An exploratory study into Improvement Districts in South Africa

By

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Declaration

This thesis represents my original work and has not been submitted previously to this or to any other University. Assistance where received, has been duly acknowledged.

______________________________
Clinton Heimann
January 2007
My appreciation and thanks to:

My loving and supportive wife
Thank you for your constant encouragement and the keen interest that you continue to show in all my endeavours.
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ABSTRACT

Local Governments internationally are constantly challenged to provide resources for maintaining and improving urban areas. This study illustrates that South African Local Governments are struggling to provide the services needed to maintain and rejuvenate cities. With budgets stretched to the limit, there is no or little money in the Local Governments to initiate the changes required to rejuvenate urban areas, be it through cosmetic or physical improvements. The study of history of urban decay and urban rejuvenation demonstrates the global shift to entrepreneurial styles of urban rejuvenation, such as the use of Improvement Districts in urban areas to bring about urban rejuvenation. In exploring the services provided by Improvement Districts, through Public-Private Partnerships (PPP’s) with Local Governments; their links with urban renewal; and the current status of Improvement District in South Africa this study demonstrates the usefulness of Improvement Districts to rejuvenate urban areas through the self-imposed additional taxation of property owners.

The study is both quantitative and qualitative in nature, containing elements of both a descriptive survey and a historical study. In this study, a snap survey design is utilized, using expert sampling whereby all the legally ratified Improvement Districts in South Africa are included in the study. Personal observations, literature, structured questionnaires and interviews are utilised to determine how Improvement Districts in South Africa are increasingly being used by local business in conjunction with Local Governments to address the economic and social problems being faced by urban areas to create safer and cleaner places that generate increased revenues for business’ and the city.

Descriptive statistics and where appropriate, inferential statistics, are used to explore the two research questions posed by this study. Through this study, a greater understanding of the functions, types, services, developmental strategies and objectives of South African Improvement Districts is achieved. The study explores the successes achieved by Improvement Districts, in South Africa, and their contribution to the rejuvenation of urban areas.

Improvement Districts are identified as being able to create long-term sustainable solutions that help to solve numerous complex urban problems through a number of mechanisms. Improvement Districts are furthermore identified as having the ability to bring about the limited economic development of not only retail and office areas but also industrial, educational and tourism regions in the city.

Improvement Districts improve the urban pattern through developing more compatible land uses and they broaden the economic base of communities, stimulating the pride and positive human values of residents. In this way, Improvement Districts contribute to the sustainable rejuvenation of South African cities.
CHAPTER 1: INTRODUCTION AND BACKGROUND

“Good urban governance results in economic efficiency, social equity, gender-aware policies, overall sustainability and ultimately, improved living conditions of not only the urban poor but all city residents. Good urban governance is not merely a matter of efficient management; it also has political dimensions related to democracy, human rights and civic participation in decision making processes” (UNHCS, 2001: 211)

1.1 Introduction to the study

Local Governments throughout the world are constantly challenged to provide the resources for maintaining and improving urban areas. The focus of inner cities is on developing a co-ordinated strategy that includes partnerships with businesses, property owners and investors (Hooper-Box, 2003). However, to sustain investment interests and consumer confidence in inner cities areas, a safe, clean and pleasant environment is required.

The South African Constitution [Sections 152 and 153] highlights the importance of developmental local governance with communities playing an active role in development. Local Government has four broad objectives, which are:

- The provision of democratic and accountable Local Government;
- The provision of services to communities;
- The promotion of social and economic development and a safe / healthy environment; and
- The involvement of the community in Local Government affairs.

While South African Local Governments are struggling to provide services needed to maintain and ultimately rejuvenate urban environments, this study highlights that Local Governments, through the involvement of communities in providing supplementary and complementary services, can bring about focused, localised social and economic development in cities. To this end, Improvement Districts are becoming increasingly more popular in South Africa.
This study explores the role of Improvement Districts in the social and economic development of urban areas in South Africa as they are proving to be increasingly popular in the rejuvenation of cities. Improvement Districts through the services they provide and the manner that they are structured and operated capture the Constitution’s spirit and objectives. Improvement Districts, furthermore achieve the environmental objectives of South Africa’s Local Agenda 21. According to the Local Agenda 21 (1999), an environmentally sustainable urban area is created through (Cox, 2000):

- The promotion of sustainable land-use management and policy;
- The promotion, integration and management of municipal infrastructure; and
- The promotion of construction industry activities, when involved from the developmental stage.

The study demonstrates that Improvement Districts, through Public-Private Partnerships (PPP’s) with Local Governments, are effective in initiating and facilitating positive change in our blighted urban areas and promoting the transformation of these areas into vibrant communities. The positive spin-offs of Improvement Districts in rejuvenating urban areas are documented in this study as communities get cleaner and safer environments, while property owners receive higher returns on their investments through increased occupancy rates and re-sale values of buildings.

### 1.2 The context of the study

Over the past few decades there has been an outward flow of businesses from and an influx of residents to inner city areas in America, Europe, Asia and South Africa. In 1950 there were 31 cities with a population greater than 1 million people, and by 1995, 196 cities globally had a population greater than 1 million. Most of this growth took place in developing countries (Pugh; 1997).

