on following 'the example of successful cities and hook into global flows.....[so that] they can find their way onto the radar of urban theory and be counted' (Robinson, 2003, p. 260). Similarly, many poor people are excluded from the space of global capitalism, and thus from the field of world cities because they are, to use the words of Friedmann (1995a), 'economically irrelevant and, at worst, constitute a drain on the economy' (p. 41).

Johannesburg is often regarded as the only city on the African continent aspiring to be or capable of qualifying as world/global city (Mabin, 2007; CDE, 2002, p. 9). Many proponents support this view. Jennifer Robinson (2003) argues that Johannesburg 'falls easily into this category of [global] cities' or 'is billed as a city on the cusp of global status' (p. 263). John Friedmann concurs:

In my original formulation Johannesburg was the only world city in Africa. But this was before the international boycott of South Africa and prior to the current political struggle of the black majority for political control of the country. This struggle of the black is likely to continue and create large uncertainties, which will make it difficult for Johannesburg to recapture its world city position (Friedmann, 1995a, p. 39).

Urban regeneration can therefore be seen as part of broader attempts to position Johannesburg in the hierarchy of world cities or making it 'a world class African city' as the city often claims (CoJ, 2002). As discussed in the previous chapter, the vision about the future of Johannesburg has been premised around the world city notion. The promotion of Johannesburg as 'a world class city' or 'a globally competitive African world-class city' or 'a world-class business location' under *iGoli 2002, 2010 and 2030*, respectively, all had a flavour of the world or global city aspiration (Mabin, 2007; Parnell, 2007; Rogerson, 2005).

Criticism of the World Cities Theory

The world or global city concept builds into the idea of hierarchy and status. In this regard the concept of world or global cities is replaying long-standing divisions between cities that are seen as successful and achieving and those which are invited to follow suit. It precisely on the basis of such divisive nature of the world city theory that Robinson (2003) argues that the world theory severely limits perspective of the possible futures of particular cities. The categorization of cities as Global, World, Third World, Western or African Cities may be problematic because these categories capture cities through 'rubric of developmentalism' and 'impose substantial limitations on imagining or planning the futures of cities around the world' (Robinson, 2002, p. 531).

The concept also juxtaposes cities into a world and non-world cities dichotomy. Cities are therefore understood in reference to others, i.e. London is more

economically developed than say Bombay, and therefore qualifies as a world city. The danger of this dualism is that it tends to, in the words of Robinson (2003), 'invoke a future that emphasizes either those areas or sectors with globalizing potential or those that fail to conform to some or other norm of city living' (p. 268).

In addition, global and world city approaches tend to focus on a small range of economic and political activities within the restrictive frame of the global approach. As a result, Robinson (2002) argues, such urban theories tend to have an adverse worldly impact of geographically dividing urban studies between urban theory, broadly focused on the 'West', and development studies, focused on places that are called 'third world cities':

There is a need to construct (or promote) an alternative urban theory which reflects the experiences of a much wider range of cities. This will involve disrupting the narrow vision of a (still) somewhat imperialist approach to cities, which has been reinforced by the strident economism in account of global and world cities (Robinson, 2002, p. 532).

There is a need for a shift from a focus on global/world city 'models' to a more grounded examination of the interaction between global and local actors and institutions in a particular setting' (Shatkin, 2007, p. 2)

Robinson (2002) goes further to reject the split in cities categorization and argues for what she calls 'ordinary cities' cities approach in the place of the global or world cities. Categorising cities tends to ascribe prominence to only a few cities as originators of urbanism and certain features of cities. She argues for a move beyond the divide because categorizing cities has substantial effects on how cities are understood around the world and this in turn limits the scope of imagination about possible future for cities. Ordinary cities approach takes the world of cities as its starting point and attends to diversity and complexity of cities. This new approach, which offers a generalised account of cities, offers an alternative way of looking at cities and stresses the importance of acknowledging diverse and overlapping networks of interaction within a city:

Policy-makers need to be offered alternative ways of imagining cities, their differences and their possible futures – neither global status nor simply reducing the problem of improving city life to the promotion of 'development'.....Ordinary cities, on the other hand (and that means all cities), are understood to be diverse, creative, modern and distinctive, with the possibility to imagine (within the not inconsiderable constraints of contestations

and uneven power relations) their own futures and distinctive forms of city-ness (Robinson, 2002, p. 546)

Robinson argues that attempts at becoming world or global cities approach, like the competitive cities approach, can have devastating consequences for most people in the city, especially the poorest, in terms of service provision, equality of accesses and redistribution. That is because 'global and world city approaches encourage an emphasis on promoting economic relations with a global reach, and prioritizing certain prominent sectors of the global economy for development and investment' (Robinson, 2002, p. 547). The 'ordinary city' on the other hand promotes alternative models of development, which see the connections, rather than conflict, between informal and formal economies, explores links between diversity of economic activities in any ordinary city, and emphasizes the general creative potential of cities, rather than those approaches that support some sectors to the detriment of others.

In *Ordinary Cities*, Robinson (2006) reinforces the argument from her earlier work. She sets a framework for thinking about cities which cuts across the long-standing divide between cities. In doing so, she explores the link between urban modernity (i.e. the experience of contemporary city life) and urban development (i.e. the ambition to improve life in cities). She argues that urban theory needs to look at creative ways of imagining distinctive futures for urban places and diversity of urban experience. This approach brings the city as a whole back in to view and looks at the city in all its diversity and complexity rather than looking at some cities as more advanced than others and thus relegating those cities from poor countries to residual categories or looking at some cities as exemplars and others as imitators:

Instead of seeing some cities as more advanced or dynamic than others, or dividing cities into incommensurable groupings through hierarchising categories, I have proposed the value of seeing all cities as ordinary, part of the same field of analysis. The consequence of this is to bring into view different aspects of cities than those which are highlighted in global and world cities analysis (Robinson, 2006, p. 109).

Viewing cities as ordinary is important for how different futures of cities are imagined as places of diverse networks and distinctiveness; and this has greater potential to contribute to the direction of urban policy.

4.2.3 The New Urbanism and Compact Cities

The New Urbanism is a relatively new approach to physical planning concerned with creating vibrant and compact space for community life. It involves new ways of thinking and planning (common in application but not entirely congruent) about urban form and development. It affirms the appeal of compact, mixed-use, walkable and relatively self-contained communities, instead of car oriented development (Grant, 2006). In South Africa, the New Urbanism has been reflected as part of policies and planning discourse that seek to integrate development spatially and sectorally through mechanisms such as integrated development planning (Harrison, 2002; Todes, 2000).

These mechanisms seek to deliver sustainable development in the face spatial limitation, discourage urban decentralization and sprawling developments, resulting in the adoption of urban compaction policies (Breheny, 1997). Sprawling developments are regarded by proponents of this approach as dysfunctional, costly and defeating to the notion of sustainable environments. As such, New Urbanism is deeply intertwined with the strategies necessary to keep cities competitive in an era of globalization.

The New Urbanism, in its various manifestations, reveals a strong need for order. Policies of New Urbanism embody compaction-integration, and the use of development corridors and nodes to focus development (Todes, 2000). Advocates of urban compaction often argue that urban decentralization results largely from the disorder in locations and 'push' effect of urban problems; hence, if, for instance, city economies can be revived, people will stop leaving them, exiles (i.e. those who left cities for suburbs) will return and cities will be more competitive (Breheny, 1997). These policies are therefore remarkably radical,

given the existence of free market ideologies. Typically they promote notions such as urban regeneration, the revitalization of town centres, restraint on development in rural areas, higher densities, mixed-use development, promotion of public transport, and the concentration of urban development at public transport nodes. They seek to manage growth by making cities more urban and to restore the kind of vibrant neighbourhoods experienced in the early 20th century (Grant, 2006).

The New Urbanisms emerged in the 1970s as a culmination of a search for appropriate urban strategies and alternative paradigms for urban development (Grant, 2006). It emerged as criticism of the modernist city model that was premised on historic principles, traditional methods of city building associated with the Garden City²¹ model. It developed as a movement as a response to the failure of cities and suburbs in the mid-20th century and was concerned with overcoming the inequities of modern society, as Grant (2006) write: 'New Urbanism takes the failure of the garden city and modernism as its starting point' (p. 45). Advocates of the Garden City model believed that building satellite cities could contain sprawl, protect agricultural land, safeguard the family, and eliminate the ills of the industrial city. However, during the 70s, households were getting smaller and families were aging rapidly. The modernist city models and principles lost their relevance. As an antidote to placeless suburbs, New Urbanism offered new a prescription for neighbourhoods which advocated urban living in vibrant, connected, and diverse places.

Scholars also tended to challenge the modern city and industrial city models as dysfunctional. The work of Jane Jacobs (1961) is just one of many critiques of the modern city model which extensively covered the failures of the 19th century

²¹ The Garden City model is a brainchild of Ebenezer Howard, an influential English urban planner in the 19th century. This model was premised on the reduction in urban densities through building of new towns, which were called *Garden Cities* and in which a green belt beyond the boundary of the central city. Howard's ideas were emulated by generations of urban planners and urbanists. The idea of Garden City culminated into the Garden City Movement which, from the late 19th century onwards, had exercised considerable influence over the development of town and country planning (Osborne, 1970).

industrial city. In her popular book, *The Death and Life of Great American Cities*, Jacobs criticized modernist urban form generated by modern town planning and called for more responsible ways of building cities. She documented the failures of modernist planning ideas such as high-rise buildings and large parks to maintain the vibrant, fine-grained mixed use of the ethnic neighbourhoods of Greenwich Village that she loved. Jacobs associated incivility with the change in urban form and therefore postulated a mix of uses, facilities and people in the city. Urban vitality, she argued, comes from density, mixed-use at a fine grain and diverse neighbourhoods. She argued that large parks and high-rise buildings were venues for criminals and warehoused the poor respectively, and called for an end to such designs.

Similarly, the works of Leon Krier (1978 *cited in* Grant, 2006) and Kevin Lynch (1981) played an influential role in advancing the New Urbanists argument. Krier (1978) concentrated more on design questions. His view of the good city was premised on visual coherence and mix of functions and uses within a city. He looked at pre-industrial cities as models for integrated places and urban functions. In *A theory of Good City Form*, Lynch (1981) offered guidance for what he called 'good city form'. He postulated theories that explain spatial patterns in the city relating to spatial form and functionality.

There is no standard naming convention for the New Urbanism approach. It goes by various names such as neo-traditional town planning or traditional neighbourhood design (TND); transit-oriented design (TOD); transit villages or pedestrian pockets; the compact city movement (Grant, 2006; Harrison, 2002). In the USA, Britain and Canada, terms such as new community design or traditional urbanism; urban renaissance; and smart growth are likely to be used, respectively. Whatever the label used, the common thread among New Urbanists is the resentment of suburbanism and urban sprawl, as Grant (2006) writes:

The resentment of sprawl has spread quite far. Our popular culture seems to accept the premise that the suburbs are meaningless places. The suburbs – home to the majority of

urban dwellers in many nations – have become the butt of jokes, and locale for tragic movies. Worse still, the suburbs find themselves accused of generating social ills from anomie to road rage. Few stand ready to defend the suburbs (Grant, 2006, p. 5).

The logic of New Urbanism is that, through mixed-use of space, all urban necessities are close by and convenient. At the same time high-street style of living, reminiscent of village living of old days, further create a sense of community with a positive effect on the environment by reducing the need for motor car travelling. There are other added benefits such as living closer to workplace, which means individuals can save on travelling costs.

Urban regeneration is inspired by ideas associated with the New Urbanism theory (Grant, 2006; Harrison, 2002; Breheny, 1997). Through urban regeneration and [re]densification, it is believed, in theory, that urban sprawl can be countered and urban compaction can be strengthened. The revitalization of derelict buildings is also consistent with the principle of “efficient use of infrastructure” that embodies New Urbanism. While the South African version of New Urbanism drew from the works of proponents such as Jane Jacobs and Kevin Lynch, ‘it developed in a context where a primary concern was with knitting together fragmented and dysfunctional cityscape produced under apartheid (Harrison, 2002, p. 8).

Examples of inner city projects inspired by New Urbanism thinking are mixed-use developments such as Newtown Cultural Precinct and Braamfontein corporate precinct. These mixed-use developments have been renowned for a ‘unique’ offering and gained favour with both commercial users and residential consumers seeking alternative and interesting experiences (Haggard, 2006; Harrison, 2002; JHI Report, 2003).

Criticism of the New Urbanism and Compact Cities

While ideas of New Urbanism have found their way into contemporary planning discourses, studies often question the feasibility and benefits of the compact city

approach, owing to some evidence pointing to a starkly ambiguous relationship between compaction and environmental sustainability, urban efficiency, and urban equity (Breheny, 1997). Ideas of New Urbanism are also regarded as at best contradicting market forces. The main doubts about the compaction case therefore concern the degree to which the compaction logic defies the market and the degree to which the market can or will bend to follow the logic of compact development, as argued by Breheny (1997):

While stronger urban regeneration policies will make cities more attractive places in which to live, the implication of continuing decentralization is that the compaction movement will still contradict the market. And what drives the market? Certainly, the builders of mass housing and office parks favour 'easy' Greenfield sites; for doing business on them is simpler and more profitable. These developers will argue that they are following consumer demand which leads them to decentralized locations.

In the context of urban regeneration, development of Brownfield sites in support of urban compaction may also face technical problems revolving around questions of contamination, reclamation, accessibility, land ownership and legal liability (Breheny, 1997). These issues become more complex as the sites become more difficult. And, while these issues are largely technical, they are ultimately *political* as well because serious progress will depend upon government intervention.

4.3 THEORIES ON URBAN POLITICS AND POWER RELATIONS

4.3.1 Elite Theory

One of the major criticisms of the “market-based” approach to urban regeneration, as discussed in chapter 3, is poor social impact and the resultant social disparities in urban environments. The elite theory proposes some insight into the question of social equity. It posits that the nature and structure of urban society, urban developments [such as urban regeneration] cannot ensure benefits to the wider urban population. Societies are, the theory holds, ruled by a relatively small number of people with like-minded, usually business, interests (Judge *et al*, 1995). The elite theory posits that the structure of society resembles pyramids, with a relatively small number of very powerful people at

the top gradually giving way to a large mass of unpowerful individuals at the bottom (Harding, 1995).

It is this hierarchical arrangement of society in which relations between the rulers and the ruled, the powerful and the powerless are determined. The problem is not that the elite exist, but rather that the elite tend to determine courses of action with little or no involvement of the rest of the members of society. This has been the case since the early days 'of modernization ideology when it was assumed that suitably committed elites would be the agents of modernization in backward countries once they had had their reckoning with traditional elites' (Moffett and Freund, 2004, p. 134).

The elite theorists explain the world in terms of what *they* are doing to or for *us* (Harding, 1995). *They* are the elite or the group(s) of individuals whose decisions play an important part in shaping the lives, choices and futures of the mass of the people. This theory sees power as a key element in decision making process and argues that control over crucial resources is in the hands of a few (Harding, 1995). The elite theory argument is considered relevant in the context of urban regeneration, a process often seen to be largely driven by a few powerful stakeholders with little or no involvement of the poor (Squires 1997; Loftman and Nevin, 1995; Atkinson and Moon, 1994; Stoker and Young, 1993).

The origins of the elite theory can be traced from the Ancient Greece with influential writers such as Plato (1974 *cited in* Harding, 1995) emerging as its major proponents, but has developed into a strong theory in the 19th century. The elite theory was used to explain distinction between individuals or groups on the basis of possessions, wealth, status and leadership capacity. The society was controlled by elites in leadership positions. In most capitalist societies it was considered important to have well-trained hierarchy of management in the actual determination of business operations, given the increasing dominance of very large, internationally-minded firms.

Harding (1995) argues that the elites have gained acceptance in modern society. Firstly he argues that there is a reliance on elite leadership and domination although without believing it to be natural, just, efficient or satisfactory when measured against a range of criteria which might define a good society. Secondly the rule by the few might be favoured and major problems may only arise when elite are challenged or are not allowed to rule. Thirdly, elite rule may be viewed by society with trepidation, but may be generally accepted, with reluctance, as a necessary evil for the functioning of society.

The advocates of the elite theory frequently make reference to the fact that elites operate through coalitions, explaining why the private sector is invoked in urban development processes. For instance, urban renewal projects in the USA in the post-World War era were not always viable in and of themselves. The growth coalitions in the USA, in their quest for urban renewal were often aimed against the poor and the preservation of space that they have found most helpful for survival of sociable living. As a result, urban renewal often meant the disappearance of neighbourhoods, homes and jobs and was regarded as 'the scourge of progressive of urban planners' (Moffett and Freund, 2004, p. 136).

These coalitions tended to be dominated by business interests and had to rely on national political forces to provide catalytic influence at local level and hence programmes such as urban renewal tended to benefit a few (mainly the private sector) (Moffett and Freund, 2004; McCarthy and Pollock, 1997; Stoker and Stephen, 1993; Loftman and Nevin, 1995). The growth coalitions were also enticed by big concessions [e.g. tax incentives] to firms in order to boost investment and profit rates. This 'engendered the "private-public partnership" paradigm where the ability of the public sector to make conditions for the private sector has diminished dramatically and the role of the state has been "accepted" as being essentially facilitative only (Moffett and Freund, 2004, p. 137).

Some elite writers have applied the argument of growth coalitions to a city. Prominent among them is the influential Clarence Stone, whose work in Atlanta gave birth to what he is known as 'regime politics'. Stone (1989) argues that coalitions have made Atlanta efficient:

What makes governance in Atlanta effective is not the formal machinery of government, but rather the informal partnership between city hall and the downtown business elites. This informal partnership and the way it operates constitute the city's regime; it is the means through which major policy decisions are made (Stone, 1989, p. 3).

Stone further emphasized that in the absence of effective organization (which is common in areas affected by urban decline), elites are very likely to triumph over popular interests, even those marked by protest movement.

The work of Fainstein and Campbell (1997), also shows the application of the elite theory in their analysis of the role of politics and polity in urban redevelopment in the US and UK. They argue that the US and UK share 'a typical, though by no means uniform, history of urban redevelopment' (p. 11). Like Moffett and Freund (2004), they argue that in the US urban renewal was driven by business groups, usually in concert with political leaders, promoting their vision of the revitalized city, often forming organizations that provided governments with plans and technical. Consequently, business interests dominated the negotiations among government and community on the content of redevelopment. This was bolstered by elite and middle class consumers seeking a more exciting downtown and attractive, centrally located housing. Fainstein and Campbell (1997) acknowledge that 'neighbourhood and lower income have received some gains in some places from redevelopment. Generally, however, the urban poor, ethnic communities, and small businesses have suffered increased economic and locational marginalization as a consequence' (p. 11).

Criticism of the Elite Theory

The elite theory is often criticised for looking at the world as an entity defined by geographical boundaries of cities. Elite theorists' depiction of community was the people residing within such boundaries and those lying beyond those boundaries

offered little interest. According to Harding (1995) this may cause problems for analysis of power as it conflates geographical places with 'communities', and power over local government decisions with power per se. In so doing, advocates of elite theory implicitly imputed an unrealistically high degree of local autonomy where the powerful were assumed to be residing within the same boundaries. The problem with this is that it tended to ignore non-local influences on the extent and nature of power exercised by local people.

Yet, the elite theorists assumed external influences as both constant and therefore unproblematic or non-existent, or too difficult to cope with empirically (*ibid*). Factors such as non-local ownerships of productive assets, the capacity of higher levels of government to influence the local structures, processes and outcomes of local government decision making were largely ignored. Harding (1995) argues that any change in these factors can affect the level of local political and economic autonomy in that it can determine who controls resources and hence who holds power, what decisions local government are empowered to make, how they make them, what magnitude they have and therefore what importance they assume for other local interest groups.

4.3.2 The Urban Regime Theory (URT)

The Urban Regime Theory (URT) perhaps holds even greater relevance for the process of urban regeneration than elite theory, especially where the process shows greater dependence on the private sector investments. This is a relatively new theoretical force when compared with, say Pluralism, Marxism or Elite Theory, but has become a strong force in understanding the variety of responses to urban change. The portals of the URT can be traced from the earlier work of neo-pluralist on changing dynamics of urban governance in the 1950s. For instance, Dahl and Lindblom (1953) began to examine the relationship between business and government.

In their latter work they acknowledged that business, because of resources it possessed, had a privileged position in such relationships. For instance Lindblom (1977) writes of the 'privileged position of business' (p. 34) – a statement which is often used as a starting point by regime theorists. According to him the political role of business is not merely an interest group role in such relationships. Rather its interest group activity is 'only a supplement to its privilege position' (Limblom, 1977, p. 193). Similarly Dahl acknowledged the political effects produced by corporate capitalism and concluded generally that 'capitalism is persistently at odds with values of equity, fairness, political equality among all citizens, and democracy' (Dahl, 1990, p. 83).

The regime theory formally came to the fore in the field of urban politics from the mid-1980s onwards (Harding, 2000a; Stoker, 1995). When the terms 'regime' first appeared in urban studies, it was used simply to describe 'the cycle of powerful elected officials and top administrators' in the US city government (Fainstein and Fainstein, 1987, p. 256). Since then, the concept of an urban regime expanded considerably (Elkin, 1987) and its popularity grew such that 'major urban journals are now filled with references to regimes' (Stoker, 1995, p. 62). The urban regime theory (URT) offered a conceptual framework which linked together many aspects of urban governance and 'effectively enjoined researchers to look for evidence of cross-sectoral and intergovernmental coalition-building for urban development and to assess its importance within the wider politics of localities' (Harding, 2000a, p. 58).

The regime theory posits that there can be more to the formulation of development strategies than the formal, bureaucratic processes adopted by individual public institutions. It encourages an inquest into public-private-partnership as both a process and an institution (Harding, 1997). It is a middle range theory that takes on board central tenets of capitalist liberal democracy, particularly the basic division of labour and the market (Harding, 2000a). It adopts a neo-pluralism position (Lindblom, 1977) and argues that, in liberal

democracies, government depends upon the market to satisfy human needs. It accepts the privileged position of business and is concerned about the limits to effective democratic politics. Consequently, the URT holds, business and business groups effectively shape the agenda and actions of government.

Elected leaders are also compelled to support other powerful interests, especially business community. This is because, the theory holds, productive assets lie substantially in private hands, therefore state managers lack authority over market decisions. To get business to perform social responsibilities such as provision of jobs, goods and services, the state must use inducements, not commands (Harding, 2000). The regime theory emphasizes the interdependence of governmental and non-governmental forces in meeting economic and social challenges and focuses attention upon the problem of cooperation and co-ordination between government and non-governmental actors (Harding, 2000a; Stoker, 1995).

Urban governance, regime theorists argue, is characterized by decentralization and shifting of responsibilities within the state, increased financial constraint and the development of privatized services using for-profit and non-profit organization (Stoker, 1995). The urban governments in turn work through and alongside other interests (e.g. private sector) in advancing a range of policy programmes such as economic development, human capital, crime prevention, environmental protection etc.

Therefore business, because of resources it possesses, is often invoked to help in solving urban problems, as Stone (1993) puts it: 'in order for a governing coalition to be viable, it must be able to mobilize resources commensurate with its main policy agenda' (Stone, 1993, p. 21). Harding (2000a) adds that governing coalitions 'bring together those who have access to, and can deliver, various resources, be they material, such as finance, personnel, and land and buildings, or intangibles, such as political, regulatory, and informational

resources' (p. 55). The regimes also operate in networks. The network approach sees effective action as flowing from the cooperative efforts of different interests and organizations. Cooperation is obtained, and sustained, through the establishment of relations promised on loyalty, trust, solidarity and mutual support rather than through hierarchy or bargaining (Harding, 2000a).

The regime formation is often justified by those on the political Right who criticize local authorities as slow to act, bureaucratic and lacking in entrepreneurial dynamism whilst those on the Left see them as legitimate agencies who are increasingly undermined by central government restriction and growing corporate power (Raco, 2003). Many studies applied the regime theory analysis, including local ones. A study conducted by Mike Raco (2003) on urban regeneration in one of England's fastest growing town, Reading in Berkshire in 1990s and 2000s focusing on the dynamics of urban governance in that town, depicts the application of the regime theory. Raco argues that 'local politics has become dominated by public sector agencies intent on promoting particular forms of middle class, consumption-based regeneration in an effort to take advantage of service-led investment opportunities and Reading's location in the broader South-east/UK economy' (p. 38) and 'regeneration agencies with opportunities to influence and shape regeneration agendas and programmes in a variety of ways' (p. 37).

Similarly, Beall *et al* (2002), who drew analysis from the formation of the urban regeneration partnerships formation in the City of Johannesburg, argue that these partnerships are dominated by the private sector which both leads and take decision. Urban regeneration projects, they contend, 'remain dominated by powerful interests, and the benefits rarely spread beyond the precinct. As a result, while the city has been able to engage successfully in circumscribed projects with coalitions of interest linked to formal business in Johannesburg, its efforts at residential urban regeneration have been less impressive' (p. 128).

Criticism of the Urban Regime Theory

The Regime theory has been criticized for privileging agency over structure (Raco, 2003). This is problematic in a sense that it tends to focus on horizontal modes of coordination between agencies. Although this has certain degree of significance, Raco argues 'it is often vertical relations of power and responsibility that underpin the development of local agendas' (p. 41). The regime approach has been also criticized as ethnocentric in that it assumes not just liberal democracy, but the particular institutional, economic and social forms it takes, particularly in the US (Harding, 2000a).

It is also considered to be methodologically underspecified (arguably due to its recent history). A research on 'informal arrangements' and coalition-building is inherently tricky but the regime literature, whilst emphasizing such phenomena, is criticized for offering few guidelines to empirical researchers' (Harding, 2000a, p. 58). Although regime theory has been criticised, it has made a significant contribution to urban studies and has gained resonance among respected writers in urban politics and power relations. This theory is considered particularly relevant in the analysis of urban regeneration in Johannesburg where political and business coalitions have been found to be active (Lipietz, 2003, Tomlinson *et al*, 2003b; Beall *et al*, 2002; Bremner, 2000).

4.3.3 The Growth Machines Thesis: Elite and Regime Theories in application

The Growth Machines thesis developed in the 1980s and attempted to expand the elite theory beyond the community power debate. The growth machines school took into account aspects of urban change by examining the actions of, and interrelationships between the main human agents that produced them. Along with regime theory, the growth machine model represented a systematic attempt to develop a political economy of 'place' and represented the application of both regime and elite theory at a city scale (Harding, 2000b; 1995).

It is a refined version of the elite theory but focuses on the broad field of urban development, in line with the regime theory, and not just on what affects local government decisions in the field (Harding, 1995). The growth machine thesis emphasizes the role of individual and interest groups and challenges the structuralist accounts that made it seem that human actions were immaterial to urban change. Proponents of the growth machine thesis emphasize the power of business community and argue that 'the activism of entrepreneurs is, and always has been, a critical force in shaping the urban system' (Logan and Molotch, 1987, p. 52).

Logan and Molotch (1987) further borrowed from classical Marxism in distinguishing between use-values and exchange-values with regard to immovable property. These writers argue that most people value their land or buildings for day-to-day uses they get from them but only a small groups of owners are mainly interested in making financial gain from their assets. They call this latter group 'rentiers' (or collectively growth machines). The 'rentiers' are those individuals who constantly strive to maximize the value of their assets by intensifying the uses they are put to or developing higher-value uses, in order to increase rents they can charge for using them. They lie at the core of the urban development process.

Logan and Molotch (1997)²² state that a growth machine tries to legitimize the gains of its members and disarm critics by espousing an ideology of 'value-free development' which claims economic growth is good for all. Public policy thus should serve private interests and governments have an important role, but one that should focus on facilitation of private capital accumulation via the free market (Squires, 1997). The 'rentiers' often do not occupy the properties they own, rather but, as property speculators, they tend to let them to tenants. However

²² This article is a reprinted, summarized and moderately revised version of John Logan's and Harvey Molotch's (1987) earlier book: *Urban Fortunes: The Political Economy of Place* (1987), appearing, as an article, in a book edited by Susan Fainstein and Scott Campbell (1997) *Urban Theory*, Blackwell Publishers

Logan and Molotch (1987) explain the impact of large-scale absence of landlordism on neighbourhoods:

The people who own and control the ghetto, through their market holding or their bureaucratic positions, live elsewhere and thus have little stake in enhancing the use values of residents (Logan and Molotch, 1987, p. 132).

What is important is that growth machines do not always embrace all interests, especially those of community. Local governments on the other hand are strong supporters, although not members, of growth machines because they are 'primarily concerned with increasing growth' (Logan and Molotch's, 1987, p. 53). Growth is portrayed as a boon that 'strengthens the local tax base, creates jobs, provides resources to solve existing social problems, meet housing needs caused by natural population growth and allows the market to serve public tastes in housing, neighbourhoods, and commercial development' (Logan and Molotch, 1997, p. 318).

The growth machine thesis, like regime and elite theory, holds that the decision making system works to the advantage of the most powerful and the detriment of the least powerful, re-emphasizing concurrence of the growth machines thesis with the pyramid structure of society of the elite theory. The systematic tendency of favouring enhancement of exchange-values over use-values in urban areas means that: In many cases, probably in most, additional local growth under current arrangements is a transfer of wealth and life chances from general public to the rentier groups and their associates (Logan and Molotch: 1987, 53).

However, the growth machine thesis contends that growth is not good for all. Its costs fall disproportionately on low income communities and marginal local businesses which, in the former case, can rarely compete with new residents and commuters who take over employment opportunities that come with new developments. In this context, the intense inter-urban competition for development encouraged by growth machines therefore offers questionable net benefit at a local, regional or national scale.

The growth machine thesis has, however, been criticized for being too simplistic and for making sweeping statements by analysts such as Clarke (1990); Cox and Mair (1988). While it has considerable strength, it has 'limited conceptualization of the local state' (Clarke, 1990, p. 191) and its view of the economic development process is narrow. The growth machine thesis has also been criticized on the economic development front for assuming that urban development does not benefit local areas and citizens. This can be attributed to the fact that growing property speculation, often on an international scale, inevitably dictates that fewer assets are locally-owned (Harding, 1995).

The argument that growth results in a disproportionate spread of cost on low income communities has also been criticized because the needs of corporate investors – indeed of any business in the information age – are not for low-cost sites. Locational costs are affected by many other factors such as the availability of local skills, relations between employers and unions/workforces, appropriate local networks of suppliers and business services, access to modern technology, the proximity of supportive higher education institutions and so on (Harding, 1995).

4.4 THEORIES ON CRIME

4.4.1 Classical and contemporary theories on crime

Classical urban theories have their origins in the 19th century and developed as a response to the urbanization trends associated with the Industrial Revolution which was characterized by a shift from rural to urban living (Hoyt, 2005). These theories postulate that while urban living has advantages, it also has many disadvantages. Urban living may be associated, on the positive front, with exposure to diverse cultures and a wide variety of consumer choices for housing, education, and shopping. Urban areas also contain other social amenities such as entertainment, parks, outdoor living and spontaneous inter-personal interactions.

However, on the negative side, sociologists and scholars such as Emile Durkheim (1991 *cited in* Emirbayer, 2003) and Ferdinand Tönnies (2002) argue that there are more disadvantages in urban living. These scholars argue that urban living prevents a common morality, weakens social bonds among people and isolates individuals from society. For instance Tönnies (2002) defines the rural-urban migration by contrasting two distinct forms of social organization or community and society. He uses this typology to argue that the ties that hold rural communities together were radically different, and more desirable, than their urban counterparts (*see also* Hoyt, 2005).

Durkheim (1991 *cited in* Emirbayer, 2003) on the other hand goes further to identify changes in social bonds among people as the main difference between rural and urban life. He argues that an industrialized society negatively affects human behavior because it encourages social differentiation that ultimately disrupts social solidarity. The work of Hoyt (2005) supports this argument. Citing the work of proponents like Louis Wirth (1938), Hoyt points out to social and psychological consequences of urban living. She argues that city dwellers react to their large, dense, and varied environments by altering their personality. Rather than experiencing a sense of belonging to a group or community, they experience superficial and transitory contacts. This leads to a state of anomie that is characterized by a feeling of isolation and indifference.

Also citing the work of Clifford Shaw and Henry McKay (1942), Hoyt argues that some neighbourhoods are unable to effectively control crime because of the presence of certain neighbourhood factors such as social disorganization tradition. This explains the spatial variation in crime rates in urban areas, that is, as social disorganization increases, so does crime. Over the past six decades, the social disorganization theory has been extended through the emergence of related theories such as “defensible space” (Newman, 1972), “Broken Windows” (Wilson and Kelling, 1982, *cited in* Ward, 2006 and Murray, 1995) and “routine activities” (Hoyt, 2005). For example, in his book, *Defensible space: people and*

design in the violent city, Oscar Newman (1972) postulates what he calls “defensible space” theory in which he argues that a properly designed environment can increase social cohesion among residents, and in turn, these relationships will increase informal surveillance mechanisms and reduce crime. Newman argues that ‘the problem of crime facing urban America will not be answered through increased police force or firepower’ (p. 1).

Newman goes further to argue that this model should be implemented (designed) by grouping dwelling units to reinforce associations of mutual benefit and by improving observability of places. The work of Jane Jacobs (1961) also reflects on ideas that were first mooted by Newman. In *The Death and Life of Great American Cities* Jane Jacobs (1961) argues that crime in urban residential areas can be reduced if these areas can be less anonymous and less isolated and if buildings can be oriented such that neighbours can see what is going on. That is because citizens are “natural proprietors of the street”, whose presence in public spaces increase the “number of effective eyes on the street” (Jacobs, 1961, p. 35).

These theoretical strands have come to inform a number of crime prevention measures. For instance, the introduction of additional street lighting can decrease crime by making public spaces more physically accessible and visible to the public. Similarly, routine patrols such as those carried out by security guards employed by City Improvement Districts (CIDs) are regarded as important in that, in line with Jacobs and Newman’s argument, security guards are likely to observe and report criminal activities (Hoyt, 2005; 2003). In fact, as stated, CIDs perform other functions such as physical layout of benches, street lighting, shop façade, maintenance and shape the ‘feel’ of an area. In this regard the philosophy of CIDs embodies the writing and widely accepted beliefs of both Jane Jacobs (1961) and Oscar Newman (1972), who concurred that ‘the supervision of public space deters criminal activity and the physical design of public space affects criminal activity’ (Hoyt, 2004, p. 368).

On the other hand the “broken windows” theory posits that criminals will seek out an area where signs of neglect are prevalent and pedestrians appear unattached and fearful (Hoyt, 2005). It posits that crime tends to be higher in distressed environments and that as physical and social incivility increase, informal social control weakens and fear increases. Vacant buildings, contaminated alleys and streets, and broken windows are, according to this theory, evidence of social disorder, diminishing social control and neglect:

The Broken Windows theory described by James Q. Wilson draws an association between disorder and crime. “If a broken window is unrepaired, all the windows will soon be broken. Broken windows are a signal that no one cares”. The theory suggests that the appearance of physical environment is not only a consequence of neglect but also a signal to others that behaviours that are usually prohibited are tolerated (Cohen *et al*, 2000, p. 230).

The “broken windows” theory, assumes a trade-off between breakdown of social civility and crime. It argues that as physical and social incivility increase, informal social control weakens and the fear of crime increases. As fear increases, the chances of criminal invasion increase, as does disorder that leads to an increase in serious crimes (Ward, 2006). Therefore the “broken windows” theory contends that signs of neglect and decay, prevalent in areas of urban decline, invite crime. The theory also holds that smaller crimes lead to larger, more serious crimes, and as such should be targeted as means of improving physical environment (*ibid*).

The analysis of “broken windows” theory has been extended to other academic fields and applied in studies in public health. One is the study conducted by Deborah Cohen *et al* (1999) examining association of neighbourhood conditions with high-risk sexual behaviour as well as relationship between community disorder and gonorrhoea rates in New Orleans neighbourhoods. The study found that deteriorating neighbourhoods have an influential and/or causal role in high-risk behaviours or are a marker for a risk factor for gonorrhoea. This suggests that neglected and decaying areas are prone not only to social disorder and crime but are also breeding nests for other illicit activities and high-risk sexual behaviours.

It is for these reasons that the “broken windows” theory claims that the presence of the police is important in increasing visibility, enhancing informal social control, lessening fear, and deterring crime. Practices such as “zero-tolerance” policing and other measures targeting small crimes and installation of CCTV cameras are all informed by this theory. In other words, focused and targeted police in areas of neglect is likely to deter criminal activities such as drug use, illegal dumping, and vandalism. This approach entails the adoption of a hard-line stance to criminal activity by police. This may include: 1) effective police visibility; 2) accurate and timely intelligence; 3) rapid deployment of police and resources; 4) effective tactics; and 6) unremitting follow-ups (Braga, 2001; Greene, 1999). It puts major emphasis on improving the quality of life for residents, cracking down hard on the most visible symbols of disorder.

The may encompass “hot spot” policing. This refers to place-oriented crime prevention strategies that focus on areas where the pattern of crime occurs frequently and repetitively (Braga, 2001). The underlying rationale behind this approach is that crime does not occur evenly across the urban landscape, but rather its distribution tends to reveal that crime concentrates in relatively small, secluded areas, known as “hot spots”. “Hot spot” policing may entail well-planned crackdown, directed and systematic patrols, proactive arrests and problem solving. A number of researchers have argued that crime problems can be reduced more effectively if police can focus in these deviant places with the aim of eliminating them (Hoyle, 2004; Braga, 2001).

An example is a study conducted by Braga (2001) which systematically reviewed various research studies and empirical evidence on the effects of focused police enforcement interventions at crime hot spots in numerous American cities. The study compared places that received the focus police interventions to those that experienced routine levels of traditional police services. The results of the systematic review supported the assertion that focusing police efforts at crime “hot spots” can be used to good effect in preventing crime, as the author puts it:

‘...the result of this study can be broadly taken to support the position that focused police enforcement efforts can be effective in reducing crime at hot spots’ (Braga, 2001, p. 118).

Similarly, the “routine activities” theory contends that the presence of informal, yet capable, guardians contributes to the collective supervision of public spaces and pressures offenders to evaluate potential victims more carefully (Hoyt, 2005). Activities such as patrols undertaken by CIDs are informed by this theory as CIDs provide supervision and are believed to be effective in reducing crime (Hoyt, 2005; 2004). In addition, the work of CIDs is to keep streets and building façade clean. This has a positive impact in that criminals will sense that the space is safer and people’s outdoor experience will be improved as they are less fearful. This work of CIDs is also supported by the “broken windows” theory which states that well-kept places tend to be less vulnerable to crime.

4.5 THEORY ON INVESTMENT AND RISK MANAGEMENT

4.5.1 Insight of Modern Portfolio Theory (MPT)

The Modern Portfolio Theory (MPT) is borrowed from the economic disciplines and is often used in areas such as equity trading and money markets. However, its principles also hold in the urban regeneration context. The MPT is premised on the trade-off between return and risk and, using a paradoxical thesis, it postulates that in any asset class or investment portfolio, higher returns are always accompanied by higher risks (Litterman, 2003; Adair *et al*, 2003). Put the other way round, the argument goes: if creating wealth is the object of making investment, then risk is the energy that in the long run drives returns. Risks themselves, the MTP holds, cannot be avoided and wealth creation depends on being prepared and willing to take risks. However, in order to reduce overall portfolio risk, the MPT points to requirement of diversifying and spreading of investments across less correlated assets.

When applied in the urban regeneration context, this MPT argument points that while the private sector may see urban regeneration as risky investment (Adair *et al*, 2000; McGreal *et al*, 2002), it may be a minefield of opportunities and lack of investment in this environment may be tantamount to missed opportunities (Adair *et al*, 2003). Urban regeneration is often characterized by fragile property markets, deteriorating stock and poor market information. In these areas, weak levels of market transparency tend to lead to incorrect perception and resultant mispricing or under-pricing of assets (Adair *et al*, 2003). However, the modern portfolio theory analysis maintains that the lack of investment in urban regeneration effectively translates to missed opportunities.

Studies have supported the thesis of realizing high returns from high risk environments such as urban regeneration. For instance, a study by Adair *et al* (2003) which measured investment performance returns for urban regeneration properties relative to national and local benchmarks of non-regeneration properties in various cities in UK found that while urban regeneration is generally regarded as high risk investment, urban regeneration properties yielded returns that exceed non-regeneration portfolios and other national benchmarks. This suggests the veracity of modern portfolio theory of high-risk-high-return dichotomy, as Adair *et al*, (2003) conclude:

.... the new evidence stemming from analysis in this paper is that investment returns for urban regeneration property are outperforming national and local benchmarks on a long-term performance basis. The enhanced levels of investment returns conflict with often held perceptions of weak performance within these locations (p. 384).

Criticism of the Modern Portfolio Theory

While the veracity of the MPT is supported by empirical evidence, the high risk high return argument is likely to hold in environments where reliable information about the market is available from which potential portfolio performance can be projected. While the MPT states that 'in order to be successful, investor must understand and be comfortable with taking risks' (Litterman, 2003, p. 7), the usual lack of pertinent market information on regeneration environments about

the potential performance of the regeneration portfolio can prove problematic (Adair *et al*, 2003; 2000).

Worse still, the Modern Portfolio Theory posits that ‘investor tolerance of taking risk is limited’...and ‘risk quantifies the likelihood and size of potential losses, and losses are painful’ (Litterman, 2003, p. 8). If a loss [risk] is perceived to potentially have too great an impact on an investor’s net worth, then the thought of loss may reduce the investor’s appetite to take risks. The depressed and derelict nature of urban regeneration environments, which the market views with scepticism, may not provide sufficient incentives to encourage private investment on the basis of an intuitive high return expectation.

4.6 CONCLUSION

This chapter has discussed the theoretical strands that are considered relevant to the notion of urban regeneration. It has highlighted some of the theoretical underpinnings of the notion of urban regeneration as well its shortcomings from a theoretical perspective. While urban regeneration, according to the competitive cities concept and World Cities Theory, is part of multiple strategies that attempt improve the attractiveness of cities thereby increasing their competitiveness, there are challenges to seeking to enhance urban regeneration through enticing private sector investment. One key challenge is to ensure widespread benefits to urban communities of practices informed by such theoretical underpinnings.

The elite and regime theories and growth machines thesis argue that such widespread benefits are unlikely to occur because such practices are decided upon by a few powerful individuals who work in coalitions to determine the future of cities. These include political and business elites who shape the urban agenda. Classical and contemporary urban theories on crime provide a plausible link between urban development and crime. On the other hand crime prevention measures implemented in Johannesburg tend to be informed, at least in part, by some of these theories. Finally the Modern Portfolio Theory suggests private



sector investment and involvement in urban regeneration can be related to the notion of risk taking and risk diversification. While investing in urban regeneration is generally perceived to be risky (McGreal *et al*, 2003; Adair *et al*, 2000; Adair *et al*, 1999), the Modern Portfolio Theory postulates that investing in this area is important if higher returns are to be realized. It is against the above theoretical background that this study will evaluate urban regeneration strategy employed in the Johannesburg Inner City.

CHAPTER 5

THE EMERGENCE OF THE “MARKET- BASED” APPROACH TO URBAN REGENERATION IN JOHANNESBURG

“The inner city revival is a tribute to the past, the celebration of the present and an investment in the future” Sean O’Shea, Johannesburg Inner City Region 8 (now Region F) spokesperson (*Star Newspaper*, 23 March, 2006)

5.1 INTRODUCTION

The promotion of private sector investment has become an integral part of the City of Johannesburg’s urban regeneration strategy. The revival of declining inner city areas can be linked to broader policies that seek to stimulate private sector investment in the inner city as means of achieving urban regeneration expediency. This chapter illustrates the above assertion more clearly. It begins by briefly outlining the historical background to Johannesburg, aligning this with the long tradition of apartheid that was characterized by, among other things, racial segregation, spatial dislocation and class polarization. Despite these conditions, Johannesburg rose to become the economic powerhouse of South Africa soon after its establishment, attracting massive private investments and becoming the preferred business location.