Rapid urbanisation has led to inner city decline on the one hand and contributed to urban sprawl on the other (Dillinger; 1994). The UN Department of Economic and Social Affairs (United Nations, 2004) indicated that the world urban population reached 3 billion people in 2003 and will increase to 5 billion by the year 2030. At current growth rates, the urban population will equal the rural population by the year
2007 (figure 1), and by the year 2030, 60% of the world’s population will be urbanised.

**Figure 1: Urban and Rural populations of the World 1950 - 2030**

![Urban and Rural populations of the World 1950 - 2030](image)

Source: United Nations 2004

**Figure 2: Urban Population of More developed and less developed reasons: 1950 - 2030**

![Urban Population of More developed and less developed reasons: 1950 - 2030](image)

Source: United Nations 2004

From figure 2 above it is evident that almost all the global population increase will be absorbed into the less developed region urban areas. Furthermore it is expected that
the urban population will equal the rural population in less developed regions by the year 2017. Table 1 depicts that the global urban growth rate will be approximately 1.8% per annum, this is approximately double the projected global population increase (United Nations, 2004). Table 2 indicates that the African urban growth rate is even higher, at approximately 1.9% per annum. The South African urban growth rate is expected to reach 1.43% in the period 2000 – 2005. Where after the urban growth rate will decrease annually to 0.33% by the year 2030. Table 3 below indicates that in 2003, 57% of South Africa’s population was urban.

Table 1: Total, Urban and Rural population by development group, selected periods; 1950 - 2030

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| Table 3: Total, Urban and Rural population by major area, selected periods: 1950 - 2030

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<td>Source: United Nations 2004</td>
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Table 2: Total Urban and Rural Population by major area, selected periods: 1950 - 2030

Source: United Nations 2004
Chapter 1: Introduction and Background

Table 3: South African Urban and Rural Population in 2003

<table>
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<tr>
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<th>Urban (people)</th>
<th>Rural (people)</th>
<th>Total (people)</th>
<th>Percentage urban population</th>
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<td>South Africa</td>
<td>25637</td>
<td>19389</td>
<td>45026</td>
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</table>

Source: United Nations 2004

The South African census statistics indicate that the urbanised population in South Africa increased from 54% in 1996 to 58% in 2001 (Statistics South Africa: Census, 1996; and Census 2001). Considering that the United Nations projected that 61% of people would be living in urban areas by the year 2030 (UN, 2004), this indicates that urbanisation in South Africa is more rapid than projected in the rest of the world. In the period 1996 – 2001 the population of the 21 largest urban areas in South Africa rose from 18.4 million to 21.1 million, which translates into a 14.2% increase over the corresponding period (UN, 2004).

Associated with the rapid urbanisation of people (particularly in less developed regions countries) is the demise of inner city areas and greater levels of urban sprawl. The expenditure of lower income populations of third world communities is focussed in the Central Business District (CBD) areas - areas that have high public transport accessibility (SA Cities; 2003). At the time this study was conceptualised (2002) this phenomenon was highlighted in South Africa by a large number of retail outlets downscaling their activities in the CBD areas, with more and more low-grade, small scale and homogenized retail activity taking place because of the lower credit levels of the Previously Disadvantaged Individuals (PDI’s) (SA Cities; 2003).

Furthermore, if you’re too old; young; or too poor to drive, you are a victim of urban sprawl - your mobility is limited to public transportation and you often have to travel vast distances to access amenities and job opportunities (Davies; 2001). Hence the poorer, less mobile populations are trapped on transportation routes that historically originate and terminate in inner-city areas.

The establishment of new secondary urban centres has seen a shift in consumer patterns. Consumers with access to private transport have abandoned the urban centres, leaving lower income consumers dependant on public transportation in the urban centres, with limited access to the newly created sub-urban centres (SA Cities; 2003). In this regard Ciscel (2001, p405) states that:
“All residents tend to finance, through their taxes, new suburban subdivisions, but urban [inner city] residents in need of social services find it difficult to access the best new ex-urban facilities and services”.

Projects implemented in the past to address the problems created by rapid urbanisation and urban sprawl, have had limited success in bringing about the social and economic re-development of urban areas (Davidson & MacEwen, 1984; Bressi; 1999; Sampson; 1999). This study identifies the following reasons for the limited success of projects to bring about the rejuvenation of inner city areas, globally. These include the following:

- **Lack of ownership by the private sector:**
  Local Government has in the past not involved the private sector in decision-making when implementing social and economic re-development projects. In Britain, the first example of urban renewal was the fight against unsanitary conditions in working-class neighbourhoods through slum clearance, which was initiated with the Greenwood Act of 1930 (Short, 1982; Couch, 1990). According to Gibson and Langstaff (1982), a quarter of a million people were re-housed in the UK in the 1930’s. The Second World War halted this programme and in 1954 the Housing Law again initiated the renewal programme. It was the objective of the Government to demolish 12 000 to 60 000 houses a year and build 100 000 to 150 000 new houses (Short, 1982). It is important to note that the houses demolished were privately owned, low-rise facilities, while the new flats were big blocks of public housing. The public authorities in the UK managed both slum clearance and the provision of housing for those relocated to new council housing (Carmon, 1999).