Yet the city’s local economy collapsed almost simultaneously along with the demise of the apartheid regime in the late 1980s. The ensuing political restructuring and subsequent socio-economic changes, heralded a massive wave of private sector departure from the inner city and marked an epoch of unprecedented economic decline. Amidst the slough of decline that engulfed the city during that time, the City of Johannesburg made successive strides, albeit at times with little success, to revive the declining economy and stem the exodus of private capital from the inner city.

This chapter therefore locates the stimulation of private sector investment within the context of emerging urban regeneration initiatives as well as city vision

formulation and reformulations in the 1990s. It concludes by embarking on a textual excursion around the progress made in the inner city since the advent of urban regeneration initiatives in the early 1990s, highlighting the emerging themes, perspectives and debates from literature.

5.2 SETTING THE SCENE: A BRIEF HISTORY OF JOHANNESBURG

Johannesburg began its life as a small mining town shortly after the discovery of gold reef in the Witwatersrand. The year was 1886 (Mabin, 2007; Cohen, 2004; Charlton and Karam, 2003; Czegledy, 2003; Tomlinson *et al*, 2003b; Bremner, 2000; Mandy, 1984). During that time Johannesburg was occupied by predominantly white settlers from different parts of the world. This led to Johannesburg being viewed as a city of 'uitlanders' or foreigners (Tomlinson *et al*, 2003b; CDE, 2002). Shortly after its discovery, Johannesburg grew very quickly, thus becoming, in David Cohen's (2004) words, 'the fastest-growing town on earth' or 'a town on steroids' (p. 57). By 1911, the gold fields in Johannesburg were already producing an impressive 40% of the world's gold (*ibid*).

The discovery of gold and subsequently impressive economic progress of Johannesburg generated business interest from all over the world. The result was a rapid growth in other services such as manufacturing, light industries and service sector as domestic and foreign investment flowed into the city. Meanwhile, there was an emergence and rapid expansion of white middle class as new employment opportunities grew. Fraser (2005a) writes that by 1890, virtually four years after its discovery as a mining town, Johannesburg boasted 26 000 residents, 312 bars and hotels, 4 theatres, 3 social clubs, many sports clubs and brothels. Six years later, the population in the city more than tripled to 102 500 in 1896 and in by 1928 it reached 442 000.

Fifty years on, the numbers climbed to 620 000 in 1936, making Johannesburg the most densely populated city in the country – higher than Cape Town (335 000) and Pretoria (130 000), combined. The population size grew to 2.5 million

and 2.7 million in 1985 and 1996 respectively (Tomlinson *et al*, 2003b). Until the 1980s, and despite the existence of large black population, the city was, like others in the country, politically governed by the philosophy of apartheid and its rapid spatial development reflected racial segregation policies of apartheid (Parnell, 2007). The apartheid policy was premised on racial segregation and promoted white domination in cities and relegated blacks to subservience and inferiority (Mabin, 2007; Cohen, 2004).

As apartheid laws divided the country along racial lines, they disallowed certain racial groups to live and work in certain areas²³. Non-white people, especially blacks, were regarded as temporary sojourners in the white city ‘to serve in the mines, work in industries and provide services’ (Tomlinson *et al*, 2003b, p. 3). Once their working life was over, they were to go “home” in the rural areas. The apartheid policies also involved forcibly removing people classified as Africans, Indians and coloureds from good locations in Johannesburg and expelling them to the urban periphery. Influx control measures²⁴ were also introduced to control these people’s movement into the city.

While the landscape of the city was already segregated along racial lines, the advent the National Party government in 1948 into political leadership saw the introduction of what became known as “grand apartheid” which concretized the separate development philosophy (Tomlinson *et al*, 2003b, p. 6). The National Party combined discriminatory legislation, influx control and the creation of the ethnically-based “homeland” areas and racially-based administrative zones. In Johannesburg this saw the forcible removal of black people living in racially

²³ The Group Areas Act is just one of many legislations that restricted the movement of non-white people into white areas and made it illegal for people to live and work in areas that were protected for particular race group (Emdon, 2003; Morris, 1999).

²⁴ Influx control was the legal measure of restricting the influx of black people into inner city and preventing them from establishing residence in city. Black people were barred from permanent stay in urban areas black Pass laws were also introduced which restricted access of non-white groups to public facilities (e.g. beaches) and private services (e.g. restaurants, movie theatres). Non-white people were required to carry their identity documents (known as Dom-pass) whenever visiting cities and their access to the city was blocked (Morris, 1999).

mixed areas of Sophiatown (established in 1905) to new black township²⁵ of Meadowlands. People classified as Indians and Coloureds were also (in 1960s) pushed to Lenasia as well as Eldorado Park and Ennerdale respectively. This meant that not only were these people spatially excluded from most economic opportunities that were prevalent in the city, but they also had to commute long distances to access services that the city provided. As Mabin (2007) notes: at various times, different regimes – usually operating at a scale much wider than the city itself – have deepened residential segregation and contributed to social dislocation and fragmentation’ (p. 37)

However throughout these years Johannesburg’s showed signs of significant economic growth and remained an attractive location, from a business point of view. For instance, soon after its establishment, the City of Johannesburg became the financial and commercial hub for both South Africa and countries in the sub-Saharan Africa (Crankshaw and Parnell, 2004; Emdon, 2003; JHI Report 2003; Bremner, 2000). Inner city settlements grew rapidly and Marshalltown soon became firmly established as the mining and financial heart of Johannesburg. The city’s adjoining high density suburbs of Hillbrow and Yeoville, which developed speculatively in the 1960s, served as a point of arrival for new European immigrants to the city (Bremner, 2000).

Within ten years of its origin, Johannesburg was the biggest city in the country and by 1936 was recognized as ‘the largest and most densely populated European city in Africa’ (*cited in Tomlinson et al, 2003b, p. 4*) and claimed the status of ‘the Empire’s great gold centre’ (*cited in Bremner, 2000, p. 186*). By the 1980s the city was the home to many large local and international companies and was housing the headquarters of most of the country’s largest corporations

²⁵ A township is a dormitory settlement characterized by location far from city centres from which inhabitants have to commute long distances to nearby city for employment and other opportunities. These settlements were spatially designed as part of separate development policies of the apartheid regime. While the word “township” is often used in reference to settlements designated for blacks, it is also used for in reference to settlement occupied by people classified as Coloureds and Indians.

such as the Johannesburg Stock Exchange (JSE), the National Reserve Bank etc. (Tomlinson, 2003b; Robinson, 2003; Bremner, 2000).

The economic depression of the 1930s and subsequent abandonment of the gold standards in 1932 resulted in foreign capital flooding into the country and transformed Johannesburg into what some call 'a little New York or, if not New York, then at least Chicago or Saint Louis' (*cited in Tomlinson et al, 2003b, p. 4 and Bremner, 2000, p. 186*). The economic success and corresponding booms in the mining industry in the 1960s spurred the city to new heights. For instance, Bremner (2000) writes that by 1990 the inner city housed headquarters of 65 out of 100 of the largest public companies listed on the Johannesburg Stock Exchange, 13 of South Africa's 30 largest companies, 6 out of 8 major mining conglomerates and 9 of the 18 leading life insurance companies. In addition, it provided home to 11 of the leading 16 banking institutions, making it a national banking centre.

This trend continued for a long time as Robinson (2003) also notes: 'the inner city has always been a place of flows through which literally hundreds of thousand of people pass each day and from which investments and businesses across the country are managed' (p. 277). The economic success and the location of new businesses in Johannesburg also resulted in an increased immigration of people, some from outside South African borders. This was accompanied by a massive growth of sprawling townships such as Soweto²⁶ which were set apart by apartheid legislation for black working class (Bremner, 2000).

The image of Johannesburg as a growing city fell under growing opposition due to racial segregation and political divisions associated with apartheid policies. However, the city's growth endured political crisis that emerged out of the opposition to the racial oppression. Incidents such as the massacre of 69 people

²⁶ Soweto is an abbreviation for South Western Townships which is a geographic cluster of smaller townships. It is also the largest and one of the oldest black townships in South Africa.

that occurred in Sharpville on March 21, 1960 did not dampen Johannesburg's growth. Police had shot at a peaceful crowd that was protesting pass laws²⁷. This led to huge international criticism of apartheid policies. However, government responded with draconian measures and successfully maintained good levels of economic growth. Tomlinson *et al* (2003b) write that by 1963, growth reached an unprecedented 9% per annum. The Johannesburg economy was booming.

Foreign investment flooded the city and the Johannesburg stock markets recorded new listings, acquisitions and mergers. The population growth meant the availability of a workforce and further provided a business opportunity in the sense that [private] property developers had to supply accommodation. High-rise buildings mushroomed in the downtown area and many factories were built between 1951 and 1970. During the same period, employment levels increased by more than 75% and was estimated at 230 000 workers in 1970 (Tomlinson *et al*, 2003b).

The existence of large numbers of people further spurred the emergence of entertainment facilities, including theatres and cinemas, along with many of the country's leading hotels and restaurants were located within the boundaries of the CBD. These made the CBD the main focus of social, cultural, and commercial life for the city and for the wider African region. For instance, Czegledy (2003) recalls how 'the famous Rand Club on Loveday Street was the meeting place for much of the continent's business fraternity, particularly those involved in the mining industry on which the national economy depended' (p. 27).

At the same time and subsequent to the minerals discovery, both the public and private sectors invested heavily in infrastructure and built environment, in the form of roads and buildings leading to Johannesburg being the biggest transport

²⁷ In terms of these laws non-white people had to carry identity documents whenever they were in the vicinity of areas that were earmarked for whites (Mandy, 1984).

interchange in the country and a transport hub for the whole country with excellent accessibility and good infrastructure (Crankshaw and Parnell, 2004; Engelbrecht, 2004). The existence of major railway lines and good road network also meant that Johannesburg was of strategic importance to business in that it connected the city with other cities in the country and other parts of the continent.

While the economic success created a sense of confidence and invulnerability, political tensions prevalent at the time posed a real threat. Incidences such as the 1976 Soweto uprising in which black students were protesting against the compulsory use of Afrikaans language as a medium of instruction at schools began to tarnish the image of the city and its economic success (Mabin, 2007; Emdon, 2003). The resistance to apartheid served as an indicator of the political turbulence caused by racial segregation and political division. Brutish white domination and black oppression could no longer be tolerated. When the city celebrated its centenary in 1986, black opposition to the image of the 'city-with-a-golden-heart' reached its peak and rendered the celebrations meaningless (Tomlinson *et al*, 2003b, p. 5).

Opposition to the apartheid policies continued for a very long time and culminated in, among other things, abrogation of influx control and racial segregation laws in the late 1980s. Other racially discriminatory laws such as the Group Areas Act, 1950, were also repealed (Cohen, 2004; Emdon, 2003). This, together with the first democratic elections in 1994, marked the end of state-sanctioned racial segregation and the transition from apartheid rule to a new democratic dispensation. The year 1994 was also a year in which Johannesburg was reconstituted as a city where white and non-white areas were brought under the same local government administration (Tomlinson *et al*, 2003b). This meant a considerable increase in the city's population that had to share the same fiscal base.

The post-1994 era

The post-1994 era also saw the emergence of broad-based, democratic negotiations around how best to build an integrated Johannesburg. The business community had put pressure on local authorities to enter into such negotiations (Fraser, 2005a). The negotiating organizations included local government, civics and business. At that time discussions around regenerating the degenerating inner city were a low priority in government's agenda. The primary focus for government was on the provision of basic needs under the national programme of the Reconstruction and Development Programme (RDP) (Engelbrecht, 2004).

The period from 1990s to 1995 was characterized by what Neil Fraser (2005a) calls a "pre-change political paralysis" as well as financial crisis and local government restructuring. In 1990 the Central Witwatersrand Metropolitan Chamber (CWMC) had been established as policymaking body to make decisions by consensus. The formation of the Chamber marked the first phase for the establishment of local forums to negotiate the appointment of temporary local government councils that would govern until the municipal elections in November 1995.

At the same time, an overarching expectation was that local government was the agency best placed to drive change and improve service delivery, especially to the poor. In 1995 the Greater Johannesburg Metropolitan Council (GJMC) and four decentralized Metropolitan Local Councils (MLCs) were established as part of an interim government. After the 2000 municipal elections, a single metropolitan government was established, now known as the City of Johannesburg. But before the centralization of administration in 2001 the City of Johannesburg endured a lengthy period of uncertainty, financial hardships, and political disputes. The new administration inherited stringent financial constraints from old government, some emanating from unpaid debts deriving from the rent and services boycotts in black townships (Mabin, 2007; Beall *et al*, 2002).

As noted by the City itself, 'by 1997, Johannesburg had become, in every sense, an unsustainable institution, slowly spiralling into a state of financial and institutional crisis and collapse' (iGoli 2002, p. 18). Bremner (2004) adds: 'by 1997 the city was bankrupt. The Greater Johannesburg Metropolitan Council was unable to pay its electricity bill of R300 million' (p. 88). The extent of financial difficulties became apparent in October 1997 when the national and provincial government intervened in the city's financial affairs because the five councils were heading for an unfunded position of R2billion by the end of the financial year (Tomlinson, 2003b; Beall *et al*, 2002).

This led to the review of administrative powers and the introduction of institutional reforms which culminated in the appointment of a Committee of 15, which was later named Transformation Lekgotla, to restructure the 5 local councils under what was known as *iGoli*²⁸ 2002 strategy (Beall *et al*, 2002). The Lekgotla, which had delegated powers to decide on service delivery, finance and human resources policy issues (Beall *et al*, 2002), produced the 'birth of the unicity by transforming local government in Greater Johannesburg through changed governance, financial viability, institutional transformation, sustainable development and enhanced service delivery' (*cited in* Tomlinson *et al* 2003b, p. 10).

In response to the crisis of 1997, the GJMC adopted a clear financial reform, including the move away from accrual budgeting system to a three-year budgeting cycle and a shift from an expenditure-led to a resource-based budget (Beall *et al*, 2002). The Municipal Systems Act (Act No. 17 of 2000) was enacted which required municipalities to prepare Integrated Development Plans (IDPs). The purpose of these plans was to refocus spending need and align budgets with service delivery programs as well as to promote compact, integrated urban development (Tomlinson, 2002).

²⁸ The word "iGoli" is the local vernacular name used to Johannesburg. It translates to "a place of gold".

Leading up to the 2000 municipal elections there was a general consensus that the interim structure of the previous four years that had resulted in four local metropolitan councils was inefficient, ineffective and costly. The new structure was proposed for the creation of a unicity model where the four local councils and an overarching metropolitan council would be replaced with a single metropolitan authority (Mabin, 2007). Whilst the geographic area of the metropolitan saw a change from five political structures to one, it was again subdivided into eleven regions (iGoli 2002, 1999). The inner city formed part of Region 8 which was renamed Region F.

The advent of the new democratic dispensation after the 1994 elections also marked the end of a lengthy period of international isolation and scrapping of economic sanctions that had been meted by the international community against South Africa and ensured its re-integration into the world economy. The apartheid regime had 'removed the city from global consciousness and turned it into merely an exceptional case of urban oppression' (Mabin, 2007, p. 33). With the post apartheid changes, it was greatly anticipated that Johannesburg would relinquish its status as, to use the words of Tomlinson *et al* (2003b), 'an international pariah' and would re-enter the global economy (p. 3). New visions of the city's future were conjured up and new geographies were imagined (Robinson, 2003).

It was anticipated that Johannesburg's goods and services would be attractive to markets of the world and that foreign corporations would invest in its economy. The re-integration of the city into the global circuits of capital, it was assumed, would make the city prosper:

The demise of the apartheid regime also opened South Africa to global influences, particularly neoliberalism's pro-market and antigovernment biases, and engendered aspirations that the country and its major cities would become actors on the world stage (Beauregard *et al*, 2007, p. 237).

It was also believed that Johannesburg should transform itself and rise to become 'a globally competitive African World-class city' (*cited in Tomlinson et al*,

2003b, p. 4). In essence this marked the birth of urban regeneration in general and the “market-based” tradition in particular. The city started to make itself friendly to investment (both foreign and local).

It strived to embrace the traits of a typical 21-century city and ‘a city in which the public and private sectors are renegotiating their relationship and that is seeing a drift towards privatization, not just of infrastructure and services, but also affecting land development regulations, building codes and social services’ (Beall *et al*, 2002, p. 8). The following sections will dwell into factors that contributed to urban decline and private sector departure from the inner city and as well as government response to those dynamics.

5.3 FACTORS THAT CONTRIBUTED TO URBAN DECLINE AND THE FLIGHT OF PRIVATE CAPITAL

While the inner city was previously home to many private companies and the location of commercial activities, this drastically changed in the late 1980s when the wave of economic decline, in various form of manifestation, set in. The inner city was abandoned by many companies in favour of suburban locations north of the city, such as Sandton, Rosebank and Midrand. The once flourishing inner city apartments and office buildings quickly lost both commercial and residential tenants, especially at middle to high segments of the market (Czegledy, 2003). While factors that led to economic decline of the inner city can be traced as far back as the 1960s, tangible signs became more visible in the 1980s.

As indicators of the extent of private sector flight from the inner city, the following incredible facts are recorded in literature: In 1991, out of 759 firms listed on the Johannesburg Stock Exchange (JSE), 197 had their registered offices in the CBD of Johannesburg. In 1998, the CBD was still home to 129 listed companies, but in 2000, only 38 of them remained (*cited in* Beall *et al*, 2002, p. 113). The flight of private sector included small businesses as David Cohen (2004) notes:

Once there were eleven furniture shops situated along the length of Jules Street, but now there are only three. The others have gone out of business or moved away, unable to adjust to the new South Africa and demographic changes it wrought (p. 12).

Bremner (2000, p. 186) also records similar indicators of decline: Johannesburg's traditional manufacturing base lost activity across all sectors, declining from R3,4 billion to R2,5 billion between 1980 and 1994. Between 1982 and 1994 17 of the 65 top 100 national public companies located in Johannesburg moved from the CBD to decentralized locations and about 73% out of 104 top national business enterprises moved out of the CBD. Out of 10 top retail companies in the country having their head offices in Johannesburg, only two remained in the CBD. All leading accounting firms in the country retained their head offices in Johannesburg. But while in 1982, all seven were located in the CBD, by 1994 only three remained. In the advertising industry, of the top 15 firms in the country, 14 were based in Johannesburg. While in 1991, only seven of these firms were still located in the CBD, in 1994 all had relocated to decentralized areas.

The decline was also reflected in the economic performance of the city. Goga (2003) writes that while the inner city contributed an average of 10% of wider Johannesburg's Gross Geographic Product (GGP) in the 1970s, this dropped to 0.6% in the 1980s before increasing slightly to 1.7% between 1991 and 1994. A notable variable to the relocation trend was that major financial institutions remained in the CBD and have 'sunk considerable investments into property over the last 90 years' (Bremner, 2000, p. 187). The following paragraphs discuss specific factors that contributed to urban decline and the private sector moving out of the inner city.

5.3.1 Political transition and the demise of the apartheid regime

Perhaps one excellent illustration of how factors associated with political transition contributed to urban decline of the Johannesburg Inner City is the work of Alan Morris (1999) in Hillbrow, one of the residential suburbs in the area.

While Morris' work was based on Hillbrow alone, similar accounts have been recorded by other proponents working elsewhere in the inner city (e.g. Emdon, 2003; Gotz and Simone, 2003; Tomlinson *et al*, 2003b; Beall *et al*, 2002; Bremner, 2000). The works of these individuals will not be repeated, but where nuances in analysis exist, they will be highlighted. The public discourse and media publications tend to associate urban decline with the abolishment of laws of racial segregation and the arrival of blacks in the inner city. Contrary to this view, Morris argues that there are mainly two underlying factors that contributed to inner city decline during the political transition era – i.e. overcrowding and poor maintenance of buildings and infrastructure.

Hillbrow was, until 1991, legally reserved for white residents in terms of the Group Areas Act of 1950, as was the case in the rest of the inner city. However, it began to lose its racially exclusive status in the late 1970s, when people classified as Indians and Coloureds were granted restricted political rights under constitutional order. This was 'dramatically hastened in December 1982 when, in a landmark court case, the state versus Govender, Judge [Richard] Goldstone concluded that the notion that a person convicted under the Group Areas Act was compelled to vacate his dwelling was unjust and that this practice had to be halted' (Morris, 1991, p. 37). The court ruled that evictions had to be supported by the provision of alternative accommodation in the vicinity.

This court ruling somewhat eased the restrictions into inner city of people classified as Indians and Coloureds, as Chipkins (2006) puts it: 'police tended to look the other way when Coloureds and Indians moved into the inner city' (p. 92). This made Hillbrow the first area for racial desegregation in Johannesburg. During this time violence was rife across many black townships. Subsequently, many young, employed and relatively educated black South Africans started settling in Hillbrow as a resort to escape such violence and revolts from townships. This movement of blacks into Hillbrow was fuelled by the scrapping of the influx control restrictions in 1986.

The state had also failed to adequately provide significant housing stock for black people and townships were experiencing serious overcrowding. The movement into the inner city provided most black people with an alternative to escape township conditions. While reports and public discourse in the 1980 frequently cited the migration of poor blacks into the inner city as the cause for urban decline and exodus of white folks out of Hillbrow (e.g. Fraser, 2005a), Morris (1999) refutes this claim. He argues that during the early stages of black migration in 1980s, overcrowding was almost non-existent and that the ‘new residents’ had a class profile (in terms of income and education status) which compared favourably with their white counterparts²⁹.

In his research Morris found that densities in sectional title buildings in the early 1980s had only marginally increased. He argues that during his research the urban poor were not living in blocks of flats, but rather on the streets and there was a significant number of street children and homeless people, many of whom were engaged in illicit activities as means for survival. It is these people that actually contributed to the sense of urban decline and [white] flat dwellers felt threatened by them. As Morris puts it, ‘the street people’s presence fed into the perception that the neighbourhood was in decline’ (p. 333)

Only in the late 1980s and early 1990s did black migration start to have an impact on Hillbrow. The exodus white people and their businesses soon gained momentum³⁰. Again Morris does not blame the degeneration of Hillbrow on black immigration alone, but rather on overcrowding and poor maintenance. The new groups, mostly black, also generally comprised poor people or low income earners (62% of households he interviewed in Morris’s research had a per capita income of less than R1000 per month and had three or more occupants).

²⁹ A similar finding was made in Hillbrow’s neighbouring suburb of Yeoville where ‘racial desegregation was not accompanied by dramatic changes in the social class and educational profile of its residents’ (*cited in* Beall *et al*, 2002, p. 119).

³⁰ Here is one clear an indicator of the departure trend: in 1985, 70% of flats in these areas were occupied by whites, 25% by coloured and Indians, and 5% by blacks. But by 1991 the white occupancy rate had dropped to 54%, while in 1996 it was merely 5% (Beall *et al*, 2002).

By mid-1980s, vacancy rates were increasing (i.e. high supply) and landlords, instead of lowering rentals to reflect new levels of affordability, often accepted blacks as tenants to occupy flats left by white residents and in turn charged high rentals from vulnerable black tenants. For them this was the only way of maintaining consistent income to meet their financial obligations. In other instances, white residents paying modest rentals were actively encouraged, even coerced, to relinquish their flats to make way for exploitable arrivals. The result was a massive overcrowding as the majority of new residents, most of whom had only meagre incomes and could not afford high rentals, had no option but to share accommodation and rental with friends and relatives.

To illustrate the impact of overcrowding, the following passage is extracted from Morris's book, *Bleakness and Light*, as one of the incredible stories told to him by a building manager during his research:

Like back in 1982 I used to manage these buildings with elderly ladies in. On the 27th when they get their pension they come and pay and by the 1st when the whole block is paid. So in 32 flats you'd have 32 old ladies and those old ladies will go to town twice a week, so they'll go down the lift twice a week and....they go to toilet once a day. Where now you get these landlords – they thought they were clever – they will charge R300 to the blacks and in the meantime they put eighteen people in a flat. So you've got eighteen people going to the toilet, eighteen people going up and down a lift hundreds of times a day, and sheebens. I mean this is what the problem is. We used to have a handyman servicing eight buildings. We've now got full-time plumbers and electricians and it's costing us thousands of rands a month to maintain the buildings and like I said, the domestic effluent is a major expense (interview with Mrs Poole *cited in* Morris, 1999, p. 100).

The wear and tear on buildings increased enormously (increasing with it were maintenance costs) and greedy landlords seldom responded in terms of fulfilling maintenance and repairs obligations, despite regularly collecting rental. Morris blames this poor maintenance on race-based belief that black people deserved a lower quality of service. The macro-economic issues also compounded the situation. The high interest rates in the late 1980s and early 1990s made mortgage repayment expensive. This was exacerbated by a shift in the property market and the 'drop in market price of Hillbrow properties' which 'combined with the difficulty of selling flats because of [banks] redlining encouraged some

landlords to get as much rent as possible, thereby negating the whole issue of resale and attendant maintenance' (Morris, p. 111).

Most landlords who were faced with growing mortgage and maintenance costs without substantial revenue struggled not to make profit, but to pay their bills. Some landlords simply abandoned their buildings altogether. The absentee landlords often weakened the control of caretakers by placing unsuitable tenants in their flats. In a situation characterized by exploitation, adversarial tenant-landlord relations, poor building maintenance and general tenant dissatisfaction, tenant resistance emerged. This took form in rent boycotts or unilateral rent cuts – in some cases tenants decided to pay less than half the rent demanded.

Tenants often viewed landlords as their enemies and accused them of racist neglects. Landlords were seen not only as landlords but also as beneficiaries of apartheid who were in that position because of their racial classification. Equally, landlords blamed tenants for damaging their buildings. The tenant-landlord relations were viewed by tenants as an extension of the anti-apartheid struggle and the rejection of white supremacy. Hillbrow, like many parts of the inner city, rapidly deteriorated into urban blight and subsequently reached a 'tipping-point'³¹ in the mid 1990s. As physical and economic deterioration of inner city areas like Hillbrow increased, so did the rate of crime.

5.3.2 Crime

Accompanying the problems that came with the political restructuring of the 1980s was a drastic increase in criminal activities. Crime reached

³¹ The expression "Tipping-Point" is borrowed from the public health profession and denotes 'the point at which an ordinary and stable phenomenon – a low-level flu outbreak – can turn into a public health crisis' (*cited in* Greene, 1999, p. 181). In the context of urban regeneration, this term is often used in reference to a gradual process of urban decay which may be sparked by lack of maintenance in one building leading to the others and reaching a certain level or critical point of spreading to the entire neighbourhood and resulting in business and people moving out to other locations. The term may also be used in reverse. For instance when urban decay reaches a tipping-point (critical point), any intervention that can effect even small-scale building refurbishment may trigger dramatic 'ripple pond' of neighborhood rejuvenation.

unprecedented levels in the late 1980 and early to mid-1990s (Bremner, 2000). Palmary *et al* (2003) write that crime in South Africa, in general, reached 'epidemic proportions' after the 1994 elections, a reputation that was 'perhaps most starkly manifested in Johannesburg' (p. 105). The city soon gained a reputation as 'the crime capital of South Africa' (Charlton and Karam, 2003, p. 4; Palmary, 2003, p. 101). The advent of the new political dispensation came with a promise to change the perception of South Africa across the world. As a commercial hub of South Africa, Johannesburg, it was believed, would make a re-entry into the global economy and become a destination for investors and tourists. Tomlinson *et al* (2003a) record how Johannesburg adopted a strategic plan that would promote it as a world city and how the perception of crime proved that the realization of that dream was not to be a smooth process:

Despite the city's efforts, the perception of the city as dangerous and the economy as unstable persisted. Investors did not rush in and tourism has remained minimal. Although Johannesburg discarded an off-putting image, it seemed to attract another, an image of a crime-ridden and deteriorating city, an inner city in decline (p. xii).

Therefore, crime in South Africa in general and Johannesburg in particular was widely perceived to be the cause of low rate of investment (Stone, 2006; Lipietz, 2004; Cohen, 2004, Palmary *et al*, 2003). For instance, Lipietz (2004) writes about the thwarting impact of crime on business opportunities and urban growth as an indictment to the post-apartheid dispensation. She argues that such a sense of opportunity that came with the new political era, which is in some undeniable ways is a reification of the victory of the Anti-apartheid struggle for urban space, is also being threatened by crime. In an ill-managed city, she continues, illicit activities thrived such as drug trafficking, scams, prostitution, and child trafficking.

On the other hand David Cohen (2004) argues that while illicit activities may have provided means of livelihood for some, most formal businesses in the inner city have had to close down, and many are struggling to survive the onslaught of ever more sophisticated and heavily armed robbers. The following passage is taken from Cohen's book – *People who have stolen from me*:

As Jack cruises down Jules Street, trying to coordinate his speed with the timing of the traffic lights, he reflects on how violent crime has eliminated certain businesses from the street. Jules street was once home to some of the best Portuguese restaurants in the city, but every one of them are now gone. Campino's, perhaps the best known of the establishments, closed down a few years ago when the owner was brutally murdered – apparently for the daily takings. The owner of Mustang Sally's Café Restaurant was killed too, says Jack, as was the owner of Pop's Supermarket, who, rumour has it, was shot at point blank range in front of the shoppers (p. 19).

While authorities in the City of Johannesburg have, as a key priority, to regenerate its inner city and thus generating economic growth, high levels of crime have been frequently cited as a real constraint to economic growth and development. The CDE report (2002) points out that Johannesburg has higher crime rate than any other South African city, and crime is the single most important deterrent to investment (p. 10). In the World Bank's Investment Climate Survey published in 2003, 30% of enterprises in South Africa cited crime as 'a major constraint' to investment, making crime the fourth among ten most frequently mentioned constraints after skills shortage, macroeconomic instability and labour regulations (World Bank, 2003, p.19).

Violent crime

Most types of crime in South Africa are within international norms and are comparable to other countries³². However, the starkly distinctive feature of crime in South Africa is not its volume but its violence (Stone, 2006; Cohen, 2004; Palmary *et al*, 2003). A study conducted in the City of Johannesburg by Charlton and Karam (2003), found that between January and March 2001, the City of Johannesburg recorded the highest per capita crime rate in the country for a wide range of serious and violent crimes such as murder, robbery with aggravating circumstances, motor vehicle theft/hijacking, housebreaking as well as shoplifting, organized crime. In 2001, one of the police stations in the inner city - the Hilbrow station – was found to have the highest reported incidences of crime, compared with other stations, nationally. Rampant crime had a direct

³² Although this is the case, the level of reporting crime in South Africa is lower and inconsistent with trends in other developing countries (Palmary *et al*, 2003).

impact on the prospects of private sector investment and cost the city dearly in terms investor confidence and tourism.

5.3.3 City governance and poor decision-making

While a perception exists that urban decline in Johannesburg only started during the period of political transition in the late 1980s and early 1990s, the works of Fraser (2005a); Engelbrecht (2004); Goga (2003) and; Beall *et al* (2002) shows that the decline continuum actually started since the late 1950 and early 1960s. Decisions taken by the then City Council and the introduction of new planning policies were at the cradle of the inner city's economic misfortunes and had negative impacts in the area for the following 50 years.

1950 – a decision for local government to move out of the CBD to Braamfontein

A decision was taken in early 1950 by the then City Council to move out of the CBD to Braamfontein. Although the decision was not implemented until 1972, it set a trend that sparked the private sector move out of the CBD, created the perception of CBD decline and set vacancy rates in motion. For example, Fraser (2005a) writes that at the time of the decision, Braamfontein had only 5000m² supply of office space – but in 1975 space supply had increased to 163 000m², suggesting that the growth of Braamfontein was at the expense of the CBD.

1960s - Traffic restrictions

During the 1960s, city planning was dominated by traffic engineers. Following traffic models used in the US, the city developed major roads that circumscribed the CBD. The idea was to get traffic to the periphery of the city as quickly as possible where both the private and public sectors would build parking facilities. An efficient public transport system would then move people from the parking garages to their places of work. In order to “encourage” this process, the city implemented ill-conceived by-laws which restricted the number of parking bays that any new building was allowed to provide and reduced the area to parking bay ratio to 1 bay per 100m² of office space (Fraser, 2005a; Engelbrecht, 2004).

However, no efficient transport system was put in place. At the same time, car ownership grew immensely among the white business sector and their employees, leading to traffic congestion (Engelbrecht, 2004). This forced the private sector and investors to look for alternative locations in areas where restrictions did not exist. This, together with the considerably high rentals in the city centre, precipitated the private sector relocation. As a result Fraser (2005a) argues that: 'ultimately local government was responsible for a decade of paralysis that cost the city and its ratepayers dearly, not only in value but also in investor confidence' (p. 5). This was seen in the decrease in property values and rentals.

5.3.4 New commercial and residential developments north of the city

As stated, poor decision-making and parking restrictions subsequently led to an increase in car congestion in the city. This was compounded by an increase in private car usage which together with the desire to work closer to homes and avoid traffic congestion, sparked the relocation of private sector and created grounds for the establishment of secondary centres in north of the city centre (Heimann, 2007). The result was the early flight of commercial business to the new peripheral locations in the 1970s which further attracted a certain segment of the consumer market to the new centres, especially high income earners with access to private transport (Beall *et al*, 2002).

Consequently, some commercial tenants were sucked out of the inner city, often to large shopping malls and office parks, leading to the skyrocketing of vacancy rates in the inner city. For instance, one of the landmark buildings in the city, the Carlton Centre, with its 50 000m² of office space experienced vacancy rate of up to 70% in most of the 1990s and only recovered after it was acquired by the government-owned transport company - Transnet - in 2000 (Beall *et al*, 2002). While the above factors accentuated the development of decentralized nodes, studies have questioned the commercial rationale behind these developments. They tend to suggest that the development of decentralized commercial centres

was not justified by market rationale. A study conducted by Soraya Goga (2003), for instance, found that the commercial developments occurred not as a reaction to market forces or user demand, nor as a response a supply shortage.

Goga writes that ‘investors did not flee the CBD simply because the demand had fallen there and risen to the north. Institutional investors and large property owners made these decisions on other grounds’ (p. 81). These grounds included what Goga calls ‘the concomitant boss factor’ whereby self-serving managers chose suburban locations as means of improving their personal work-living environment and reducing distance between work and their homes. There was also a desire for a working environment that was different from the CBD due to changing work type, changing technological needs and ‘stylistic’ changes such as low-rise buildings and including park-like settings. However, Goga argues that decentralized investments occurred despite the fact that the demand was low and the general yields and rentals across the city were declining: ‘This meant,’ she explains ‘that CBD owners, through investing in real estate in new locations in a period of economic decline, undermined their investment in the CBD and also their metropolitan portfolios’.

This is the paradox that informs her argument, that relocation was controlled by financial sector that was dominated by what she calls an ‘oligopolistic market structure’ (i.e. large financial, pension funds and insurance companies). She goes further to illustrate how this oligopolistic structure of these institutions drove what he call ‘false competition’³³ that serve little more than to ‘exacerbate conditions of oversupply’ (Goga, 2003, p. 72).

The late 1980s was also a period characterized by high inflation rates (about 13% mid-70s to 1980s) which led to increased household investment in insurance and pension funds. These forms of investments were generally seen

³³ Goga (2003) draws a difference between true and false competition. Whereas true competition involves many investment actors in one market reacting to user demand, false competition on the other hand occurs when these self-same investment actors react also to each others’ actions.

as favourable investment or saving vehicles than banks or stock markets. Investment in bank deposits was seen a risky as most banks were also financially unstable owing to high bad debts and low repayment rates. The net effect was the over-accumulation of capital by pension funds and insurance companies and excess capital relative to investment opportunities. The assets of the institutions mentioned above increased more than 74-fold between 1961 and 1988 and companies were hard-pressed to invest capital they had accumulated.

The trade sanctions that were imposed on South Africa made international investment impossible, similarly poor performance of the manufacturing sector minimized investment options. Left with a few options, 'the long-term financial institutions thus switched investment into real estate' (Goga, 2003, p. 73). Decentralized development was a "spatial fix"³⁴ for institutions possessing over-accumulated capital.

Property assets of institutions grew thirty times between 1960 and 1966 even though the overall economy was sluggish and the property sector was performing poorly. For this, Goga blames a flawed property management system which did not see declining rent across the metropolitan area, but only increasing returns from decentralized areas. Moreover, employment in the northern suburbs was declining 1.6% per annum between 1991 and 1996 (Tomlinson *et al*, 2003). These dynamics devalorised the CBD portfolio because it had most buildings older than 20 years and valorized decentralized location portfolio. It also widened the gap of property ownership structure within the market.

5.4 GOVERNMENT RESPONSE TO DECLINE: THE EMERGENCE OF URBAN REGENERATION INITIATIVES

The advent of the new post-apartheid dispensation after 1994 saw all tiers of government focusing energies on improving the delivery of basic services under

³⁴ Goga (2003) explains a spatial fix as an occurrence whereby investment escapes to new locations in times of a profitability crisis.

the national framework of the Reconstruction and Development Programme (RDP) (Engelbrecht, 2004). At the time effective upkeep and maintenance of inner city services and infrastructure, despite being in a poor state of disrepair, was low. Soon the inner city fell into the spirals of urban decay and was, in the words of Beall *et al* (2002), 'slipping beyond the control of both national and local government' (p. 109). The pattern of decline was worsened when government seemed both unwilling and unable to respond to the economic downswing (Fraser, 2005a).

As stated, the vacancy rate for inner city buildings was high (so too was crime and grime), and infrastructure of some buildings began to show signs of severe decay. The night life was almost non-existent with streets and theatres showing no sign of activity, especially at night. The fear of crime was central to this decline in activities. These urban problems begged a swift response and urgent action by authority, as Bremner (2000) puts it: 'the authorities realized that the city needed reinventing' (p. 186). Urban regeneration was still a low priority (Engelbrecht, 2004) and 'the democratization of local government, instead of assuaging widespread fears of CBD downturn and inner city decline, compounded public anxieties about the maintenance of "standards" by seizing on the issue of urban regeneration of the inner city' (Beall *et al*, 2002, p. 110).

The initial attempts towards inner city rejuvenation were first mooted in a 1986 publication by the Democratic Party-led³⁵ Johannesburg City Council called *Urban Renaissance*. This booklet, which marked the portals of urban regeneration thinking, was published shortly after the centenary celebration by the former mayor, Eddy Magid (Bremner, 2004). The main thrust of this plan was the aspiration to invoke patterns of flourishing private sector investment in the inner city – a philosophy that has to this date, formed the cornerstone of long-term urban regeneration strategy in the city. It intended to [re]engineer the city on the same basis as those that propelled it to economic success last seen in the

³⁵ The Democratic Party subsequently changed its name and is now known as the Democratic Alliance – the second biggest political organisations in South Africa after the ANC.

1960s (*ibid*). However, this plan did not move off the grounds and by the early 1990s, and with political change and institutional restructuring in the city, new ideas about regeneration came to the fore.

Although the government's response to urban decline was slow and the early attempts towards urban regeneration seemed weak, one thing stood out quite noticeably – the desire to create conducive environment for private investment and commercial activities as Jo Beall, Owen Crankshaw and Susan Parnell (2002) note in their book, *Uniting a Divided City*:

Metropolitan intervention in the inner city, once it finally occurred, was biased in favour of getting the commercial landscape right. However, the regeneration vision did not involve tackling the problems of neighbourhood and buildings that led to the inner city being perceived as a frightening or difficult place in which to be. Johannesburg, while quite understandable and indeed worthy, has worked against the interests of ordinary inner-city residents and has precipitated the view that 'community' in the inner city is dead. While the city was fairly successful in identifying partners for commercial regeneration, at least in the formal sector, its record has been less impressive with respect to engaging with the informal and illicit economies and in the residential sphere (p. 109).

When the City authorities responded to decline, their interventions were underpinned by four elements: 1) to rebuild the economic base of declining areas; 2) to attract private sector investment and location in the inner city; 3) restore private sector confidence in the inner city; and 4) retain and sustain the momentum of existing private sector investment:

The city managers see the problem differently. They are concerned about capital flight from the CBD and view their role as reviving the inner city, creating more stability, and managing the urban poor and marginalized in these areas so that order is re-established (Emdon, 2003, p. 229).

5.4.1 The inner city regeneration strategy

The government response to decline crystallised in policy revision, drastic institutional reforms, crime prevention as well as the introduction of various interventions designed to attract private sector investment in the inner city. It is the intention of this study to evaluate these measures, basing the evaluation on the private sector perception. As discussed below, the visions and strategies of Johannesburg's revival that emerged during the late days of apartheid aspired towards a 'world city' status - a goal which was to be achieved through urban

policy making (Bremner, 2000). Cities such as New York, Baltimore, London, Tokyo etc. served as good regeneration models (Bremner, 2000). Strategies that were devised that were supported by aggressive marketing campaigns, emphasizing sports and culture as vehicles for investment and drawing from the experiences of North American, Western European and British cities (Fraser, 2005a; Bremner, 2000).

The city was promoted as “inviting” and “integrated” and most projects were typically based on international models. For instance, Bremner (2000) writes how Newtown Cultural Precinct was designed as a “Civic Spine” to host an array of cultural events such as the “Arts Alive Festival” – thus resembling the emulation of waterfront developments in Baltimore, Boston etc. Strategic projects were identified to involve the private sector in rebuilding the declining local economy and enhance Johannesburg’s chances of achieving a world city status.

The choice of projects was based on a “boosterist” strategy, ‘aimed at attracting and keeping investors in the city and on the basis of apparent research into the characteristic of world cities’ (Bremner, 2000, p. 189). These included precinct upgrading projects, which are discussed later in this chapter. While in the early stages of inner city revival, under the interim local government, the drive by the metropolitan council ‘included the active encouragement of formal business’ (Beall *et al*, 2002, p. 110), business sector itself took initiatives in early reforms to protect its investment and make sure that its voice was heard (CDE, 2002).

5.4.2 Institutional reforms and business initiatives

The problem of urban decline was a concern to major commercial property development companies which stood to lose significantly as property values, rentals and occupancy rates all plummeted. Subsequently, the private sector mobilised and organised itself to find solutions, as Fraser (2005a) puts it:

Faced with staggering loss in value, with occupancy rates and property values under increasing pressure; continuing signs of urban decay in the CBD and the astonishing lack

of any appropriate response from authorities, the Business Sector took matters into their hands and organized a *Strategic Initiative Workshop* to seek solution (p. 5).

From a strategic and multi-sectoral workshop mentioned above initiated by business sector, two important outcomes emerged. *Firstly*, was a mandate for the establishment of an appropriate organization to engage in urban regeneration process. *Secondly*, was the identification of the major issues that desperately needed to be dealt with (Fraser, 2005a; Mandy 1994). This was followed by a series of institutional reforms and the creation of organizations to drive urban regeneration process thereby serve as a fillip in attracting private sector in the inner city.

The new organization, which was named the Central Johannesburg Partnership (CJP), was established in 1992 as a non-profit company with Mr. Neil Fraser as its CEO. It was also tasked with researching causes of and possible solutions to urban decay. The CJP identified six major issues that needed urgent attention, namely safety and security, informal trading, cleaning and maintenance of public spaces, revitalization of residential accommodation, transportation and taxis management and urban planning and marketing. The CJP was central in facilitating urban regeneration and learning through experiences from other cities of the world, particularly American experience. This was done through a series of events such as study tours to the US and commissioning the head of American Downtown Association to act as a consultant to the CJP (Beall *et al*, 2002). For this reason, Johannesburg's urban revival strategy is regarded by some as comparable to many American cities (*ibid*).

The CJP organised community workshops and public-visioning exercises, involving numerous stakeholders, in devising programmes and strategies for eradicating crime and grime. For instance, the CJP was behind the introduction of the concept of City Improvement Districts (CIDs) in 1993 and, together with provincial government, the enactment of the Gauteng City Improvement District Act (No. 12 of 1997), which provided a formal legal framework for the

establishment and management of CIDs (Fraser, 2005a). The CJP later coordinated the process of CIDs establishment and management in the City of Johannesburg.

The main aim of the CIDs was to serve a forum for the consolidation of the vision of the municipality and business sector in the inner city (Beall *et al*, 2002). The CJP also advocated strongly for the “zero tolerance” approach to crime in respect of informal trading and law-breakers. Again the private capital played a role in the sense that the council cooperated with business and endorsed an initiative to get the by-laws changed in order to prevent unregulated street trading and formalization of street vendor service (*ibid*). However, the “zero tolerance” approach could not be effectively implemented in Johannesburg because of the city had no police under its control. This was the case until the establishment of the Johannesburg Metro Police Department in 2001 which, together with South African Police Service, has since adopted the “zero tolerance” stance.

It was after the first democratic local municipal elections in 1995 and local government restructuring that legitimate public and private sector partnerships could develop a vision for the inner city from which an urban regeneration strategy was emerged. In 1996 a structure known as the Johannesburg Inner City Development Forum (JICDF) was established to craft a vision for the inner city, comprising business, community and labour organisations as well as provincial and local government (Fraser, 2005a; Bremner, 2000). Urban regeneration attempts reached a pinnacle moment when the jointly crafted vision was adopted in 1996 and announced in 1997 by the then Deputy President, Mr Thabo Mbeki, which was entitled “*Johannesburg – the Golden Heartbeat of Africa*” (CoJ, 2001).

The vision aspired to towards an inner city that would be:

A dynamic city that works

Liveable, safe, well managed and welcoming

People centred, accessible and celebrating cultural diversity

A vibrant 24 hour city

A city for residents, workers, tourists entrepreneurs and learners

Focused on the 21st Century, respecting its heritage and capitalizing on its position in South Africa, African and the world, a truly global city

The trading hub of Africa, thriving through participation, partnerships and the spirit of ubuntu (CoJ, 2001; Bremner, 2000).

However, the JICDF had neither the authority nor resources to implement the strategic initiatives that arose from that vision and was replaced in 1998 by what was called the Section 59 Committee (which was later changed to Section 79 Committee), but generally known as the “Inner City Committee” (Fraser, 2005a; CDE, 2002). The Inner City Committee was a sub-committee of the Johannesburg Metropolitan Council, consisting of various stakeholders including the private sector, city officials, Non-Governmental Organizations (NGOs). The committee commissioned a consulting company – the International Organization for Development (IOD) – to prepare and present a report about the future of the inner city. The report, which was presented to both Section 79 Committee and the Johannesburg Metropolitan Council, recommended the establishment of the an organization similar to Urban Development Corporation (UDC) that had existed in the UK and US.

The purpose of this organization, the report held, was to facilitate amongst other things urban regeneration and private sector investment in the inner city. This culminated in the establishment of the Inner City Office (ICO) and its successor - Johannesburg Development Agency (JDA) to achieve the same. In line with this clear prioritization of the inner city, fostering ties with the private organisations was an important function of these two organizations.

5.4.3 Inner City Office (ICO)

The Inner City Office was established in 1998 as a specialized project management arm of the Greater Johannesburg Metropolitan Council (GJMC). It functioned as a project design and facilitation unit, structuring a range of urban environmental upgrade and social and economic development projects, most with various business and community partners (Gotz and Simone, 2003). It addressed complex social and economic fabric of the inner city mainly through the execution of time-bound projects (Beall *et al*, 2002). However, the local government restructuring of 2000 and the creation of single political structure saw the review of the ICO mandate and some urban regeneration projects which were conceptualized earlier were aligned with other new projects. Effectively this saw some projects delayed, something that was a cause for concern to the private sector. However the then City Manager, Khetso Gordon, allayed private sector fears and embarked on a mission to establish a development agency to continue the work that had been conceptualized earlier (CDE, 2002).

Bilateral discussions were held between the private sector and the Inner City Office and funding was raised by business to send the Manager of the Inner City Office and the Executive Director of the CJP to the USA to examine the role of local government development agencies (Fraser, 2005a). The outcome of this exercise was the establishment of the Johannesburg Development Agency in 2001. Together with a broader institutional restructuring of the Johannesburg metropolitan Council, the Inner City Office was disbanded and its functions were taken over by the Johannesburg Development Agency (JDA).

5.4.4 The Johannesburg Development Agency (JDA)

The Johannesburg Development Agency (JDA) provided continuity of projects that were conceptualized under the old political administration (Davie, 2006a). Its mandate, which was broader than that of its predecessor, included: promotion of economic growth through the development and promotion of efficient business environments; stimulation and support of area-based economic development

initiatives in support of the city vision; implementation of the City of Johannesburg's and the Blue IQ's³⁶ capital investment projects; regenerate decaying areas of the city so as to enhance their ability to contribute to economic development of the city and promote productive partnerships and cooperation between all stakeholders (public and private). This mandate was strengthened after the 2000 elections by the critical role played by Mr. Amos Masondo, who after being elected Executive Mayor of Johannesburg declared inner city regeneration to be one of the six key priorities for his term in office (JDA, 2005).

Mr. Masondo also appointed a senior councillor from his mayoral committee to act as the politician responsible for the inner city. Further, he supported the establishment of the JDA. The JDA has been central to the "market-based" urban regeneration strategy. The precinct upgrading projects under its management are considered to have catalytic effects in leveraging private sector investment. In the first two years it focused exclusively on the inner city and, together with strategic partners – the Blue IQ and the City of Johannesburg, since successfully managed large scale capital investment projects such as the construction of the Nelson Mandela Bridge, Constitution Hill, Braamfontein and Newtown regeneration project and many others.

The JDA compares well with the Urban Development Corporation (UDC), which existed in US and UK as government agencies tasked with facilitating private sector investment in inner city regeneration³⁷. One of the objectives of this study is to evaluate how the private sector perceives the JDA as the regeneration agency. While the JDA is generally regarded as significant in urban regeneration

³⁶ The Blue IQ is a R1.7 billion provincial government initiative whose focus include projects such as urban regeneration. The urban regeneration projects funded by "the Blue IQ" include Newtown Cultural Precinct upgrading project, Constitution Hill and the Nelson Mandela Bridge. These are discussed later in this thesis.

³⁷ This observation is supported by Beall *et al* (2002, p. 116-117). While parallels exist between the JDA and UDC, some nuances are worth mentioning. The former is established by and accountable to the local government, whereas the latter was established, funded and accountable to central or national government (Imrie and Thomas, 1993). However the fundamental operational principles in these two are largely similar.

process, it has attracted some criticism. For example the work of Beall *et al* (2002) shows that the JDA and its predecessor, the ICO, tended to favour certain powerful private interests and not those of the poor. Partnerships between public and private interests are facilitated by the ICO and the JDA were, Beall *et al* (2002) argue, not to the benefit of the community, but to private investors. This is what the writers call ‘tunnel vision’ which has tarnished the ICO and the JDA’s relationship with residents in the city. The authors criticise the ICO and the JDA for lacking community participation:

The genuine commitment of the ICO to community consultation and participation can be seen in the nature of its projects, its involvement in multi-sectoral consultative visioning exercises, and a number of “good practice” outcomes. By virtue of its structure and functions, however, the ICO has not engaged in real participatory process of “good governance” with all stakeholders, or with the residents of the inner city at the neighbourhood scale (p. 117).

One of the major problems for Johannesburg’s ICO, and its successor the JDA, is that the participatory planning format envisaged by DLG [Developmental Local Government] in South Africa was not really designed with the realities of established neighbourhoods in mind.....As such, they [i.e. the ICO and JDA] engage in widespread consultative process and pay lip service to participatory democracy, the projects to which they give rise remain dominated by powerful interests, and the benefits rarely spread beyond the precinct. As a result, while the city has been able to engage successfully in circumscribed projects with coalitions of interest linked to formal business in Johannesburg, its efforts at residential urban regeneration have been less impressive (p. 128).

5.4.5 The Johannesburg Property Company (JPC)

The Johannesburg Property Company (JPC) was set up in 2000 to manage properties under control and ownership of the municipality. The company was formed when the new Unicity council amalgamated four units that had managed property for various Metropolitan Local Councils and as part of the City’s *iGoli 2002* re-engineering process as well as the *iGoli 2010* framework. It was intended that JPC would operate as a private company or a ‘corporatised’ agent of the council. It was mandated by its single shareholder (the City of Johannesburg) to carry out property developments; alienation municipal properties; property management services; and all ancillary services to the above (Thale, 2004, p. 1).

The JPC also had an important role to play on the urban regeneration front. Among its objectives was support of economic development in the City of Johannesburg through property development projects and promote property investment; to maximise the financial value and returns of the city's property portfolio; to maximise the efficiency and minimise the costs in respect of the utilisation of property that is occupied and/or owned by the City of Johannesburg. One of the most important programmes run by JPC, in relation to this study, is the Better Building Programme. This Better Building Programme is discussed later in this thesis under paragraph 5.6.2.

5.4.6 Institutional reforms at Provincial Government level

At provincial level, the Gauteng Provincial Government (GPG) issued policies that were directed at inner city regeneration. Two important policy documents were issued in 1997, firstly, the Gauteng Growth and Development Framework (GGDF) and, secondly, the Gauteng Trade and Industry Strategy (GTIS). Both these documents provided a transformation framework of Gauteng cities and intended to position Gauteng as a globally competitive “smart province” and highlighted the importance of effective inner cities for sustainable development and urban growth (Engelbrecht, 2004; Tomlinson *et al*, 2003b). The revival of the Johannesburg Inner City, by virtue of being the biggest city in the province and most affected by urban decline, was paramount in these documents.

Subsequently, the Gauteng Department of Development Planning and Local Government (GDDPLG) issued a White Paper on Urban Regeneration and an Integration Plan for City, Town and Township Centres. These documents served as basis for the enactment of legislation to facilitate the establishment of City Improvement District and the establishment of the Vusani Amadolobha³⁸ Programme to finance urban regeneration projects in inner cities (Engelbrecht, 2004). The latter programme was subsequently renamed “the Blue IQ” growth

³⁸ The literal translation of this isiZulu phrase is “rebuild cities” but it depicts urban regeneration programme

strategy. Most projects which were initiated under this programme for the Johannesburg Inner City were implemented by the JDA when it took over as the implementing agent of urban regeneration projects in 2001.

5.4.7 Private sector reforms

While government embarked on drastic institutional reforms and rallied behind the urban regeneration initiatives, the private sector also organised itself to ensure a uniform approach in the urban regeneration process. Subsequently, two private sector organisations were formed:

Property Owners and Managers Association (POMA)

POMA is an organisation of landlords and property managers in the inner city. It was established to ensure that these groups play a meaningful role in the urban regeneration process and that their views are represented in all strategic plans. It also developed residential accommodation standards with which its members must comply in order to ensure the provision of well managed housing units and developing good relationships between landlords and tenants.

The Johannesburg Inner City Business Coalition (JICBC)

The JICBC is a loose coalition of business organisations which was established in 1995 to take part in the debate about the provincial government's renewal process called "Inner City Ivukile"³⁹ (Fraser, 2004). It differs from POMA in that it represents wider business interests (not only those of property actors as POMA does) and its members include major inner-city corporates and retailers. The JICBC has funded, initiated and actively participated in a large number of inner-city initiatives, including: the moving of the provincial government from Pretoria to Johannesburg; the strategic visioning exercise undertaken in 1996; the establishment of the Johannesburg Inner City Development Forum, which led in turn to the establishment of the Inner City Section 79 Committee; the development of a strategic plan for the inner city; and the establishment of an

³⁹ The literal translation of this isiZulu phrase is "the Inner City has arisen".

inner-city office and manager (*ibid*). The JICBC has also been instrumental in the establishment of City Improvement Districts (Heimann, 2007).

It can be seen from the above discussion that attempts to revive the inner city have always been focused on influencing market conditions and preparing the landscape to enhance private sector investment. The policy formulation, visioning process, the institutional reforms all worked towards this goal. The subsequent policy and strategy revisions as well as city vision reformulation only served to fortify the notion.

5.5 THE REVISED URBAN REGENERATION STRATEGY

While a city vision that was crafted earlier was an important element of planning, it was of no value if it did not have a strategy for implementation or a plan for turning vision into reality. The urban regeneration strategy to support the vision was developed in 1998 and was contained in the Spatial and Economic Framework for the Inner City (SEFIC) document (GJMC, 1998). Funded mainly by the private sector, the SEFIC was adopted as the framework for inner city revitalization by the Johannesburg Metropolitan Council (CoJ, 2001). In addition, the urban revitalization vision was incorporated into the Integrated Development Plan (IDP) and was legitimized as part of a council process, which all council sectors were required to work towards its accomplishment (CoJ, 2006b).

A revised inner city regeneration strategy was published as the position paper in 2001 (CoJ, 2001). Again the promotion of private sector investment was paramount in the SEFIC goals and objectives which were:

- a. To promote and use investment opportunities in the inner city
- b. To ensure a long-term, sustainable increase in rates revenue
- c. To provide an inclusive, attractive and well-managed environment for residents, workers, business and visitors
- d. Creating an enabling and profitable investment environment
- e. Increase business opportunities for emerging small to medium enterprises

- f. Provide inclusive, attractive and well managed environment for residents, workers, businesses and visitors.

Most of the initiatives and major projects which were implemented after 2000 as part of urban regeneration were actually conceptualized during the above period and planning exercise. These include catalyst projects such as Constitution Hill, Nelson Mandela Bridge and Mary Fitzgerald Square. Also during the first meaningful private sector driven initiative took place in the form of the upgrading of the van der Byl Square, now known as Ghandi Square. This project was the brainchild of an attorney-turned property investor, Gerald Olitski, and was coordinated by Central Johannesburg Partnership.

The New Vision

While the vision for the inner city was in place, the municipal restructuring made it necessary to incorporate the urban regeneration vision into the city-wide, long-term vision. Images were constructed of the city's future, around which investment, public opinion and social accord were mobilized (Bremner, 2000). This culminated in the formulation of a new vision in which inner city rejuvenation was included. Announced in March 1999, the new vision was called *iGoli 2002*, a three-year plan which included commitments to restructure city's financial and organizational base, putting the city's finances in order and bringing business and investment back into the city (CDE, 2002; GJMC, 1999; *iGoli 2002*, 1999). The *iGoli 2002* was concerned with improving service delivery by 'creating public utility and agencies to provide certain services; corporatising certain services and privatizing non-core business' (CDE, 2002, P. 34). It also resulted in the 'corporatization of most major aspects of the city's public businesses, including electricity, water, roads, and lands' (Mabin, 2007, p. 54).

Proponents argue that the *iGoli 2002* vision was internally focused and had no public participation process (Parnell, 2007). It was generally more concerned

with economic efficiency rather than social equity and lacked programmes for addressing the needs of the poor:

There is a very clear sense across the city that, without success in the technical transformation of local government, the pro-poor goals of reconstruction will not be achieved and this is the fundamental demise of *iGoli 2002* (Beal *et al*, 2000, p. 111).

The *iGoli 2002* strategy was dropped not because of social equity concerns but because a long-term vision was needed (Mabin, 2007; Robinson, 2003). It was replaced by *iGoli 2010* which was completed at the end of 2000, just before the 2001 municipal elections and the introduction of the executive mayoral system. Promising to build a long-term vision, the *iGoli 2010*, like *iGoli 2002*, sought to promote Johannesburg as ‘a globally competitive African world-class city’ (Czegledy, 2003; CDE, 2002; GJMC, 2000). Through the *iGoli 2010* vision, the city reinvigorated the process of partnering with key stakeholders including business, community and labour. However, this strategic vision was also short-lived – the advent of the new political administration under Executive Mayor Amos Masondo - saw the review of *iGoli 2010* and its subsequent replacement by *iGoli 2030* in 2002 (Mabin, 2007).

Also known as “Your City in the Year 2030” (Wilson, 2006), the *iGoli 2030* Programme started in 2001 and, like others, aspired towards an economically robust Johannesburg and promoted it as a changing city. In the latter vision, the desire to stimulate private sector investment was perhaps more explicitly illustrated. The *iGoli 2030*⁴⁰ did not only refer to Johannesburg as ‘a globally competitive African world-class city’ as its predecessor did. It also called for Johannesburg to become ‘a world-class business location’ (CoJ, 2002):

In 2030 Johannesburg will be a world class city with service deliverables and efficiencies which meet world best practices. Its economy and labour force will specialize in the service sector and will be strongly outward orientated such that the City Economy operates on a global scale. The strong economic growth resultant from this competitive economic behaviour will drive up City tax revenues, private sector profits and individual disposable income levels such that the standards of living and quality of life of all the City’s inhabitants will increase in a sustainable manner (p. 8).

⁴⁰ *iGoli 2030* was also known as Joburg 2030 strategy

The 2030-vision was aligned with the Gauteng Provincial Government's growth strategy under "the Blue IQ". The *iGoli 2030* vision promoted Johannesburg as a business friendly environment:

Our business property market (including office, commercial and industrial space) will deliver generic and sector specific accommodation to a full range of businesses in terms sector, size, price, lease period and grading (CoJ, 2002, p. 109).

Some observers argue that the *iGoli 2030* vision was largely flawed as it did not fully take into account previously developed visions and projects and had been drawn without consultation with established structure (Fraser, 2005a). Others argue that that both *iGoli 2030* and "the Blue IQ" were likely to reinforce economic, social and spatial imbalances in and around Johannesburg as they focussed too much on economic imperatives (Tomlinson *et al*, 2003b). Nevertheless, a new department called, the Economic Development Unit (EDU), was established within the City of Johannesburg to deal with the implementation of *iGoli 2030*. The consultation by the EDU crystallized into a new and re-focused strategy. A document was produced in which the strategic directions that had previously been embarked on were aligned with the objectives of the *iGoli 2030* vision (CoJ, 2004a).

Known as the Inner City Regeneration Business Plan (2004-09), the strategy had as its goals, 'to raise and sustain private investment thus positively influencing property values' (CoJ, 2004a, p. 10). It also had five pillars:

1. To identify and eradicate 'sinkholes'⁴¹
2. To create ripple pond investments,
3. To support economic sectors
4. To introduce and intensify urban management
5. To maintain and upgrade infrastructure

Recently, in 2006, the *iGoli 2030* vision was incorporated into the Growth and Development Strategy (GDS). The latter strategy sought to consolidate all city

⁴¹ Sinkholes are buildings that are derelict and structurally unsound. In Johannesburg most of them are overcrowded by illegal squatters and are used for unsuitable uses such as shebeens, some night clubs drug dealing, sweatshops etc.

strategic plans (including *iGoli 2030*, the IDP, urban regeneration strategy etc.) into a single long-term strategy, aligning these with national government programme of Accelerated and Shared Growth Initiative of South Africa (ASGI-SA). However, the GDS did not introduce major changes to the current urban regeneration strategy.

5.5.1 Legal reforms and progressive law in the inner city

As explained in paragraph 4.3.1 above, during the political transition period the relationship between tenants and landlords was often adversarial leading to unlawful actions being taken by one party against the other. Unlawful actions such as rent boycotts by tenants and unilateral evictions by landlords were common. The legal system and legislative environment did not offer sufficient protection to either tenants or landlords as 'common law alone prevailed' (Emdon, 2003, p. 223).

Since 1994 numerous legal reforms were introduced by government to better govern the landlord-tenant relationship and to create more certainty in private lease arrangements. These sought to ensure protection to property owners and also to ensure that unscrupulous landlords did not take advantage of vulnerable tenants. Pieces of legislation regulating the landlord-tenant relationship were enacted by both national and provincial governments. These include Rental Housing Act (50 of 1999) and the Gauteng Residential Landlord and Tenant Act (3 of 1997). The latter legislation contains minimum requirements of what should be contained in a lease agreement and the type of behaviour that is considered unfair on the part of lessors as well as disallowed practices.

The legal landscape was also revised to regulate the eviction of illegal occupants of private property. The Prevention of Illegal Eviction From and Unlawful Occupation of Land Act (No. 19 of 1998) (which is generally abbreviated as the PIE Act) was enacted in 1998. While the PIE Act does not make it unlawful to evict people, it simply made procedures administratively fairer for all parties. For

instance, section 4(2) of the Act states that 1) evictions cannot take place unless there has been an order of the court, 2) notice must be served on an unlawful occupier prior to a court case for his or her eviction, and 3) in certain instances alternative accommodation must be provided.

5.6 OTHER INITIATIVES DESIGNED TO ATTRACT PRIVATE SECTOR INVESTMENT IN THE INNER CITY

The promotion of the private sector investment is also reflected in a number of other initiatives that have been adopted by the City of Johannesburg. While some have been discussed above (i.e. the Johannesburg Development Agency in paragraph 4.4.4 above), this section will discuss initiatives such as the Urban Development Zone (UDZ), the Better Building Programme, the City Improvement Districts (CIDs), the precinct upgrading projects and crime prevention strategies.

5.6.1 The Urban Development Zone (UDZ) initiative

An Urban Development Zone (UDZ) is a circumscribed area in which government intends to encourage property investment by offering tax incentive in respect of erection, extension, addition, upgrading or improvement of buildings that fall within the demarcated UDZ area. The Urban Development Zone (UDZ) initiative was introduced in Johannesburg with the underlying principle to both ameliorate financial risks to investors and to stimulate private investment in inner city regeneration. The tax incentives were first mooted in 2002 by the Minister of Finance, Mr. Trevor Manuel in his 2002/03 budget speech.

It came into effect in 2003 after the Income Tax Act (No. 58 of 1962) was amended through the promulgation of the Revenues Laws Amendment Act (No. 45 of 2003) (CoJ, 2004b). The latter Act allowed municipalities to demarcate and register locations within their respective areas of jurisdiction that would be called Urban Development Zones (UDZ) in which urban regeneration would be targeted. In order to be approved, the proposed UDZ had to be consistent with the municipality's development plans and guidelines such as the Integrated

Development Plan. The Act the permitted owners and developers to write off costs or claim tax deductions in respect of refurbishment and/or new developments in demarcated UDZs, making it an accelerated tax depreciation allowance. In Johannesburg, the UDZ coincides with the area known as the inner city (Fraser, 2005a) and is the only UDZ for Johannesburg (CoJ, 2004b) (see also Maps 2,3,4 and 5).

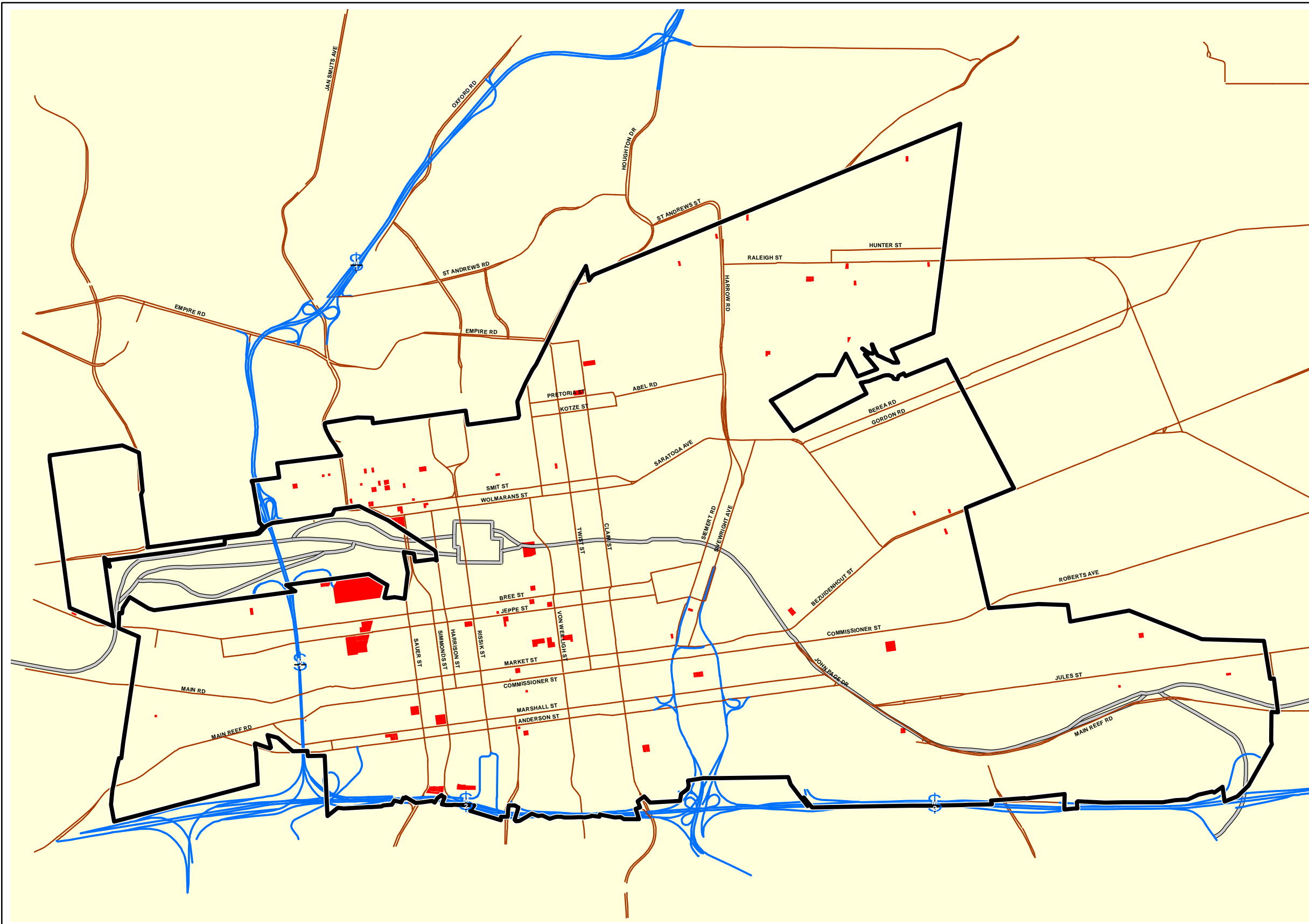
In terms of the Revenues Laws Amendment Act (2003), owners and developers can claim tax deduction over a 17 year period in case of new developments. In the first year a 20% deduction is allowed and 5% for the remaining 16 years. In case of a refurbishment of an existing building an accelerated straight-line depreciation allowance of 20% per year of the costs of improvement over 5 years is permitted. These tax deductions can only be considered on issue of 'certificate of location' and 'certificate of occupancy'⁴². In order to benefit from UDZ incentive, refurbishments, construction, extensions, improvements or additions have to be carried out on a floor area of at least 1 000 square metres (CoJ, 2004b). The UDZ compares favourably with the Enterprise Zones concept which was implemented in both the US and UK. The buildings for which the private sector has made applications for the UDZ tax incentives are indicated in Map 6 below.






The UDZ incentives are hailed as the driving force behind the recent surge in investment in the inner city. In the recent media publications, the city claimed that UDZ was responsible for R1,1-billion worth of completed building refurbishments in downtown Johannesburg between 2003 and 2006 (Abraham, 2006; Abraham, 2005a).

⁴² The 'certificate of location' is proof that the building is located within the approved UDZ. The 'certificate of occupancy' is a requirement in terms of the National Building Regulation and Building Standards Act (Act No. 103 of 1977). The latter must be issued to confirm that the building is structurally sound for human occupation.



Map 6: UDZ applications

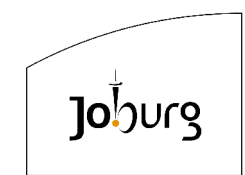
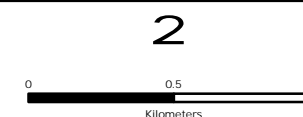


- Legend
-  Inner City/UDZ Boundary
 -  Freeways
 -  Major Roads
 -  Rail Network
 -  UDZ Applications

SOURCE:
CITY OF JOHANNESBURG: CORPORATE GIS,
FEBRUARY 2007

INNER CITY
MAP 6
UDZ APPLICATIONS

PLAN NO:	
REVISION NO:	
DATE:	



a world class African city

By mid-2006 the City of Johannesburg had received more than 60 applications for locations certificates for new refurbishments, and 20 had already been issued (Abraham, 2006). It is believed that the UDZ will also have knock-on effects on the investor market by drawing more investors. While the UDZ initiative has been strongly supported by the investor community (Abraham, 2006; Fraser, 2005a), proponents argue that ‘tax incentives are not in themselves sufficient to spark urban renewal, and must be applied in conjunction with other initiatives’ such as property tax relief arrangements, bulk service contribution waivers (Engelbrecht, 2004, p. 22). However, this study is interested in how private sector perceives the UDZ initiative.

5.6.2 The Better Building Programme (BBP)

Another pillar of the “market-based” approach to urban regeneration is the Better Building Programme (BBP). This a programme which the City of Johannesburg facilitates the expropriation and sale of derelict buildings to investors who are prepared to refurbish, manage and maintain them (JPC, 2006; Garson, 2004; Bremner, 2000). The disposal of these buildings enables the municipality to recover debts owed to it in municipal rates (or part thereof) through ‘structured repayment schedules linked to the profitability of new housing units’ (*cited in* Beall *et al*, 2002, p. 116) and facilitate urban regeneration. The municipality can also agree to write-off or significantly reduce amounts owed before transferring a building to a willing developer (JPC, 2006).

Most buildings identified in the BBP are overcrowded by illegally occupants who violate by-laws and building regulations or are used for illicit activities such as drug dealing, liquor outlets, night clubs, sweatshops etc. Locally they have been dubbed “sinkholes” (CoJ, 2004a). The programme is the brainchild of the Central Johannesburg Partnership (CJP) and the Johannesburg Development Agency (JDA) (Davie, 2006b). Through the BBP, the city can rid itself of blighted, distressed or ‘bad’ buildings whose owners (usually absent owners) owe monies to municipalities for services provided.

The Better Building Programme, in principle, resembles state practices of land expropriation using the *power of eminent domain* to sell expropriated pieces of land to private property developers that was popular in the US in the 1960's. As a relatively new initiative, it is hoped that the BBP will help to bypass the many hurdles that stymied previous attempts to reverse inner city decline (Garson, 2004). Previously, moves by property developers to buy and fix up derelict buildings deadlocked over the massive service and municipal rates payments in arrears that accumulated over time. In many cases, the arrears bill for buildings far exceeds their market value, such that even outright sale of will not relieve owners of their debts.

The Better Buildings Programme began its life as the Bad Buildings Programme, under the management of the Inner City Office (ICO) (Bremner, 2000, Fraser, 2005b). However, it was felt that the name projected negative connotations, it was renamed appropriately. As discussed in paragraph 4.4.5 above, the BBP is currently managed by the Johannesburg Property Company (JPC). The process of acquiring buildings begins with the identification of a bad building and checking out its status as far as arrears and market value are concerned. This is followed by a legal process to acquire the building which ranges from outright expropriation to purchasing the building. The JPC then identifies possible investors who may be interested in acquiring the building for upgrading and refurbishment and who meet its requirements.

Approved investors who acquire bad buildings under the BBP in exchange for an undertaking to renovate and manage them, have to enter into a formalized legal contract known as an "Obligations Agreement"⁴³ (JPC, 2006; Fraser, 2005b). On the strength of the Obligations Agreement, the JPC can apply to the City of Johannesburg and various utility agencies to a write-off or reduce owed

⁴³ This agreement specifies the extent, cost, standard and timing of the building upgrade, and lists the obligations of the owner to maintain specified standards of health and safety and good building management practices.

monies and to issue the necessary clearance certificates. The building is then awarded to investors and JPC closely monitors each project to ensure that the work proceeds according to programme and that quality standards as well as other obligations contained in the agreement are met.

About 20-30% of inner city buildings are classified as “bad” buildings (CoJ, 2007). These would require R260-million in arrears to be written-off or written-down by the council. It is also estimated that the total cost for renovation would be approximately R320-million, and when completed, some R6-million a month will be collected in rates and service charges by the City of Johannesburg. According to the Trafalgar Report (2006), 15 buildings underwent renovations worth R500 million in 2006. This was in return for the City of Johannesburg writing off R250 million worth of rate arrears. The location of buildings earmarked under the BBP is indicated in Map 7 below.

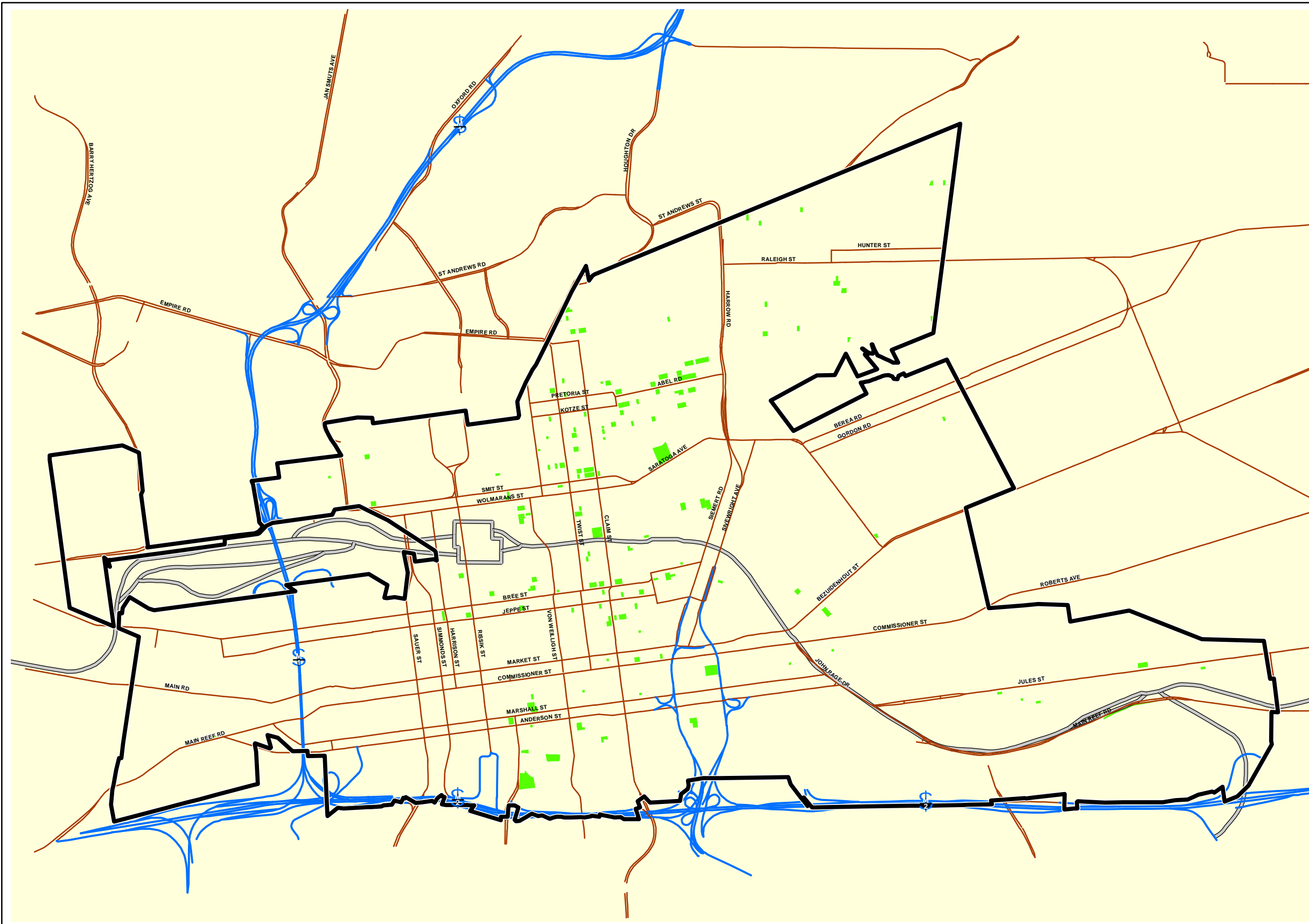
It is anticipated that once the BBP is complete, about 34 800 people will be accommodated (Fraser, 2005b). The BBP, it is believed, will also be effective in fulfilling the goals of the regeneration strategy by creating ‘ripple pond’ investment in the inner city (Davie, 2006b). Although little has been written on the BBP per se, some critical commentary on the programme is worth noting. For instance, Fraser (2005b) notes that legal process and the writing off of arrears is painfully slow and delays potential investments considerably. There are also no guarantees for rate write-off:






If there are large arrears, the building can be purchased subject to write-off. There is no guarantee that the city council will, in fact, write off such arrears but, if one submits a coherent detailed plan that is acceptable to the JPC, this can be achieved, provided that an Obligations Agreement is concluded (Fraser, 2005b, 2).

The BBP also faces fierce resistance from previous owners of who at times demand exorbitant compensation for their buildings (Davie, 2006b). Nevertheless, this study intends to explore how the private sector perceived the BBP as an instrument to stimulate private investment.



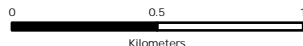
Map 7: The location of buildings under the BBP



- Legend
-  Urban Development Zone
 -  Freeways
 -  Major Roads
 -  Rail Network
- Better Buildings Programme
-  Better Buildings Projects

SOURCE:
CITY OF JOHANNESBURG: CORPORATE GIS,
FEBRUARY 2007
CITY OF JOHANNESBURG: EDU, FEBRUARY 2007

INNER CITY
MAP 7
LOCATION OF BETTER BUILDINGS PROGRAMME

PLAN NO:	
REVISION NO:	
DATE:	
2	
	



5.6.3 The Crime prevention strategy

An important imperative in stimulating private sector investments in the inner city has always been the need for the City of Johannesburg to, jointly with other agencies, attenuate crime. Crime prevention measures employed in the City of Johannesburg compare well to international examples discussed in the chapter 3 (paragraph 3.4.4). While, locally, crime prevention is generally understood as the primary responsibility of the state⁴⁴, non-state agencies, such as private sector and non-governmental organizations have played an important role in the fight against crime in South African (Baker, 2003; Vetten and Dladla, 2000). The use of other non-state agencies in crime prevention suggests that the police alone are insufficient to fight crime.

In Johannesburg, a multi-agency crime prevention strategy for the inner city was developed mainly around four agencies⁴⁵ namely the Johannesburg Metropolitan Police Department (JMPD), South African Police Service (SAPS), the Gauteng Department of Safety and Liaison (GDLSL) and Business Against Crime (BAC). The latter organization was formed by a conglomerate of large private sector companies to supplement city and government resources on crime prevention, nationally. This study intends to explore the views held by the private sector about crime and crime prevention measures existing in the Johannesburg Inner City which loosely fall within the framework of urban regeneration.

The Johannesburg Metro Police Department (JMPD)

The Johannesburg Metro Police Department was established in 30 March 2001 under the provisions of the 1998 South African Police Service Amendment Act and the 2000 Local Government Municipal Systems Act. It was established to create a uniform law enforcement institution after the amalgamation of 16 law enforcement agencies, five local government security agencies and various

⁴⁴ This perception exists in most democratic societies (Stone, 2006; Charlton and Karam, 2003).

⁴⁵ While the local authority did not initially develop a separate crime prevention strategy and did not have a law enforcement agency under its control, it was encouraged to broaden its crime prevention involvement. It was only in 2001 that the municipality started with its own police force, the Johannesburg Metro Police Department.

traffic law enforcement agencies. This was in response to the sustained levels of violence and the prevailing fear of urban crime which dominated the urban public psyche in the mid-1990s. The government had decentralized the locus of public safety service delivery to the city level in terms of the 1998 White Paper on Safety and Security which required city administrations to take responsibility for city-level crime prevention (Palmary *et al*, 2003).

The JMPD was therefore established with the core mandate to perform effective road traffic management, prevent crime and enforce by-laws throughout the metropolitan area, with the purpose of reducing infringements in each function (Charlton and Karam, 2003). The JMPD's crime prevention strategy focuses on the provision of visible policing through patrols and roadblock, creating police presence, especially in the inner city and other crime-ridden areas in the CBD. The intention of these activities is to filter and apprehend offenders, potential offenders and wanted persons.

In the context of urban regeneration, JMPD's *modus operandi* is informed by underlying assumption of the linkage between crime and grime, with a particular focus on decaying and derelict areas to prevent crime. The JMPD is also responsible for by-law enforcement and collaborates with City Improvement Districts, the Central Johannesburg Partnership and Business Against Crime. One of the limitations of JMPD is that, although it can arrest perpetrators, it is not empowered to investigate offences (Charlton and Karam, 2003). The investigation is a task reserved for South African Police Service. Therefore JMPD cannot follow through with further investigations on arrests they make. In the recent past JMPD service delivery has been hampered by serious capacity problems within the JMPD. For example, while it employed 2300 staff and had 250 vacancies in 2003, there has always been a need to expand JMPD and increase its capacity and use technological devices to improve its operations (*ibid*).

The South African Police Service (SAPS)

South African Police Service (SAPS) operates under the provision of the 1998 South African Police Service Amendment Act (Act 83 of 1998). In Johannesburg the SAPS works closely with the JMPD, with the latter more regarded as a partner in providing visible policing, boosting capacity and generally playing a supporting role to the former. In terms of crime prevention strategy, SAPS works within the frameworks of the National Crime Prevention Strategy, drawn up in 1996 and the White Paper on Safety and Security. The underlying assumption of these two documents is the need for a multi-faceted approach to crime prevention, in which it is broadly recognized that law enforcement and criminal justice system alone will not solve problem of crime. Rather that the institutions of government and civil society must work together in the fight against crime.

In Johannesburg, the SAPS operated under the auspices of the 'national strategy of "Operation Crackdown", which promotes hard-line policing with a "zero tolerance" approach' (Charlton and Karam, 2003, p.20). This strategy was introduced in 2000 with the aim of curtailing the astronomically high crime rate. In terms of the strategy, areas with high crime rates across the country were identified. The Hillbrow police station in the Johannesburg Inner City emerged as the highest in the country, thus helping Johannesburg to gain its reputation as the 'crime capital of the country'. The Hillbrow area has also been used to experiment with the "broken window" strategy that helped New York rid itself of petty crimes in the late 1990s (Beall *et al*, 2002). As explained in paragraph 3.4.4, this strategy recognizes the reinforcing relationship between crime and urban decay.

A two-pronged approach was developed specifically for the inner city. One was a geographic one, focusing on providing extensive visible policing, conducting raids and searches, roadblock etc. The other approach focused on organized crime, targeting mostly syndicates, through special police operations. Since the launch of Operation Crackdown in 2000 in Hillbrow, most serious crimes

stabilized or decreased (with the exception of assault and cash in transit robbery⁴⁶) (SAPS, 2006, Charlton and Karam, 2003) such that high profile crimes such as car-hijacking, bank robbery and murder are ‘today far below the rates recorded a few years ago’ (Stone, 2006, p. 14).

The SAPS, as part of its strategy, uses the informer service to target and apprehend high-profile criminals. It also introduced a community mobilization campaign which aimed at mobilizing citizens to pledge their support for crime prevention. From this mobilization “operation clean-up” emerged, involving tackling grime, graffiti, litter and encouraged community to take ownership of its public places. Further, Community Policing Forums (CPFs) were established, mainly in residential areas, to promote cooperation between the community and the police and provide civilian supervision of police activities (Charlton and Karam, 2003).

In the inner city, there has been a gradual decline in crime, including areas which were once regarded as the worst in the country such as Hillbrow, since 2001 which suggest that the inner city is stabilizing (SAPS, 2006). However, Charlton and Karam (2003) argue that, although the impact of SAPS service is felt in Johannesburg, its relationship with the JMPD and lack of programme cohesion between the two affect SAPS operations.