- **Financial constraints:**
  Cox (2000), states that financial constraints are increasingly placing heavy financial burdens on Local Governments to provide the required public infrastructure and services for the expansion of the urban environments. In the older rundown inner city (downtown) areas it is evident that Local Governments are unable to manage their urban environments adequately with the existing resources at their disposal (Hardin, 2000; Houstoun 1997; Levy, 2001; Mee Kam, N.G, Cook, A & Chui, E.W.T, 2001). In addition to the latter, specific to the South African context, the ‘Apartheid City’ legacy has additionally influenced the high rates of unemployment and large-scale urbanisation. This has created additional
pressures [burdens] on Local Governments to provide basic public infrastructure and services to the previously disadvantaged communities housed in "locations", "townships" and former homeland areas on the periphery of our cities (White Paper on Local Government, 1998; Cox, 2000; Tomlinson, 1999; Bremner, 2000); To provide the required infrastructural services to the poorer population group were cost recovery rates for services provided are historically low, Local Governments utilise larger portions of revenue collected in the more affluent urban regions within the city to fund the infrastructure in the peripheral impoverished (previously disadvantaged) areas (Cox, 2000; Pieterse, 2002). The services supplied by the Local Governments are provided in a uniform manner throughout the urban area, that is, wealthy and poor areas receiving the same level of service (Department of Provincial and Local Government, 1998).

From the above it is evident that South Africa's Local Governments have limited funds, and this together with the rapid urbanisation of people from rural areas to urban areas is making the delivery of the most basic facilities and services such as the provision of potable water and sanitation increasingly difficult to achieve (Stokvis, 2003). Thus, the question arises is: Where will the funding come from to ensure that the ever-expanding residential, business and industrial areas are kept crime and grime free with ever diminishing Local Government sources of funding?

According to Cox (2000) the rapid growth of South African cities, together with the inappropriate apartheid planning models, has created an inefficient structure with ever growing demands on the countryside and on urban places. Urban areas are increasingly faced with housing shortages, an escalating presence of urban poor, decentralisation, the impacts of a high technology economy and the associated increased levels of competition, and demographic changes like the increase in numbers and cultural diversity.

From an economic perspective, property owners aspire to get the best returns on their investments, and this is only possible if their properties have a re-sale value, while tenants aspire to constantly increase profits (Goldberg, 1998). At the time that this study was conceptualised (2002), property prices in many South African inner city areas were relatively low due to the perception that inner city areas are unsafe and dirty. In addition, businesses were avoiding the inner city areas
because they could not make break-even profits (Kerkstreet Central Improvement District News, 2003).

Only through improving the built environment through the social and economic development of these areas can the re-sale values of buildings and business investments be improved. The importance of developing inner city areas is highlighted by the South African Cities Network Report (2003a) as it indicates that inner city areas remain the major source of revenue of many South African cities. The report furthermore indicates that Johannesburg still receives most of its revenue from the Johannesburg Central Business District (CBD).

1.3 The problem statement

This research seeks to explore the phenomena of Improvement Districts in South Africa.

The study achieves this by;
1. Exploring the status of Improvement Districts in South Africa in terms of their reasons for establishment, their land use composition; budgets, the challenges; the successes achieved, and their functions.
2. Comparing the relationship (if any) between the strategies and objectives of urban renewal and those of Improvement Districts.

1.4 Delimitation of the study

The study focuses on all legally ratified Improvement Districts located within the boundaries of South Africa. The field research is limited to organisations directly involved with the administration and management of the Improvement Districts. Legally Ratified Improvement Districts are currently only active in the following three provinces in South Africa, namely, Gauteng, Western Cape and KwaZulu-Natal.

1.5 Value of the study

The study is valuable in as far it explores the impacts of Legally Ratified Improvement Districts in South Africa, while benchmarking the findings
internationally. The study furthermore explores the relationship between the objectives and strategies of urban renewal and those of Improvement Districts.

Hoyt’s (2003) study entitled “The Business Improvement District: An internationally diffused approach to revitalisation” explores the South African Context in broad terms but does not provide details on individual Improvement Districts in South Africa or do a localised comparison of these Improvement Districts as this exploratory study does.

In addition to the aforementioned this study explores the relationships between the strategies and objectives of urban renewal and that of Improvement Districts in South Africa, which Hoyt’s (2003) does not.

This study does however use Hoyt’s (2003) findings, where available, to compare the results of this exploratory study against international experiences and data.

1.6 Limitations of the study

The limitations to this study that should be noted are the following:

- At the outset of the study all the legally ratified Improvement Districts were identified through the major role players in the Gauteng, Western Cape and KwaZulu Natal Regions, through the Johannesburg Inner City Partnership, The Cape Town City Partnership and the Durban Chamber of Commerce. The Pretoria, Cape Town and Durban Metropolitan Councils were also contacted to determine the Legally Ratified Improvement Districts in their respective areas of jurisdiction. It is based on these sources that the list of legally ratified Improvement Districts was compiled, as no National Database of Improvement Districts in South Africa exists. Since the completion of this survey a number of new Improvement Districts have been legally ratified, in Randburg, Pietermaritzburg, Durban and Cape Town. This further helps confirm the findings of this study.
- The study focused on the relationship between the objectives and strategies of urban renewal and those of Improvement Districts. It is recognized that there may be other objectives and strategies that contribute to the social and economic development of urban areas that were not used as part of this study. The
objectives and strategies used here are however internationally regarded central to urban renewal.