The Gauteng Department of Safety and Liaison (GDSL)

The Gauteng [provincial] Department of Safety and Liaison (GDSL) has an important role in terms of the crime prevention strategy. It works in conjunction with an array of other organizations, to perform an oversight function and monitor police performance in general. It also is responsible for coordinating the criminal justice system, with a strong focus on social crime prevention. Although the department’s area of responsibility is not limited to inner city, it informs all policy

⁴⁶ A similar trend was observed in other police stations in the inner city such as Yeoville, Jeppe, and Johannesburg central.

developments and ensures that policies pertaining to crime prevention are implemented, including for the inner city. As such it performs a facilitative approach rather than a hands-on one, providing an enabling environment to other state agencies such as SAPS, JMPD etc. who in turn undertake programme implementation.

In terms of a crime prevention strategy, the GDSDL's main focus is on prevention, that is, it aims to identify and deal with the root causes of crime rather than symptoms. It therefore focuses on social fabric crimes such as domestic violence, rape which are often difficult to report to police (Charlton and Karam, 2003). It also tries to improve the relationship between the police and the community by supporting the establishment of the community policing forums and training its members. The department regards as its role awareness creation and has facilitated public education and crime awareness campaigns such "16 days of activism against women and child abuse", "gender violence project" and the "Youth at Risk" programme (Charlton and Karam, 2003).

Business Against Crime (BAC)

Business Against Crime (BAC) is a private sector-led crime prevention initiative. The BAC was established as a section 21 company in 1996 to augment government's crime combating mechanisms. It was established with a mandate to, 'together with government and in partnership with citizens, make South Africa a safer place to live, work and do business in' (Charlton and Karam, 2003, p. 29). Since its establishment, BAC has run projects in Johannesburg Inner City receives funding largely in the form contributions from big businesses (Seale, 2006).

The main focus of the BAC is to develop strategies, policies, systems and processes on crime prevention and the transfer of business skills to crime prevention agencies and government. It also advises government on various security management systems and the implementation of those systems and was

involved in the formulation of the National Crime Prevention Strategy. The BAC has also spearheaded the installation of CCTV – surveillance camera technology project in 2001, in partnership with SAPS and Johannesburg Metropolitan Council.

The monitoring is backed up with a mobile unit which can respond as quickly as 45 seconds. These CCTV cameras have been touted as a boon in the fight against crime, providing unprecedented success in crime prevention in the inner city. The CCTV cameras were installed in 2000, covering mainly crime hot spots. A year later crime in these areas reportedly dropped by 48% (JNA, 2005). Two years on, crime in the city had dropped by 80% (JNA, 2005, Charlton and Karam, 2003).

5.6.4 City Improvement Districts (CIDs)

South African CIDs operate in a largely similar fashion as their international counterparts (Heimann, 2007). They are also part and parcel of broad measures seeking to promote investment by creating sanitary and safe environment that is appealing to people, favourable to business and thus better enhancing prospects of future investment in specific areas. The CID model reached South Africa in mid-1990s and soon spread to other cities including Johannesburg, Durban, Cape Town and Pretoria (Heimann, 2007; Hoyt, 2003). As is the case internationally, South African CIDs are established to provide supplementary services because 'local governments are simply unable to render basic sanitation and security services' (Hoyt, 2003, p. 8).

In Johannesburg and wider Gauteng, again similar to international experience, CIDs are established in terms of legislation - the Gauteng City Improvement District Act (Act No. 12 of 1997) which provides procedures for the formation and independent management of city improvement districts to fund their services. A CID can be established once a petition for its establishment has been received and approved by the municipality concerned. In terms of the Act, a petition must

be accepted by no less than fifty one percent (51%) of owners of rateable properties in order for a CID to be approved.

Municipalities may take into account whether the proposed CID is consistent with the Land Development Objectives (LOD) set out for a particular area in terms of the Development Facilitation Act (DFA), 1995 (Act No. 67 of 1995) or similar Integrated Development Plans (IDP) for the area set in terms of other legislation (GPG, 1998). In the Johannesburg Inner City, the establishment and management of CIDs was initially coordinated by the Central Johannesburg Partnership (CJP) and the Johannesburg Development Agency (JDA). This function is currently being undertaken by a private company - Kagiso Urban Management (KUM). Eight CIDs have been established in the inner city five of which are formally legislated and are managed by the CJP and Kagiso Urban Management. The legislated CIDs are:

- Braamfontein Improvement District (BID)
- Central Improvement District (Central ID)
- Retail Improvement District (RID)
- Benrose Improvement District (BENID)
- South-Western Improvement District (SWID)

Others are not yet formally legislated:

- Newtown Improvement District (NID)
- Fashion District
- Main Street

These are illustrated in MAP 5 below.

CIDs in the Johannesburg Inner City have been hailed as effective in reducing crime. Proponents write that 'by 1999, muggings in [City] Improvement Districts were down 90% from 1994 figures' (Bremner, 2000, p. 190). Recently, the CIDs together with the CCTV cameras have been praised for reducing crime by more than 80% in the inner city (Majola, 2003). However, local CIDs have been

criticised in a largely similar manner as international counterparts, especially for cost associated with their establishment and for focusing in a few areas:

...given that property owners and tenants are expected to carry the costs of establishing a CID, it is no accident that CIDs are concentrated around Johannesburg's Central Business District.....Consequently, those areas benefiting from this service are the areas where business can afford the associated costs. Thus the privatization of safety has the very real potential to further entrench inequalities between neighbourhoods and people (Vetten and Dladla, 2000, p. 74).

CIDs are also criticized as powerful regimes that are dominated by private sector with little or no representation of other segments of the urban community such as informal traders (*ibid*). However, this study is interested in views held by the private sector about the CIDs.

5.6.5 Urban regeneration initiatives and precinct upgrading projects

An interesting element of urban regeneration in Johannesburg has been the precinct upgrading approach. This initiative entails the upgrade of public spaces within a certain precinct usually by the JDA. Within different precincts, certain infrastructure upgrading projects are identified with a potential to attract investor attention and where regeneration is targeted. As explained in paragraph 4.4.4 above, these projects are believed to have catalytic effect in stimulating private sector investment. As explained below, most precinct upgrading projects coincide with the City Improvement Districts (CIDs). The precinct upgrading projects are illustrated in Map 5 and include the following: Newtown Cultural Precinct, Braamfontein Regeneration Precinct, The Constitution Hill, The Financial District, Main Street Precinct, The Fashion District, The Jewel city, The Retail Precinct⁴⁷ - CBD Development & Regeneration, Jeppe Station Precinct, The Ellis Park Sport Precinct, The Kopanong⁴⁸ Gauteng Provincial Government Precinct, The Legislature or Legal Precinct, The Nelson Mandela Bridge project, Hillbrow/ Yeoville regeneration initiatives.

⁴⁷ This is also dubbed "chaos district" due to its ambience of dissonance, bustle and hustle associated with taxi operators, large pedestrian numbers and informal traders on the street pavement (Fraser, 2005a)

⁴⁸ Kopanong is a Sotho word for a meeting or a place where a meeting is held

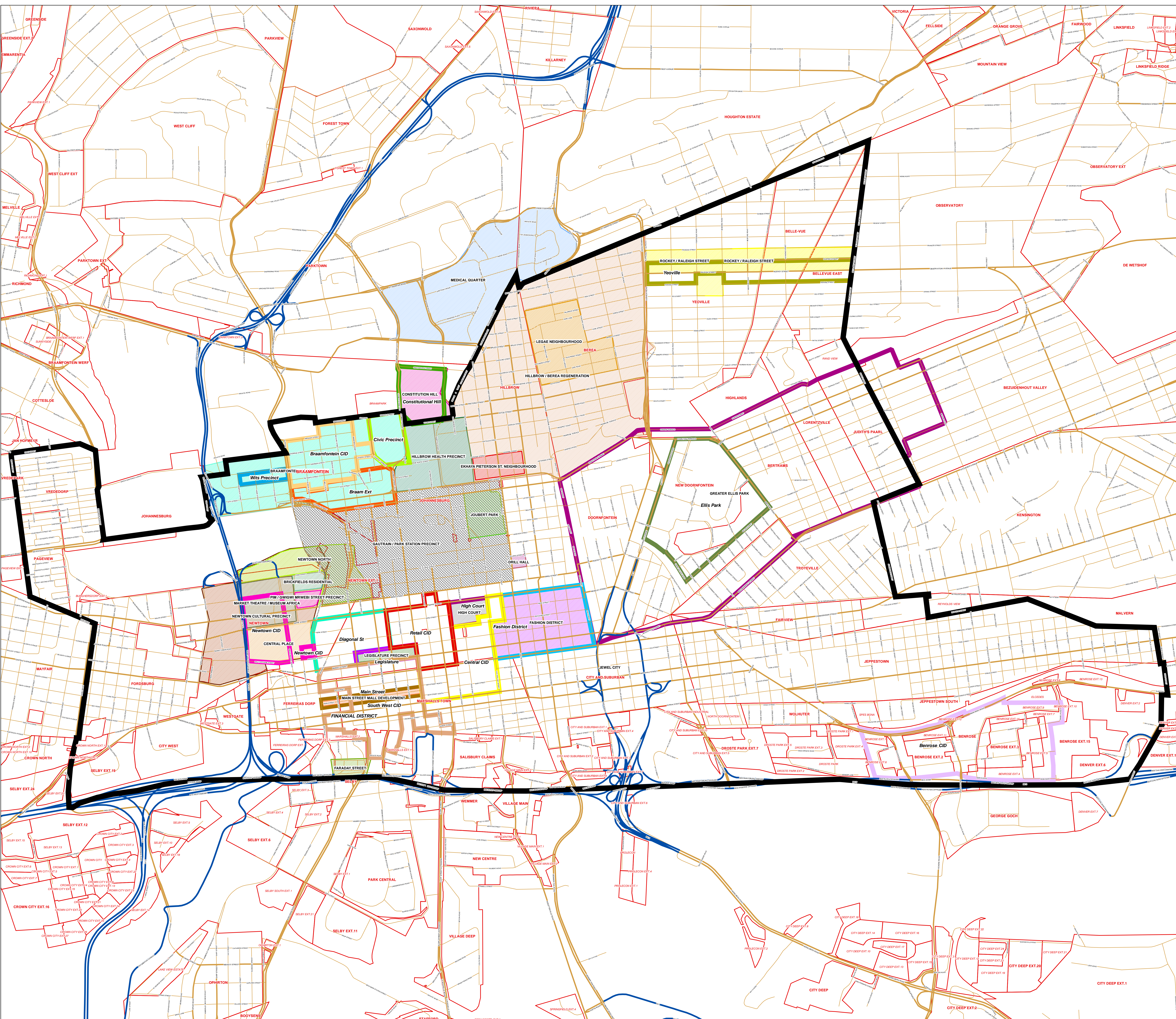


Map 5: Current urban regeneration initiatives

INNER CITY

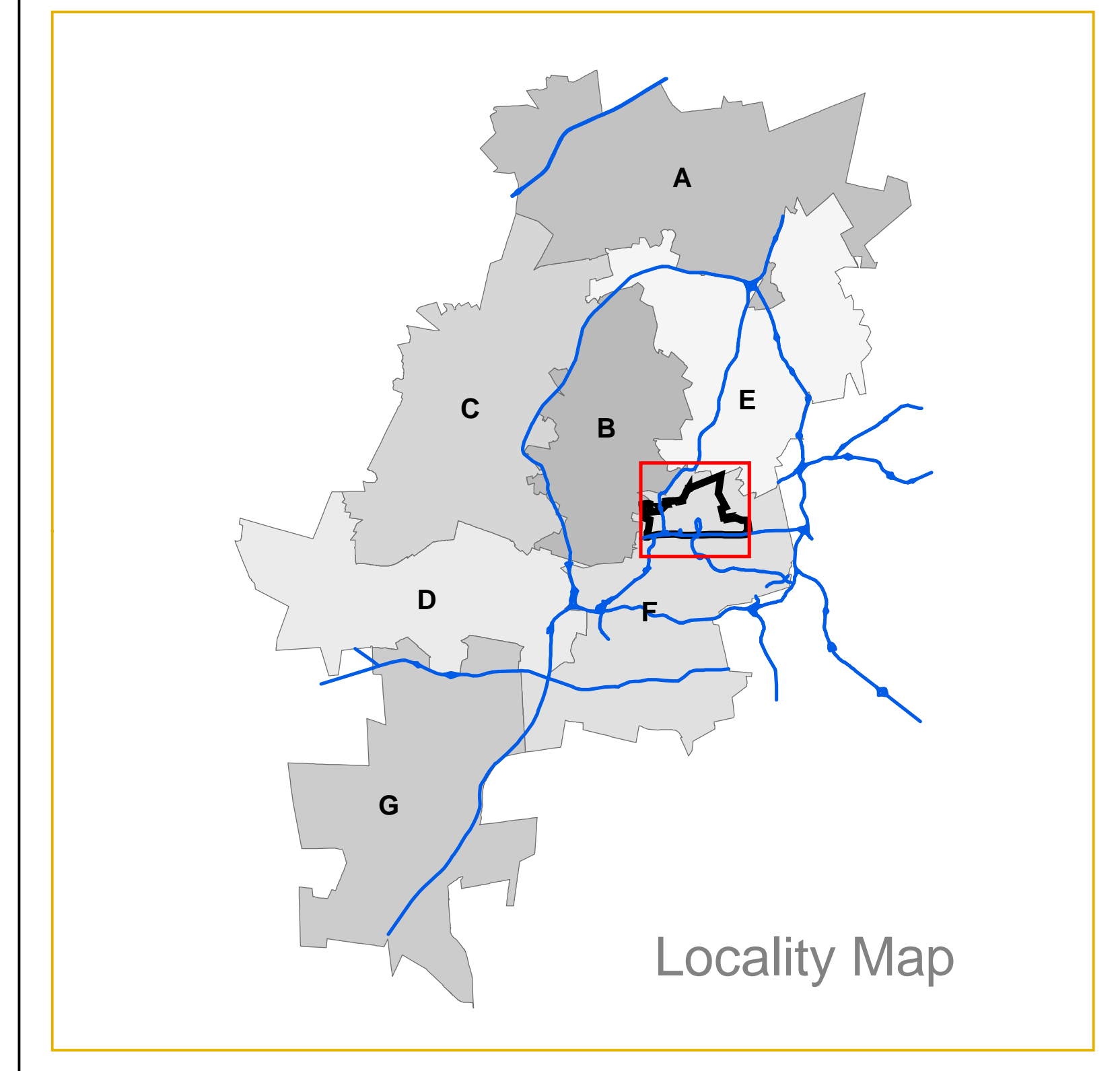
Current Urban Regeneration Initiatives

Map 5

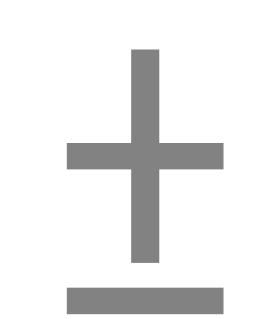


LEGEND

- UDZ/Inner City Boundary
 - Township Boundary
- CID's**
- LEGISLATED:**
- Benrose
 - Braamfontein
 - Central Improvement District
 - Retail Improvement District
 - South Western Improvement District
- INFORMAL:**
- Civic
 - Constitutional Hill
 - High Court
 - Legislature
 - Main Street
 - Newtown
 - Wits Precinct
- IN PROGRESS:**
- Braam Extension
 - Diagonal Street
 - Ellis Park
 - Fashion District
 - Yeoville
- REGENERATION AREAS**
- BRAAMFONTEIN REGENERATION
 - BRICKFIELDS RESIDENTIAL
 - CENTRAL PLACE
 - CONSTITUTION HILL
 - DRILL HALL
 - EKHAYA PIETERSON ST. NEIGHBOURHOOD
 - FARADAY STREET
 - FASHION DISTRICT
 - GAUTRAIN / PARK STATION PRECINCT
 - GREATER ELLIS PARK
 - HIGH COURT
 - HILLBROW / BEREA REGENERATION
 - HILLBROW HEALTH PRECINCT
 - JEWEL CITY PRECINCT
 - JOUBERT PARK
 - LEGAE NEIGHBOURHOOD
 - LEGISLATURE PRECINCT
 - MAIN STREET MALL DEVELOPMENT
 - MARKET THEATRE / MUSEUM AFRICA
 - MEDICAL QUARTER
 - NEWTOWN CULTURAL PRECINCT
 - NEWTOWN NORTH
 - PIM / GWIGWI MRWEBI STREET PRECINCT
 - ROCKEY / RALEIGH STREET



City of Johannesburg
CORPORATE GEO-INFORMATICS
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 Workspace: /projects/variousprojects/Innercity Analysis/InnercityCIDUrbanR
 Date: 28 July 2007
 Compiler: Albert Masebattela
 Source: City of Johannesburg
 Projection: Transverse Mercator WGS84
 Datum: Hartebeeshoek 1994



1:8,600



The Hillbrow/Yeoville regeneration project is relatively new in comparison to other projects (Chauke, 2007). Also managed by the JDA, the project entailed making streets in the area such as Rockey and Raleigh safer for business improving security, cleaning and upgrading streets, installing street lighting and revamp local parks (ibid). However regeneration initiatives and projects in this area have been small in scale and capital investment (R71million) compared to other precinct upgrading projects such as Ellis Park and Braamfontein precincts which were allocated R2billion and R92million respectively (Mlambo, 2005; Special Projects Reporter, 2005a). This is in spite of the fact that Hillbrow and Yeoville are areas where the impact of urban dereliction was probably most manifested.

5.7 EVALUATING PROGRESS IN THE CITY

This chapter has thus far explained how the Johannesburg's urban regeneration strategy is amenable with stimulating private sector investment. The vision formulation, policy revisions and institutional reforms have all been underpinned by the desire to attract private investment as an essential ingredient in making Johannesburg a "World-class African City" (Rogerson, 2005). It is important to evaluate the current regeneration strategy from the literature perspective and reflect on what other have written as there is a growing body of literature that covers the Johannesburg Inner City and urban regeneration initiatives.

Generally there are indications that the inner city is gradually turning around and that urban regeneration has started to bear fruits. The inner city is drawing analysts' attention and the rapidly growing body of literature 'suggests a current academic interest in Johannesburg not seen since the political-economic readings of the city in the late 1980s and early 1990s' (Chipkin, 2005, p. 89). Studies can be broadly divided into those recording positive outcomes, those on private sector and partnerships, those on city governance and urban control. However, the more writers there are on the urban regeneration discourse, the more flaws of the process are beginning to surface. Below are some of the indicators that urban regeneration is starting to produce positive results:

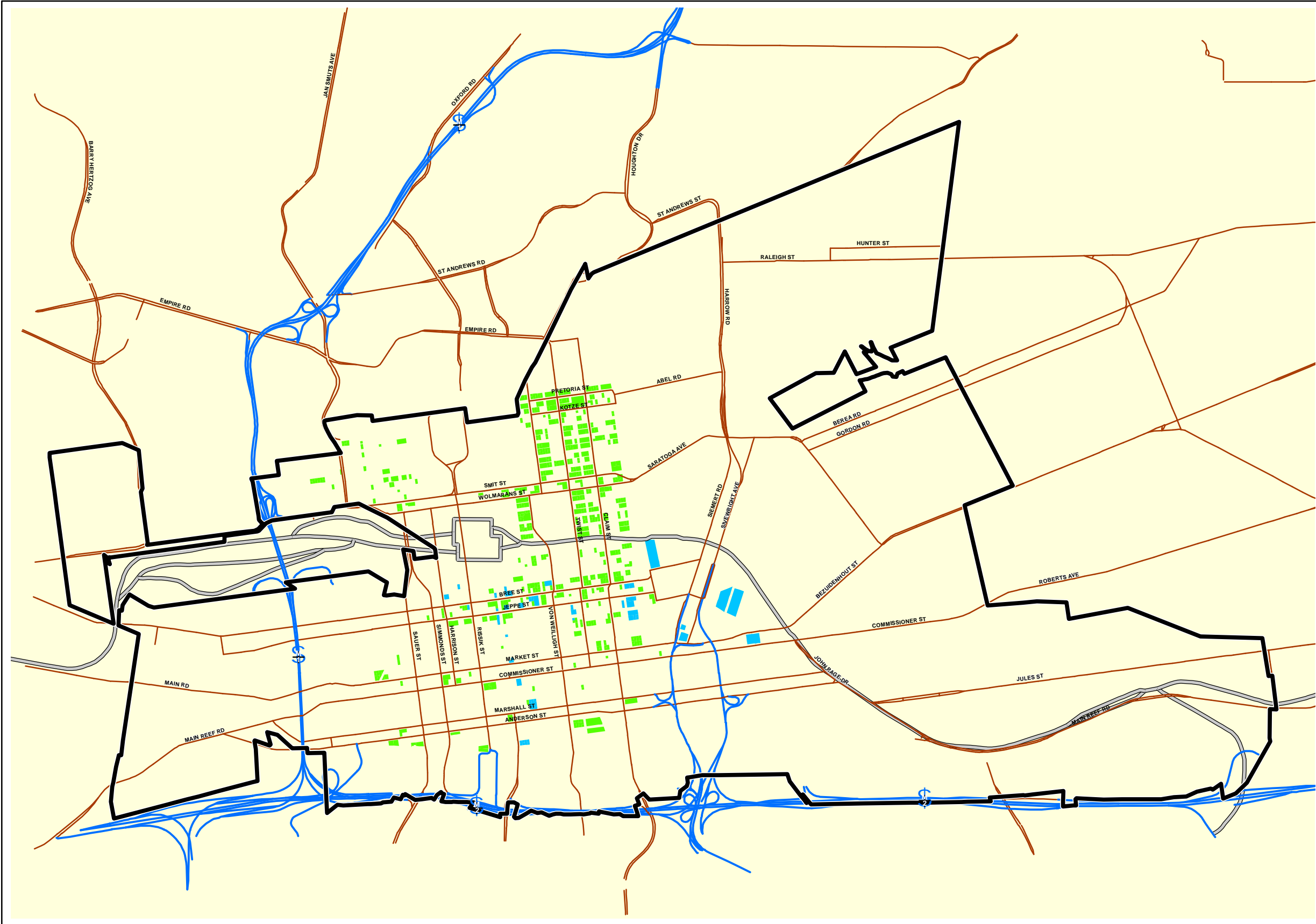
5.7.1 Improved investor patronage and perception

There are indications in literature and media publications that the recent years have seen investors and tenants flocking to the inner city (Kloppers, 2007; Piliso, 2006, Wilson, 2006; Fraser, 2005a). Fraser (2005a) writes that 'since 2002, investment in the inner city has increased dramatically and the interest in investing in the inner city is at a twenty to thirty year high' (p. 10). Whereas in 2004 an average of 100 lease agreements were signed every month, the number increased to about 140 leases being signed monthly in 2005 (Trafalgar Report, 2005). Unlike in the 60s and 70s, small-scale enterprises and informal businesses (mainly black-owned) are also growing rapidly in the Johannesburg Inner City since the new political dispensation post-1994 (Rogerson, 2005; 2000; Rogerson and Rogerson, 1997; Rogerson and Rogerson, 1996). Between 1996 and 1999 employment in the informal sectors rose from 9.6% to 16% (Mabin, 2007)

Property transactions have also increased, suggesting high levels of property investment. In terms of the Sold Property Index (SPI) (*cited in Fraser, 2006*), 20 property transfers occurred in the inner city in 1998. No sectional title units (flats) were sold during that year. However, the number increased to 344 in 2005 including 250 sectional title transactions. Also, while the value of properties sold in 1998 was recorded at R22.9 million, the number increased to R351.2 million in 2005. There has been an increase in building activity, measured by building plans approved and work completed, posting a 500% increase between 2001 and 2002 (JDA Report, 2003). The recent private sector acquisitions (as of February 2007) are marked in Map 8 below. This indicates an improved in business confidence in the inner city which, as measured by the business confidence index, increased by 32% from 43.5 in 2002 to 57.5 in 2004 (JDA, 2005).




Map 8: Recent private sector acquisitions



- Legend**
-  Inner City/UDZ Boundary
 -  Freeways
 -  Major Roads
 -  Rail Network
- Private Development Initiatives**
-  Developer A (AFHCO)
 -  Developer B (Other)

SOURCE:
 CITY OF JOHANNESBURG: CORPORATE GIS,
 FEBRUARY 2007
 CITY OF JOHANNESBURG: EDU, FEBRUARY 2007

INNER CITY
 MAP 8
 RECENT PRIVATE SECTOR PURCHASES

PLAN NO:	
REVISION NO:	
DATE:	
2	
	



5.7.2 Growth in property values and property transactions

The property market is reportedly improving characterized with property values posting good yields (JDA, 2006, 2005b, Trafalgar Report, 2006). For instance, the average asking rentals for offices in the CBD increased from R25 per square metre in 2001 to R27 per square metre in 2002 and increased further to R28.25 in 2003 (JDA, 2005). Property values have also posted healthy returns since 2000. For instance, whereas an average residential flat in Berea, Hilbrow and Yeolville was sold in 2000 for R33 000, R31 000 and R45 000 respectively, in 2005 a similar unit in these areas was sold for R81 000, R41 000 and R82 000 respectively (Trafalgar Report, 2006).

5.7.3 Increase in occupancy levels/ decrease in vacancy rates

The South African Property Owners Association's (SAPOA) 2006 *office vacancy survey* indicates that in downtown Johannesburg, the overall office vacancy rate in mid-2006 stood at 17%, down from 25% in mid-2005. Similarly the JDA Reports recorded a dramatic decrease in office vacancy rates between 2001 and 2005 in areas where it implemented regeneration projects (JDA, 2006, 2005). The JHI Report (2003) on the other hand notes that the letting activity trebled between 2001 and 2002.

5.7.4 [Relatively] Better performance of inner city buildings

There is recognition that the inner city property portfolio is performing better than most decentralized nodes (JHI Report, 2004). Even though the rentals and performance of decentralized nodes such as Sandton are showing a steady rise and that the Sandton CBD has lower prime vacancies, the decentralized nodes are still performing poorly when compared with the inner city portfolio. This is compounded by market irrationalities in decentralised nodes expressed in inflated rentals, discrepancy between asking and achieved rentals, market instability and fickle tenants:

Real and achievable rentals are by and large far from the levels indicated as asking rentals. This places increased strain on property returns and in some cases whilst there is take up occurring, this is overshadowed by dropping nominal and real rental returns. Whilst some take up is occurring, the old musical chairs syndrome still prevails. Also

companies are tending to take up less space than previously occupied. Distortions are also further felt through the employ of 'hidden' incentives such as rent-free period and TI's. The net result of the above is that 'performing' nodes need to be evaluated on not only take up trends but also on achievable rental levels. Some of the older/traditional nodes are performing better on the latter score. All in all this begs questioning some investment logic of the recent past – some of the older less recognized areas such as the CBD, Braamfontein, Millpark and Parktown – could well be more lucrative investments at present...(JHI Report, 2003, p. 10).

Owing to the above, the vacancy rate in decentralized locations almost doubled in one year, jumping from 7.7% in 2001 to 13% in 2002. Land availability and pricing in these areas also makes new projects difficult to lift off the ground (JHI Report, 2004).

5.7.5 Positive outcomes in respect of crime prevention

The crime prevention measures seem to be yielding positive outcomes in the inner city. Crime in the area reportedly decreased by 80% between 1999 and 2002 (JNA, 2005; Majola, 2003). This is primarily attributed to the effects of CCTV cameras and CIDs, although efforts made by organisations such as the JDA, CJP, JMPD and SAPS are acknowledged as beneficial (JNA, 2005). According to the Johannesburg CBD Perception Survey conducted by Surveillance Technology in 2003, 92% of business entrepreneurs, city workers and residents said they would consider relocating to or reinvesting in the CBD (*cited in* Majola, 2003).

In addition, the 2006 SAPS crime statistics (for a period between April 2005 and March 2006), indicated that crime in Johannesburg Inner City was generally decreasing. Most serious crimes such as murder, rape decreased gradually since 1994. Overall crime fell from a high of 26,420 reported incidents in 1994 to 22,318 in 2004 (SAPS, 2006). Further, the 2007 crime statistics for a period between April 2006 and March 2007) also revealed a sharp drop in almost all contact crimes, including murder, rape and robbery (SAPS, 2007).

The public perception of crime in the inner city is improving too (Trafalgar reports, 2006; 2005; JDA, 2006; JHI Report, 2005; 2004). Similarly, a study by Vetten

and Dladla (2000) exploring women's experiences of sexual violence in the inner city concluded that there was an improving public perception that crime in the area was decreasing. Not all women interviewed in that study shared the perception that central Johannesburg was dangerous. In fact for some women, Johannesburg was safer than Soweto where they relocated due to violent crime.

5.8 EMERGING THEMES, PERSPECTIVES AND DEBATES

While the above sections have shown progress made in the inner city, some emerging themes, perspectives and debates from literature paint a rather unsettling picture. Textual excursion shows that the stakes are high and the question of social equity is central to criticisms levelled against the "market-based" approach to urban regeneration. Most writers argue that the current strategy is the most potent means of maximizing wealth for the few (i.e. private sector) while perpetuating the vicissitudes of the underprivileged, the poor and the working class (Bremner, 2004; Lipietz, 2004; Beall *et al*, 2002).

The inequality that this approach reportedly brings manifests itself spatially according those living in luxury and those still living in squalor (the poor and mainly black) (Chipkin, 2005; Gotz and Simone, 2003; Morris, 1999). It is precisely for this reason that Gotz and Simone (2003) argue that 'the inner city represents a veritable vacuum of belonging, where no one presently living there can claim an overarching sense of origin in this place or professes a real wish to stay' (p. 129). These authors argue that while the inner city invariably represents a place of escape from the townships life, it has become an extension of poverty and township life with little sense of community.

5.8.1 On private sector and Partnerships

Writers are generally critical of the partnerships between the public and private sectors as means of achieving the delivery of urban regeneration programmes. In *Muddling-through: urban regeneration in Johannesburg inner city*, Barbara Lipietz (2004) argues that urban regeneration in Johannesburg is mired in chaos.

She argues that the process is less the result of deliberate neo-liberal policies, purposively and methodically implemented, than the result of (at times desperate) attempts to cope with highly complex and unstable situations. The urban regeneration process suffers from what Lipietz calls 'the unfortunate effect of un-imaginative responses to...dealing with contingency', lack of a shared vision and integrated planning. Those involved are tinkering 'in a highly complex, fast-changing, and chaotic inner city environment' (p. 2).

The ensuing chaos and disorder only serves to entrench existing adversarial relations among stakeholders mainly the city authorities, business and community. Therefore, in spite of urban regeneration initiatives, the future of the inner city remains complex, ambiguous and uncertain. Lipietz writes with profound eloquence and characteristic flare in what appears to be a social diatribe about the maladies of urban regeneration in Johannesburg in general and the promotion of the private sector investment in particular. She blames this on the preoccupation with what she calls the 'World/Global Cities Concept' and 'American precept on overcoming inner city blight' which emphasize the value in 'going global' and the normative requirement of 'moving up the hierarchy of world cities' (p. 2-3). These concepts, she argues, blend well with a plethora of policies currently in place in Johannesburg which dictate the kind of, and location of, [private] investment expenditure required to render the city more competitive in a globalised economy.

Yet Lipietz is subconsciously aware of the effects of such approaches. She admonishes those behind the current strategy about the well documented 'polarizing tendencies' of such approaches such as 'labour-market segmentation; class and ethnic conflict as well as socio-spatial polarization' (p. 2). She goes further to describe how the current approach is enamoured with protecting interests of private business and 'helping to recast urban spaces in the interest of dominant elites' (p. 3). Meanwhile, she writes, community projects are struggling to get off the ground, the urban environment is characterized by scarcely

inclusive living, people are evicted without alternative space and people's attempt to earn a living through activities such as informal trading are thwarted. She concludes that in such a chaotic and disorderly environment, the promotion of the private sector seems to be the only option that the City of Johannesburg has in its disposal as inevitable and 'desperate response to an highly intricate situation of spiralling decay, a pragmatic response to the disorderly city, to disorderly civil society' (p. 9):

....inner city regeneration has less to do with the whole-hearted application of neo-liberal precepts, than to rather desperate attempts at reaching some kind of control in an inordinately confused, fluid and chaotic environment. Faced with limited resources, City officials are forced to partner up with inner city constituents in their quest to put a halt to urban decay - but the choice of working partners is proving, on the ground, disappointingly narrow and painfully difficult. Attempts to engage with 'civil society' in order to devise more inclusive and neighbourhood-based approaches to dealing with the urban environment, have shown to be highly frustrating more often than not, leading to numerous dead-ends. Drug barons, unsurprisingly, do not provide a legitimate alternative. In such circumstances, the courting of business interests seems perhaps, an unpalatable, but unavoidable recourse (Lipietz, 2004, p.11).

In *Johannesburg: One City, Colliding Worlds* Lindsay Bremner (2004), argues, like Lipietz that in Johannesburg there is chimera about 'a world class city' on which urban regeneration is premised. Yet, she implicitly argues, Johannesburg is still far from the status of being the modern and cosmopolitan metropolis it aspires to be:

The newly honed Joburg 2030 Vision has Johannesburg aspiring directly to the "World Class City" status. According to this plan, by 2030, international corporates will have been enticed out of their cushy New York, London or Tokyo offices into safe, middle-income, wide-bandwidth Johannesburg. Our economy will lie firmly in a globally competitive service sector (trade, finance and business, information and communication technology) and the city's poor will have relocated (Butterworth, or Malelane, perhaps?). Johannesburg's citizens, we are told, will be living a lifestyle closer to that of a citizen of San Francisco, London or Tokyo than of the unofficial capital of a developing country (p. 77-78).

Despite these fancy visions, Bremner (2004) argues, Johannesburg has 'become more fragmented, more polarized and more diverse than ever before' (p. 19). The current policies which tend to incorporate some exclude others and lack connection with the ordinary people. The official language of urban regeneration, she maintains, is directed at private investors. She also blames this problem on the calibre and type of managers responsible for urban regeneration. She writes about the 'suit-and-tied', 'middle-class', 'middle-aged white men' leading the inner

city regeneration drive (p. 64). But these men, Bremner argues, are not only seemingly lacking the authority or imagination to make urban regeneration work, they are also less connected to the aspirations of the poor and push the agenda that favours capitalist growth.

In her earlier work - *Reinventing the Johannesburg inner city* - Bremner (2000) tries to contextualize the failure of urban regeneration in tackling issues of social equity. She argues that from the onset the urban regeneration 'was based on models of urban entrepreneurialism' and the promotion of local growth, thus falling 'squarely into the mainstream approach to urban economic revival' (p. 187). This, she argues, had 'very little to do with the economic, social and physical changes which had taken place in the city over time, instead seeking to capitalize on South Africa's imminent re-entry into the world as the opportunity for re-imagining and regenerating the city' (p. 187).

Consequently, Bremner argues, city authorities have been inherently less concerned about social issues, but rather are still fixated on the image of Johannesburg as a "world class, globally competitive city". This mantra 'has justified political and economic programs of urban restructuring...in the interests of corporate capital' (p. 187). Bremner warns that these are characterized by somewhat naïve understandings of wider processes of global restructuring taking place and of Johannesburg's position within them. She argues that the integration of regions and cities into the world economy is uneven and contingent upon multiple contradictory tendencies. She concludes that 'until this image of the future is superseded by one which incorporates the multitude of contradictory presences [i.e. rich and poor] and dynamics at play in the new global city, Johannesburg's present will continue to be defined along modernist lines as defective, degenerative and decayed' (Bremner, 2000, p. 191).

While the idea that urban regeneration produces social inequalities accretes among most critics of urban regeneration (Mabin, 2007; Chipkins, 2005),

proponents argue that urban regeneration faces even bigger challenges of dealing with diverse and competing needs and interests of different cultures, racial, political, class grouping, community and private company needs. For instance, Tomlinson *et al* (2003a) write about a multiplicity of Johannesburgs that is faced with the challenge of reconciling competing interests: ‘There are now as many Johannesburgs as there are cultural identities’ (p. xi).

These authors argue that efforts should be made to accommodate the competing interests in a manner that helps to realize the imperative of a just and non-racial Johannesburg. They argue for programmes to address poverty, high unemployment, lack of social housing and inequalities. For them the ideal Johannesburg is the one characterized by justice for all, social equity and belonging in which there is equal access to services and work.

In *Urban Renewal – Reviving the Inner City*, Neil Fraser (2005a) is critical of the ‘five pillar’ urban regeneration strategy itself. For Fraser, the strategy does not address or seek to address social equity issues:

I was strongly of the opinion that during this latter consultation process, and even more convinced today, that the strategy lacked a sixth ‘pillar’ – addressing social issues. Whilst the EDU felt that addressing social issues was inherent in addressing most of the five pillars, I believe, and still am of the opinion, that unless one specifically identifies so big and difficult an issue to be addressed it will not get the attention it deserves, I believe that has in fact been the case (p. 9)

The strategy intimates that social issues will be addressed during, and as a benefit of, the fulfilment of other economic goals – implying the argument of the “trickle-down” effects theory (Fraser, 2005a). Even in the promotion of economic issues, Fraser is also concerned that although the private sector played an important role in initiating certain urban renewal projects, it was not consulted during the policy review process and the drawing up of the new vision (i.e. the *iGoli 2030*) which happened during council restructuring as well as in the formulation of the latest regeneration strategy:

The responsibility for overseeing the implementation of the inner city [regeneration] strategy was allocated to the Member of the Mayoral Committee responsible for the Inner City, the Regional Director, the CE of the JDA and the Director of the EDU. For me this was the introduction of a major negative in the urban renewal process and a great

disappointment because, for the first time, after nearly a decade of Business Sector being treated as an equal partner in the process, it was sidelined. Clearly this was because the council did not want to expose any shortcomings of the process to the private sector. I am firmly of the opinion that the process has suffered as a result (p. 9)

The lack of experience and understanding of the urban regeneration phenomenon by those involved, which has been compounded by constant changes in administrative systems, have also resulted in a breakdown of regulatory powers be they in by-law enforcement, land-used management and/or management controls in service delivery. Like Lipietz, Fraser argues that the urban regeneration suffers from disorder, lack of service delivery and poor law enforcement:

There is a basic neglect of service delivery basics and a concentration on high level strategy....; resources are too limited and spread too thinly and as a result large inherited backlogs are not being addressed as efficiently as they should be....We have a large Metro Police Department that still thinks it is a department of traffic officers and appears to be either incapable or unwilling to enforce laws of the city, laws that have been made in order to ensure that we are an ordered society. We have a taxi industry that can only be described as anarchic; drug lords that openly peddle their wares and gangsters who flaunt the law (p. 12)

While Neil Fraser's work may come seem to close to this study, his "writing on a private sector view" is not based on any scientific research⁴⁹ as done in this study. But by contrast, he reflects on his personal observation of the process of urban regeneration. While his findings may be plausible and based on his lengthy involvement in inner city regeneration in the city, they remain unsubstantiated, empirically.

In *Uniting a Divided City* (2002), Jo Beall, Owen Crankshaw and Susan Parnell argue that sustainable urban regeneration in Johannesburg depends on balancing both commercial and residential needs of the city. As stated earlier, they criticise the current urban regeneration strategy for favouring commercial interests at the expense of ordinary citizens, who are scarcely consulted during the process.

⁴⁹ In a telephone conversation with the writer on 18/04/2005 and in a formal interview with him on 18/07/2006, Neil Fraser confirmed that the paper was based on his personal views and experience during his lengthy involvement in inner city regeneration in Johannesburg.

While they acknowledge the importance of private sector investment and initiatives in urban regeneration, they argue that the private sector involvement in the process may not be motivated by benevolent and selfless gesture of contributing to societal needs, but rather chiefly by commercial gains:

However, capital is invariably self-interested, and the investment of time, energy and resources in improving residential accommodation is as much about keeping property values up as about providing homes and shelter. Even the altruism of schemes for the homeless is thinly veiled as was suggested by the city improvement districts manager of the CJP when he said: 'we believe that homelessness is a major problem that detracts from people reinvesting back into the city' (p. 116).

Beall *et al* (2002) do not see partnerships with the private sector as necessarily a problem *per se*. In fact they concede that in both north and south, such relationships 'have been more progressive and inclusive by coordinating coalitions of interests to develop particular areas within the city' and that partnerships are not simply concerned with 'transferring responsibility for urban regeneration to the private sector or shifting the mandate for urban development from national to city government', but rather, 'partnerships can be useful vehicles for fostering synergy in state-society relations' (p. 128).

In order to fulfil this function, locally, they argue, there must be some flexibility in the way partnerships are formed. Locally 'this has been prevented by a project approach, which, in turn, limits the potential for accommodating partnerships within the context of sustained local democracy' (p. 128). They are critical to the precinct upgrading approach too:

Johannesburg's inner-city regeneration has, moreover, hinged upon a 'precinct-and-project' approach to planning. Following the precinct-and-project logic, city officials identify particular interests groups and engage with their representatives over specific space or time-bound issues. This occurs at the expense of extended engagement with residents as citizens in the context of a protracted process of urban governance (p. 109-110).

5.8.2 On Municipal regulation and governance

This chapter earlier discussed how the changes in racial composition in the inner city not only saw changes in social class relations but was also followed by urban decline, devaluation of property and private sector departure to suburban locations. The new forms of governance and building or neighbourhood control

that emerged during the transition period have been the focus of debate on city governance and generated new research interests. Studies portray the perceived lack of municipal control as a significant challenge facing urban regeneration. Some even draw from comparative literature in other African cities in which local government is regarded as one of the important agencies for controlling the city.

For instance, in *People as Infrastructure: Intersecting Fragments in Johannesburg*, AbdouMaliq Simone (2004) locates Johannesburg in a wider African context. He argues that while the city is ‘one of Africa’s most urbanized settings’, it suffers from what he calls “ruined urbanization” (p. 406):

A drive around the circumference of inner-city neighbourhoods of Hillbrow, Berea, Joubert Park, and Betrams takes less than twenty minutes. Yet navigation of their interior requires familiarity with many different and, on the surface, conflicting temporary trajectories through which Johannesburg has changed, with its sudden switches across ruin, repair, and redevelopment (p. 409).

The rampant proliferation of illicit activities of the Igbo Nigerians and Congolese foreigners continue to enforce what Simone calls ‘ghettoization of economy’. However, Simone suggests that the prevalence of these activities under foreign nationals can be blamed on the city’s lack of framework for investor control. He argues that ‘the relative absence of a systematic and formal framework for investment in the inner city means that the ideas, entrepreneurial experience, and networks that the bulk of foreign Africans bring to Johannesburg are largely underutilized’ (Simone, 2004, p. 417).

As a result foreigners, who are often subjected to xenophobic discrimination, have focused on taking quick profit and marshalling critical sections of the built environment to support trade of narcotics, stolen goods, credit card and internet scams. These activities continue incessantly and with impunity due to lack of municipal control. Simone’s observations reverberate even better in an article he co-published with Graeme Gotz. Entitled *On Belonging and Becoming in African Cities*, in this publication Gotz and Simone (2003) write about the need for governments to exercise control over the inner city.

In order to govern, government is generally inclined to impose order over the city. This is done by assuming that a city comprises certain identifiable entities with which it can work. In the Johannesburg Inner City, Gotz and Simone argue, the municipality has lost control of the city. New social forms have emerged and a different kind of order has been established in the absence of good municipal control. Control and power of landlords is gradually being taken over by mafia organizations. For instance, the emergence of drug syndicates that have taken over the control of certain parts of the city is a clear indicator of lost control:

The same exaggerated expressions of belonging are seen in the illicit drug industry. The drug trade is commonly seen as the purview of Igbo-dominated Nigerian networks....The modalities of operation of the drug business provincializes certain parts of the inner city, localizing it in terms of clearly marked territories and fiefdoms. Thus most inner-city residents know which hotels, residential buildings and commercial enterprises belong to which syndicates and to which nationalities these syndicated belong (Gotz and Simone, 2003, p. 132).

However Gotz and Simone warn against the dangers of this lost control and the potential of the drug syndicates to usurp large parts of the inner city:

Despite this territorialization, the definitiveness of organizations and their spaces is often more a necessary performance than something descriptive of actual operational practices. The more entrenched and expansive the drug economy becomes, the more it must proliferate ambiguous interfaces (p. 133).

5.8.3 On crime and crime prevention

While there are law enforcement agencies in the inner city and a comprehensive crime prevention strategy in place, crime in the Johannesburg Inner City is still regarded by many as unacceptably high (Rondganger, 2006b; McGregor, 2006; 2006; Cohen, 2004). Yet studies argue that crime prevention cannot be achieved through reactively dealing with the symptoms alone, but rather through tackling the root of the problem such as poverty and social and economic inequality. For instance, Stone (2006) argues that there is an insidious relationship between crime and high rate of poverty or inequality and that equitable economic growth may alleviate crime. He therefore recommends that crime prevention strategies and policies should be linked to equitable economic growth strategies:

Still, thinking seriously about contributing to equitable economic growth can be a healthy exercise for police, prosecutors, judges and corrections official. Not only could equitable

growth help relieve the poverty and inequality that seem to fuel much crime, but putting crime policy in the service of economic policy might open up new ways of thinking in the justice sector. There is a certain arrogance that accretes among those who make crime policy to the point that they begin to think that preserving public safety and administering justice are the highest obligations of the state, and that every other part of government – from the education department to the finance ministry – should contribute to these goals wherever possible. It would be a useful discipline to reverse this thinking: to ask what it means for law enforcement to contribute to growth and to thereby help reduce unemployment (Stone, 2006, p. 3).

American writers Glaeser and Kahn (1999) also support the thesis that the redistribution of wealth has the ability to reduce crime:

[The] increases in redistribution may be sought because voters believe that poverty induces negative-externality-creating behaviour such as crime and riots. Increases in the degree of poverty, the level of altruism, or the fear of crime will all act to increase the desire for redistributing money to the poor (Glaeser and Kahn, 1999, p. 120).

5.8.4 On race and class inequalities

In *The Limits of Law: social rights and urban development*, Erica Emdon (2003), makes a significant contribution to the debate about race and class inequality in the inner city. Writing from a legal perspective, Emdon argues that the legal landscape in the inner city has changed to reflect the broader political and social transformation of South Africa. However the nature of the urban form in Johannesburg has not fundamentally altered since 1994. The poor, who are mainly black, still live in bad conditions: ‘The inner city looks different than it did in the 1970s, but these changes have not altered the social reality. All that has happened is that as the area has become overcrowded and poorer, the wealthier white population has left’ (p. 221).

Emdon goes on to argue against what she calls *the limit of law*. She argues that the law does not protect the poor property owners who find themselves in a situation where they cannot sell their buildings because they owe in municipal services. These poorer owners have become victims of the actions of other owners and the law does not protect them:

Owners have stopped paying monthly levies to the body corporate, which is meant to maintain the buildings, or owners have sublet the flats they own to tenants and then do not pay the levy. The building become run-down and owners cannot sell their flats and stop making mortgage payments to banks (p. 227).

Writing about *Johannesburg's Futures*, Jennifer Robinson (2003) argues along the same lines as others about the social inequality. She argues that while the demise of apartheid has seen the end of Johannesburg's international isolation, this has not ended the experiences of segregation and inequality that have shaped the lives of most people living in Johannesburg and has not met the needs of the poorest citizens of Johannesburg. In fact, Robinson writes, the 'new developments seem as likely to reinforce old patterns as transform them, despite many hopes of initiating a new, integrated, and compact city form..' (p. 259). For Robinson then, Johannesburg's ideal future lies in addressing two important discourses and sets of practices shaping cities. That is, the idea of being a global city and the urgent requirement to improve living conditions for the poor. These two discourses are, to use the words of Robinson, 'respectively the parameters of the world city hypothesis and developmentalist understanding' (p. 260).

The literature covered above is empirically rich, concerned with issues of partnerships, governance, class, race, social equity, crime and justice. It largely embraces the ethos of neo-liberal and Marxist analysis. Most of these studies seek to contribute to policy formulation in fields as varied as community participation, housing, property law, land tenure, service delivery, local government, urban poverty etc. The underlying aim of such literature is to redress the effects of inequality and past injustices through better provision of public goods and services.

5.9 CONCLUSION

This chapter illustrated the emergence of the "market-based" approach to urban regeneration in the Johannesburg Inner City. It discussed factors that contributed to urban decline, which include the political transition, crime, government decisions and the development of decentralized commercial nodes and residential land-uses. It also explained that the assumption behind the "market-based" urban regeneration strategy is that urban decline is linked to

market failures as a result of the collapse of private sector confidence in the inner city. As a result the government response to urban decline invariably sought to restore the private sector confidence and to stimulate investment, as proponents argue: ‘the formal business community in the inner city has been indispensable to its reinvigoration’ (Beall *et al*, 2002, p. 116).

There have been significant improvements in the inner city since the advent of the urban regeneration process. There are indications of improving property market (i.e. improving values and property yields, decreasing vacancies, increasing rentals etc.), improving public and investor perceptions, improved investor confidence and increased investment activities, to name but a few. The emerging themes and debates regarding urban transformation are vastly polarized across empirical and normative perspectives. From the empirical perspective, on one hand, the theme of partnerships and coalitions formation between public and private actors is portrayed as embodiment of the broader “market-based” approach to urban regeneration. Closely linked to that are debates about the effects of such relationships on people, class relations, equal access to resources and governance and how the process has failed to address these elements. Writers from disciplines from wide-ranging academic spectrums argue that urban regeneration has served to propel the expedience of private sector wealth accumulation at the expense of the poor and less fortunate. On the other hand, literature on the normative perspective tends to be interested in outcomes of equality, inclusivity and equitable growth from the process of urban regeneration.

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
Rivonia/ Sunnighill	1		1	2	3
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).

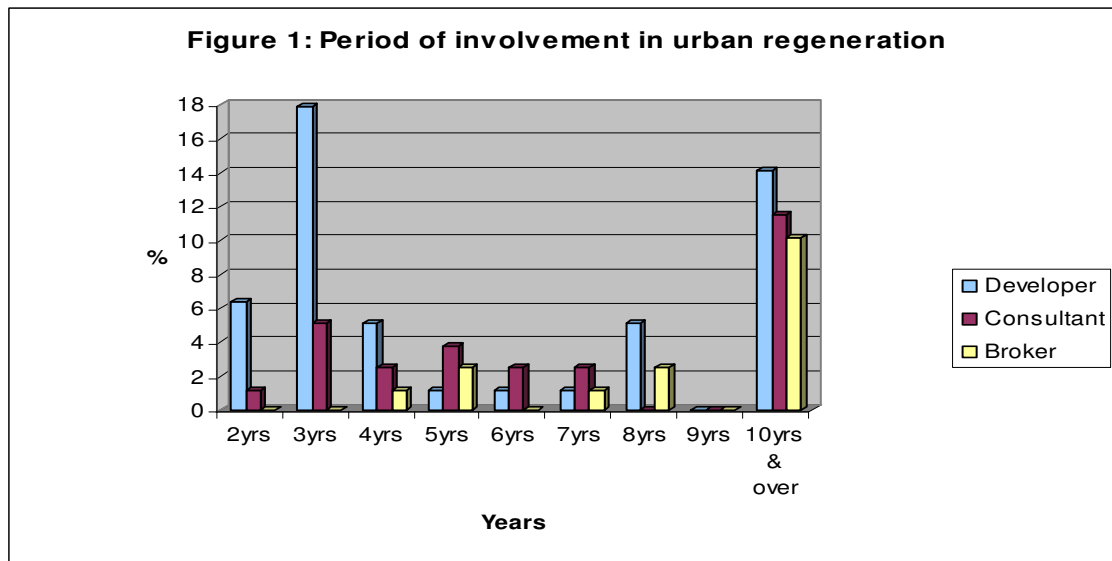
Similarly, some consulting companies interviewed that were showing business interest in the inner city had reputations as national or international players. All these suggest changing perceptions and attitudes towards the Johannesburg Inner City and the area now attracts a variety of actors. However, 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

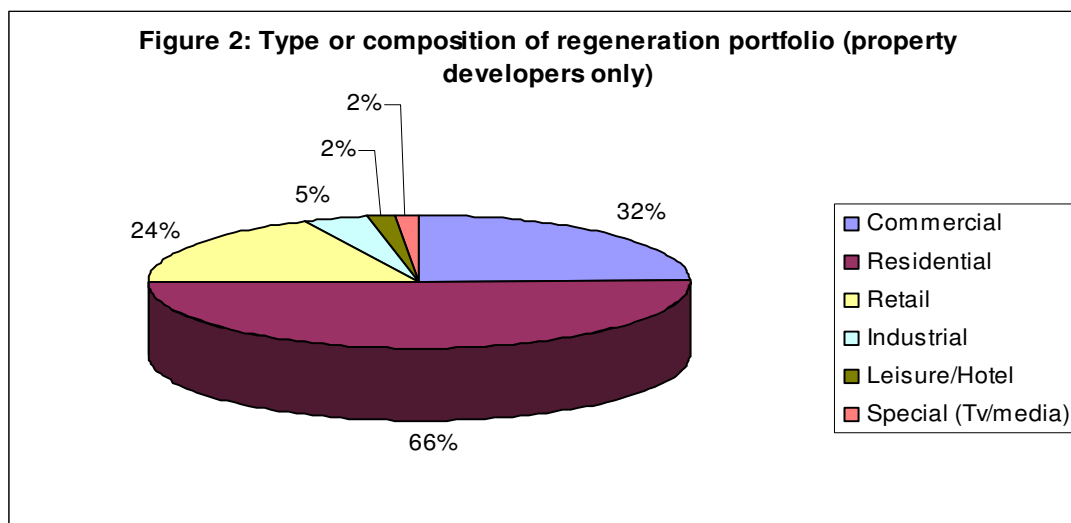
Business Activity	Score				
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration / Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	Total	%
Property developer/ investor	38			38	49
Property Manager/ Broker/ Estate Agent	6		14	20	26
Regeneration/ Property/ Development Consultant/ 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

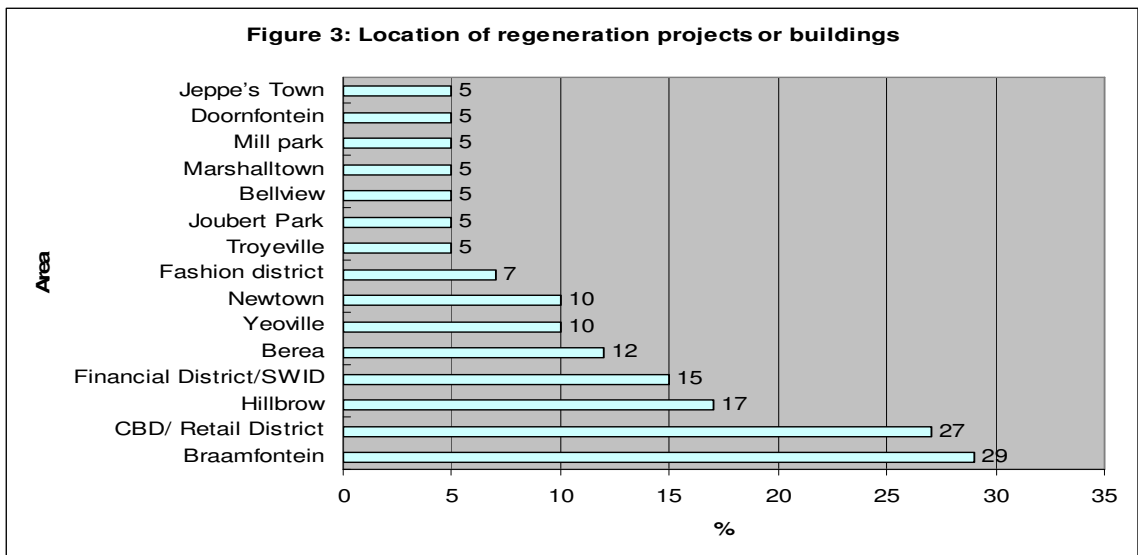
Respondent companies (i.e. property developers only) were asked about the type or composition of the urban regeneration portfolio they held. As indicated in Figure 2, 66% of 41 property developers interviewed were involved in residential sector. This suggests a higher demand in that sector than any other 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.

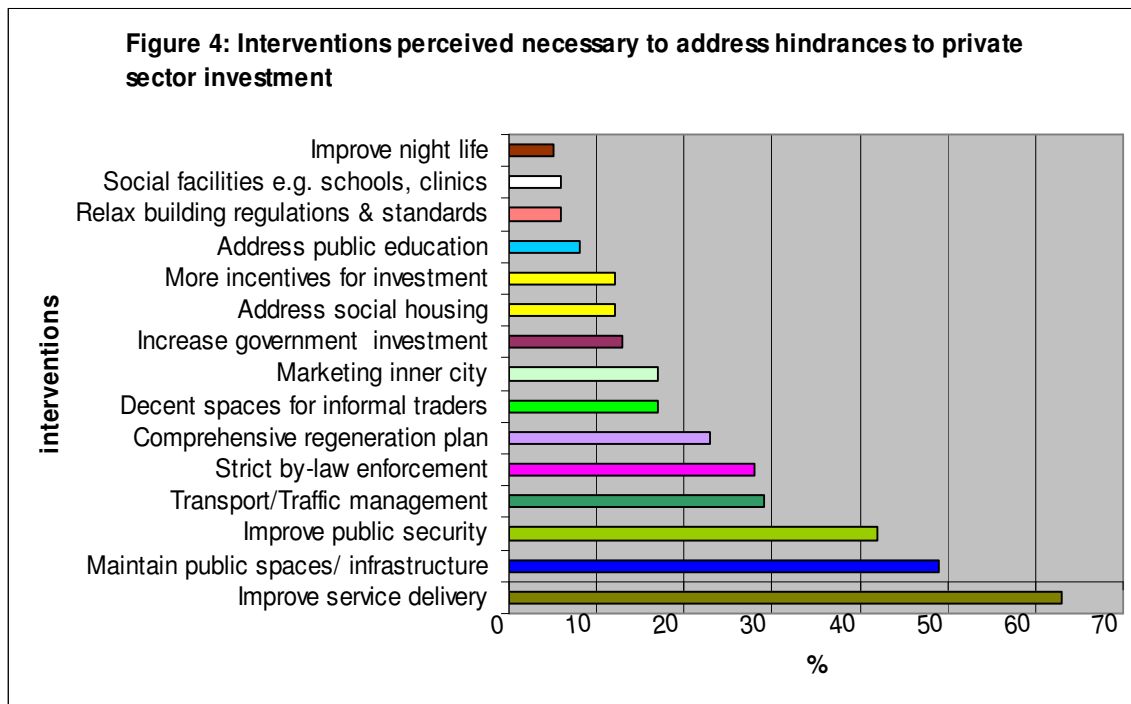
6.3.3 Interventions perceived necessary to address hindrances to private sector investment

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

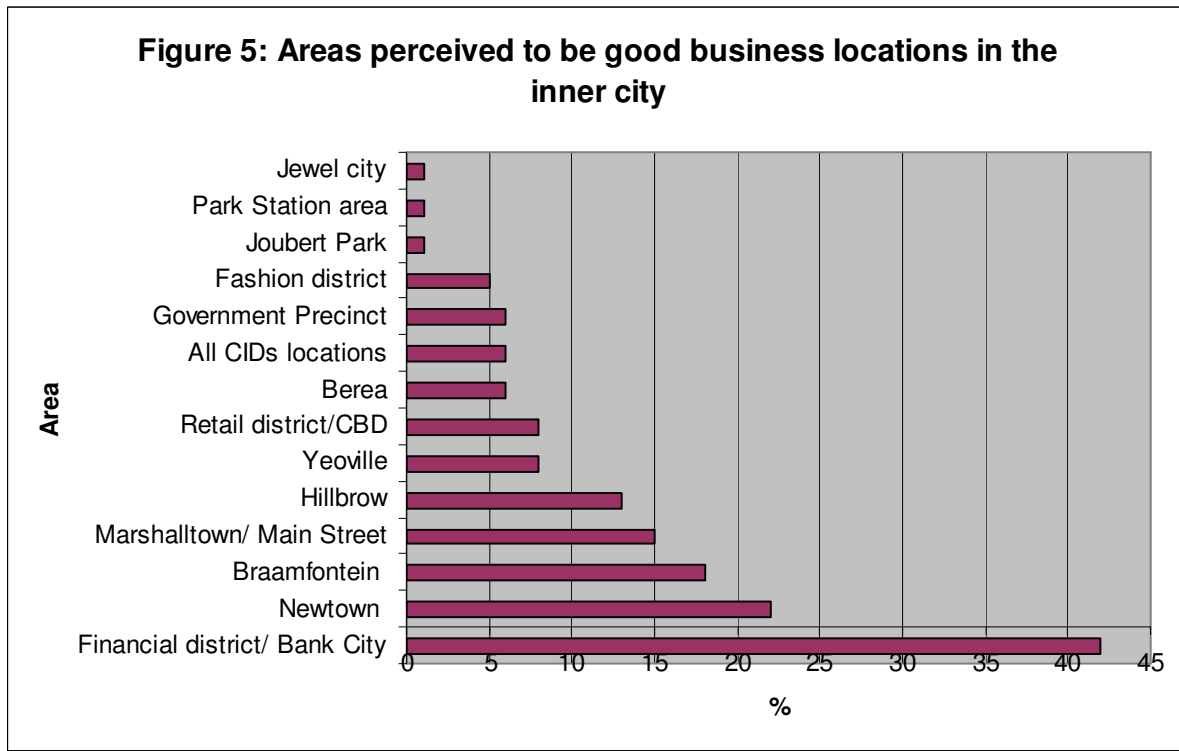
reside in the inner city. In response to problematic building configuration, 6% argued for relaxation of building standards and regulations to meet current business needs. This included relaxation of floor area ratios, allowing the conversion of certain floors into parking and many others. At the same 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			Total	%
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>		
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

<i>Additional incentive to the UDZ</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 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
<i>Measures to improve the UDZ</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>	
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

<i>Limitation</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>		
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>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</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>%</i>
	<i>Property Developer/ Investor/ Financier</i>	<i>Regeneration/ Property Consultant/ Researcher</i>	<i>Property Manager/ Broker</i>	<i>Total</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.

CHAPTER 7

THE PROMOTION OF THE PRIVATE SECTOR INVESTMENT IN THE JOHANNESBURG INNER CITY:

ANALYSIS AND DISCUSSION

7.1 INTRODUCTION

This chapter analyses the research data presented in Chapter 6 in detail and explores emerging themes and trends in terms of perceptions held by the private sector about the urban regeneration process in the Johannesburg Inner City. The discussion is incisive yet primarily guided by empirical data gathered and frequently taps into the insight from secondary data. The findings are drawn from careful analysis and interpretation of the data. The analysis of data unearths interesting perspectives about the process of urban regeneration based on views held by the private sector. It indicates the perceived outcomes of forces working in the inner city and the direction that the inner city is likely to take or the resultant urban form.

While urban regeneration is generally perceived to have produced significant positive changes in the area, the process is viewed with scepticism as having contributed to urban growth only in a limited way. The market forces on the other hand are belied to have motivated most private investment in the inner city. This chapter also highlights the perspectives emerging from research data, even though they were not initially the focus of the study.

7.2 URBAN REGENERATION AND PERCEIVED POSITIVE OUTCOMES

The Johannesburg Inner City is the heartland of where Johannesburg started. Before urban decline, the area was the country's premier commercial hub and business location of choice for many companies (Bremner, 2000). However, the market downturn and urban decline in the 1980s and early 1990s, which was manifested in various forms, saw the flight of the private sector from the inner city

to decentralized suburban locations, mainly north of the city. A corresponding low level of private sector investment and economic activity was observed throughout the inner city. In an effort to rescue the city from the vicissitudes of decline, the government sought to regenerate the inner city by encouraging private sector investment.

Large sums of money have been spent by government in upgrading certain inner city precincts, incentive schemes have been introduced and various crime preventions measures have been devised and implemented. All these were believed to have a cushioning effect to the private sector investment, likely to minimize supply-side risks and improve investment levels. More than 20 years have passed since ideas of rejuvenating the declining downtown Johannesburg first made their way into the urban planning discourse and political agenda. These ideas envisioned Johannesburg as ‘a world class city African city’, and an investment destination of note (CoJ, 2002). This strategy that seeks to promote private sector investment falls, as implemented in Johannesburg, inexorably within the mindsets and frameworks of the world cities theory and competitive cities theory. In other words the promotion of the private sector investment in urban regeneration is underpinned by the economic imperative to create a competitive inner city, attractive to investment.

Empirical data collected in this study shows that the private sector perceives urban regeneration to have yielded a myriad of indelible positive outcomes in the inner city. The public sector-driven precinct upgrading projects are perceived to be symbols of change that have significantly improved the outlook of certain parts of the inner city and changed the negative perception of the area. The private sector urban regeneration projects can now be seen to be aligned, to a certain extent, to areas where government precinct upgrading projects have been implemented (see Figure 3 on page 186). Most of these areas are in turn perceived to be good business locations and preferred investment areas (see Figure 5 on page 200).

The above suggests that there is a re-look, from a private sector perspective, at the economic potential of assets of the city in built form. As a result, old derelict buildings are being refurbished by enterprising property developers into new and high intensity uses. The city is seen as more inclusive than before, providing a wider choice for housing, especially for lower middle class (see also Cox, 2006). Financial institutions are also willing to lend money to prospective investors in the inner city. The research findings indicate that tenants are perceived to be less likely than before to default on their rental obligations and the culture of non-payment and rent boycott that was prevalent in the 1980s is now seen as subsiding.

More investors and entrepreneurs are coming from different parts of the city, province and the country, such as Cape Town and Pretoria, to invest in the Johannesburg Inner City - quite a different currency to the situation in the late 1980s (see Table 2 on page 182). New and trendy restaurants are mushrooming in downtown areas and major chain stores such as Edgars and Woolworths have, since 1996, increased their space take-up and intensified their presence in the inner city. In the process new employment opportunities are created. The private sector is now not only prepared to invest in the inner city but also has some of its offices in the area.

This paints the picture of an inner city in a process of recovering economically and poised to become an investment destination of note that can compete with other localities for investment. This also points to a shifting investor perception of the inner city and that investor confidence in the area is being restored. Likewise, the inner city properties are seen to be showing good performance resulting in low vacancy rates, growth in property values and a spike in rentals.

The inner city is also perceived to have generally improved in terms of urban management practices from what it used to be in the late 1980s and early 1990s. Aided by the work performed by the CIDs, the inner city is now considered

cleaner and safer than before. All these improvements are generally consistent with positive outcomes of urban regeneration contained in literature and discussed in chapter 5 above (paragraph 5.7). It is therefore not necessary to discuss them in much detail. Suffice to say that, in the context of this study, the perceived positive outcomes bode well for the inner city local economy.

They generally suggest that the current changes brought by the urban regeneration are likely to inspire private sector investment in the inner city – an exciting prospect for those driving the turnaround strategy for the inner city. The main thrust of this study, however, is to explore and distil the private sector perception of the Johannesburg Inner City in light of the urban regeneration initiatives and how it has responded to measures designed to attract investment in the inner city. This is done below.

7.3 FACTORS MOTIVATING PRIVATE SECTOR INVESTMENT IN THE JOHANNESBURG INNER CITY

There is a common tendency in the inner city to loosely associate any private sector investment occurring almost exclusively with urban regeneration initiatives. For instance, the JDA often portrays the dramatic increase in property transactions; private sector investment; and the resultant increase in occupancy rates and property values as the direct outcome of its interventions in areas where it implemented precinct upgrading projects (JDA, 2006; 2005b). Contrary to this belief, the findings of this study show the misalignment between the motives behind urban regeneration initiatives and private sector perceptions.

General market factors and trends are perceived to have been playing a more prominent role in motivating private sector investment flow in the inner city. As illustrated earlier in Table 7 (page 192), the high demand for space, primarily in the residential sector has been the most significant motivating factor for private sector investment decisions in the Johannesburg Inner City. This demand relates largely to factors briefly discussed below. The research results show that

the inner city is often viewed by the private sector in comparison to suburban alternatives, particularly the decentralized commercial nodes north of the city. However, the property values, rentals as well as costs of doing business in general are perceived to be low in the inner city compared to the decentralized nodes. Therefore the area is promoted on ground affordability. This has enhanced the popularity of the inner city from both the tenant and investor point of view and improved the area's demand outlook:

All my buildings are fully let...but tenants are calling everyday for more space. I now have to move out of my own building to another one to make space for a tenant. That is a true testimony of inner city revival, something I never imagined when I purchased my first building in 1989 (interview with Gerald Olitsky, MD of Olitsky Property Holdings).

On the other hand Greenfield developments in the decentralized nodes tend to be problematic. Due to limited land supply and restrictions on new developments, the statutory requirements and approvals such as land rezoning in decentralized nodes tend to take long and cost handsomely. This in turn increases interest in the inner city as an investment alternative or business location. The demand is high particularly in the residential sector, reflected in either the upgrading or refurbishment of existing accommodation or conversion of old office buildings to residential uses. Most property developers interviewed were involved in this sector. It is estimated that at least R2 billion has been invested in residential refurbishments contributing about 10 000 residential units in the inner city (Fraser, 2007).

The spiralling building costs and the rise in interest rates from June 2006 to June 2009 have further stimulated the demand for residential stock in the inner city and fuelled the rental market. In an environment where the demand clearly outstrips supply, the growth in the rental market has also stimulated the buy-to-let investor market which and made off-plan purchasing popular. Recent media publications write that the 'demand for [new] residential units in Johannesburg's inner city continues to be strong', with 'residential blocks sold out in three days' (*Business Day Reporter*, 2007, p. 8).

Additionally, the investment interest shown in residential areas north of the CBD such as Hillbrow, Yeoville, Berea etc., where few urban regeneration initiatives have been implemented, also symbolizes high residential demand in the inner city. These residential areas are in turn perceived as good investment locations (see Figure 5 on page 200). Similarly, the provision of accommodation was identified in this study as a significant motivating factor for private sector investment or perhaps a response to high demand. As can be seen in Map 8, there have been numerous private sector property acquisitions in these locations.

Meanwhile there is an underlying belief that private investment has benefits such as employment creation and this in turn serves as a by-product of private investment. By virtue of being the economic hub of the country, Johannesburg provides most employment opportunities. As discussed in chapter 5, new tenants are showing interest in the inner city by taking up space. Consequently, the area experiences high in-migration of people from different parts of the world, country and various townships around the city. These people, especially the younger groups, are likely to seek accommodation in the inner city (where costs are lower), thus contributing to high demand especially in the residential sector of the property economy. Likewise, one of the motivating factors for private sector investment in the inner city was identified as the availability of a large workforce:

The advantage of the inner city is the availability of large workforce. Companies that move out of the inner city soon realize that their staff costs increase tremendously. Definitely transport and recruitment costs play a big role. People who look for work in decentralized nodes are costly to hire because they want more money to cover their costs (interview with David Rice, Managing Director of AphexHi Properties)

At the same the high demand in the inner city is not perceived as reversing the past trend of decentralization of office and commercial land uses. The private sector is not necessarily deserting decentralized nodes in favour of the inner city. As the market grows, it is predominantly the new market entrants and smaller companies (as opposed to say JSE-listed companies that once had offices in the inner city) that are seen to be taking up space in the inner city:

The inner city is attractive to various types of tenants who take up space. Small companies prefer inner city than Sandton. Of course the cost issue plays an important

role. But the inner city now attracts a different kind of users and firms. While big firms moved out of the inner city in the 1980s and 1990s, it is small and new firms that are now moving in and taking up space (Interview with Ivor Locke, Director of CPR Property Management).

The above view resonates with a well-documented observation that the inner city has become home to small-scale enterprises and informal business as larger enterprises abandoned the inner city for decentralised locations (Rogerson, 2005; 2000; 1997 and Rogerson and Rogerson, 1997).

The demand as discussed above has inadvertently created an investment opportunity for property investors. It is for that reason that potential financial returns on investment were identified to be the significant motivating factor for private sector investment in the inner city. Motivated by love of and faith in the future of the inner city, speculating investors now consider the Johannesburg Inner City to be a worthwhile investment option. Portfolio diversification and spreading investment risk equally motivate investment decisions. Spurred by successes of fellow peers and competitors, footloose investors look at the inner city for investment opportunities. Protecting existing investment was also identified as an important motivating factor as investors want to see handsome returns on their investment and therefore kept their buildings in good shape to appeal to prospective tenants.

The intrinsic characteristics of the inner city such as its good location and excellent accessibility as well as the availability of good, yet aging, infrastructure still play an important role to give the inner city a competitive advantage over most other areas. The existence of a good road network and public transport system means that access in and out of the city can be gained with convenience especially for employees who use public transport. At the same time the inner city is perceived as vibrant, intriguing and as a rambunctious environment that appeals to an array of people. This creates a threshold for goods and services and strengthens the demand for other economic goods and service.



Photos 1 and 2: Some recently refurbished buildings in the city centre have served as a motivating factor to other property developers to invest in the inner city.

The favourable macroeconomic conditions were identified to have played an important role in facilitating private sector investment. In particular, low inflation and lower interest rates seen in the last few years (until June 2006) were cited by respondents as important motivating factors:

The last few years have seen lowest interest rates in a long time. This leveraged affordability of property and stimulated demand for space...especially residential. The investor market was flooded. The returns have been good for us, at 15% or more (interview with Trevor Mkhwanazi, former partner at Atterbury Property Developments).

Factors discussed above constitute the largest component of factors identified as motivating private sector investment in the inner city. As stated, they are primarily market related. On the basis of the above the study concludes that market factors have been playing a major role in influencing private investment in the Johannesburg Inner City. This trend is consistent with the international literature in this domain. For instance, a study of 200 firms conducted by McGreal *et al* (2000) about the motives and attitudes of private investor actors with regard to investing or not investing in regeneration localities across the UK drew a similar finding:

The major influence on investment decision making has been general market trends. Perceived total returns is the primary motive for investors holding their current portfolio of urban regeneration investments. Other significant factors include perceived security of investment/spreading of risk, diversification benefits through new business opportunities...rental growth (occupier demand)...capital appreciation. Regeneration initiatives tend to be of secondary nature in terms of those criteria which influence decision making, though risk reduction measures are considered to be of fundamental importance (McGreal *et al*, 2000, p. 129).

The problem is not mainly that the market factors appear to have played an important role contrary to urban regeneration initiatives, which is expected. On one view the role played by market factors in this regard may symbolise the success of urban regeneration initiatives in meeting their original imperative and expectations of facilitating market forces and subsequently stimulate private investment, even though the research findings indicate that they are rated secondary to market factors. In this view it will make sense for urban regeneration efforts to seek to influence market forces so as to enhance private investment and the urban regeneration momentum.

On the other hand, this study holds that in an area where market efficiency is portrayed as the condition for achieving competitiveness, the urban regeneration process that borders largely on fickle forces such as market trends does not offer a stable foundation for sustainable local economic regeneration. As will also be discussed in detail below market conditions tend to occur unevenly across a geographic landscape and instead prevail in certain areas better than others. By showing greater dependence on market factors (whether on these act independently or are induced by regeneration initiatives) urban regeneration is likely to lead to a greater degree of urban fragmentation as private investors choose areas with favourable market conditions than those that do not. Any changes in market forces in times of market downturn may effectively render some areas or projects unviable resulting in the creation of 'lame ducks' and unsustainable pattern of growth.

In fact the literature is replete with examples of property-led regeneration projects driven largely by the Urban Development Corporations (UDCs) in both the US and UK which collapsed when the market slowed down. For instance, after a lengthy period of enthusiasm and property boom in the 1970s and 1980s in the UK, which heightened property speculation and facilitated the provision of space in large quantities, the subsequent market downturn of the 1990s resulted in market oversupply and led to most planned projects being delayed or cancelled

(Loftman And Nevin, 1995; Imrie and Thomas, 1993; Healey *et al*, 1992b). Well-known examples of projects which were cancelled or failed to get off ground include the Royal Quays Regional Shopping Centre in London, Sandwell 2000 Shopping centre in Black Country, the prestigious Canary Wharf developments in May 1992, in London Docklands and Dockland sites in Baltimore in the US (Loftman and Nevin, 1995, Atkinson and Moon, 1995).

In Johannesburg, the urban regeneration initiatives are perceived to have played a role in facilitating private sector investment, although a secondary role to market factors. For instance, the precinct upgrading projects are perceived as significant in creating awareness, strategically promoting the inner city, sending the right sentiments to the market and changing perceptions about the area. These projects also created new markets, heightened the sense of security to private investors for their investments thereby enhancing the prospects of a flourishing inner city:

Big projects such as the upgrading of the Newtown Cultural Precinct have changed the perception about the inner city. We are now, more than ever before, prepared to invest in the inner city through new acquisitions and refurbishment of our existing buildings (interview with David Rice, MD of ApexHi Properties)

Subsequently, AphexHi Properties purchased 10 buildings in 2004 for letting purposes in the inner city and reportedly planned to buy another 10 more in the area soon thereafter (JHI Report, 2004).

The Urban Development Zone (UDZ) initiative was identified as another important motivator for private sector investment. The improvements in urban management, especially cleanliness and security, with the help of the CIDs, has also had an added impetus in facilitating private sector investment. It is interesting to note that out of all factors advanced as motivators of private sector investment, some initiatives designed for this particular purpose did not feature in the responses given. For instance, initiatives such as the Better Building Programme were not mentioned at all as the motivating factors, even though some companies interviewed were participating in that programme (see Table 7 on page 192).



Photos 3 and 4: The new Gandhi Square in Marshalltown (left) and Mary Fitzgerald Square in Newtown Cultural Precinct (right) are some of the shiny examples of urban regeneration. The areas look cleaner and brighter than before and have excellent entertainment facilities, while the inner Councilor, Mr Zakhele Shezi (in a blue shirt), looks on in apparent appreciation of what has been achieved. Already some commercial activities (e.g. restaurants, shops and offices) are located in these areas but there are concerns that not many activities are taking place in the area at night.

7.4 THE RISK PROFILE OF THE JOHANNESBURG INNER CITY

There are a number of factors perceived to problems or hindrances to the flow of private sector investment in the Johannesburg Inner City. These are discussed thematically in the following paragraphs.

Excessive bureaucracy in the delivery of municipal services

Of all participating companies, 73% cited the general deficiencies in the delivery of municipal services as the major hindrance to private sector investment in the inner city, making this the most frequently mentioned constraint. The inadequate functioning of municipal services was perceived as contributing to the limits of urban regeneration in a number of ways. The most problematic service delivery deficiencies relate mainly to urban management practices such as the maintenance of public spaces, by-law enforcement and waste management.

The city has not fully created an enabling environment for private sector investment. The city administrators are the sole problem....they are slow and ineffective. The provision of simple things like cleaning, streetscape maintenance and by-law enforcement have been poorly managed. When one takes clients to view downtown buildings, dirty streets can be a real turn-off and deal-breaker (interview with Mr. Laurance Zikalala of 3D Properties)

The municipality is generally perceived as slow, bureaucratic and inefficient (this resonates with earlier arguments of Fraser, 2005a; Lipietz, 2004 discussed in paragraph 4.8 for correlating views). The provision of essential services such as site/building plan approval, site rezoning, connection of power and water, issuance of occupation certificates and rates clearance certificates, were some of the frequently cited problems:

Council inefficiency and lack of capacity is problematic. The council has outdated procedures and is not geared to deal with most delivery issues. It's hard to understand why it takes up to 3 years to get a simple thing as the rates clearance certificate (interview with Mr. Adam Levy, MD of Jungle Holdings).

The council needs to improve service delivery in areas such as billing process, improve maintenance of public space including provision of adequate restroom facilities. At the moment things are going out of control to the detriment of the rejuvenation of the CBD (interview with Mr. Christo van Zyl, of Urban Ocean Property Developers).

These factors create the perception that the city is not well managed and impose financial risks to investors. The situation gets worse as the City of Johannesburg is frequently threatened with legal actions for poor service delivery:

Poor service delivery by council in terms of cleaning, security, street lighting is still a big problem. We've had to threaten 'Pick It Up' with legal action to see some improvement. The City just does not come to the party, unless it is threatened with legal action (interview with Mr. Renney Plitt, Managing Director of Affordable Housing Company - AFSCO).



Photos 5 and 6: Lack of maintenance and widespread litter are just some indicators of service delivery deficiencies in the inner city. On the other hand the existence of derelict buildings which are usually illegally occupied and overcrowded are indicators of non-compliance with city by-laws. All these are perceived as anathemas by private sector.

The recently published Inner City Regeneration Charter⁵³ reinforces and validates the above finding about the deficiencies in the delivery of municipal services:

In the past the City of Johannesburg has not had an integrated and consistent approach to the management and maintenance of the public environment....Poorly capacitated systems of by-law enforcement, inadequate everyday-service coordination, a lack of responsiveness to a range of public nuisance, an inability to mount creative responses to underlying problems that give rise to grimy and disorderly urban spaces, has extended the perception that the Inner City is still in systematic decline (CoJ, 2007, p.6).

Although it was not the intention of this study to assess the plausibility of the competitive cities theory, the finding about the inadequate service may be construed to illustrate some of the flaws and limitations of competitive cities approach that underpins Johannesburg's urban regeneration strategy. Indeed such findings lead to more questions about the plausibility of that approach. One may argue that in its quest to become a competitive 'world-class African City' that is attractive to investment; in its attempts to find ways to fit into globalization; and in drawing inspiration from and emulating the successes of a small range of Western cities, the City of Johannesburg has neglected some crucial aspects of basic service delivery.

It may also be argued that more emphasis has been placed on the stimulation of growth and investment to meet the normative requirement of competitiveness. That is because competitive cities ideas tend to put much emphasis on competitiveness of commerce, industry and government institution as determinants of city's prosperity and such approaches 'encourage an emphasis on promoting economic relations with a global reach, and prioritizing certain prominent sectors of the global economy for development and investment' (Robinson, 2002, p. 547). The costly upgrading of inner city precincts, the place-

⁵³ The Inner City Regeneration Charter is the culmination of the City of Johannesburg's stakeholder consultation process which commenced in November 2006. The City engaged various stakeholders such as the private sector, community or civic formations, faith-based organizations, academics, researchers and non-governmental organisations seeking to systematically identify key challenges facing urban regeneration process and measures to improve the process. Some of the private sector representative who participated in the charter process had earlier participated in this research. While the Inner City Regeneration Charter was published long after the completion of the data collection process for this study (07 November 2007), there are parallels between challenges identified in the charter and the findings of this study as indicated in the following discussion.

marketing, the multiple subsidies offered property investors, and the emulation of international urban renewal practices have all been on the priority list of the city's development agenda to the detriment of the delivery of essential services in the inner city.

While it can be argued, on the basis of the above finding, that there is a need for a shift in urban regeneration policy from current emphasis on the competitive cities approach in Johannesburg to an approach that will seek to ensure efficient provision of municipal services, certainly more work is required to assess the relevance and plausibility of the competitive cities approach in Johannesburg. And while these are different sets of issues which another study may cover in detail, what remains is that the City of Johannesburg cannot continue to ignore factors that act as hindrances to private sector investment. It needs to explore creative ways to improve the delivery of basic urban services and adopt a more socially aware approach. Likewise a large number of respondents saw the need to up-scale basic service delivery by improving current institutional capacity, providing more resources and deepening urban management practices. Improving service delivery and maintenance of public spaces has other benefits in reducing crime as crime is less likely to occur in well-kept areas.

Lack of by-law enforcement

Lax urban management practices are reflected negatively in incessant by-law infringements such as non-compliance with building regulations and unlawful occupation and general incivility. Poor by-law enforcement remains a potent threat to private sector investment, in spite of the existence of sufficient legislative framework. The Inner City Regeneration Charter also acknowledges this stating that 'enforcement capacity to give effect to by-laws has also been lacking' (CoJ, 2007, p. 8). Tenants' level of education is perceived to be another area of concern. While tenants are perceived to be more likely than before to comply with city regulations, they sometimes have little knowledge about by-laws and building regulations.

At the same time, city management practices are informed by Western city models. This is not always be compatible with the African oriented users who are accustomed to communal living and may from time to time wish to share leased space with members of extended family, nuclear family etc. With little or no knowledge of city by-laws and regulations, the new users may bring relatives and family members to live with in the inner city thus inadvertently contributing to overcrowding and thus breaching of city by-laws and other regulations. The overriding perception among respondents was that by-law enforcement should be scaled-up to demonstrate that the city is well managed. Perceived as also important was the importance of public education:

Public education is important to change perception. People have been educated politically about their political rights, human rights and so on....with little or no social education. Educating them about basic things such as littering, public conduct and overcrowding is very very important (interview with Dr. Moosa Peer of Skyway cc)

Degenerating neglected buildings and illegal building occupants

The widespread existence of degenerating neglected buildings creates a perception that the city is not well managed. These buildings also attract illegal occupants or “building hijacking” who overcrowd them, violate city by-laws and engage in illicit activities. The biggest challenge is evicting them:

Perception is the main problem.....that the inner city is dangerous, crime ridden, dirty place characterized by squalor, overcrowding and illegal building occupation. But building hijackers and illegal occupants make this perception even worse. Evicting these people from the dangerous buildings is a challenge that government has been unable to effectively deal with both at policy and practical levels (interview with Herbet Prins, Partner/Co-director at HMJ Prins Architects).

Moreover, illegal occupants create uncertainty for those owners who intend refurbishing their buildings about whether the neighbour will do the same or not. While the ubiquitous practice of “building hijacking” normally affects absentee landlords, it is an even more serious threat to private sector investment when it affects buildings whose owners are present and looking after them⁵⁴. On the other hand the regulatory environment does not seem to help. As discussed in chapter 5 the PIE Act makes provisions for procedures to be followed when

⁵⁴ Some property developers and managers interviewed in this study once had a building they owned or managed forcefully invaded and illegally occupied e.g. Connaught Properties, Itemba Property Trust, Skyway, ADPROP property management.

evicting people. This is often problematic as prospective investors who intend purchasing an illegally occupied building often face problems and potentially high costs in evicting the illegal occupants:

Before refurbishment you have to spend R100 000 to make an application for the eviction order to the high court, then R300 000 for the Red Ants⁵⁵ to evict the people, then R500 000 to provide security in the building while planning the refurbishment project and now you have to find alternative accommodation for the evictees. In total you have to spend more than R1mil before you even start refurbishment (interview with Nick Obel, Director of CityNet Property Group).

The City of Johannesburg has been grappling with this problem for some time. However, organizations such as the Wits Law Clinic, the Human Rights Commission and courts have in the past successfully challenged the legality of such actions on the basis of the PIE Act and violation of constitutional and human rights, even though illegal occupants may be in violation of city's by-laws. For instance, in May 2006 the Johannesburg High Court ruled in line with the provision of the Pie Act that no evictions were to take place without providing people with alternative accommodation (Naidoo, 2006).



Photos 7 and 8: Some derelict buildings in Doornfontein (left) and Hillbrow (right). Overcrowding, illegal activities and non-compliance to by-laws is common in these buildings. Evicting illegal occupant is often a major challenge.