1.7 Outline of the remainder of the dissertation

Chapter 2 discusses the methodology followed in this study, describing the research design and sampling method used; data collection; data analysis and data preparation. It furthermore discusses why descriptive and inferential statistics are used to analyze the data. The limitations of the study are also highlighted.

Chapter 3 investigates the history of urban decline and renewal by identifying and describing factors that have contributed to the decay and renewal of urban areas over the past 160 years. The chapter plays an important role in justifying the importance of Improvement District, and the manner that Improvement Districts contribute to the social and economic development of urban areas.

Chapter 4 discusses the main theme of the study that is Improvement Districts. Improvement Districts and their various permutations are discussed. The chapter investigates the origins, aims, impact and forms, advantages and disadvantages of Improvement Districts at the hand of international and local case studies, and research.

Chapter 5 explores South African Improvement Districts. The legally ratified Improvement Districts, within the boundaries of South Africa, are surveyed. This chapter captures the findings from completed questionnaires and supporting findings from unstructured interviews. These findings are used to describe the current status of South African Improvement Districts, identify any patterns (if any) that exist between various Improvement Districts, and determining the degree to which Improvement Districts contribute to social and economic development of South African urban areas.

Chapter 6 summarises and discusses the findings of this study.
2.1 Introduction

According to Leedy (1993) and Black (1999) this study can be classified as both quantitative and qualitative in nature, containing elements of descriptive, historic and comparative surveys. This chapter describes the steps taken to prepare these research findings, followed by a detailed look at the research design and sampling method, data collection method, the approach used for data analysis and limitations of the study. By describing in detail the research approach taken in the study, the study demonstrates that an objective and accurate representation of the current status of Improvement Districts in South Africa is provided.

This study was conducted using a framework of four research phases. A detailed outline of each of the research phases is described below.

In Phase 1, data was collected and researched from various papers, reports, articles and published works related to the topic of study. During the identification of Improvement Districts in South Africa, it was found that over 40 Improvement Districts exist, however, only 23 of them have been legally ratified and are therefore sustainable in terms of having predictable multi-year budgets.

In this study, all the legally ratified organisations (23) involved in the establishment of Improvement Districts and/or management of Improvement Districts were contacted in the period June 2004 – October 2004 and requested to complete a questionnaire (see Appendix A). Unstructured (8) interviews were held with key role-players in the cities in which Improvement Districts are currently implemented, namely, Pretoria, Johannesburg, Cape Town and Durban. The interviews were held either telephonically or in person (the question sheet is attached as Appendix B). These key-role-players included Improvement District managers implementing the relevant Improvement Districts, and relevant municipality members involved in supporting the establishment of Improvement Districts.

Phase 2 of the study involved the sorting and validation of the data. In order to ensure that the data remained relevant to the topic of study; the data was placed in one of two categories. The first category focussed on data and documentation
pertaining to Improvement Districts while the second category focussed specifically on the rejuvenation of urban areas.

In phase 3 the two data categories collected were evaluated, based on findings from the questionnaires completed. The literature that guided the evaluation is described in the two data categories below:

- Category 1 data focused on determining what type of functions/services South African Improvement Districts offer. These functions/services are based on international standards identified in the literature review (Chapter 4).
- Category 2 data focussed on an evaluation of South African Improvement Districts and how they respond to the strategies and objectives of urban rejuvenation. The criteria presented in the literature review (Chapter 3) were used to measure the extent to which Improvement Districts contribute to urban renewal.

Phase 4 of the study involved performing the statistical analyses and writing the dissertation. Descriptive statistics were used to describe the current status of South African Improvement Districts. In addition, correlation statistics were performed to determine if there are any relationships between the budget of South African Improvement Districts and the number of functions/services they perform.

2.2 The research design and sampling method

To date only three similar studies attempting to quantify the role that Improvement Districts Internationally play in the social and economic development of urban areas have been undertaken. Paul Levy (1999), Prof L Hoyt (2003), and Larry Houstoun (1997) have conducted such studies. The studies undertaken by Houston and Levy were conducted in the United States and Canada, whereas Hoyt’s study was international, but excluded the United States. These studies were conducted through surveys (structured questionnaires) and interviews with stakeholders and key role-players (Levy, 1999; Hoyt, 2003, and Houstoun, 1997).

This study used a similar research methodology as the abovementioned studies. In this study, a one-shot survey design is utilized. This research design is most appropriate because the study aims to describe South African Improvement Districts,
and secondly describe the current aspects of service delivery that South African Improvement Districts focus on (Black, 1999; Neuman, 1997).

This study is a descriptive survey because of its focus on describing the current aspects of Improvement Districts, as stated above. It is also a historical study because to fully understand the nature of Improvement Districts we need to understand the history of Improvement Districts.

“Only through studying history can we grasp how things change; only through history can we begin to comprehend the factors that cause change; and only through history can we understand what elements of an institution or a society persist despite change” (Stearns; 2005).

Normally in a research study, a sampling procedure will be used to select a representative sample of the population. However, in this study, all legally ratified Improvement Districts were researched. This means that there was no sampling done since the whole population is researched (Trochim, 2002). It is noted that there are various other Improvement Districts that exist in South Africa, however, those that were not legally ratified were not included in the study.

The managers of each Improvement District were targeted since they have the demonstrable experience and expertise to comment on events in their Improvement Districts.

The next section considers the method used in the collection of data, and the analysis methods used in compiling these research findings.

2.3 Data collection method

Data collected in the survey was done through quantitative and qualitative means, in the period June 2004 – October 2004. To collect the quantitative data, an electronic survey questionnaire was emailed to the Managers of all the legally ratified Improvement Districts in South Africa (refer to Appendix A). It was initially anticipated that the questionnaires would take approximately 30 - 45 minutes to complete. In most case it took up to 2 months and numerous reminders to solicit the
required information from Improvement Districts. The survey data was either returned via email or fax.

To collect the qualitative data, telephonic interviews and personal interviews were held with relevant members of municipalities and Improvement District Managers in all four provinces to gain an understanding of their perceptions and ideas of the various aspects encompassed by Improvement Districts in South Africa. The survey questionnaire also included open-ended questions to gain insight into the functions and services offered by Improvement Districts and the social and economic development objectives and strategies followed by Improvement Districts.

The quantitative data collection was done primarily to determine trends that may exist between Improvement Districts within South Africa and, secondly to compare Improvement District trends locally with International Improvement Districts. Every Improvement Districts approached was responsive in completing the survey and providing any additional information requested. The Improvement Districts were interested in receiving a summary report on the status of Improvement Districts in South Africa. Respondents requested that the survey results be forwarded to them on completion and acceptance of the study.

2.4 Data analysis method

According to Trochim (2002), in most social research, data analysis involves three major steps, namely, data preparation, descriptive statistics, and inferential statistics. Each step is discussed in more detail with a description of the process used for this research below:

2.4.1 Data preparation method

Data preparation involves checking or logging the data in; checking the data for accuracy; entering the data into the computer; transforming the data; and developing and documenting a database structure that integrates the various measures. In cleaning the data (preparation) some survey questionnaires completed had greatly differing responses when validated against the interviews conducted. In such cases the relevant Improvement Districts were contacted and the information was validated, either over the telephone or the resubmission of the questionnaire. Data was
captured in excel and exported into Statistical Package for the Social Sciences (SPSS), a software package used to analyze the data.

2.4.2 Descriptive statistics

Descriptive statistics are used to describe the basic features of the data in a study. These statistics are used to present quantitative descriptions of the data in a manageable form by providing simple summaries about the sample and the measures (Black, 1999). Together with simple graphics analysis, descriptive statistics form the basis of virtually every quantitative analysis of data (Trochim, 2002).

Various descriptive statistics were used to determine the current status of Improvement Districts in South Africa.

2.4.3 Inferential statistics

Inferential statistics are used to investigate questions posed as part of the problem statement. These types of statistics are used to make inferences from the data to more general conditions. To determine which statistical tests are most appropriate for the research, one should consider the specific problem and characteristics of the collected data, namely, sample size, normal distribution, outliers etc. (Kerlinger, 1986; Pett, 1997). For this study, a statistician was consulted to run appropriate inferential statistics to respond to the research questions/problem statements.
CHAPTER 3: URBAN DECLINE AND REJUVENATION

“Urban renewal takes place when there is the perception of decline in inner city economies, in conjunction with the hope of renewal whereby existing trends are revised to find a new basis for economic and social prosperity” (Blumenfeld, 1974)

3.1. Introduction

Although a prerequisite for urban rejuvenation to take place would first necessitate an urban environment to be constructed, it is not the focus of this chapter to debate the origins and types of city form, but rather to provide a perspective on urban decline and the subsequent processes whereby urban areas are rejuvenated. By identifying urban decline and methods of rejuvenation, this chapter provides evidence that Improvement Districts contribute to the development of urban areas. The perspective taken in the study is that the development and re-development of urban areas have been addressed throughout history most frequently by urban renewal processes and programmes.

Economic and technological advancements have had major impacts on society and its institutions throughout history. These changes are visible in people’s daily lives. Household economies are transformed and create new life opportunities, breaking established patterns of life and business that leads to the ageing and outdate physical infrastructure being renewed at intervals as and when the need arises (Hart, et al., 1995; Healey, P. Davoudi, S. O’Toole, M. Tavsanoglu, S and Usher, D, 1992; Jones, 1990).

This study argues that the process whereby the physical environment is continually changed through social, technological and economic advancement which in turn contributes to outdate and ageing infrastructure, is referred to as the perpetual urban decline and renewal cycle.
3.2. Background

Until the start of the industrial revolution all citizens and businesses were competing to reside as close to the town centres as possible. Although urban decline was present in the pre-industrial city, the constant pressure/competition to be at the centre of the town saw a natural process of renewal taking place. The renewal that took place was localised and fragmented. Urban populations that desired to live in the city centre focussed financial resources in the town centres to make the central areas safe to live in. The urban periphery saw less financial resources, if any, and consisted of derelict areas with unsafe living conditions (Lyon and Newman, 1986; Morris; 1994; Rudlin & Falk, 1999).