The City of Johannesburg successfully appealed this decision to the Supreme Court of Appeal which ruled in its favour on 26 March 2007 (Tromp, 2007),

⁵⁵ The Red Ants is a specialised security company that is often utilised by authorities and property owners to undertake eviction operations in the inner city and informal settlements.

sparking fear of mass evictions of about 70 000 illegal building occupants (Mkhize, 2007). This decision was later challenged by the Wits Law Clinic, which acted on behalf poor people and the Johannesburg High Court also ruled on 15 April 2007 that while evictions were not illegal, occupants should not be evicted in one go. In its injunction, the High Courts stated that tenants had to be treated individually and according to individual circumstance (Cox, 2007). This is likely to lead to further delaying prospective refurbishment projects.

The problem of illegal occupants is likely to remain a challenge to private sector investment unless mechanisms are found by stakeholders to harmonise the desire to attract investment with the needs of the community. There is no immediate solution in sight to the problem. Most respondents pointed to the need for a more socially aware regeneration approach focusing on, among other things, the need to provide social housing in the inner city, improve public education, better engagement between the City of Johannesburg, the private sector and Wits Law Clinic, Human Rights Commission and courts so as to address the problem of “building hijacking” and illegal occupation.

Unregulated informal traders

Unregulated informal traders are generally perceived as an anathema, primarily because they create unsightly environments, run uncoordinated activities, produce large quantities of litter and are seen to be competing with established retailers. In addition, activities such as preparing foodstuff on open fires pose risks to themselves and other users of the inner city.

Hawkers pose a potent fire risk not only to themselves but also to neighbouring buildings and cars. They cook chicken and other foodstuff on open fire next to buildings and make the place very dirty. Others say they compete with retailers...I don't think this is as big a problem as is the first one. We have the so-called by-laws that regulate this activity and others, but there is no enforcement. Metro police and city officials simply turn a blind eye to this serious problem (interview with Jonathan Gimpel, Director of Atlas Studios).

During the 1970s informal trading was largely not permitted in the City of Johannesburg (Emdon, 2003; Tomlinson and Larsen, 2003). As a result there were merely 200 to 250 street traders in the inner city by the end of 1970s (Emdon, 2003; Robinson, 2003). However the abolition of restrictive laws and

the deregulation of informal trading in the 1980s saw an unprecedented proliferation of commercial activities characterized as informal street trading. The subsequent acceleration in population turnover as well as the arrival of large numbers of foreign African immigrants provided economic conditions for new informal activities to flourish on the inner city's crowded streets (Gotz and Simone, 2003).



Photos 9 and 10: While major retailers such as Edgars and JET have intensified their space uptake in the inner city, informal traders are seen as formidable competitors (left). Uncoordinated informal trading is also perceived to creating other problems such as producing litter and the sense that the city is not properly managed. Preparation of food on open fire (right) next to buildings is a serious health and safety risk.

In 1990 alone the number of informal traders in Johannesburg increased to about 15 000 (Rogerson, 2000). The biggest challenge facing the city is to manage this activity which has proliferated in most of its parts as it create a perception that the city is not properly managed. Unregulated informal trading is also perceived as legitimizing by-law infringement and entrenching perceptions of lawlessness in the inner city. While the city has pumped large sums of money into precinct upgrading projects and preparing urban space for formal business, very less has been investing in providing suitable spaces for informal traders, hence they are perceived as outsiders. Addressing concerns around informal trading was identified by respondents as needing urgent attention. Similarly activities such as regular industrial action, marches and regular taxi violence in the inner city are considered to be creating a perception that the city is ungovernable.

It may also be argued that the perceived ‘problem’ of unregulated informal traders is one of many flaws of the preoccupation with the competitive cities and world city approaches that the study identified. These approaches tend to prioritize certain ‘important’ sectors of the economy than others (e.g. formal over informal) (Robinson, 2002). This informal sector is thus trivialised, treated as ‘other’ and largely ignored in city planning, hence its subsequent perception as problematic by the private sector. It will be a useful discipline for the city of Johannesburg to draw policy insight from the ‘ordinary city’ model. This model promotes alternative models of development, sees the connections, rather than conflict, between informal and formal economies, explores links between diversity of economic activities in any ordinary city, and emphasizes the general creative potential of cities, rather than those approaches that support some sectors to the detriment of others (*ibid*).

Crime and ineffective policing

The perception of high crime and ineffective policing was common among respondents. Crime was also regarded as a key factor influencing investment decisions and changing it overtime is therefore likely to unlock the investment potential of the area. The discussion on crime and its impact on investment decisions continues in paragraph 7.6.5 below.

Accessibility, traffic congestion and lack of parking

The shortage of parking causes traffic congestion, forces people to park their vehicles in dangerous areas and increase their exposure to crime. The rapid space up-take in the inner city by tenants is likely to make the situation worse. While limited parking and traffic congestion were identified as problems, it is unlikely that they will have major long-term adverse effects on private sector investment. These problems are not unique to the inner city but rather prevail throughout the metropolitan area of Johannesburg. On the other hand, traffic congestion outside the inner city is likely to encourage inner city living or create an advantage for living closer to work for those who work in the area and do not

want to spend hours in traffic. Notwithstanding the above comments, there is a general sense that the City of Johannesburg should look at creative ways of dealing with parking problems, accessibility and traffic congestion challenges.

Outmoded building configuration and design

Building configuration and design was identified as a problem. Due to age, old the design and style, some buildings are incompatible with business needs and technological requirements of today.

Building footprint sometimes discourages business location in the inner city. As production methods and products of different companies have changed, companies' space needs have also changed. Most buildings cannot accommodate such a change. Like now call centre business is growing and the inner city, because of large workforce and public transport, has an advantage to attract this kind of business. But building configuration and infrastructure is not always compatible with today's technology demands (interview with Kura Chihota, National Leasing Manager, Gensec Property Services).

In line with traffic planning policies of the 1960s which restricted access of private vehicle to the inner city, some buildings were designed with little or no provision of parking space. This was identified to be a serious deterrent to investors and tenants alike, as the availability of in-house parking proved to be a major "selling point" especially in commercial buildings⁵⁶. The conversion of buildings from office to residential use may be a solution to the high demand for housing. However this may be marred by service deliver problems in rezoning applications, plans approval, clearance certificates etc. The JHI Report (2003) also warns practitioners against risks associated with the common practice of converting former office buildings into residential quarters:

Though analysts say demand for quality residential stock in the central business district, which has been redlined by banks, exceeds supply, the adoption of residential conversion has spawned some unwelcome practices and a moratorium on business to residential conversions was introduced to help better understand, plan and implement this trend. Zoning restrictions are also limiting cases of conversions. This is occurring simultaneously with a bad building/better building programme where evictions and outright demolition of certain buildings is being undertaken (p. 7).

In response to the problems posed by unsophisticated building designs, some respondents recommended the need to reconfigure existing buildings, relax building regulations and allow for the redesign of certain floors to cater for

⁵⁶ The experience among most property managers was that commercial buildings with in-house parking were likely to get tenants quicker than those that do not.

parking needs of buildings. For instance the City of Johannesburg can review certain building regulations that restricted the number of parking bays per building and allow for the conversion of certain floors to create parking space, where structurally possible.

Lack of social facilities and amenities

Ideas of promoting private sector investment may have difficulties in the Johannesburg Inner City because the area offers limited social facilities and neighbourhood infrastructure to support family living. Facilities such as public schools, health care facilities, crèches and places of worship and so on are important to support family life and to ensure that inner city residents can lead similar lifestyles as those living in suburbs. Active and passive open spaces as well as parks where people can meet, relax and interact with one another or where children can play safely are equally important. These facilities are essential to draw people into the inner city and improve the consumption of space, goods and services. Currently, such facilities in the inner city are poorly provided⁵⁷ or in a state of disrepair. One walks past a façade of windows and bricks and the city operates in a manner that restricts interaction, instead of operating as a network. Interaction is limited to enclaves of entertainment such as shopping centres and not in open spaces.

It may well be argued that the lack of social facilities in the inner city mentioned by some respondents bodes ill for the inner city. It implies that the inner city may not sustain the current demand levels and may not cater for long-term inner city living, under the current circumstances. Instead, the inner city may be best positioned to cater for young, single and footloose segments of population. However, this comes with other challenges as these groups tend to be highly transient, lead fast changing lifestyles and may react to emerging economic opportunities.

⁵⁷ Currently there are two parks in the inner city which constitute less than two percent of the built environment (CoJ, 2007).

The lack of social facilities, and amenities discussed above inexorably flies in the face of the advocates of the New Urbanism or those who support compact cities thinking. It highlights another dimension of limitations of ideas of New Urbanism in the Johannesburg inner city under current conditions and enables this study to contribute to the debate around the concept of urban compaction, based on the private sector perception. The need to provide more social facilities and other supporting amenities was regarded by most respondents as essential in drawing people into the inner city and supporting multiple livelihoods. Some respondents proposed the razing of those buildings that are dilapidated beyond rejuvenation to make way for social facilities such as schools, crèches, public open spaces, public parks, pocket parks and squares.

Lack of night life

The lack of night life in the inner city was perceived to be affecting the demand for space and other goods and services in the sense that some tenants may not wish to locate in an area that does not provide vibrant night life activities and facilities. This has major implications for private sector investment and patronage of the inner city:

You drive in the CBD after hours and it's just dead quiet....no action, nothing except just a few corner shops opened. Some streets are very dark. I can't imagine living there. I get very concerned about crime when driving in such deserted street. Improving night life in the inner city is definitely something to be looked at (Interview with Simon van der Loo, an independent property developer).

The JDA Report (2006) also cites the reasons such as a lack of large musical events as the cause for low activities in venues such as Standard Bank Arena. The lack of night life has a chain reaction in the sense that it translates into low demand for facilities and services such as restaurants, theatre, art and music as these normally become active at night. The low demand for retail services also translates to poor demand for retail space and subsequent poor performance thereof. The clear sentiment emerging from the interviews is that more efforts should be directed at improving nightlife and creating a 24-hour city. This, it is believed, will not only draw people back to the inner city and evoke idyllic and effervescent moments last seen in the 1960s when the area was economically

prosperous but will also improve the consumption of goods and services and space. Again the lack of night life, from a New Urbanism perspective, reinforces the argument about the limitations of urban compaction discussed above in the current inner city context. It suggests that currently the inner city is incapable of supporting multiple lifestyles.

Lack of a holistic approach to urban regeneration

There is a general perception that the urban regeneration has been devoid of credentials of a holistic, visionary and imaginative process. That is because urban regeneration initiatives, especially the precinct upgrading projects, have tended to occur in a few and discrete pockets of the inner city and not the wider area (see Map 5). This has led to “compartmentalised development”:

At the moment there are pockets of improvement. Once those pockets join up, they'll be more visible changes and regeneration would have made an impact in the inner city (interview with Geoff Thompson, CEO of Greenwich Property Management)

Notwithstanding the influence of American urban renewal models which promoted the stimulation of growth in some parts of the inner city with the underlying belief that benefits of investment will trickle down to other areas, in Johannesburg localities that have high economic development potential have been given preference over those that do not. This has resulted in certain parts being developed and others lagging behind, leading to unbalanced pattern of growth, fragmented development and contrasting cityscape.

The net effect of the above dynamics has been the uncertainty about the future of the inner city, increased the volatility of areas left behind and social polarization. This confirms that, as discussed in chapter 3, that the “market-based” approach to urban regeneration approach alters the urban form along the vectors of commercial imperatives and not social concerns. In response to the challenge discussed above, the general sentiment emerging from interviews is that urban regeneration should seek to create an integrated inner city. A more comprehensive urban regeneration approach is touted as important to ensure

that development encompasses the entire inner city and not only some of its part. Similarly, the need to increase government investment/ spending in urban regeneration is seen as essential in ensuring that urban regeneration initiatives occur throughout the inner city rather than in isolated localities.



Photos 11 and 12: Contracting cityscape? Building 101 Jorisen Street in Braamfontein on the left, a recently renovated into luxurious apartments. While this building and many others are symbols of private sector investment into urban regeneration, they have been criticized for being too expensive. On the right is a building in Hillbrow that tells a different story. While the latter area has high demand for residential space, neglected and illegally occupied buildings are prevalent.

Overcapitalization of property prices

The inner city property market, which became very active over the past few years, has engendered unprecedented growth in property values (JDA, 2005; JHI Report, 2004). The market factors as well as urban regeneration initiatives discussed in paragraph 7.3 above have further sparked an investor interest in the inner city never seen in years and set property prices on an upward pace. While this may be a good sign of positive change and growth, high property prices were identified, albeit by a few respondents, to have prohibitive effects to emerging property developers especially. From a tenant perspective, they can potentially lead to space being unaffordable, thus increasing the prospects of space oversupply and high vacancies.

In addition, a new tendency is emerging in the inner city property market of some property players, who tend ask for prices that are perceived to be not market-related:

Not so long ago prices for buildings in the inner city were affordable. But because now people are buying and investors are coming back, prices for buildings have increased significantly. Landlords in Hillbrow, for instance, would battle to sell their buildings, but now even buildings that are falling apart are asking top price. But some landlords ask for unreasonable prices. It's even better now to buy from auction than directly from owners (interview with Mark Tantum, Managing Director of Moonslik Investments).

Development of retail centres in townships: policy contradictions?

The recent trend of developing shopping centres in townships around the city such as Soweto was identified to be posing a challenge to both property owners and retailers in the inner city. The new retail facilities, which were approved after it was found that townships such as Soweto had been under-served in terms of retail facilities despite its large population size and rising household incomes (CoJ, 2005), were perceived by respondents as effectively competing with similar outlets in the inner city for consumers, dampening the demand for retail goods and space in the CBD and generally altering the retail landscape. Yet, in an apparent contradiction, the City of Johannesburg seeks to promote the inner city regeneration. Thus the two-pronged and paradoxical strategy is perceived to be threatening inner city regeneration. The JHI Report (2003) also points to this line of argument, stating that 'what remains a challenge for the city is how the twin priorities of supporting the CBD and increasing internal spend within Soweto will pan out' (p. 12).

While this argument emanates from research data and may appear plausible, it lacks market logic. It comes across as simplistic. Empirical evidence and experience in the city suggests that it is unlikely that township shopping centres will cripple the urban regeneration momentum. For instance, the works of Goga (2003), Beall *et al* (2002) and others show that the development of retail and commercial developments in decentralized nodes from 1960s onwards occurred despite stagnating economic growth throughout the metropolitan area.

The economic stagnation had suppressed any meaningful retail demand in the new decentralized suburban nodes leading to acute space oversupply. However, the demand was not shifted from CBD in favour of new suburban shopping

centres. In fact, studies show that retail activity in the inner city remained strong (Beall *et al*, 2002) and ‘the establishment of suburban malls did not lead to the demise of retail in the CBD’ (Tomlinson and Larsen, 2003, p. 47). This was despite the fact that suburban locations were considerably wealthier and had higher economic power than the CBD.

Currently the economy has been showing signs of growth and the townships may have significant purchasing power for retail goods, but such purchasing power is less than that of the CBD⁵⁸. Townships have an even lesser purchasing power than that of former white suburbs and therefore pose an even lesser threat to the CBD than suburban centres potentially did in the 1960s. In addition, the decentralised nodes, due to space shortages, are unlikely to see new major shopping centres which may pose a significant threat to the CBD. Yet the inner city has been, and still is, experiencing high demand for retail facilities. It also has a growth potential for retail facilities due to new opportunities brought by urban regeneration and a high space demand.

Most factors discussed above can be linked largely to most aspects that the City of Johannesburg has been trying to address through urban regeneration interventions (see also Table 8 on page 195). While on one hand they indicate the inadequacy of urban regeneration interventions to address various inner city problems, they, on the other hand, have serious implications for various theoretical constructs that underpin urban regeneration in the city. For instance, it can be construed (although not by first intent of this study) factors featuring in the ‘risk profile of the inner city’ such as the inadequate functioning of everyday municipal services, urban management deficiencies, ineffective policing, poor by-law enforcement and so on, raises serious questions about the plausibility of the competitive cities approach that underpins Johannesburg’s urban regeneration strategy. This indicates that more academic work is required around the

⁵⁸ In 2005 the household disposable income was R10.5 billion for Soweto, R52.8 billion for CBD, and R206 056 billion for the rest of Gauteng (CoJ, 2005).

relevance of the competitive cities approach in the Johannesburg Inner City. While an argument can be made, in the light of the above discussion, about the need for a policy shift away from competitive cities thinking and a focus on the efficient delivery of municipal services, the research results show that there is a great desire, from a private sector perspective, for a well functioning local government to engender higher levels of investment.

The above resonates with Robinson's (2002; 2006) argument for 'ordinary cities' and for moving away from competitive cities approach discussed in chapter 4. In the Johannesburg inner city, the preoccupation with becoming a globally competitive city that attracts investment have resulted in the prioritization of certain sectors of the economy, leaving behind other sectors and service imperatives. It can be a useful discipline for the city authorities to reverse this thinking. Robinson (2002; 2006), for instance, argues for the 'ordinary city' model which is an alternative model for development that emphasizes creativity, encourages connections between economic sectors, and which explores links between diverse economic activities, rather than focusing on only a few sectors of the economy that support the position of competitiveness.

Similarly, the lack of social facilities and social amenities as well as the lack of night life suggest that the inner city is not compatible with the ideas of New Urbanism which support compact, mixed-use and vibrant urban environments. Such ideas in the inner city face limitations caused by the inadequate availability of social amenities necessary to support multiple lifestyles and attract a divergent tenant base. On the other hand, private sector investment in the inner city is showing signs of rapid growth, in spite of the prevalence of risks, hindrances and deterrents discussed above. This indeed supports the assumptions of the modern portfolio theory thesis – that risks can be managed and that higher returns are often accompanied by higher risks as argued emphatically by Bob Litterman (2003). In fact a significant 88% of respondents stated that the

perceived risks would completely thwart their long-term investment ambitions in the area.

7.5 URBAN REGENERATION AND SOCIAL ISSUES

Although social issues were not the primary focus of this study, it was important to look at them as they are as pertinent to the urban regeneration processes as is private sector investment. Some writers argue that it is not enough for urban development to embrace policies of economic growth without illustrating how social issues will be addressed, if development is to benefit all sectors of urban society (Duffy, 1995). Johannesburg's urban regeneration strategy document intimates that urban regeneration will cater for social issues as a by-product of economic objectives (Fraser, 2005a; CoJ, 2004a). In other words, as economic goals are achieved, the benefits of economic growth will spill over to people in the form of new opportunities that will arise. It was against this context and background that the private sector views on social issues were explored.

Social issues in this study depict not-for-profit projects that positively influence the lives of the people especially the poor and less fortunate. Examples include, but not limited to, social housing, education and training, welfare service or any philanthropic work etc. The general perception among respondents in this study is that social issues have not been adequately addressed within the current framework of urban regeneration. This perception accretes among many academic writers and informs most literature on urban regeneration and the Johannesburg Inner City (Chipkins, 2005; Emdon, 2003; Gotz and Simone; 2003; Robinson, 2003; Tomlinson *et al*, 2003; Beall *et al*, 2002). And by the City of Johannesburg's own admission, this has been one of the major failures of the current regeneration strategy (CoJ, 2007). The lack of social housing is seen as reflected negatively through homelessness, social class exclusion, ubiquitous overcrowding and illegal building occupation. An ideological chasm also seems to exist between government and social groups on how social issues should be addressed.

At the same time urban regeneration projects, including those implemented by the state, continue to flagrantly create an environment that caters less for the poor by providing unaffordable facilities that exclude the poor from cycles of consumption. Urban regeneration, which began as grandiose plan to revive the declining inner city and promised to re-create a city to which all belong, has become a source of unremitting skirmishes between the government and civil organizations and a litany of political diatribes from a social front (Rondganger, 2005). This is not unexpected. The regime theory contends that governments are likely to elevate private investment above the social issues because governments in liberal democracies tend to depend on the market to satisfy human needs (Harding, 2000a; Lindblom, 1977).

While in Johannesburg, private sector investment is portrayed as the means for satisfying human needs and business tends to be accorded privileged status in fulfilling the government objectives of urban growth, private investment has not embraced all interests, and has been largely oblivious to community needs. Cases of homelessness and destituteness continue unabated. The current regeneration strategy has been unable to reconcile the private sector needs to make profit whilst meeting the needs of all inner city citizens, especially the poor.

Yet, in spite of the well documented benefits of equitable growth such as the relief from personal constraints thereby reducing poverty and crime (Stone, 2006; Palmary *et al*, 2003; Glaeser and Kahn, 1999), discourses of equity and resource distribution have been trivialized as private sector investment and economic growth have become both the sources and drivers of economic growth and urban change. Private investment has been made, to use Mike Raco's (2003) words, 'an important source of strength in an increasingly fierce climate of competition between places of hierarchical status and prestige' (p. 38). Or, to reflect on the growth machine thesis, 'the activism of entrepreneurs is, and always has been, a critical force in shaping the urban system' (Logan and Molotch, 1987, p. 52).

This form of marginalization and the failure to accommodate all social groups is likely to lead to regeneration products, no matter how shiny and attractive, being rejected by the downtrodden majority of the inner city population. The city is viewed in terms of its use exchange-values as a profit-generating centre for local property developers and not in terms of its use value, thus systematically excluding those who cannot afford products developed by such arrangement. Such principles are also inconsistent with government's popular adage that "South African belongs to all who live in it". The housing schemes such as the Brickfields housing development have attempted to provide housing for lower middle income groups, but they have been grossly inadequate (Cox, 2006).



Photo 13: Completed in 2005 to cater for lower middle income groups, the Brickfields housing development in Newtown has hardly addressed the housing shortage in the inner city, especially for low income groups.

While the private money is highly seductive, the private sector investment may not provide a reliable vehicle to cater for social issues for a number of reasons. *Firstly*, the private sector does not see as its responsibility providing social issues in its involvement in urban regeneration. Social issues are regarded as the primarily responsibility of the government:

You see, you must realize that we are accountable to shareholders of the company and we don't just spend money without showing a return of some sort. Yes, we would like to spend on social projects, but we simply don't have budget for that. To us social issues come second to commercial bottom-line (interview with Sandy Baans, CEO Flatmart/Jozi Housing).

Secondly, while the private sector in Johannesburg may have been involved in social issues such as low cost housing, education and training, welfare service or philanthropic activities, the social corporate responsibility of companies involved in urban regeneration is generally low. As illustrated in Table 11 (page 203), only 33% of companies interviewed had contributed towards social projects in their involvement in urban regeneration. Even in cases where some companies contributed to social issues, their contributions tended to be low scale in investment value and number of individuals they reached.

Thirdly, the private sector still expect above board returns from projects they regard as “social projects”, claiming that this is necessary for sustainability. While this may be based on business considerations, it is unlikely that the private sector may find social projects such as social housing particularly appealing.

The market under R3500 per month income bracket is not catered for. This is where government should be focusing. As private developers we can provide our services, but government needs to subsidize these developments, otherwise they are not commercially viable to us (interview with Renney Plit, MD of AFCO).

Fourthly, as noted above, most property developers involved in urban regeneration are footloose investors with investment interests in many other parts of the country (see also Annexure A). This casts doubt over whether the needs of the people (the poor and disadvantaged) can be provided for by the fleeting private sector investments which are also susceptible to fickle markets and economic trends. The sentiments emerging from research data is that there is a need for the City of Johannesburg to increasingly focus on social issues in general and social housing in particular, at policy level. This also includes attracting private sector investment (through partnerships and incentives) to the provision of low cost housing:

The government must subsidize private sector investment in low income units and should absorb the risk on the side of private investors. Maybe we need the government RDP⁵⁹ concept to provide government housing in the inner city (interview with Nick Obel, Director of the Citynet Property Group).

⁵⁹ RDP means the Reconstruction and Development Programme which was crafted after the advent of the democratic dispensation in 1994.

Box 7.1 Urban regeneration with a focus on social issues (Boston, US)

Case Study 6: The Case of Boston (US)

Boston held an important mayoral election in 1983. The city's economy was prospering and Raymond L. Flynn was elected with a manifesto "to share the prosperity". Several policies were implemented in order to realize this vision. The strong property market in the early 1980s had led to a shortage of low- and middle-income housing and the rapid growth in property values had displaced low to middle income groups from the market. Flynn introduced a linkage programme through which a fee was levied on downtown development projects to subsidize the construction of housing for the city's low-income residents. His administration negotiated inclusionary zoning agreements with individual housing and property developers to provide below-market rate units in their housing developments or pay an "in lieu" fee into the linkage fund. In late 1983 the Boston Housing Partnership was formed to assist community development corporations in rehabilitating and managing housing units in their neighbourhood and to further alleviate the housing shortage.

Boston also established a resident job policy under which developers and employers were required to target city residents, minorities and women for construction jobs and in the permanent jobs created by these developments. These commitments were applicable to publicly subsidized developments and, in an agreement reached by the mayor's office, the Greater Boston Real Estate Board, the Building Trade Council, and leaders of the minority community, for private developments as well. In addition, public schools agreed to make commitments to improve the school's performance in return for business community's agreement to give hiring preference to their graduates. Arrangements were made with several local employers to provide jobs paying more than a minimum wage and financial assistance for college tuition to students who succeed in public schools. The Flynn administration made conscious efforts towards pursuing balanced development and to bring previously disenfranchised groups into the mainstream development process. The specific focus was on not only housing and jobs, but the broader objective was to share the benefits of development generally throughout the city – an idea that soon spread across most US cities. The CRA required federally regulated banks and savings and loans to assess and be responsive to the credit needs of their service area. Failure to do so would result in lenders being denied charters, new branches, or other corporate changes they intended to make.

Other initiatives included the establishment of the Fair Lending Action Committee (FLAC) in Milwaukee in 1989, which comprised lenders, lending regulators, real estate agents, community organizers, civil right leaders and city. The FLAC was established after a study had found Milwaukee to have the nation's highest racial disparity in mortgage loan rejection rate. In order to increase lending to city's minority community the FLAC recommended that lenders in that area should direct 13 percent (equivalent of minority representation in the population) of all residential, commercial real estate, and business loans to racial minorities by 1991. Several low-interests loans programmes were proposed to be administered and financed by lenders, city officials, and neighbourhood groups. Fair housing training programmes were recommended for all segments of industry including lenders, real estate agents, insurers, and appraisers. Housing counselling centres were also established by lending community to assist first time buyers. The FLAC became so successful such that a permanent FLAC was called for to monitor progress in implementing FLAC in the entire Milwaukee metropolitan area.

Source: Squires (1997)

It is important for the City of Johannesburg should seek to achieve revival of areas affected by economic decline and at the same time focus on meeting needs of all its residents, especially the poor:

A well-run city tries to provide for all of its citizens, not only those who will prosper with the consolidation and growth of business in the region. The problems multiply, of course,

when those in need become concentrated in certain districts, and there is no mechanism to make the wealthier part of the area around the city pay towards the cost of special needs...There are no simple solutions, but cities cannot afford to ignore what is happening in the economy at large (Duffy, 1995, p. 4).

The Boston case study discussed above is a good example of how social issues, including social housing, can be addressed within the framework of urban regeneration. While this study does not propose the emulation of measures implemented in the City of Boston, lessons can therefore be drawn (as a matter of principle) from this example in the sense that 1) there were conscious efforts made at policy level to focus on low cost housing, 2) there was a long-term plan for the provision of affordable housing, and 3) both the public and private sectors were involved in effective partnerships to tackle social housing in the inner city.

7.6 PERCEPTIONS HELD ABOUT POLICY INSTRUMENTS DESIGNED TO ATTRACT PRIVATE SECTOR INVESTMENT IN THE INNER CITY

As discussed in chapter 6, instruments such as the UDZ, the JDA, the BBP, CIDs and various crime prevention measures are the pillars of the “market-based” urban regeneration strategy. This study found that these instruments have all been largely welcomed by the private sector. Generally, they are perceived to have a myriad of benefits and play an important role in facilitating investment. However, as discussed in the following paragraphs, these measures also perceived to have limitations both as concepts and in practice.

7.6.1 Urban Development Zones (UDZ)

The findings of this study indicate that the UDZ is perceived to have numerous benefits and advantages in the inner city. It offers an incentive for investment. It enhances the financial viability and profitability of regeneration projects thereby minimizing financial risks. It serves to bridge the gap between the cost of development and the value of the scheme on completion. In other words it makes regeneration schemes work which, without UDZ, would arguably have worked differently or not have worked at all. In doing so, it unlocks the

investment opportunities and the development potential of the inner city and stimulates growth:

The UDZ really improves project feasibility. I can tell you.....some projects we did would not have been successful without the UDZ. We initially did our feasibility studies and did not factor in the UDZ incentive. The project did not fly. But when we discounted the tax incentive, the numbers worked nicely (Interview with Trevor Mkhwanazi of Atterbury properties).

The UDZ is also accredited for making urban regeneration projects relatively self-financing without government having to spend large sums of money improving urban landscape. This benefit of the UDZ is important for markets such as urban regeneration which often have project viability problems due to the problems posed by economic depression of insalubrious environment and perceived risks (Adair *et al*, 2000; 1999). By creating investment opportunities, the UDZ encourages new investors to come to the inner city, those who left to return and motivate existing landlords to refurbish their buildings, thus effectively contributing to the rejuvenation of the large inner city areas. It therefore provides an additional incentive for investment other than the normal windfall gained as regeneration projects becomes profitable. The perceived benefits of the UDZ include its ability to off-set personal tax.

If you are running a property business you can off-set your personal tax against the UDZ tax incentive. In a long run you save as a business and as an individual (Interview with Kura Chihota, National Leasing Manager, Gensec Property)

Because the UDZ is a circumscribed area, it creates an investment focus and clusters investment. From this focus, it is expected that areas will grow and the surrounding areas will benefit from the economies of scale. The benefits of this growth will also spill over to other areas and thereby, to use local lingo, creating “ripple pond investment” (CoJ, 2004a). Another important perceived benefit of the UDZ is that it promotes the inner city or areas in which it is targeted and thus creating awareness about urban regeneration.

It symbolizes government’s commitment to inner city regeneration and sends good sentiments to the market, investors and the public thereby wading off the negative perception and instilling confidence in the inner city. Generally the UDZ

is perceived to be a good policy initiative by the private sector that has engendered commitment from property developers and investors to the urban regeneration process.

Perceived shortcomings of the UDZ

In spite of the fact that the UDZ has received growing support from the private sector, the concept is perceived as having some shortcomings. The administrative processes and registration requirements for the UDZ are perceived to be complicated. For instance, the issuance of the “certificate of location” and “certificate of occupancy” takes time and requires an inordinate amount of paperwork to be completed. This, combined with service delivery deficiencies on the part of municipal administrators (discussed in paragraph 7.4 above e.g. getting occupation certificate takes too long), is perceived as a discouraging element of the UDZ. It therefore not surprising that the general sentiment among respondents was the administrative processes around application, registration and claiming for the UDZ tax incentives should be reviewed. At the same time the underlying belief is that any substantial improvement to the UDZ is unlikely to fast track private investment, unless this is coupled with a significant improvement in the general delivery of municipal services.

In order to benefit from UDZ incentive refurbishments, improvements or extensions have to be carried out in a floor area of at least 1000 square metres (CoJ, 2004b). This is viewed as a flaw in the UDZ in that it seems to only address the needs of large and established property investors who own bigger spaces, leaving smaller investors out of the UDZ threshold. Similarly the UDZ scheme excluded sectional title building owners.

Sectional title investors do not benefit from the UDZ because it requires a minimum 1000sq.m for tax incentives to be granted. The threshold of 1000sq.m required to qualify for tax incentive is not enough and does not address the needs of smaller investors. This must be decreased to at least 60-100sqm. The lack flexibility in this regard renders the UDZ ‘a sugar coated pill’ for most of us (interview with Mr. Ricci Pollack, Director of Lifestyle Loft Apartments).

In addition, investors who wanted to use the scheme to renovate buildings before selling them were initially excluded from the UDZ tax incentive. *Firstly*, the incentive did not apply to purchase prices of buildings, meaning that the tax incentive was unlikely to act as a catalyst for property acquisition. *Secondly*, the UDZ had major flaws from a design point of view. The tax benefit of a refurbished building could not be transferred to a new purchaser or owner as a tax credit if a building was sold. Once a building was sold the tax benefits was lost:

The UDZ concept does not work for developers. The net effect of the UDZ for developers is zero if you sell the property. The concept therefore does not work for us because our schemes are mainly for sale and not for tenanting (interview with Mr. Rodney Weinstein, CEO of ZenProp Properties).

This means that the UDZ was originally designed to target mainly owner-occupiers of buildings or those who let refurbished buildings, a common problem associated with tax incentives as also found by other studies (McGreal, *et al*, 2002; Adair *et al*, 2000; Atkinson and Moon, 1994). While initially the UDZ did not address the latter two problems, the legislation has been recently amended to benefit owners of sectional title buildings and those who partially renovate buildings (Abraham, 2006). The tax benefit can now also be transferred as tax credit to the new owners who purchase renovated buildings in case the regeneration scheme has been sold (Dlamini, 2007). This revision in legislation was as a result of numerous requests during a three-day UDZ exposition in August 2005 to address numerous problems within the UDZ (*ibid*).

The legislation was also amended to allow for partial ownership and purchasing of refurbished building. For instance if investors buy a refurbished building, they can deduct 20% from taxable income for the first year and 5% thereafter. However it was important to reflect on these research findings which were addressed subsequent to the undertaking of this research⁶⁰. Another problem

⁶⁰ Clearly this revision of legislation was effected after some of the interviews in this study were conducted e.g. interviews with Ricci Pollack, Rodney Weinstein etc. who commented on problems that received attention from the government at a later stage. This is because some

identified in the UDZ is that it targets property development and investment as a business. It does little or nothing for other businesses or tenants who consume new spaces. There are no comparable incentives that seek to encourage other businesses to locate in the inner city other than property investors. Therefore, while the UDZ may lead to accelerated rejuvenation of inner city buildings, if that is not accompanied by incentives that seek to encourage tenants to locate in the area, it may potentially attenuate the consumption of space leading to oversupply, especially if there are changes in market that affect space demand such as natural market correction.

Even in catering for property as a business, the UDZ tax incentive only applies to limited types of companies. It does not cater for Public Benefit Organizations (PBO)⁶¹, loan stock companies, pension funds and section 21 companies. Some of the companies interviewed fell in this category e.g. ApexHi (loan stock company), Metropolitan Life Properties and Badiri Housing (pension fund) and many others. These companies regarded the net effect of the UDZ to their investment in the inner as nil, even though they continued investing in the area. Owing to the fact that the large scale property investments are usually driven by pension funds of large organizations, the UDZ may not serve as an effective motivating factor for this category of investors to locate in the inner city. While the above shortcoming may be in line with the country's tax laws, there may be a need to re-look at the legislation in order to facilitate private sector investment.

The above generally indicates that the UDZ is perceived as not sufficient as an incentive or the main motivating factor for private sector investment. What comes across from the findings of this study is that there is a desire for more, technically diverse and innovative incentive regimes over and above the UDZ.

We need more creative incentives, locally designed incentives such as special zoning and rates rebates for certain areas and penalties for others to encourage investment in the inner city (interview with Neil Fraser, Co-Director of Urban Inc).

problems with the UDZ were mentioned by respondents without knowing that the government has made attempts to address them.

⁶¹ Public benefit organization (PBO) or section 21 company don't pay income tax and are therefore excluded from the tax incentive.

Additional incentives such as rates rebates and tax holidays are believed to be suitable alternatives to the UDZ for regeneration projects located in specific areas within the inner city. Incentives for other businesses such as tourism, retail, small business development, foreign investment, arts and culture, media etc. are perceived as important as those that seek to stimulate property investment. At the same time, and as stated above, there is an underlying belief that the precinct upgrading projects should be intensified, encompass an integrated approach and should include efforts to strengthen government occupation of inner city space. The latter, it is believed, will attract more business in the inner city that works closely with the government institution, further bolster the momentum of private sector return to the area.

The UDZ is perceived to be contributing to the sharp increase in property values. While it combines well with the market factors to encourage property investment and private sector location in the inner city, it is perceived to be leading to overcapitalization of property values by owners who want to sell the tax benefit as a going concern:

The UDZ is the selling point for inner city buildings. But I've noticed bad tendencies that come with it. You see, the problem is with greedy owners selling their buildings who charge too much for their buildings just because they are in the UDZ. For small guys, especially those who don't carry a lot of money, this can make it difficult to afford properties.....and even if they do, they will take long to see profits because of high initial costs (Interview with Mr. George Palmer, Managing Director of Connaught Properties).

The efficiency of the UDZ is questionable even from a financial perspective. Like any tax incentives, the benefits of the UDZ are only realized if an investment scheme is profitable or makes reasonable income from which the UDZ depreciation tax allowance can be deducted. Property developers must therefore be in the scheme for the full depreciation period to realize the full extent of its benefits. Owing to the assumption that property developers are concerned with an investment class that will yield returns in a long-term and due to the fact that returns on property investments generally takes time to be realized, it may take even longer to see the real benefits of the UDZ tax incentive.

Worse still, if the investment scheme makes a loss, the UDZ will be of little benefit to the investor. That is because the UDZ does little to mitigate real project risks. If the project is struggling to make profit, the UDZ will have little effect on the investor's income stream. A business entity must therefore have conducted comprehensive due diligence before counting on the UDZ tax incentives for enhanced financial returns. Moreover, the UDZ does not provide investors with capital outlay normally required before the commencement of the refurbishment projects. At the same time, one can only apply for a tax rebate provided one has invested. But without capital outlay investors (especially emerging ones) can see no real benefit of the UDZ. It is for this reason that respondents saw the need to introduce upfront financial grants or measures to assist with start-up capital in the baskets of incentive offering available in the Johannesburg Inner City.

Although it can be argued that mobilizing start-up capital is primarily the responsibility of an individual investor, the above suggests that the UDZ is not a catalyst and does not spark regeneration. At best it merely facilitates active participation of established investors who already have capital to invest in building acquisition and refurbishments, enhances their profits margins and make property investment schemes cheaper in a long-term. In doing so the UDZ does little to encourage new and emerging investors, who may not possess substantial capital, to participate in the regeneration process. This has far reaching implications in terms of confining property ownership to established market players.

However, the question remains: is the UDZ really the main driver of major private sector investment in the inner city as sometimes claimed by its advocates? While this study does not have a direct answer to this question, it is difficult to agree with this statement based on the research data collected. For instance, the following comments were made by some respondents (particularly property developers) during the interviews:

The UDZ has no major advantages to us; we could have invested in the inner city even without it (interview with Mr. Scott Jones, General Manager of City Property Administrators).

We don't base our investment decisions on the UDZ tax incentive (interview with Mr. Steven Herring, Director of Herriot Properties).

I was involved in the inner city and regeneration before the UDZ came. I don't rely on the UDZ, I only rely on project profitability (interview with Mr. Gerald Olitsky, Managing Director of Olitsky Property Holding).

I got involved in the inner city before it came. I place no emphasis on the UDZ. No...my investment decisions are not influenced by it (interview with Mr. Adam Levy, Managing Director of Jungle Holdings).

The above comments contain sentiments that tend to impugn the veracity of claims which accord a probably unmerited status to the UDZ as the main facilitator of private sector investment. While the City of Johannesburg claims that the UDZ has engendered R1.1bn worth of private sector investment in the inner city (Abraham, 2006; Abraham, 2005a), it is doubtful (considering the above comments by practitioners) whether such investment, purportedly produced by the UDZ, would not have occurred without it. The results of this study suggest that such claims may be misplaced and their plausibility remains questionable as market factors tend to play a more dominant role in motivating private sector investment. Indeed 88% of property developers and investors interviewed stated that the UDZ initiative was not sufficient as a main motivating factor for their investment in the inner city (see Table 16 on page 209).

What remains a challenge though is to convincingly measure the potency of the UDZ in facilitating private investment. Unfortunately this was beyond the purview of this study. But unless a study is conducted to test the efficiency of the UDZ, claims about the UDZ remain difficult to substantiate. Another problem pertains to the dominant role played by market factors in facilitating private investment in the Johannesburg Inner City. This suggests that property developers in Johannesburg may be enjoying the tax benefits for investment decisions made not on account of the UDZ but other economic considerations.

The area is where UDZ tax incentives are applicable is also perceived to be small. While this may point out the desire to invest in other areas outside the inner city, this concern is worth noting. By focusing in a small circumscribed area and within definitive boundaries, the UDZ creates a shadow effect for other areas and potentially stifles development outside the edges of its boundaries. Although proving this effect scientifically was beyond the bounds of this study, there are merits to this line of argument. Studies have pointed at the effect of tax incentives confining development to discrete localities, thus increasing leading to the fragmentation of areas (Atkinson and Moon, 1994, Barnekov *et al*, 1989).

The UDZ also promotes the refurbishment of old buildings into new, high intensity and higher cost uses. For example old office buildings are converted into luxury loft apartments that compare favourably with suburban properties in terms of market prices (Piliso, 2006). While in the process many buildings may be put back into productive use and their economic lives are extended, some of the new development schemes are too expensive and unaffordable to ordinary citizens. This tends to exclude a large part of people who cannot afford from cycles of consumption and create an impression that the UDZ promotes the process of gentrification or makes the inner city an exclusive area for a few who can afford to buy goods and services.

While gentrification may be beneficial in bringing high income residents into the inner city thereby creating economic benefits such as increased spending and job creation and can be important in markets where households can afford high property prices and rentals necessary to sustain high-quality housing provision, the risk of gentrification is if it creates 'exclusive' locations for the rich without providing alternatives for low income earners in the vicinity of developments. This can effectively lead to the establishment of renewed ghettos with no sense of place or community. In addition, while gentrification may be associated with 'post-modern' differentiation of lifestyles, such 'differentiation may easily slip into

segregation, as groups associate with those with similar lifestyles and seek to defend the environment from intruders' (Couch, 2003, p. 7).

The UDZ tax incentive is criticized for not taking into account money spent by property developers in improving public places. The requirements such as the "occupation certificate" necessary to claim tax rebates make it impossible for property investors to claim tax rebates for money spent in improving pavements, street lighting, minor road works etc. The concept is also perceived to be not extensively promoted and thus is not well known by most investors. As a result the UDZ is perceived as doing little to change negative perceptions about the inner city. However, it is worth noting that the UDZ has received major support from the private sector, in spite of it alone being perceived as insufficient as the main motivator for investment. Indeed 81% of respondents were either registered for tax incentives or planned to do so; or would consider to investing in the UDZ area, given a chance; or would advise someone to do so (see Table 18 on page 212).

7.6.2 The Johannesburg Development Agency

The private sector has generally responded positively to the establishment of the JDA as indicated by 90% of the respondents who believe that the JDA fulfils its mandate effectively and efficiently. The JDA is applauded for its consistent efficiency in managing and executing the identified projects within reasonable timeframes.

The JDA has been efficient in project execution and adherence to project timeframes. In some instances they are even more efficient than our own company in managing large scale projects (interview with Mr. Christo van Zyl of Urban Oceans Property developers).

Projects managed by the JDA are perceived to have contributed to changing the negative perception of the area. They contributed to significant public infrastructure improvement and maintenance, employment creation and poverty alleviation. They aided stabilize the inner city, boosted investor confidence and encouraged follow through private sector investment. As explained earlier,

private sector investment activities have generally occurred in areas where precinct upgrading projects have been implemented. They also played a pivotal role in the retention of blue chip tenants in the inner city such as South African Breweries, Liberty Life and Sappi and attracted new ones such as the Road Accident Fund, Transnet etc. to locate in the inner city (Special Projects Reporter, 2005a).

The JDA is perceived to be effective in mobilizing stakeholders and coordinating various government, non-government and private sector organizations thereby enhancing public–private sector relations.

JDA coordinates various government activities and mingles with a myriad of stakeholders. As a result, it is ‘an all purpose vehicle’ in as far as urban regeneration is concerned (interview with Ms Georgina Jaffee of JTN Consulting Services)

By engaging various stakeholders, the JDA is seen as encouraging dialogue around urban regeneration and the future of the inner city since both government and the private sector have vested interest in the area. The JDA is increasingly seen to be a mouthpiece or a soundboard for the business sector. It is perceived as representing the private sector and often undertakes plans and projects that show sensitivity to private sector needs. For instance, projects such as the infrastructure upgrading of the Gandhi Square and Main Street are seen as preparing the urban landscape for private sector investment. At the same time, the JDA has been, together with the Central Johannesburg Partnership (CJP), instrumental in coordinating activities such as the establishment of CIDs which require meticulous stakeholder mobilization. This latter function of the JDA has since been taken over by Kagiso Urban Management, although the CJP still plays an overseeing role.

The JDA is also seen to be doing a sterling job in positively promoting the inner city and sensitizing the public and investors about urban regeneration. Through numerous campaigns, high-profile projects and activities the agency has marketed the Johannesburg Inner City and attracted property investors from many parts of the country.

JDA has marketed the inner city and sent good stories out there. This changed the public perception of the city as bad and created reasons for people to want to come back to the city (interview with Mr. Simon van der Loo, an independent property developer).

JDA created a hype about regeneration and got a flurry of investors. Somehow this has worked to send a message that the government is serious about inner city revival. We also bought into this story and got involved in inner city rejuvenation projects (interview with Mr. Nick Obel, Director of Citynet Property Group).

Perceived limitations and shortfalls of the JDA

One of the perceived limitations of the JDA is the fact that it is not an independent organization but is under control of the City of Johannesburg. As a result it is perceived as operating under some form of restraint; lacking autonomy in as far as decision making is concerned. Most of its decisions must first be ratified by metropolitan council. The JDA also has to follow similar budget approval and accounting channels as any other structure of City of Johannesburg and is subject to the very bureaucratic procedures associated with the government which it was purportedly established to circumvent. This inadvertently results in the JDA being viewed in the same light as the municipality – subject to the same municipal procedures. In addition, the fact that the agency's operations require council approval suggests it can only finance projects that the council sees as priority and necessary:

The JDA has limited authority. It can't take some important decisions as decisions still need to be first approved by council (interview with Mr. John Lambrou, Director of Re-imagine property).

The involvement of the political element in the operation of the JDA is even more problematic when considering that political office bearers tend to be in office over a fixed term (see also Beauregard *et al*, 2007). The JDA on the other hand is a permanent structure which should set long-term business objectives. The change in the political leadership and the introduction of new political visions may result in the JDA having to alter some of its plans. This has far reaching implications in terms of stability and consistency of the agency and sustainability of its projects.

There is a general belief that the JDA can operate better if it is accorded more independence in some aspects of its operation such as budget allocation for projects, project planning and prioritization etc. or be allowed to devise its own revenue generating mechanisms, raise funds from a wide spectrum of sources (including private sector and international donors) to implement certain projects that cannot be implemented within current budgetary framework. The JDA's "independence", it is believed, can also enable it to commit to long-terms projects without being affected by changes in the political leadership.

The JDA is criticized for the propensity of selecting projects in few isolated locales that appeal to the market and promise high economic returns or investing in urban regeneration schemes which are likely to bring the largest amount of private investment. While this may be because the private sector investments, which the JDA is trying to stimulate, are inherently spatially selective in favour of areas that are likely to generate most profits (Adair *et al*, 2000, Healey, 1995). The JDA's objectives are perceived as parochial and narrowly defined around economic indicators such as growth in rental and property values with little focus on the wider spectrum of societal needs. In doing this the JDA not only embraces the notion of token development but also perpetuates unbalanced development and a fragmented city.

There is a general perception that the JDA is operating under budget constraint reflected negatively in its projects occurring only in parts of the inner city. On the other hand, the efficiency of the JDA projects in facilitating private sector investment is also questionable. While private sector investments may appear to have been largely grouped around areas where the JDA implemented regeneration projects, it is likely that private sector investment would have occurred in these areas anyway and without the implementation of JDA projects. *Firstly*, this study found that market factors tend to play a more significant role in motivating private sector investment than urban regeneration initiatives, including JDA driven precinct upgrading projects.

Secondly, areas such as Braamfontein, Financial District, Newtown Cultural Precinct already had numerous intrinsic characteristics and market advantages that were likely to appeal to investors prior to the implementation of JDA precinct upgrading projects. For instance, a number of economic activities existed in these areas and major blue chip tenants such as three of South African four leading banks and other major corporate tenants had their headquarters located in areas where JDA projects focused. Because of their convenient location, intrinsic characteristics, high residential and commercial component and the existence of significant economic activities, it is likely that these areas would have been favoured by the market with little regard to whether precinct upgrading projects had occurred or not. Thus, the JDA may have spent large amounts of money upgrading precincts presumably to induce private sector investment that could have occurred in any case and on the basis of economic considerations, although this was not the focus of the study and was not explored.

To compound matters, the JDA's efficiency is tarnished by the perceived lack of extensive stakeholder consultation and grassroots participation in most of its projects. While it is regarded as efficient in mobilizing stakeholders (mainly government and private sector), its record is perceived as less than impressive when it comes to ordinary people affected by its projects and is thus perceived to be driving a vision that most people do not share. Again this may be attributed to the drive to achieve economic goals rather than broader issues affecting society (see also Beall *et al*, 2002).

However, in terms of the elite theory, such lack of stakeholder consultation by the JDA could be construed as the reflection of a pyramid structure of society that the elite theory posits. While the study did not focus on the JDA *per se*, the JDA may be viewed as one of those organisations which occupy a high position in society which make decisions on behalf of a large number of individuals. The problem is, elite theorists hold, not that the elites [or JDA] exist but rather that the

elite tend to determine the course of action with little or no involvement of the rest of the members of society.

While most shortcomings discussed above generally resonate with findings made by numerous studies in the UK and US particularly in experiences of the Urban Development Corporations (Frazer, 2003; Brownill *et al*, 2000; Atkinson and Moon, 1994; Imrie and Thomas, 1993), there are other locally specific shortcomings that the JDA is perceived to be mired in. Generally the JDA is perceived as lacking capacity to deliver some of the major projects under its management. The recent changes in leadership as well as the exodus of some of key personnel have tarnished its ability to carry out some of large scale and capital intensive projects. The recent practice by the JDA to outsource some of its projects⁶² confirms that the agency is under some capacity restraints. At a business level the sustainability of the JDA is questionable owing to the fact that it carries no major business risks on its own and its finances are fully subsidized by the City of Johannesburg.

The JDA is also criticized for poor accountability and running projects seen as wasteful expenditure. For instance, the installation of colourful mosaic tile patterns in the pavements of the Fashion District and other parts of the inner city is seen as an untenable act of profligacy, especially in view of its perceived budget limitations. In addition, the construction of the modern and landmark Nelson Mandela Bridge at a cost of R31million is perceived as an injudicious capital spending given the existence of the Queen Elizabeth Bridge adjacent to it. The latter serves the same purpose as the former of connecting areas north of the CDB and downtown districts.

I don't understand why JDA and Blue IQ wasted so much money building a bridge [i.e. the Nelson Mandela bridge] that serve the same purpose as Queen Elizabeth bridge just next to it and has the same vehicle capacity...Of course it looks nice and welcoming and all that, but to me that money could have been spent better somewhere else (interview with Mr. Paul Wygers, Managing Director of Urban Solutions).

⁶² In an interview with Monica Albonico it transpired that one of the JDA projects, the Braamfontein precinct upgrading project, had been outsourced to Albonico Sack Architects & Urban Designers.



Photos 14 and 15: The Majestic Nelson Mandela Bridge (left) at the entrance of the city centre in Braamfontein named after the legacy of a prominent politician. While the bridge is a befitting statue to the legacy of Nelson Mandela, an important landmark that connects the CBD with northern inner suburbs such as Braamfontein and is a symbol of regeneration, some hold that the construction of the bridge by the JDA was injudicious spending owing to the existence of the Queen Elizabeth Bridge just on the left hand side of the photograph. On the left, the decorative mosaic tile patterns installed by the JDA in Fashion District and in other parts of the city. Some respondents felt projects such as this one were a waste of public funds.

While the JDA is perceived to be effective in marketing the inner city, it is considered to have not done so in promoting itself and its services. It is also seen to be operating in a manner that does not illustrate cohesion with other municipal structures. For instance, it would often implement grand precinct upgrading projects and maintenance of public space. No sooner had it done so than ongoing maintenance and cleaning be left unattended leading to the deterioration of places it had just improved. Also, it can upgrade locations but cannot enforce by-laws. While ongoing maintenance, by-law enforcement and general cleaning of public spaces are functions of other municipal utility agencies (e.g. Pickitup for cleaning and JMPD for by-law enforcement) and are beyond the remit of the JDA, the emerging sentiments from this study is that the JDA can ensure better sustainability of its projects by improving its relationship with its strategic partners such as the municipality, the police and utility agencies.

It is for the above reasons that the agency's effectiveness is perceived to be affected by a limited scope of its functions. Recommendations such as service

level agreements between the JDA and its strategic partners were often made by respondents. It was also difficult for some respondents to justify the existence of the JDA as its mandate and functions are increasingly perceived to be overlapping with those of the Johannesburg Property Company (JPC). Both companies are subsidiaries of the City of Johannesburg and have in the past undertaken similar projects (within the framework of urban regeneration) in the inner city and elsewhere. For instance, contrary to its traditional mandate of managing properties under control and ownership of the municipality, the JPC has in the past embarked on major property development projects such as the Orlando Ekhaya mixed-use development. These types of projects are understood to be best suited for and falling within the mandate of the JDA.

The perceived sharing of mandates and functions suggests that resources are not optimally utilized as functions currently performed by the two entities (particularly property developments) can be effectively performed by one organization. The clarification of the JDA's mandate in relation to that of the Johannesburg Property Company (JPC) and streamlining the responsibility of the two entities is regarded as important. All of the above perceived shortcomings of the JDA suggest an ill-defined policy framework or lack of vision in terms of dealing with an array of issues.

7.6.3 The Better Building Programme

The principle behind the Better Building Programme (BBP) is generally touted as a good idea. The programme is perceived to hold a number of benefits both for the inner city and private sector investors. While about 20-30% of inner city buildings are classified as bad buildings or 'sinkholes' (CoJ, 2007), the BBP is perceived as the most potent vehicle for identifying and eradicating these derelict buildings. Most of buildings identified under the BBP are illegally occupied and used for many criminal activities. By evicting illegal occupants, the BBP is perceived as contributing to the overall clean-up of the inner and crime

prevention efforts in the inner city as physically deteriorating buildings tend to have high chances of chances of criminal invasion (Ward, 2006 and Hoyt, 2004).

Therefore by expropriating these buildings and making them available to private property developers for refurbishment, the BBP frees such buildings from illegal occupation, making them available for development. More importantly, the BBP is perceived as important in that it writes-off or writes-down monies owed by derelict buildings. By doing so it improves viability of regeneration projects which, without the programme, would have been too expensive or not viable taking into account utility money owed by these buildings in authority charges.

The BBP is also perceived as the boon for creating investment opportunities in the inner city. The refurbishment of old buildings into new uses under the BBP means that old derelict buildings are brought into productive use and more space is made available for accommodation purposes. It also serves as an incentive for development. It plays a significant role in facilitating urban regeneration in general and stimulating private sector investment in particular. Because most owners of these cannot be traced (i.e. absentee landlord), which makes it difficult for property developers to purchase them in the open market, the BBP, at least in principle, expedites the release of these buildings for development.

Limitations and shortcomings of the Better Building Programme

The BBP is perceived to have limitations (both as a concept and in practice) which suggest that the programme, in the current format, is not best positioned to facilitate private sector investment. In practice the BBP is perceived as slow and cumbersome (also noted by Fraser, 2005b). This is due to legal procedures and problems associated with the expropriation of property and the transfer of title to new owners. Many buildings under BBP are therefore poised in this “legal limbo” in spite of a high interest from property developers and the demand for space in the inner city. Property investors who purchase buildings from the BBP for

refurbishment and secure tenants through pre-letting arrangements end up losing prospective tenants in the process.

The transfer of these buildings takes too long, about 2 to 3 years. We have bought a building through the Better Building Programme in 2003, but we still have not taken transfer yet... and the tenants we had secured leases with became impatient and cancelled offers (Interview with Mr. Sandy Baan, CEO of Jozi Housing)

Excessive bureaucracy and poor service delivery in BBP administration is also perceived to be playing an important role in these delays. As stated earlier, getting rates clearance certificate takes too long. Inevitably, respondents felt the need for a major review of the current format of the BBP both at policy and implementation levels.

The administrators of the BBP – the Johannesburg Property Company (JPC) – are perceived to have limited capacity to efficiently administer the programme or address problems it faces. Even if innovative ways of dealing with problems exist, the JPC is seen as lacking autonomy to take decision without council approval. This means the JPC itself is seen as ineffective if it cannot independently take certain decisions. For instance, the JPC cannot independently decide on writing-off or writing-down arrears amounts without council approval and such approval also takes time. The recent exodus of key and competent personnel (e.g. Mr Jeff Mendelovich) was cited by many respondents as only compounding matters. Some buildings are in a poor state of repair and are not suitable for refurbishment and should be redeveloped.

Another problem with the BBP pertains to the eviction of people. While the BBP was perceived to present an effective vehicle for evicting illegal building occupants, this comes with certain implications. Basically the negative effects of the evictions are two fold. *Firstly*, in a legally hostile environment, there is an obligation to find evictees alternative space at investor's cost as per legislative requirements. These costs are likely to increase the financial burden to prospective developers and affect project viability, considering that developers intending to evict people have to pay purchase price for a building, pay for

arrears amounts in municipal rates and tax, at times and find and pay for alternative space to accommodate evictees.

Secondly, there is a moral dimension to evictions. Evicting people from buildings they have been living together as “community” for a number of years result in disorientation, the breaking down of social bonds and relationships, leading to the disintegration of social fabric. Most people evicted are poor and unlikely to cope with life after eviction:

Just because they are poor does not make them bad people who should be treated unfairly (Interview with Mr. Renney Plit, Managing Director of AFCO)

The BBP, like the Urban Development Zone, is perceived as the most potent vehicle for achieving the gentrification in the inner city. It is at centre of economic regeneration philosophy and is therefore perceived as an inappropriate vehicle for achieving housing for all population groups. The programme is thus perceived to be turning the city into a business entity in which those who can afford live. The BBP is also criticized with regards to the allocation of buildings. There is a general perception that the BBP tends to favour established property development companies and follows clandestine procedures in building sales. While this may be because established property developers are likely to be experienced, efficient and have capital to undertake projects, the programme does little to promote emerging investors. Hence there is a belief that the process of awarding buildings under the BBP should be transparent and open and that the BBP should embrace the objective of promoting diverse property ownership in the inner city:

Some buildings are identified and registered under the Better Building Programme, but you just don't know what happened to them.....The next thing you hear some developer has bought them (interview with Mr. Joel Neuhaus, Director of Framework Property Group).

The above problem is compounded by the fact that the BBP is perceived as not well-marketed and is largely unknown especially by emerging practitioners. Another problem with the BBP, although not emanating from research data, is that the principle behind it is morally unsound. The BBP encourages property

developers to acquire buildings whose owners failed to keep up with the payment of municipal charges. These buildings are purchased at ridiculously low prices and converted into lush apartments to be sold at high prices, thus making the BBP a potent financial multiplier. The BBP shows local government's lack of sensitivity towards the unfortunate property owners who fell victims of circumstances of urban decline, most of which were beyond their control.

The above is even more concerning considering that, as discussed in chapter 5, the municipality itself contributed to urban decline. Ideas such as helping these victims of urban decline through their misfortunes, as done with say the victims of poverty have but fell by. Worse still, the City of Johannesburg in 2004 wrote off R2billion worth of arrears in municipal rates in Soweto. Such relief mechanisms were never considered in the inner city environment. Instead buildings owing in arrears are repossessed. Thus the BBP may represent policies of double standard on the part of the city council, in managing its urban affairs.

7.6.4 City Improvement Districts (CIDs)

The research findings indicate that the private sector generally holds a favourable view towards the notion of CIDs and their intrinsic purpose. Consequently crime is perceived to be generally lower in CID-areas. This is because most CID-areas coincide with areas where CCTV cameras have been installed⁶³, meaning that CID-areas enjoy the multiplicity of crime prevention mechanisms. Secondly, the CIDs are perceived to be adding tremendous value in the inner city life in supplementing the urban management functions of the City of Johannesburg.

In line with the primary purpose for which CIDs were established, CIDs are perceived as effective in precinct cleaning, crime prevention and maintenance of

⁶³ Although a map showing the location of CCTV cameras could not be obtained, it was revealed in an interview with Kagiso Urban Management, a company that co-manages the CCTV cameras and CIDs, that the 110 CCTV cameras in the inner city exist in the same areas that have been demarcated as CIDs. This means small areas (mainly commercial) are enjoying multiple crime prevention interventions.

public spaces. Spurred by the underlying belief that the supervision of public space deters criminal activity and in an environment characterized by the perceived collapse in mainstream crime prevention mechanisms, the CIDs enable people to walk freely in the zones where they exist because they feel safe. This because the routine activities such as regular patrols conducted by security guards employed by CID organizations provide a sense of security to visitors of the inner city and residents. Dubbed “safety ambassadors” and “bobbies on the beat”, local security guards act as, to use the words of Jane Jacobs (1961), ‘effective eyes on the street’ (35). This bodes well for private sector investment and promotes the inner city as a safe environment.

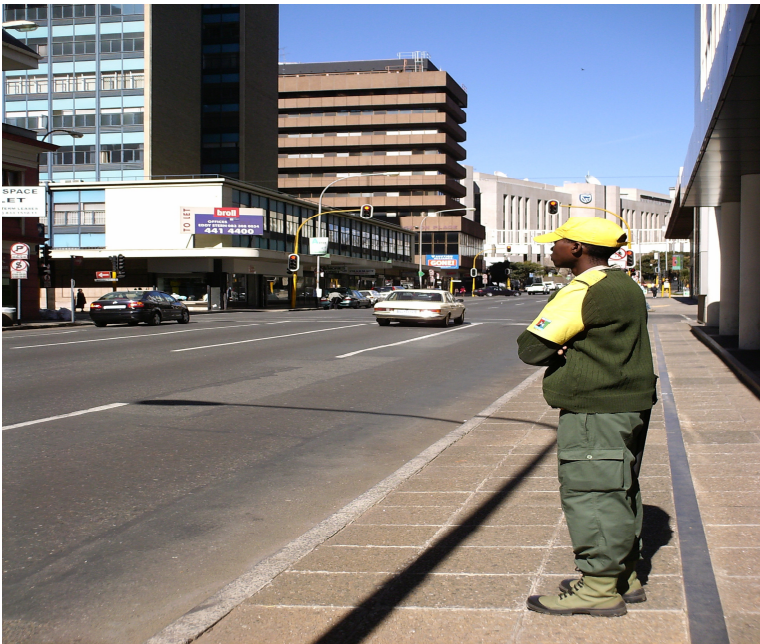


Photo 16: Bobby on the beat! A security guard employed by the City Improvement District (CID) in the Financial District watches carefully at the proceedings in Simmonds street. Due to the work performed by the CID, the area in the background evidently looks clean and inviting. Yet the limited scope of functions is perceived as minimising the efficiency of CIDs.

The organizations coordinating CID activities in the Johannesburg Inner City (e.g. Kagiso Urban Management and Central Johannesburg Partnership) are seen as playing an important role in networking various public and private sector stakeholders. These organizations are perceived as more responsive to private sector needs in that they relay views and matters emanating from the private

sector to the municipality for consideration. CIDs also enable property and business owners to take control of their own security and cleaning. They are perceived as more reliable in service delivery and account better than the government under circumstances where the latter is perceived ineffective.

Sometimes as a business person you don't want the impossible. All you need is just a clean environment where you can do business in and bring clients. The city council has been unable to provide as simple things as clean streets. On the other hand CIDs have done a good job in this regard (interview with Mr. Joel Tollman, Director of Zulberg Estate)

In areas where CIDs exist, the perception is that there is a great deal of improvement. While CIDs focus on areas of shortcoming of city authorities, in most functions they are generally perceived to be outperforming various service delivery structures of municipality which they augment. Their business processes are perceived to be simpler, efficient and have less bureaucracy than government:

CIDs run on their own steam and their processes are much simpler. There is virtually no bureaucratic red tape in CID management that one finds in government. You look outside the window and see a big difference between now and the time when we didn't have CIDs. It's amazing!! (interview with a senior business executive who requested anonymity).

Through their functions, the CIDs create a sense of belonging, community/neighborhood, civic pride and create jobs. They help to restore investor and public confidence in the inner city, attract investment and facilitate the revival of inner city locations. The CIDs also promote certain areas as a clean and safe environment thus contributing to inner city marketing. By creating sanitary pleasant environments, the CIDs improve attractiveness of the inner city, encouraging people and business to locate in the area, thus improving occupancy levels and leading to increased property values in areas where they operate:

The CID initiative is the best approach of saving the city. Through the work of CIDs the economy of the inner city has improved enormously. Big companies such as Transnet have now returned to the CBD. Strengthening the work of CIDs can only produce success (interview with a senior business executive who requested anonymity).

All of the above bode well for property investment in that it influences the market, indirectly stimulating the demand for inner city space thus creating the need to refurbish buildings. And because CIDs operate in circumscribed areas, they are perceived to be creating an area of business focus where most development can take place. The net effect of this is the stimulation of urban regeneration in certain parts of the inner city which, in theory, would subsequently permeate nearby areas. Consequently, CIDs are perceived to be the private sector's way of contributing towards urban regeneration and represent a combined effort of landlords to fight decay:

It's almost the only way in which you can sustain urban regeneration. They [CIDs] are eyes and ears of owners and tenants (interview with Mr. Anton De Leeu, Chief Executive of YDL Property Educationists).

I don't see another solution in a short to medium term [other than CIDs] (interview with Mr. Nick Obel, Director of Citynet Property Group).

Limitations and shortcomings of CIDs

One of the major perceived limitations of CIDs is the fact that there are a few of them of them and those that exist tend to focus in small circumscribed zones of operation. This is seen as minimizing their impact on a citywide scale. Consequently, increasing the number of the CIDs, increasing their area of focus and spreading them throughout the inner city is believed to an important intervention to ensure that the whole inner city benefits from their services:

The whole inner city should be an improvement district (interview with Professor Francois Viruly, Director of Viruly consulting).

CJP needs to increase the number of [CID] security guards. At the moment guards are few and far between and less effective (interview with Mr. Steven Herring, Director of Heriot Properties).

While making CID affiliation mandatory for all property owners located in the CID boundary is often suggested as a possible model of replicating CIDs throughout the inner city, this may be problematic as it is inconsistent with the principles of democracy which support decision-making by way of majority stakeholder consensus. At the same time the CIDs' scope of function is generally perceived to be limited and they only provide a few services:

There is a gaping hole underneath what we do. Although we are considered effective in main functions we perform, we've come to realize that the extent of challenges is much

wider than the scope of services we provide. But unfortunately we cannot do everything the council's supposed to be doing (interview with Mr. John Spiropoulos, Director of Kagiso Urban Management⁶⁴)

For instance, the CIDs are tasked with regulating order and eradicating incivility, yet they can hardly enforce by-laws and cannot make arrests. The guards are also unarmed and are seen as lacking power to deal with perpetrators or even protect themselves. This, in turn, together with the perception of limited funds, is considered to be hampering the effectiveness of the CIDs by those who desire to see the CIDs doing more. Therefore the general perception is that CIDs should seek to expand or enrich their functions to include other aspects within the urban management framework. It is also believed that CIDs can perform some functions that are traditionally provided by police such as manning control rooms, coordinating information received via CCTV cameras, enforcing by-laws and possibly sub-contracting to the JMPD for certain non-core functions.

The CIDs are seen to be lacking independent power and authority to take decision and their operations are perceived to be largely controlled by business people and local government. Also due to the fact that they focus in a few areas and have the ability to facilitate development in areas where they occur (Heimann, 2007), by focusing in a few areas CIDs encourage and confine development to circumscribed localities thus entrenching the pattern of fragmented development. While this is premised on the notion that growth and development will permeate to other areas, such permeation has been evidently slow. The CIDs have also tended to occur in areas where precinct upgrades have occurred. This creates the perception that CIDs facilitate urban regeneration in discrete pockets of the inner city and further divide the city into compartments of development and underdevelopment.

The problem of a limited number of CIDs is even more concerning with regard to their crime prevention function. By existing in few isolated localities, CIDs leave

⁶⁴ As stated Kagiso Urban Management is the company that coordinates the establishment and management of CIDs in the inner city and other outlying areas.

non-CID areas without service. This has also been found by other studies (e.g. Hoyt, 2004; Lloyd *et al*, 2003):

But a CID has defined borders. What happens on the other side of the borders? (interview with Ms. Kecia Rust an independent consultant and property investor).

This means that while other areas within CID boundaries are enjoying extra surveillance and protection that comes with CIDs, the interstitial non-CID areas are left vulnerable to crime. Worse still, crime can be simply displaced to these areas as found by the study conducted by Lloyd *et al*, (2003) in Los Angeles. The following story⁶⁵ was narrated to the researcher during one of the interviews:

A friend of mine came to my office the other day and I was bragging to him about how safe the city is now that we have CIDs and CCTV cameras. He was not convinced that crime had decreased in the inner city. A few minutes later after he had left the office he called me in an anxious state and said “Gerald, I told you that these CIDs are not working, I’ve just been mugged and my briefcase was stolen”. I soon asked where exactly he was mugged. I quickly looked at my map and I realized that the area was actually outside our CID (interview with Mr. Gerald Olitsky, Managing Director of Olitsky Property Holdings).

While the above story suggests the negative effects of few CIDs in spilling over crime to non-CID areas, proving this satisfactorily is often difficult because the possible signs of crime displacement are differently manifested (Hoyt, 2005; Welsh and Farrington, 2003; Braga, 2001) and was also beyond the remit of this study. Save to say that the concern among private sector practitioners is that the few CIDs existing in the inner city are generally seen to be effective in displacing social problems and crime, to other non-CID areas.

Another challenge facing CIDs stems from the amounts of money they impose on business and property owners in order to perform their services. As explained in chapter 6 paragraph 6.4.4 above, respondents identified some of the shortcomings of CIDs as that they are too expensive (23%) or represent a double charge for similar services (24%). The amounts charged by CIDs are thus seen as a surcharge levy over and above normal municipal rates charges. Because of

⁶⁵ The story is an edited version of the discussion. However, sentences in inverted comas are verbatim comments made by the respondent during the interview.

this perceived double charge for comparable services, the establishment of CIDs often faces difficulties in getting a buy-in from property owners.

Sometimes it is difficult to motivate to the board the amount of money paid to the CIDs by value of service received. At the same time there are charges for municipal services [rates and taxes] which are also high. Bringing the two costs together makes a huge amount of money. As owners of a sizeable portfolio we are looking at providing the CIDs service ourselves to minimize costs. In that way we can also negotiate prices with service providers. (interview with Mr. David Rice, Managing Director of ApexHi Properties).

There is a belief that the City of Johannesburg can and should facilitate the establishment of CIDs by applying corresponding adjustment of municipal rates to compensate for monies charged by CIDs or use a fraction of rates and taxes revenues received to facilitate the expansion of CIDs into other areas (such as residential areas). This, it is believed, can minimize the impact of costs associated with the establishment of CIDs. The rule that makes payment of CID levies compulsory for all if 51% of property owners support CID establishment is also perceived to be imposing undue and unplanned for costs to other property owners. Again, this makes the process of establishing a CID an onerous one and may lead to CIDs not being fully supported by the remaining 49% of property owners who may regard the CID levy as a “grudge payment” and boycott it.

The costs associated with establishment and operation of CIDs are an even bigger problem in those sectors of the inner city where low income communities cannot afford the CID levies. This reduces the affiliation to CIDs to simply a financial transaction that is likely to work best in areas where people can afford the CID levies. It is not surprising that 15% of respondents in this study stated that CIDs tended to be business oriented or dominate commercial areas where business and property owners are likely to afford CIDs levies. In stark contrast, residential areas where property owners in sectional title schemes are unlikely to afford CIDs services have been left without CID services. Therefore the CID concept has benefited the business rather than the residential component of the city.

But businesses operate in the inner city only for a defined period of time and the population in these areas is also transient. This means that CIDs focus in the sterile sector of the city which is only active during “business times”. It is for the above reasons that some respondents felt that CIDs were profit-driven rather than socially responsive. In addition, 17% of respondents identified as a limitation of CIDs the fact their operation is time-bound as they maintain their presence only during working hours and are not operational at night. This, combined with poor lighting, makes areas more vulnerable to crime at night and limits any business activity and night life. It also has far reaching effects for commercial activities (e.g. restaurants) as it makes people feel unsafe after working hours and therefore discourages them to visit certain areas. The CIDs are seen to be working in isolation from other stakeholders such as the police and utility entities.

The security guards employed by CIDs tend to discourage people from loitering, relaxing and sitting in some parts of the inner city. However, this is perceived to constitute private sector regulation of public space. While their function also include eradicating incivility and untoward behaviour, this function easily fall into imposing undue public restraint and unjustifiable restrictions in areas perceived as public space or at worst infringing upon individual rights to use public space.

These security guards [employed in the CID] discourage relaxation in town. Sometimes youngsters or even elderly persons, would sit down in a public area whilst waiting to meet someone or just to catch a breath. But these security guards always say “sorry you are not allowed to sit here”. But I say this is public space *mos*. Who give you authority to regulate my movements in the public place unless I am committing an offence? (interview with Mr. Fanuel Motsepe of Motsepe Architects).

By virtue of their establishment and acceptance, CIDs represent a tacit admission of the institutional deficiencies in the traditional service delivery mechanisms of the municipality. It is for this reason that the establishment of CIDs is perceived to be absolving the municipality of its traditional function and justifying its inefficiency. On the other hand CIDs are perceived, due to their competency and efficiency, to be a threat to the very existence of municipality and utility companies operating in the inner city.

Another problem with CIDs as a concept, although not necessarily emanating from research data, is that they are, by nature, a supplementary service and do not provide an extensive urban management problems in the inner city. They therefore do not (at least in the current format) provide a reliable vehicle for addressing wide ranging social problems or providing a comprehensive urban management function. On the other hand the CIDs model used in Johannesburg is also wrong. Owing to the fact that CIDs are, by nature, a supplementary service, it makes little sense that CIDs supplement non-existent or poorly administered service. One cannot start operating supplementary services when the provision of basic services is evidently out of kilter.

The above discussion does not suggest that this study is totally dismissive of the concept of CIDs. This study merely argues, based on research results, that more efforts should be driven at reviving and improving municipality as the traditional vehicle for service delivery in general and urban management in particular, rather than placing much reliance on the engines of urban competitiveness such as CIDs. The CIDs should remain a supplementary service, but the municipality must be the primary vehicle for effective service delivery in the inner city.

7.6.5 Crime and Crime Prevention Measures

Despite the existence of a comprehensive crime prevention strategy (which was discussed in chapter 5), crime is still perceived to be one of the major social problems in the inner city and a major impediment to private sector investment. But, while the majority of respondents shared this sentiment, a number of concerns are centred around the impact of the perception of crime more than actual crime. Because of its unpleasant history, the inner city is perceived as dangerous and crime ridden as Atterbury Properties' Trevor Mkhwanazi put it: *'the perception of crime is more of a problem than anything else'*. At the same time any crime incident that occurs in the inner city simply works to confirm the perception of crime.

There are many causal ways in which crime is perceived to be affecting private sector investment decisions. Crime has a direct impact on businesses (tenants) which consume inner city space. It forces businesses to operate within certain hours or shortens business working times as crime is perceived to be rife after normal business hours. Crime has a negative impact on market demand as tenants and customers fear to visit the inner city or areas where crime is perceived as rife. In doing this, crime has a directly impact on market activities and nightlife in the inner city.

Crime is a deterrent to business efficiency. One cannot stay in the office after hours or walk in the street. If you have to work for certain hours in town and leave by certain time, this affects your profit margins and your clients (interview with Mr. Hein Du Toit, Partner at Urban-Econ).

Crime affects employers and employees alike. Prospective employees, especially those with skills and can choose between employers, are likely be hesitant to work in an area perceived to have high crime levels. By the same token, employers are likely to lose skilled employees who fear working in the inner city. In economic terms crime imposes negative externalities i.e. uncompensated costs imposed on others, in that it imposes direct costs to businesses through incidents such as theft, stock losses, robbery, break-ins etc. Further, it forces business to incur capital & operating costs through installation and maintenance of security devices.

As you can see that my business is situated in the periphery of town, I incur a lot of costs on security. I spend 10% of my turnover on security every month. That is profit or money that can be used to grow the business further (interview with Mr. Jonathan Gimpel, Director of Atlas Studios)

Even more concerning is that South African businesses are likely to incur more costs due to direct losses to crime (e.g. theft), whereas the costs in other countries costs are likely to be incurred through prevention initiatives by businesses (Stone, 2006). Therefore crime, in one way or another, contributes to increasing the costs of doing business in the inner city. Some property developers interviewed stated that crime discouraged them from investing in certain areas in the inner city. Consequently, such impacts of crime will be expressed in various market trends such depreciation in property values and

increase in vacancy rates. Such areas are likely to fall into recidivism and spiral into further decay unless efforts are made to deal with crime. Crime is thus perceived to be an indictment to efforts to revive the inner city that came with the urban regeneration process.

From a property investment perspective the most concerning impact of crime is building “hi-jacking”. As discussed above, while some respondents once had their buildings ‘hi-jacked’, the biggest challenge is evicting the illegal occupants, given the tough legal landscape. The belief that the South African Police Service (SAPS) and the Johannesburg Metro Police Department (JMPD) are effective and doing a good job is low (see Table 18 on page 212). The collapse of trust in police that has seen the proliferation of a number of policing measures including those made possible by the private sector.

We owners finance private security guards through the [CID] inner city levies. Had SAPS and JMPD been doing their job, this would not have been necessary. This is a clear indication that they [SAPS and JMPD] are ineffective in what they do (interview with Mr. Stuart Entwistle, Managing Director of City Bridge Developers)

The involvement of the private sector in crime prevention is a clear indication of the deficiencies in the public sector-driven mechanisms for dealing with crime. While there is an acknowledgment of strides made by JMPD and SAPS in fighting crime, this is overshadowed by the perception that these organizations are seriously under-resourced and have capacity problems (also found by Charlton and Karam, 2003). The Inner City Regeneration Charter (2007) acknowledges this shortcoming: ‘[police] Staff capacity has not grown to match escalation in the challenge [of crime], which makes regular, everyday enforcement difficult’ (p. 7).

The findings of this study in respect of crime in general as well as the perceived inefficiency of SAPS and JMPD, resonate with findings of other studies on crime. For instance, a recent survey conducted in 2006 by the University of South Africa’s (UNISA) department of criminology on public perception of the efficiency of South African Police Service in relation to private security guards found that

the public has more faith in private security guards than police. Although not focusing in the Johannesburg Inner City, the study stated that security officers were generally better able to respond to public requests for assistance than police. The study concluded that 'in the public's opinion, the security industry was more efficient in their crime control duties than the South African Police' (*cited in* Olifant, 2006, p. 1).

Similarly, surveys conducted by the Institute for Security Studies in 2003 and by the National Prosecutions Authority in 2005 (*cited in* Stone, 2006) found that the belief that police are doing a good job is lower [in South Africa] than typically found in rich countries, although higher than developing countries. However, police services in Johannesburg are likely to be seen as generally ineffective in any way. Johannesburg has the highest crime rate than any other South African city (SAPS, 2007) and crime is regarded as the single most important deterrent to investment (CDE, 2002). Additionally, people living in cities and countries 'experiencing high levels of crime are likely to perceive higher levels of police incompetence' (Sung, 2006, p. 11).

In stark contrast, the private sector initiated crime prevention interventions such as the CCTV cameras and CIDs are perceived to be more effective in fighting crime than police. While the respondents were members of the private sector community and were perhaps likely to be biased in favour of its private sector-driven interventions, crime in the Johannesburg Inner City is, by City of Johannesburg's own admission, still a major problem (CoJ, 2007). At the same time it may be problematic to place a lot of reliance on crime combating measures such as the CCTV cameras and CIDs. These measures exist only in small and isolated pockets of the inner city leaving other areas prone to crime.

While this study concedes that crime is perceived to be a major problem in the inner city and that crime prevention strategy has been generally as less effective, it is unlikely that crime will pulverize private sector interest in the inner city due to

the following reasons. *Firstly*, the majority of respondents interviewed in this study (88%) and a significant number of property developers and investors (90%), stated that hindrances to private sector investment prevailing in the inner city, of which crime is one, would not deter private sector's long-term investment ambitions in the inner city (see Table 9 on page 197).

Secondly, the inner city generally appeals to business due to mainly intrinsic factors and locational advantages discussed above. For instance the CBD Perception Survey conducted in 2003, found that 92% of business entrepreneurs, city workers and residents consider relocating to or reinvesting in the CBD, despite the perception of the area as having high crime rate (*cited in* Majola, 2003). *Thirdly*, crime statistics (2006) indicate that crime is generally decreasing in the inner city, albeit slowly. *Fourthly*, there are strong indications that the fight against crime will be intensified in the near future (CoJ, 2007). Major capacity increases are reportedly in the offing within the both the SAPS and JMPD particularly in preparation for the imminent 2010 soccer world cup:

Resources for both the SAPS and JMPD will be systematically increased over the next three years, so that by 2010 a highly visible 'bobby on the beat' policing system can be institutionalized in the Inner City (CoJ, 2007, p. 10).

There are a number of interventions that were perceived by respondents in this study to be necessary to address crime. Increasing police visibility and capacity, providing more resources to police, improving street lighting, increasing the number of CCTV cameras and creating more CIDs are all believed to be an important measure in this regard.

Currently there is more reactive policing. The city needs proactive policing system and more police visibility is just part of it. This should be accompanied by sealing-off alleyways, active patrolling and so on (interview with Neil Fraser, Director of Urban Inc.)

Crime is perpetrated by cowards. By increasing police visibility on streets, crime can be reduced because police presence serves as a deterrent to would-be criminals (interview with Hein Du Toit, Partner at Urban Econ)

Policing methods such the "zero tolerance" approach and "broken windows theory" have achieved some levels of success in cities such as the New York

City (Ward, 2006; Glaeser and Kahn, 1999; Greene, 1999). In this study, policing methods informed by these concepts appear to have received favour from the private sector. This is reflected in a desire to focus policing efforts on “small crimes”, “crime hot spots” and “mete severe punishment of crime offenders” – practices which are underpinned by principles of “zero tolerance” approach and “broken windows theory”.

Targeting organized crime is perceived to be an important intervention, including dovetailing policing efforts with those of intelligent agencies to apprehend high-profile criminals. There is also an underlying belief that crime prevention efforts should seek greater involvement and participation of the private sector and communities. In this way, crime prevention is viewed as more than just law enforcement but includes aspects such as strategic relationships building with key stakeholders.

At the same time the City of Johannesburg is often challenged to seek effective ways to eradicate negative perception of the Johannesburg Inner City as crime-ridden. Interventions such as positive marketing of the inner city and improving media portrayal of crime are believed to be important in changing the negative perception of the area. This, it is believed, does not translate to the prevarication of crime records, but entails promoting the inner city in the media as a place where plans are being put in place to fight crime. This perceived intervention resonates with other proponents in the field of crime prevention.

What makes it difficult to manage the perception is that there is no automatic link between the isolated victories that police and justice officials can achieve and the broader perception of crime (Stone 2006, p. 14).

Similarly, Sung (2006) argues for ‘the need for police to deal not only with crime in the streets but also the portrayal of crime in the media and to produce security and justice through means more consistent with democratic values’ (p.15).

7.7 Synopsis

The City of Johannesburg's urban regeneration strategy has been clear in seeking to encourage the flow of private sector investment in the inner city (Bremner, 2004; Lipietz, 2004; Beall *et al*, 2002). Yet little has been known about the private sector perception of urban regeneration, its attitude towards the current strategy or its response to a variety of initiatives aimed at attracting investment in the Johannesburg Inner City. In addressing this research problem, the study sought to explore the perceptions held by major private sector actors that have been actively involved in the urban regeneration process. The study broadly explained the philosophical rationale for promoting private sector investment in an urban regeneration environment, measures that have been implemented in countries such as the US, UK and East Asian cities to entice investment as well as the implications of such a strategy. The study also discussed how Johannesburg has bought into the notion of "market-based" urban regeneration approach by embracing policy instruments such as precinct upgrading projects, UDZ, BBP, CIDs and so on.

The theoretical framework chapter provided the lens through which urban regeneration can be construed or how certain urban dynamics can be interpreted. For instance, the competitive cities theory posits as an important ingredient for economic success the need for cities to improve local conditions and make themselves attractive to investment (Percy, 2003; Harrison, 2002; Adair *et al*, 2000; Duffy, 1995). It locates urban regeneration at the apex of achieving this normative requirement. However, the findings of this study indicate that the City of Johannesburg, while spending large sums of money trying to improve local conditions of competitiveness, has not adequately made the inner city attractive to private capital. Factors discussed under the "risk profile" section above (paragraph 7.4) such as service delivery deficiencies, high crime and lax by-law enforcement, poorly maintained public infrastructure, unregulated informal trading and so on suggest that Johannesburg has not fully positioned itself to capture maximum investment opportunities. This, some may

argue, impugns the plausibility of the competitive cities approach as the model for engendering economic growth in the city.

While the World Cities Theory prescribes that cities need to achieve a certain level of economic competitiveness and be attractive to investment in order to occupy a better position in the hierarchy of world cities (Robinson, 2002; Flynn, 2000; Sassen 2000; Friedman, 1995), the research findings suggests that there are limitations to this approach. It may be beneficial for the city to seek new creative and imaginary policies for espousing urban regeneration. Lessons can be drawn from Jennifer Robinson's (2006) concept of 'ordinary cities' model which requires that a city should create ways of providing everyday needs of city life. This may require a shift from the current obsession with ideas of competitiveness.

The above argument is strengthened by the limitations of various instruments designed to attract investment discussed earlier in this chapter. While instruments such as the CIDs, UDZ, BBP, JDA, crime prevention measures are an integral part of the current urban regeneration strategy, their shortcomings add to the limitations of the competitive cities approach. The role of these instruments in improving competitive position of the city of Johannesburg is therefore limited and there can be many benefits if the city authorities can seek to improve the basics of everyday life in the city, rather than depending on these private sector-driven measures. For instance, the city would not be so dependent on CIDs, CCTV cameras etc. in the provision of urban management functions if there was an efficient delivery of municipal services.

Similarly the City of Johannesburg faces some challenges from a New Urbanism theory perspective. This theory advocates for compact, integrated, mixed-use and vibrant spaces for community life and despises urban sprawl and suburban living (Grant, 2006; Harrison, 2002; Breheny, 1997). Yet the findings of this study in terms of lack of social facilities, lack of nightlife as well as outmoded design of some buildings, which pose challenges to urban regeneration, suggest that the

Johannesburg Inner City, or some of its part, is not compatible with ideas of New Urbanism.

The regime theory offers an insightful perspective into understanding the variety of responses to urban change. It argues that the involvement of the private sector in urban regeneration is the outcome the shift in the dynamics of urban governance and the emergence of neo-liberal approaches of managing a post-industrial city (Stoker, 1995). The private sector, because of resources it possesses, is often invoked to help in solving urban problems (Harding, 2000; Stone, 1993). Indeed the regime theory thinking is reflected in Johannesburg Inner City through the workings of organisations such as POMA, JDA, JICBC and CJP which have a profound interest in urban regeneration and show strong private sector dominance.