The industrial revolution placed immense pressure (in terms of technological and economic advancement) on the pre-industrial city causing it to reverse the polarity of settlements. The industrial period saw the status of a citizen increasingly defined not by how close you could live to the town/city centre but by the distance you could place between yourself and the perceived squalor of urban life (Medhurst and Lewis; 1969; Rudlin & Falk, 1999).

The information age that has seen the widespread use of telephones, fax, computers and the internet has also seen the decentralisation of the CBD. In any given city, all areas have become equally accessible. There is no longer a need to be physically concentrated in the CBD. It has become easier, through information technology, for business establishments to choose a location outside the highly concentrated areas (Ingram, 1998; Storper, 1996; Compaine, 2001; Komninos, 2002).

The arrival of private transport has furthermore seen the accessibility to the CBD decreasing (traffic congestion in the CBD, caused by lack of parking) and making it easier to travel to business areas in the sub-region. The energy that fuelled the industrial revolution was coal, whereas in the post-industrial city, the revolution is fuelled by information technology (Woods, 2002).

The causes of decay in the industrial city are not the same as for the post-industrial city; the move away from mechanical mass production technology in manufacturing, known as ‘Fordist’ production processes to more flexible and consumer-sensitive
processes enabled by electronic technology, has had a major impact on the spatial and social relationships of many cities (Cooke, 1990; Greed 1996; Freestone and Hamnett, 2001).

Accompanying the new technologies of production have been new strategies for managing production and distribution, and new spatial divisions of labour. Throughout the industrialized world, industrial cities have suffered as rust belt industries (steel, vehicle manufacturer and mechanical engineering in particular) have been rationalized in the face of foreign competition and new production relations. Redundancy and unemployment have been mirrored spatially in the decline (dereliction) of the production and distribution sites associated with the old production technologies and relations (Healey, et al., 1992).

3.3. Urban decline in South Africa

Over the past 20 years, South African Cities have become dysfunctional and poorly integrated; this can largely be ascribed to apartheid legacy. Local authorities are ill equipped to handle increased urbanisation; informal trade; crime; grime and the negative financial implications of decentralisation (Cox, 2000).

The economic decline of the 1980’s saw the reduction of state control over informal activities like the taxi industry and informal street trading. The fact that these policy changes were not done in collaboration with cities severely compromised urban management. The absence of housing in CBD areas (as a result of apartheid housing policies) for the lower income predominantly Black, Coloured and Asian groups was buildings designed for commercial use being used for residential purposes. Low affordability levels, poor management practices and high occupancy rates, created CBD areas that are overcrowded and decaying (South African Cities Network; 2003).

The political transition of South Africa in 1994 was accompanied by the inability of Local Government to deliver services at all levels. In the period 1994 – 1998 Local Government focussed on providing new services in previously disadvantaged areas, thus the improvement of the CBD area was considered a lower priority. This resulted in publicly–owned buildings being neglected or illegally occupied. Furthermore, Municipal bylaws were not enforced because they were seen as being politically incorrect. This abandonment of public facilities, failure of Local Governments to
enforce municipal bylaws and the decline of public open spaces, created a sense of lawlessness and heightened crime (South African Cities Network; 2003).

3.4. Urban Rejuvenation


The various interpretations of urban renewal have been linked to the time period within which this renewal took place, much like the decline in the pre-industrial; industrial and post-industrial periods were fuelled by different technologies and economic advancements. There has been a gradual shift from viewing urban renewal as a tool to bring about large-scale physical change, that is, slum clearance (usually orchestrated through large national government driven processes), to viewing urban renewal holistically in terms of the total urban form, that is, as a tool that makes use of partnerships between public authorities and private enterprise to achieve physical renewal.

Couch et al. (2003) states that regeneration has over the past 30 years come to collect a number of synonyms and associated terms such as urban renewal and urban revitalisation. Thus, there are no significant differences in the meanings of the three terms urban renewal, urban revitalisation and urban regeneration. For the purpose of this study, the term **urban renewal is used to refer to the general process of transforming the urban environment through multi-sectoral interventions that are undertaken within a specific geographic area**.

Although varying in the precise time frames and policy initiatives per country, the table below presents an overview of the worldwide tendency of moving from a Fordist (welfarist) to a Post-Fordist (efficiency/competitive) approach and the resulting changes in policy (Parkinson, 1989). Table 1 below depicts the policy changes in Britain during the transitional period.
Table 4: Features in the transition from a Fordist (welfarist) to a Post Fordist (efficiency/competitive) form of British Urban Policy

<table>
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<tr>
<td><strong>Policy emphasis</strong></td>
<td>Slum Clearance and comprehensive redevelopment. Planned decentralisation</td>
<td>Area-based social welfare projects attempting to respond to economic, social and environmental problems resulting from the structural decline of the economy.</td>
<td>Property led regeneration. Reliance on partnerships to attract inward investment into the city.</td>
<td>Integrated initiatives attempting to link disadvantaged areas with mainstream economic opportunities. Competitive bidding for funding.</td>
</tr>
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| **Policy initiatives** | Slum clearance and planned production of housing via planned decentralisation:  
  - New Towns Act 1946;  
  - Town and Country Planning Act of 1947; and  
  - Housing subsidies. | Area-based initiatives:  
  - Urban Programme 1968;  
  - General Improvement Areas 1969;  
  - Community Development projects 1969;  
  - Housing action areas 1974;  
  - Comprehensive Community Programmes 1974; and  
  - Enhanced Urban Programme 1978. | Property based supply-side initiatives:  
  - Enterprise Zones 1979;  
  - Urban Development Corporations 1981;  
  - Urban Development Grants 1982;  
  - Derelict Land Grant 1983;  
  - City Action Teams 1985;  
  - Estate Action 1985;  
  - Urban regeneration Grants 1997; and City Grant 1988. | Initiatives to improve the competitive advantage of localities:  
  - City Challenge 1991;  
  - Urban Partnership 1993;  
  - City Pride 1994;  
  - Regional Challenge 1994;  
  - English Partnership 1994;  
  - Single Regeneration Budget 1994; and  
  - Challenge funding from Local Authorities, Priority Projects 1996. |

Source: Greed 1996, p 55

The research done by Nick Oatley (1996) highlights the fact that economically, the shift internationally from a Fordist to Post Fordist economy has brought with it significant changes in forms of governance, which in turn coincides with the worldwide trend to move away from the traditional forms of urban renewal, that is, slum clearance and large scale housing projects through purely government interventions; to urban renewal practices that encompasses revitalisation, and regeneration principles with partnerships between public and private institutions coming to the forefront.

The stakeholder participation in renewal efforts South African cities has followed a similar trend, and although this trend is approximately 10 years behind that of Britain.
as depicted in Table 4 above. But from the establishment of Industrial Development Zones, the Blue IQ projects in the mid 1990’s to the establishment of Improvement Districts in the late 1990’s as shown later in this study we can safely say that South Africa has entered the Post – Fordist Period of efficiency. Currently South African Cities are in the entrepreneurial stage as reflected in Table 4, and cities have not yet entered the competitive stage as depicted.

According to Carmon (1999) two types of public-private revitalisation processes are taking place in urban areas:

- The first type of partnership is characterised by individual stakeholders in deteriorated neighbourhoods being subsidised directly (in the form of subsidy loans) or indirectly (in the form of special regulations, investments in public services, etc.) by authorities (Local Governments). This includes areas relatively close to the CBD’s that have a certain architectural/historical charm.
- The second and most popular type of partnership is between large private investors, often corporations, and the public authorities (Local Government). These regeneration projects often include shopping malls, convention centres and hotels. The London Docklands (July 1981 to March 1998) and the Cape Town Waterfront (1988 to final phases of the project are currently under construction) are examples of such projects. These large projects are usually commercially successful as they attract business, local customers, and tourists while significantly enhancing the cities tax base and appearance.

Having considered the shift in focus that urban renewal has taken; it is possible to consolidate aspects that contribute towards urban renewal in cities. Section 3.6 below, focuses on objectives and strategies considered important for effective urban renewal globally.

3.5. Urban renewal in South Africa

‘Urban Renewal requires greater business investment in the regeneration of inner city areas” – Pillay\(^1\)

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\(^1\) Dr Pillay is the Executive director surveys, analysis, modelling and mapping at the Human Sciences Research Council
Sol Cowan, the member of the Mayoral Committee (2004) responsible for the Johannesburg inner city, highlights that the South African inner city regeneration strategy focuses on sustaining and raising private investment, leading to an increase in property values. This strategy rests on five pillars. The Business Day (8 April 2004, p.6) newspaper describes these pillars as the following:

1. Intensive urban management, which is a necessary and critical basis for any urban regeneration initiative. This includes activities such as providing high-quality services, strict enforcement of bylaws, managing taxis and informal trading in the city, and implementing sound credit-control mechanisms.
2. Upgrading and maintaining infrastructure in the inner city.
3. Providing support to different economic sectors. To this aim, the city strives to support manufacturing and service sectors that have the potential to thrive in the inner city and to influence the growth of new sectors, says Cowen.
4. Address sinkholes, that is, properties that are slummed, abandoned, over-crowded or poorly maintained. Sinkholes create disincentives to private investment and block sales. They are also vulnerable to organised crime and can become no-go zones.
5. To encourage ripple-effect investments.

According to Cowen (in Business Day, April 8, p6, 2004), the above initiatives have already had a positive effect on crime in Johannesburg. Various Improvement Districts are being implemented in cities throughout South Africa where decline is evident or likely to occur in the future.

3.6. **Generic objectives and strategies for urban renewal as a measure of social and economic development of a specific geographic region**

The SA Cities Network report on Urban Renewal Published in August 2003 identified 15 Key Performance Indicators with which to measure Urban Renewal, namely (SA Cities Network, 2003):

1. A reduction in the presence of waterborne diseases.
2. Improved access to safe drinking water.
3. Improved access to sanitation facilities.
4. Improved access to electricity.
5. Improved security of tenure for residents of urban areas.
6. Improved housing environments and better houses.
7. Private versus Public Investment ratios.
8. Improved business and employment opportunities.
9. Improved access to social and recreational facilities.
10. Improved family stability and community relations.
11. Reduced infant mortality rates.
12. Reduced crime statistics.
13. Improved levels of payment for services.
14. Improved maintenance of public infrastructure
15. An upward trend in property values.