But while the regime theory often emphasizes a mutually symbiotic and interdependent relationship between private and public sectors, this view is reflected differently in Johannesburg. The private sector tends to project a more independent and critical stance from government mainstream thinking. The negative comments made by most respondents, some of which were cited from various interviews, indicate not only the private sector's critical perspective of the government's regeneration policies but also suggest, and contrary to regime theory's line of argument, a polarised rather than unified thinking.

This varies notably from the dominant assumptions that inform regime theorists and suggests that more work and analysis still need to be done in as far as this theory is concerned. Also in Johannesburg the government has initiated numerous urban regeneration projects (e.g. government Precinct, Constitution Hill etc.) almost entirely on its own. This is in contradiction to the assertion made by regime theorists that business and business groups effectively shape the agenda and actions of government and that elected leaders are compelled to support business interests (Harding, 2000s, Stocker, 1995).

The elite theory thinking is reflected in perceptions held about failure of urban regeneration initiatives to tackle social issues and that community needs have been hardly addressed in the process. This, the elite theorists hold, is the outcome of societal function. The elite theorists would argue that those in positions of power tend to decide the course of action on behalf of the powerless and community needs are always viewed as trivial compared with those of business sector (Harding, 1995).

Theories on crime, particularly the “broken windows” theory, posit that areas of neglect and decay invite crime and incivility. The proliferation of urban regeneration initiatives in only a few areas and the prevalence of derelict buildings and insalubrious spaces in downtown Johannesburg indicate that some areas are likely to continue experiencing high rates of crime. It comes as no surprise that crime in the inner city is perceived to be one of the major problems to private sector investment. Interventions such as CCTV cameras and CIDs are perceived to be effective in fighting crime where they exist, although their impact is dampened by these interventions existing in only a few parts of the inner city.

But where is the Johannesburg Inner City heading to? Certainly it is on the road to economic recovery and will be spurred by market factors and urban regeneration initiatives combined. It is likely that the inner city will continue to see more businesses and tenants from all income levels converging in its quarters. The persistent strengthening of the inner city property market, continuing demand for space, efforts made by the City (particularly those informed by the Inner City Regeneration charter), the impact of activities such as the 2010 Soccer World Cup are all likely to continue to bolster the positive future of the inner city despite the prevalence of market risks and the rise in the interest rates since June 2006. Mabin (2007) writes that such events ‘parallel a general freeing-up of markets and massively increase interaction with the wider world’ (p. 39). While this study has been critical of the Johannesburg’s urban regeneration strategy, it is not dismissive of the impact made by the urban regeneration

strategy in bringing about urban change. The impact of these initiatives cannot be discounted as trivial. These initiatives have produced significant and visible positive outcomes which are likely to entice more private sector investment in the future.

7.8 CONCLUSION

The chapter has illustrated that the urban regeneration programme has been met with mixed feelings by the private sector. While urban regeneration initiatives are believed to have produced significant and noticeable changes in the inner city, they are perceived to have played a secondary role in facilitating private sector investment. Market factors on the other hand are seen to have acted as primary determinants of private sector investment in the inner city. Factors such as high demand for space, low property costs, perceived financial returns, favourable economic climate, risk diversification, protecting own investment and so on have been playing a significant role in this regard.

At the same time there are serious challenges, hindrances and business risks on the urban regeneration front which, by the City of Johannesburg's own admission, still need to be addressed. Challenges in areas of service delivery, urban management, crime, poor provision of social facilities, lack of night life, informal trading, lack of parking and traffic congestion and so on all beset urban regeneration process. Ironically, most of these hindrances relate to what the City of Johannesburg has been trying to address through various urban regeneration initiatives. The study makes a case for a need of shift away from the competitive cities approach to the ordinary cities' model.

The private sector has also responded with scepticism to policy interventions designed to attract investment in the inner city. Although interventions such as the UDZ, CIDs, JDA, BBP and crime prevention measures are each generally perceived to have yielded significant benefits and advantages in the inner city, they are also seen as having limitations both as concepts and in practice. While



this may be the case, it should be acknowledged that such problems and limitations are only based on available evidence emanating from interviews with private sector actors. A different point of view could emerge from other stakeholder including the public sector, commercial or residential users/tenants.

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.

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Annexure A: Research database/ Interview schedule

Company Name	Person Targeted	Position	Tel. No.	National/ Regional/ Local Player	Email address	Project of involvement	Accepted invite (Y/N) Date
Property developers/ investors/ financiers							
Olitski Property Holdings	Gerald Olitski	Managing Director	011 833 5777/ 082 900 0229	Local	gerald@oph.co.za	Redeveloped the Ghandi Square	Yes - 16/08/2006
Liberty Life Properties	Roger Corlett	Managing Director	011 408 5001 072 999 9600	National	corletr@libertyproperties.co.za	Was involved in the Braamfontein Regeneration Project	Yes - 24/07/2006
Standard Bank Properties	Rory (Robert) Roriston	Director: Corporate Advisory Services	011-770 8246	National	rroriston@standardbank.co.za	Newtown, Braamfontein and financial district upgrading	Yes - 01/08/06
ApexHi Properties	David Rice	Managing Director	011 283 0150/ 082 568 2236	National	davidr@apexhi.co.za	Braamfontein. Purchased and refurbished numerous buildings downtown.	Yes - 18/07/2006
Aengus Property Holding	Richard Rubin	Managing Director	011 327 3001/ 442 1881/ 082 909 9991	National	richard@aengus.co.za	Various building refurbishments in Braamfontein	Yes - 11/10/2006
ZenProp Property Holding	Rodney Weinstein	CEO	011 217 7700/ 082-417 4227	National	rodney@zenprop.co.za	Refurbished and developed office parks in Braamfontein	Yes - 17/08/2006
Heriot Properties	Steven Herring	Director	011 784 4459/ 082 925 0962	Regional	sherring@heriot.co.za	Redeveloped a shopping centre next to Park station	Yes - 17/08/2006
Itemba Properties Trust	Brian Miller	Managing Director	011-484 7559/ 011 484 6705	Local	ithemba@tiscalli.co.za	Braamfontein: Dudley house and Hillbrow: Esselin Towers	Yes - 31/07/2006
VUSANI Property Investments/ South Point	Mervyn Serebro	CEO	011 447 2160/ 082 411 4854	Local	mervyn@southpoint.co.za	Refurbished numerous residential blocks in Hillbrow and downtown Johannesburg	Yes - 23/08/2006
Flatmart/ Jozi Housing	Sandy Baans	CEO	011 642 3911/ 083-708 9988/	Local	sandy@jozihousing.co.za	Residential refurbishments in wider inner city	Yes - 22/08/2006
Connaught Properties	George Palmer	Managing Director	011 725 2737/ 082 903 1852	Local	info@connaught.co.za	Successfully refurbished Blauwberg block of flats at Cnr Kaptein & Twist Street - Hillbrow	Yes - 21/08/2006
Trust for Urban Housing Finance (TUHF)	Paul Jackson	CEO	011 276 1440/ 082 387 8360	National	paul@tuhf.co.za	Assisted property developers with finance for regeneration projects	Yes - 28/09/2006
Affordable Housing Company - AFHCO	Renney Plitt	Managing Director	011 221 8300/ 083 658 2464	Local	Renney@afco.co.za	Refurbished and let residential buildings in various parts of the inner city	Yes - 23/08/2006



FNB Properties	John Loos	Property Strategist	011 371 8109/ 17392	National	john.loos@fnbcommercial.co.za	Financial District and Main Street regeneration projects	Yes - 13/11/2006
Urban Oceans properties	Christo van Zyl	Director: Sales	011 838 9879/ 082 800 7008	National	christo@urbanocean.co.za	Refurbished numerous buildings the Financial District	Yes - 19/07/2006
Metropolitan Life Properties	Steven Matabane	Head of Property Department	011 240 2250/ 0860 687 687	National	smatabane@metropolitanlife.co.za	Braamfontein Project. Owns a number of buildings downtown which have been refurbished and let.	Yes - 17/11/2006
Absa Real Estate Management	Leon van der Merwe	Manager: Property Solutions	011 671 7617/ 082 463 1568	National	leonvdm@absa.co.za	Financial District and Main Street regeneration projects	Yes - 08/08/2006
Madulamoho Housing	Christopher Lund	Director: Finance	011 241 6913/ 082 374 0621	Local	chris@communalhousing.co.za	Redeveloped the famous Europa House in Hillbrow into a sectional title block of flats	Yes - 31/07/2006
Circlevest Properties	Gustav Holtzhausen	Managing Director	012 460 9991/ 083 565 5222	Regional		Refurbished and sold flats in Marshalltown, Bramfontein, Yeoville and Financial District	Yes - 22/08/2006
Circlevest Properties	Gustav Holtzhausen	Managing Director	012 460 9991/ 083 565 5222	Regional		Various projects in Marshalltown	Yes - 28/07/2006
Atterbury Property Developments	Trevor Mkhwanazi	Partner/ Shareholder	011 706 1176/ 082-805 0146	National	trevor@atterbury.co.za	Various projects in Marshalltown	Yes - 28/07/2006
Old Mutual Properties	Annaleze Simon	Regional General Manager	011 202 6000/ 072 610 9913	National	alsimon@oldmutual.com	Investment throughout inner city (one of the major landlords)	Yes - 03/08/2006
City Property Administration	Scott Jones	General Manager	011 378 3200/ 082 901 4148	Regional	Scottj@cityprop.co.za	Has numerous regeneration projects throughout the CBD	Yes - 14/08/2006
Jungle Holdings/ Adam Levy & Associates	Adam Levy	Managing Director	011 712 0700/12 082 857 2212	Local		Converted old buildings into luxury apartments next to the Nelson Mandela Bridge in Braamfontein	Yes - 29/08/2006
Lifestyle Loft Apartments	Ricci Pollack	Director	011 482 9575/ 082-332 1740	Local	lofts@absamail.co.za	Did the conversion of the Refinery	Yes - 28/08/2006
City Bridge Developers	Stuart Entwistle	Managing Director	011 447 8101/ 082 553 9712	Regional		Upgraded building 101 Jorisen Street Braamfontein	Yes - 24/01/2007
Atlas Studios	Jonathan Gimpel	Director	011 482 7111/ 082 775 8076	Local	jonathan@atlasstudios.co.za	Teamed up with Steven & Justin Blend in a project known as 'New Braamfontein'	Yes - 17/10/2006
Badiri Housing Association	Reinius Mtema	Manager	011 838 4493/ 082 569 7162	Regional	renius@badiri.co.za	Did social housing in Pritchardt St.	Yes - 29/08/2006
Key Capital	Rhett Talbert	Director	072 741 0222/ 082 464 6765	National	keycapital@mweb.co.za	Redeveloped the Casa Garage Property Site	Yes - 30/08/2006
Living Africa Property Group	Andrew Gillibrand	Director	011 336 9401/ 083 789 9360	Local	andrew@livingafrica.co.za	Various buildings refurbishments in the inner city	Yes - 31/08/2006



Marks Property	Anthony Marks	Managing Director	011 339 5861/ 082 378 5468	Local	rentcor@hotmail.com	Various buildings refurbishments in the inner city	Yes - 08/09/2006
Moonsilk Investments	Mark Tantum	Managing Director	011 493 4978/ 083 264 5278	Local	murtan@global.co.za	Various buildings refurbishments in the inner city	Yes - 07/09/2006
Pendula Property Investment	Craig McMurray	Managing Director	083 445 8534	Local	pendula@ananzi.co.za	Various building in the inner city	Yes - 06/09/2006
Re-imagine Property	John Lambrou	Director - Shareholder	011 628 6112/ 082 556 8554	Local	john@virgincosmetics.co.za	Various buildings in the inner city	Yes - 06/09/2006
Refresh realty	Michael Waugh	Director	011 487 0504/ 084 684 7171	Local	refreshrealty@icon.co.za	Various buildings in the inner city	Yes - 05/09/2006
Dawie Swart Properties	Dawie Swart	Owner/ Director	082 445 0271	Local	dawie@vizual.co.za	Various buildings in the inner city	Yes - 06/09/2006
Telsteel	Dennis Lobel	Director	011 402 0211/ 082 819 0804	Local	telsteel@mweb.co.za	Involved in construction and refurbishment of own buildings, including a school and let them out	Yes - 06/09/2006
Urban Task Force Investments	Jonathan Cohen	Managing Director	011 725 2956/ 073 380 8492	Local	jono@sentechsa.com	Various buildings in the inner city	Yes - 04/09/2006
Johannesburg Housing Company (JHC)	Dombolo Masilela/ Taffy Adler	Manager: Marketing & Communications	011 241 6902/ 082 524 9811			Social housing developments together with the city of Johannesburg. Also developed the successful Brickfield apartments	Yes - 21/08/2006
Bachelor Still Green/ ta 44 Stanley	Brian Green	Director	083 325 1316	Local	admin@44stanley.co.za	Built loft apartments in Mining district	Yes - 28/09/2006
JD Group	Ivan Levy	Managing Director	011 408 0408	Local		Braamfontein project	No - DECLINED
Sappi	Andre Oberholzer	Manager Corporate Affairs	011 555 5555	Local	Andre.Oberholzer@sappi.com	Braamfontein regeneration project	No - DECLINED
Skyway cc	Dr. Moosa Peer	Owner/ Director	011 678-1911	Local	skyway@gpnet.net	owns numerous buildings in Hillbrow, Yeoville and Berea	Yes - 28/08/2006
Simon van der Loo	Simon van der Loo	Independent Developer	082-457-3092	Local		Owns buildings in Yeoville and Braamfontein which were refurbished and let	Yes - 26/07/2006
Nedbank Properties	Manie Annedale	Regional Manager	011 294 4444			Has property interests throughout the inner city and financed numerous regeneration	No - DECLINED
Omeida Trading 178	Matthews Buthelezi	Managing Director	011 485 2765 / 082 777 8448	Regional	buthelzimb@starmail.co.za	Does property investment and management in Yeoville	No - DECLINED



Omni Investments	James Prevost	Director	011 485 2765 / 082 777 8448	Local	jp@iafrica.com	Property development in Yeoville and Berea	No - DECLINED
Out of 46 targeted, 41 accepted the invitation							
Regeneration/ Property Consultants/ Researchers							
Urban Inc.	Neil Fraser	Co- Director	083 456 0242	National	neil@urbaninc.co.za	Former CEO of Central Johannesburg Partnership, a respected proponent of urban regeneration.	Yes - 18/07/2006
Albonico Sack Architects & Urban Designers	Monica Albonico	Director	011 403 7726/ 083 277 6410	National	monica@albosack.co.za	Project managing consultants for Braamfontein Regeneration Project	Yes - 02/10/2006
Kagiso Urban Management	John Spiropoulos	Director	011 537 0650/ 083 260 6678	Local	john@kum.co.za	Involved in CIDs in Braamfontein and all over inner city	Yes - 13/09/2006
Viruly consulting	Prof Francois Viruly	Director	011 728-0751/ 011 728 2341	National	fviruly@viruly.co.za	Provides consulting services, focusing mainly on property developments	Yes - 13/10/2006
International Organisation Development, South Africa (IOD)	Steve Topham	Managing Director	011 832 3090/ 082 452 4255	International	steve@iod-sa.com	Involved in the inner city since the cradle of urban regeneration.	Yes - 21/08/2006
Prof John Luiz	Prof John Luiz	Researcher	011 717 3578/ 083 531 6390	International	luiz.j@wbs.wits.ac.za	Conducted a research on the performance indicators of regeneration for JDA: Progress in the city 2003, 2004	Yes - 19/09/2006
HMJ Prins Architects	Herbert Prins	Co-Director	011 646 9643/ 083 277 4720	Local	hprins@accessweb.co.za	Various projects in the inner city	Yes - 24/08/2006
YDL Property Educationist	Anton de Leeu	CEO	083-408 9988	National	anton@ydl.co.za	CBD/ Inner City and various property education projects	Yes - 27/09/2006
Urban Dynamics	Jean-luc Limacher	Director	011 482 4131	National	jean-luc@urbandynamics.co.za	Various projects in the inner city	Yes - 01/02/2007
Urban Econ	Hein Du Toit	Partner	012 342 8686/ 082 898 8667	National	hein@urban-econ.com	Did Inner city economic analysis (including property market activities)	Yes - 06/02/2007
Josie Adler	Josie Adler	Managing Partner	011 442 7125/ 083 695 5227	Local	adlersj@mweb.co.za	Consultancy work in the inner city	Yes - 13/09/2006
Urban Solutions	Paul Wygers	Managing Director	011 833 7622/ 082 600 8191	National	paul@urbansolutions.co.za	Numerous projects in the inner city	Yes - 28/09/2006
Andrew Barker Development Consultants	Andrew Barker	Owner/ Manager	011 680 9791/ 083 274 4424	Local	andrew@andrewbarke.co.za	Various projects	Yes - 21/09/2006
Centre for Development & Enterprise (CDE)	Ann Bernstein	Managing Director	011 482 5140	International	info@cde.org.za or laura@cde.org.za	Business lobby organisation. Also does development consultancy	No – DECLINED



Andreas Bertoldi Consulting	Andreas Bertoldi	Owner/ Manager	011 447-0272/ 083 289 4135	Local	andreas.bertoldi@iafrica.com	Various projects	Yes - 26/09/2006
John Dewer	John Dewer	Owner Manager	011 784 5505	Local	-	Various	No - DECLINED
Savage & Dodd Architects	Heather Dodd	Partner	011 782 8188/ 083 227 7395	Local	heather@savegedodd.co.za	Various consultancy work in Braamfontein and Newtown	Yes - 21/09/2006
Fee & Challis Architects	Robin Fee	Managing Director	011 492 2971/ 083 440 0901	National	architecture@feechal.co.za	Various projects in the inner city	Yes - 29/09/2006
Hamlyn Gebhart Quantity Surveyors	Tony Gebhardt	Partner	011 341 0057/ 082 495 8043	Regional	reception@hamlyngebhart.co.za	Various projects	Yes - 26/09/2006
JTN Consulting Services CC	Georgina Jaffee	Managing Member	011 460 1579/ 082 413 1065	Local		Various projects	Yes - 20/09/2006
Steven Jaspen & Associates	Steven Jaspen	Director	011 728 0042	National	steve@sja.co.za	Various projects	Yes - 01/11/2006
Finlay & Associates	Lynette Finlay	CEO	011 807 4724/ 083 629 8534	National	nicolem@finlay.co.za	Various projects	No - DECLINED
Motsepe Architects	Fanuel Motsepe	Owner/ Manager	011 783 5558/ 083 327 7377	Regional	motsepe@yahoo.com	Consultancy work in the inner city	Yes - 29/09/2006
Matthew Nel & Associates	Matthew Nel	Director	011 447 6388/ 083 251 2441	National	matthew@barmat.co.za	Consultancy work in the inner city	Yes - 04/10/2006
Urban Skywalkers	Graeme Reid	Managing Director	011 447 6388/ 083 256 1343	International	graeme@urbanskywalkers.co.za	Former CEO of the JDA	Yes - 12/10/2006
Kecia Rust	Kecia Rust	Director/ Owner	083 785 4964/ 011 880 7694	Regional	kecia@iafrica.com	Consultancy work in the inner city	Yes - 07/11/2006
AHIMSA Consulting cc	Yetish Govind	Manager	011 680 8506	Regional	yetish@ahimsa.co.za	Consultancy work in the inner city	No – DECLINED
GAPP	Barry Senior	Managing Partner	011 481 6484	National	barry@gapp.net	GIS work in the inner	Np – DECLINED

Out of 28 targeted, 23 accepted the invitation

Property Managers/ Brokers/ Agents

Gensec Property Services	Kura Chihota	National Leasing Manager	011 236 4444/ 082 339 4004	National	Kura.Chihota@gensecprop.com	Manages various building in Johannesburg inner city	Yes - 17/07/2006
Trafalgar Property & Financial Services	Andre Cilliers	Regional Letting Manager	011 642 0166/ 082 452 5760	National	andrec@trafalgar.co.za	Manages various buildings throughout the inner city. Also publish the Inner city performance report.	Yes - 14/09/2006
JHI Property Management	Sandy Pillay	Senior Portfolio Manager	011 441 0123/ 083 235 5055	National		Publish annual Property Report on performance of inner city portfolio	Yes - 11/09/2006
ADPROP Property Mngt	Les Inglestone	Managing Director	011 643 3111/ 083 675 6647	Regional	adprop@mweb.co.za	Manages various buildings throughout the inner city.	Yes - 16/08/2006



Pace Property Group	David Green	Managing Director	011 217 5959	National	yolanda@pace.co.za	Manages various buildings in Braamfontein	Yes - 20/10/2006
City Trust Property Management	Mitch van den Bos	Managing Director	011 957 2804/ 082 553 2846	Regional	mitch@citytrust.co.za	Manages and owns various buildings in the inner city	Yes - 04/10/2006
CPR Property Management	Ivor Locke	Director	011 402 3954/ 082 857 9560	Local	ilocke@cprpropertymanagement.co.za	Manages various buildings in the inner city	Yes - 23/10/2006
Framework Property Group	Joel Neuhaus	Director	011 481 7444/ 082 663 3772	Local		Various buildings in the inner city	Yes - 01/09/2006
Zulberg Estates	Joel Tallman	Director	011 487 1152/ 082 441 3468	Regional	joel@zulbergestates.co.za	Various buildings in the inner city	Yes - 09/10/2006
Citynet Property Group	Nick Obel	Director	011 483 3930/ 082 551 7146	Regional	nick@citynet.co.za or nick@masingitac.co.za	Various buildings	Yes - 11/10/2006
Broll Properties	Joy Coplan	Broker/ Consultant	011 441 4304/ 082 490 9767	National	joy@brollproperties.co.za	Manages various buildings in the inner city	Yes - 21/09/2006
3-D Properties	Lawrence Zikalala	Property Manager	011 403 2334/ 083 525 3645	National	lzikalala@3dproperties.co.za	Manages various buildings in the inner city	Yes - 19/10/2006
James Laing Real Estate	Sean Magee	Managing Director	011 787 8777/ 082 321 2236	Local	sporm21@hotmail.com	Manages various buildings in the inner city	No - DECLINE
Heartland Property	Paul McAfee	Managing Director	011 606 5000/ 083 675 9365	National	mcafee@heartland.co.za	Manages various buildings in the inner city	No - DECLINE
Dijalo Properties	Saul Gumede	Director	011 838 3928/ 082 371 2493	Regional	saul.gum@dijalo.co.za	Manages various buildings in the inner city	Yes - 05/10/2006
Homebuyers Property Group	Kevin Fine	Joint CEO	011 809 2436	Local		Various buildings	No - DECLINED
Greenwich Property Management cc	Geoff Thompson	CEO	011 454 3670	International	greenwic@global.co.za	Various buildings	Yes - 06/02/2007
Urban Real Estate	Brett Newby	Director	011 888 7878	Local	tammie@urban.co.za	Various buildings	No - DECLINED
African Pearl Management	Paul Gonsalves	Director	011 433 3868 / 0837956548	Local	paul@africanpearl.co.za	Various buildings	No - DECLINED
Jigsaw Property Holding	Craig van Rooyen	Director	011 648 7274	Local		Various buildings	No - DECLINED
Africa Olive Trading (Pty) Ltd	Martin Dzviti	Director	011 318 2536 / 082 3329024	Local	dzvitim@worldonline.co.za	Manages various buildings in the inner city	No - DECLINED

Out of 21 targeted, 14 accepted the invitation

Annexure B: Interview questionnaires

Interview with property developer/ investor/ financier:

Name of Company:-----
Name of person:-----
Position in company:-----
Date of interview-----**Time Start**----/**Time End**----/-----

Questions:\ -----

Section A: General questions

1. Where is your company based (i.e. operating from)?-----
2. For how long has your company been involved in urban regeneration projects?-----
3. What type of business activities does your company do in relation to urban regeneration?-----
4. What does your urban regeneration portfolio mainly comprise of (e.g. commercial, residential or industrial)? -----
5. In which part of Johannesburg are your regeneration projects/buildings located?-----

Section B: The inner city after the start of urban regeneration

6. In your opinion has inner city regeneration produced any substantial positive outcomes to motivate for continued private sector patronage of the inner city? Y/N-----
- 6.1 If the answer to the above question is YES, please name them-----
7. What are the main factors that motivate your company to invest in the Johannesburg Inner City environment since urban regeneration started?---
8. What are the main problems or hindrances that you have identified in your involvement in urban regeneration or that you associate with the Johannesburg Inner City as a business location and a potential investment area?-----
9. Do you consider these problems to be a threat to your long-term investment ambitions in the inner city? (Y/N)-----
10. What do you think should be done (e.g. by municipality) to eradicate or minimize the impact of those problems or hindrances identified above and to create an environment that better enhances the prospects of private sector return to and investment in the inner city?-----



- 11. Which part(s) of the Johannesburg Inner City do you consider to be the best location(s) for business or good investment area(s)?-----

- 12. What is your opinion about urban regeneration and social issues? Has it addressed social issues in the inner city e.g. low cost housing, education, community welfare projects etc? (Y/N)-----
- 13. Has your company been involved in social programmes or projects in the inner city e.g. low cost housing, education, community welfare projects etc. as part of your involvement in urban regeneration? (Y/N)-----
- 13.1 If NOT, why NOT -----

- 13.2 If the answer to the above question is YES please explain the type of projects you were involved in?-----

Section C: POLICY INSTRUMENTS DESIGNED TO ATTRACT PRIVATE SECTOR INVESTMENT IN THE INNER CITY

Section C₁: On the urban regeneration agency (i.e. the Johannesburg Development Agency – JDA)

- 14. The City of Johannesburg has created a regeneration agency – the Johannesburg Development Agency (JDA) - which, among other things, facilitates private investment and effective urban regeneration. Do you consider this institution particularly effective and efficient in terms of its mandates? (Y/N)-----
- 14.1 If the answer to the above is YES, in which areas (i.e.functions) is this organization effective?-----

- 15. What are the shortfalls or limitations that you have identified in this organization; or what do you think it needs to focus on in order to be more efficient and meet market expectations?-----

- 16. The City of Johannesburg has introduced the **Better Buildings Programme** (BBP) to facilitate the expropriation of derelict buildings to be sold to private sector for redevelopment, conversions or refurbishment. What is your opinion about that programme in terms of its efficiencies and limitations?-----

Section C₂: On the impact of crime on private sector and efficiency of crime combating mechanisms

- 17. Do you consider crime to be one of the major problems/ impediments to private sector investors like yourself in the inner city area? (Y/N)-----
- 17.1 If the answer to the above question is YES, please explain the impact of crime in the inner city or how does it affect your business or investment decisions?-----



- 18. Do you consider JMPD and SAPS effective in crime prevention) Y/N-----
- 19. Do you consider CCTV cameras and CIDs effective as crime combating measures? (Y/N)-----
- 20. What else do you think needs to be done (e.g. by local authorities) to deal with crime problem in the Johannesburg Inner City?-----

Section C₃ On the Urban development Zones (UDZ)

- 21. What do you consider to have been the main advantages or benefits of the UDZ concept in the inner city since its introduction?-----
- 22. What do you consider to be the shortfalls of the UDZ? (both as a concept and in practice)-----
- 23. Would you consider UDZ initiative and its tax benefits to be sufficient as the main motivating factor for your company to be involved and invest in the Johannesburg Inner City area? (Y/N-----
- 23.1 If the answer is NO, what else should be done to attract private investment or to enhance the UDZ concept and make it work better?-----
- 25. Is your company involved in Urban Development Zone (UDZ) and registered for tax concessions? (Y/N)-----

Section C₄: On City Improvement Districts

- 26. What do you consider to be the value that CIDs add in the inner city life or in which functions are CIDs most effective?-----
- 27. What, in your opinion, are the limitations that CIDs face?-----
- 28. What, in your opinion, can be done to improve or enhance CIDs and CID organizations?-----

* /END OF QUESTIONNAIRE/ *



Interview with regeneration/ property consultant⁶⁶:

Name of Company:-----

Name of person:-----

Position in company:-----

Date of interview:-----**Time Start:**----/**Time End:**----/-----

Questions:\-----

Section A: General questions

1. Where is your company based (i.e. operating from)?-----

2. For how long has your company been involved in urban regeneration projects?-----
3. What type of business activities does your company do in relation to urban regeneration?-----

Section B: The inner city after the start of urban regeneration

4. In your opinion has inner city regeneration produced any substantial positive outcomes to motivate for continued private sector patronage of the inner city? Y/N-----
- 4.1 If the answer to the above question is YES, please name them-----
5. What, in your opinion, are factors that motivate private sector to invest in the Johannesburg Inner City since regeneration started?-----
6. What are the main problems or hindrances that you have identified in your involvement in inner city regeneration or that you associate with the Johannesburg Inner City as a business location and a potential investment area?-----
7. Do you consider these problems to be a threat to private sector’s long-term investment ambitions in the inner city? (Y/N)-----
8. What do you think should be done (e.g. by municipality) to eradicate or minimize the impact of those hindrances identified above and to create an environment that better enhances the prospects of private sector return to and investment in the inner city?-----
9. Which part(s) of the Johannesburg Inner City do you consider to be the best location(s) for business or good investment area(s)?-----
10. What is your opinion about urban regeneration and social issues? Has it addressed social issues in the inner city e.g. low cost housing, education, community welfare projects etc? (Y/N)-----

⁶⁶ The questionnaires for consultants and property managers were completely identical. It was needless therefore to attach both of them.

11. Has your company been involved in social programmes or projects in the inner city e.g. low cost housing, education, community welfare projects etc. as part of your involvement in urban regeneration? (Y/N)-----

- 11.1 If NOT, why NOT-----
- 11.2 If the answer to the above question is YES please explain the type of projects you were involved in -----

Section C: POLICY INSTRUMENTS DESIGNED TO ATTRACT PRIVATE SECTOR INVESTMENT IN THE INNER CITY

Section C₁: On the urban regeneration agency (i.e. the Johannesburg Development Agency – JDA)

12. The City of Johannesburg has created a regeneration agency – the Johannesburg Development Agency (JDA) - which, among other things, facilitates private investment and effective urban regeneration. Do you consider this institution particularly effective and efficient in terms of its mandates? (Y/N)-----
- 12.1 If the answer to the above is YES, in which areas (i.e. functions) is this organization effective?-----

13. What are the shortfalls or limitations that you have identified in this organization; or what do you think it needs to focus on in order to be more efficient and meet market expectations? -----

14. The City of Johannesburg has introduced the **Better Buildings Programme** (BBP) to facilitate the expropriation of derelict buildings to be sold to private sector for redevelopment, conversions or refurbishment. What is your opinion about that programme in terms of its efficiencies and limitations?-----

Section C₂: On the impact of crime on private sector and efficiency of crime combating mechanisms

15. Do you consider crime to be one of the major problems/ impediments to private sector/investor in the inner city area? (Y/N)-----
- 15.1 If the answer to the above question is YES, please explain the impact of crime in the inner city or how does it affect private sector and its investment decisions? -----
16. Do you consider JMPD and SAPS effective in crime prevention? Y/N-----
17. Do you consider CCTV cameras and CIDs effective as crime combating measures? (Y/N)-----
18. What else do you think needs to be done (e.g. by local authorities) to deal with crime problem in the Johannesburg Inner City?-----



Section C₃ On the Urban development Zones (UDZ)

- 19. What do you consider to have been the main advantages or benefits of the UDZ concept in the inner city since its introduction?-----

- 20. What do you consider to be the shortfalls of the UDZ? (both as a concept and in practice)-----
- 21. Do you consider UDZ initiative and its tax benefits to be sufficient as the main motivating factor for stable and consistent private sector investment in the Johannesburg Inner City area? (Y/N)-----
- 21.1 If the answer is NO, what else should be done to attract private investment or to enhance the UDZ concept and make it work better?-----

- 22. Would you consider investing in the UDZ area, given an opportunity or can you advise someone to invest in it (Y/N)-----

Section C₄: On City Improvement Districts

- 23. What do you consider to be the value that CIDs add in the inner city life or in which functions are CIDs most effective?-----

- 24. What, in your opinion, are the limitations that CIDs face?-----

- 25. What, in your opinion, can be done to improve or enhance CIDs and CID organizations?-----

* /END OF QUESTIONNAIRE/ *



Annexure C: Summary of responses

Section A: General questions

1. Where is your company based (i.e. operating from)?

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

2. For how long has your company been involved in urban regeneration projects?

Period	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
2 years	5	1	0	6
3 years	14	4	0	18
4 years	4	2	1	7
5 years	1	3	2	6
6 years	1	2	0	3
7 years	1	2	1	4
8 years	4	0	2	6
9 years	0	0	0	0
10 yrs & over	11	9	8	28
Total	41	23	14	

3. What type of business activities does your company do in relation to urban regeneration?

Business Activity	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Property developer/ investor	38			38
Property Manager/ Broker/ Estate Agent	6		14	20
Regeneration/ Property/ Development Consultant/ Researcher		12		12
Town planning consultant		4		4
Architect/ Quantity Surveyor/ Project Mgt.		5		5
Property Finance/ Financial services	2			2



Construction/ building related services	1			1
Property Educationist		1		1
CIDs establishment & Management		1		1
Total	47	23	14	84

4. What does your urban regeneration portfolio mainly comprise of (e.g. commercial, residential or industrial)? [property developers only]

Portfolio type	Total
Residential	27
Commercial (offices)	13
Retail	10
Industrial	2
Leisure/hotels	1
Special (TV, media)	1

5. In which part of Johannesburg are your regeneration projects/buildings located? [property developers only]

Location	Total
Braamfontein	12
CBD/ Retail District	11
Hillbrow	7
Financial district/SWID/	6
Berea	5
Yeoville	4
Newtown	4
Fashion district	3
Troyville	2
Joubert Park	2
Bellview	2
Marshalltown	2
Mill park	2
Doornfontein	2
Jeppes town	2

Section B: Inner city after the start of regeneration

6. In your opinion has inner city regeneration produced any substantial positive outcomes to motivate for continued private sector patronage of the inner city? Y/N

Comment	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Has produced positive results	38	23	13	74
Has not produced positive results	3		1	4
Total	41	23	14	78

7. If the answer to the above question is YES, please name them

Example	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Building upgrading/ refurbishment	24	15	9	48
Return of investors & people	24	11	5	40



Public sector investment	18	17	5	40
Improved security	11	14	6	31
Improved cleanliness	10	8	7	25
Growth in rentals & property values	11	6	6	23
Improved public infrastructure	6	9	2	17
Increased occupancy rates/ reduced vacancy rates	6	4	3	13
Change in tenant behaviour	5	1	6	12
Improved investor confidence	4	3	1	8
Improved public perception	4	3		7
Provision of housing for lower middle income group	4	3		7
Integrated & inclusive city	1	2		3
Bank redlining lifted	1	1		2
More employment opportunities		2		2
Total	129	99	50	278

8. What are the main factors that motivate your company to invest in the Johannesburg Inner City environment since urban regeneration started? Or What, in your opinion, are factors that motivate private sector to invest in the Johannesburg Inner City since regeneration started? (the former question was for property developers and the latter was for consultants and brokers).

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



9. What are the main problems or hindrances that you have identified in your involvement in urban regeneration or that you associate with the Johannesburg Inner City as a business location and a potential investment area?

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

10. Do you consider these problems to be a threat to your long-term investment ambitions in the inner city? (Y/N) Or Do you consider these problems to be a threat to private sector's long-term investment ambitions in the inner city? (Y/N) (the former question was for property development and the latter was for consultants and brokers)

Indication	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
No	37	22	10	69
Yes	4	1	4	9
Total	41	23	14	78

11. What do you think should be done (e.g. by municipality) to eradicate or minimize the impact of those problems or hindrances identified above and to create an environment that better enhances the prospects of private sector return and investment in the inner city?

Intervention	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Improve city management and service delivery	23	16	10	49
Improve maintenance of public infrastructure	19	14	5	38
Improve public security	17	6	10	33



Transport/ Traffic management	13	6	4	23
Strict by-law enforcement	10	7	5	22
Comprehensive regeneration plan	6	9	3	18
Decent spaces for informal traders	7	6		13
Marketing inner city	8	3	2	13
Increase government investment	3	5	2	10
Address social housing	5	2	2	9
More incentives for investment	6		3	9
Address public education	2	4		6
Relax building regulations to meet current business needs	1	4		5
Social facilities e.g. schools, clinics etc.	1	4		5
Improve night life	3		1	4
Total	111	67	41	

12. Which part(s) of the Johannesburg Inner City do you consider to be the best location(s) for business or good investment area(s)?

Location	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Financial district/ Bank City	19	9	5	33
Newtown	4	7	6	17
Braamfontein	10	4		14
Marshalltown/ Main street	5	3	4	12
Hillbrow	3	3	4	10
Yeoville	3		3	6
Retail district/CBD	4	1	1	6
Berea	3		2	5
All CIDs locations	2	2	1	5
Government precinct	1	1	3	5
Fashion district	1	3		4
Joubert Park	1			1
Park Station area	1			1
Jewel city		1		1
Total	57	34	29	

13. What is your opinion about urban regeneration and social issues? Has it addressed social issues in the inner city e.g. low cost housing, education, community welfare projects etc? (Y/N)

Y/N	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Yes	4	3	1	8
No	37	20	13	70
Total	41	23	14	78

14. Has your company been involved in social programmes or projects in the inner city e.g. low cost housing, education, community welfare projects etc. as part of your involvement in urban regeneration? (Y/N)

Not involved/ Involved	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total



	Financier	Researcher		
Not involved	19	19	14	52
Involved	22	4		26
Total	41	23	14	78

15. If NOT, why

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

16. If the answer to the above question is YES please explain the type of projects you were involved in?

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

Section C: POLICY MEASURES DESIGNED TO ATTRACT PRIVATE SECTOR INVESTMENT IN THE INNER CITY

Section C₁: The urban regeneration agency (i.e. the Johannesburg Development Agency – JDA)

17. The City of Johannesburg has created a regeneration agency – the Johannesburg Development Agency (JDA) - which, among other things, facilitates private investment and effective urban regeneration. Do you consider this institution particularly effective and efficient in terms of its mandates? (Y/N)

Indication	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Efficient and effective	35	23	11	69
Not efficient and not effective	5		2	7
Total	40	23	13	76

18. If the answer to the above is YES, in which areas (i.e.functions) is this organization effective?

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

19. What are the shortfalls or limitations that you have identified in this organization; or what do you think it needs to focus on in order to be more efficient and meet market expectations?

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

20. The City of Johannesburg has introduced the **Better Buildings Programme (BBP)** to facilitate the expropriation of derelict buildings to be sold to private sector for redevelopment, conversions or refurbishment. What is your opinion about that programme in terms of its efficiencies and limitations?

Efficiencies	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Identification & eradication of derelict buildings	22	14	6	42
Creation of investment opportunities	12	8	5	25
Write-off/ write-down arrears	8	4	6	18
Incentive for development	2	7	4	13
Dealing with absentee landlords	2	1	7	10
Eviction of illegal building occupants/	5	1	2	8



slumlords				
Facilitates provision of accommodation	1	2		3
Total	51	35	30	116
Limitations	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Slow and cumbersome	24	16	9	49
Eviction of people	10	14	6	30
JPC lack autonomy	8	3	1	12
Allocation of buildings	5	1	4	10
JPC Lacks capacity & leadership	4	2	2	8
Gentrification	3	4	1	8
Some buildings are not suitable for refurbishment	2	1	3	6
Potential for corruption	1	2		3
Foreign property owners	2		1	3
Not widely known	1		1	2
Total	62	47	28	137

Section C₂: On the impact of crime on private sector and efficiency of crime combating mechanisms

21. Do you consider crime to be one of the major problems/ impediments to private sector investors like yourself in the inner city area? (Y/N)

Yes/No	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Yes	34	21	11	66
No	7	2	3	12
Total	41	23	14	78

22. If the answer to the above question is YES, please explain the impact of crime in the inner city or how does it affect your business or investment decisions?

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



23. Do you consider JMPD and SAPS effective in crime prevention) Y/N

Yes/No	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
No	39	17	13	69
Yes	2	6	1	9
Total	41	23	14	78

24. Do you consider CCTV cameras and CIDs effective as crime combating measures? (Y/N)

Yes/No	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Effective	30	21	13	64
Not effective	11	2	1	14

25. What else do you think needs to be done (e.g. by local authorities) to deal with crime problem in the Johannesburg Inner City?

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

Section C₃

The Urban development Zones (UDZ)

26. What do you consider to have been the main advantages or benefits of the UDZ concept in the inner city since its introduction?

Advantage/ benefit	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Tax incentive for investment	28	14	6	48
Encourage building refurbishment & inner city rejuvenation	10	14	2	26
	8	11	5	24
Facilitate return of investors	6	9	3	18



Instils confidence in inner city	6	2	4	12
Creates development focus	5	4	2	11
Eliminate derelict buildings	3	2	6	11
Inner city marketing	4	2		6
Minimize financial risks	3	2	1	6
Off-set personal tax	3	2		5
Create opportunity for emerging developers	1	2		3
Positively influence landlords	1	2		3
Total	78	66	29	173

27. What do you consider to be the shortfalls of the UDZ? (both as a concept and in practice)

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

28. Would you consider UDZ initiative and its tax benefits to be sufficient as the main motivating factor for your company to be involved and invest in the Johannesburg Inner City area? (Y/N)

Yes/No	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
No	36	21	10	67
Yes	5	2	4	11
Total	41	23	14	78



29. If the answer is NO, what else should be done to attract private investment or to enhance the UDZ concept and make it work better?

Additional incentives to UDZ	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Improve council service delivery	9	5	2	16
Incentives for other businesses	5	7		12
Rate rebates	8	1		9
Increase public sector investment	5	2		7
Upfront grant schemes	3	2	1	6
Tax holiday periods	3	1		4
Subsidy schemes for low cost/social housing	3	1		4
Rate fixing e.g. TIF	2	1		3
Free trade zones; retailers	1	2		3
Disincentives for Greenfield developments	1	2		3
Measures to assist with start-up capital	2			2
Export processing zone		1		1
Fast track Better Building Programme	1			1
Total	43	25	3	71

Measures to improve UDZ	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Market UDZ aggressively	4	6	4	14
Increase size/limits for UDZ area	4	3	1	8
Simplify administration processes	4	3		7
Decrease minimum threshold of 1000m ²	2	2		4
Total	14	14	5	33

30. Is your company involved in Urban Development Zone (UDZ) and registered for tax concessions? (Y/N), Or Would you consider investing in the UDZ area, given an opportunity or can you advise someone to invest in it (Y/N) (the former question was asked from property developers and latter from consultants and property managers)

Yes/No	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Affirmation	28	21	14	63
Denial	13	2	0	15
Total	41	23	14	78

Section C₄: On City Improvement Districts

31. What do you consider to be the value that CIDs add in the inner city life or in which functions are CIDs most effective?

Area of Activity	Property Developer/ Investor/ Financier	Regeneration/ Property Consultant/ Researcher	Property Manager/ Broker	Total
Improve Security	37	18	13	68
Improve cleanliness	34	19	9	62
Improve property values	9	7	5	21
Area marketing	9	6	4	19



Networking public & private sector	5	6	2	13
Restore confidence in inner city	5	6	2	13
Facilitates return of business and people to city	1	6	2	9
Stimulates urban regeneration	4	2	3	9
Create a sense of belonging/ pride	3	6		9
Improve occupancy rates	1	3	3	7
Maintenance of public space	3	1	2	6
Private sector involvement in regeneration	2	1	3	6
Job creation	2		3	5
Creates an area of business focus	2	3		5
Total	117	84	51	252

32. What, in your opinion, are the limitations that CIDs face?

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

33. What, in your opinion, can be done to improve or enhance CIDs and CID organizations

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