From the above key performance indicators and the literature survey (Goodchild, 1997; Miller and De Roo, 1999; Schoon, 2001; Beall et al, 2002; Speake and Fox, 2002) it is evident that urban renewal programmes aspire to achieve any of/or a combination of the following generic objectives:
1. Eliminate decay and deterioration;
2. Improve living and housing environments;
3. Rejuvenate and revitalise business areas;
4. Improve the urban pattern through the development of more compatible land uses for new housing developments; commerce; industry, and other public facilities; and
5. Broaden the economic base of communities and stimulate the pride and positive human values of residents.

The objectives listed above could be reached through a number of urban renewal strategies as described in Healey (1992) and Carmon (1999):
1. Strategies providing financial incentives in urban areas;
2. Strategies that market urban areas;
3. Strategies that improve the images of urban areas;
4. Strategies preventing the segregation of the lower classes;
5. Development Strategies that could include housing, commercial and industrial development, in any combination;
6. Strategies working simultaneously for economic development and social equity; and
7. Strategies that address regeneration through the establishment of partnerships.
The objectives and strategies listed above are used as the theoretical basis to indicate how South African Improvement Districts contribute towards the social and economic development of urban areas (Chapter 5).

3.7. Conclusion

The reality of urban decay lies not in the fact that urban decay has taken place at a certain time in history but rather that the causal factors influencing urban decay are uniquely different in various historical periods and hence the response to address urban decay should also be unique to specific time periods (Kostof; 1999).

Over the past 70 years the trend, in terms of policy, has been to move away from physical redevelopment with large-scale government intervention towards entrepreneurialism and competitive policies promoting public-private partnerships in dealing with urban problems (Porter and Sweet, 1986). These policy changes have gone hand in hand with the worldwide shift from the Fordist to Post-Fordist era. South Africa made this transition in the mid-1990 with a greater focus being placed on entrepreneurialism than on welfarist physical redevelopment problems.

This chapter further confirms that changes in the economy through technological advancement and political/ideological changes have brought about changes in the manner that urban renewal has taken place throughout history.

In the Fordist era (welfarist) planned urban renewal was the order of the day with comprehensive redevelopment (slum clearance) being central to government-planned and executed initiatives. With time, the gradual change to the Post-Fordist era has occurred, urban renewal practices have become more decentralised (in the form of public-private initiatives) and community inputs are considered vitally important to the success of any project.

In conclusion, it is evident that urban renewal practices have always had a great deal of public intervention. It has furthermore become the international trend for public-private partnerships (PPPs) to be established with the purpose of bringing about changes for public good.
The global shift to more entrepreneurial styles of social and economic development of urban areas creates a platform for the use of Improvement Districts, as public private initiatives, to provide a suitable vehicle to bring about the sustained long term social and economic development of specific blighted urban areas. The use of Improvement Districts to address the social and economic decline of urban is discussed in more detail in Chapter 4 that follows.
4.1. Introduction

The concept of “Improvement Districts” has its origin in Canada and the USA. Improvement Districts started in the mid nineteen sixties when retailers and property owners in cities decided to jointly take on the responsibility of paying for the development and improvement of pedestrian malls and streetscape improvement.

According to Mitchell (1999), Hoyt (2003), Houstoun (1997; 2003) and Pack (1992), Improvement Districts are known under a variety of names: Improvement Districts, Business Improvement Districts (BIDs), Special Improvement Districts (SIDs), Public Improvement Districts (PIDs), Neighbourhood Improvement Districts (NIDs), Municipal Improvement Districts (MIDs), Business Improvement Area (BIAs) and City Improvement Districts (CIDS). There appears to be no standard naming typology for Improvement Districts. For the purpose of the study, all the above types will be referred to collectively as “Improvement Districts”.

From the above paragraph it is evident that the concept of the Improvement District is widely applied to residential, university, industrial and central business areas throughout the world. The land use composition of an Improvement District area can therefore be homogenous or diverse.

The concept of Improvement Districts is continually spreading to more functional areas in our urban environments in an attempt to revitalise cities, hence stem urban decline and/or turn around existing urban decay. The primary purpose of Improvement Districts is to maintain and enhance the social and physical environments within urban areas by providing top-up services above those that a local authority can provide (Houston, 1997).

The purpose of this chapter is to indicate what we know about Improvement Districts in terms of their history, composition, functions and how they are used to improve urban areas. To achieve this purpose, the concept ‘Improvement District’ is defined; financial management debates are highlighted and current trends in setting up and implementing Improvement Districts are discussed.
4.2. Improvement Districts defined

Houstoun (1997) stipulates that Improvement Districts can be distinguished by two broad characteristics, that is, they are publicly financed and privately managed.

The four key concepts that define Improvement Districts are listed below (Hoyt; 2003):

- Privately directed activities, in a
- Geographic area, providing
- Supplementary services, that are
- Sanctioned by the public.

Each of these concepts are discussed in detail below.

4.2.1. Improvement Districts are privately directed activities

Improvement Districts may be managed by an organization that is either a public agency or, more often, a non-profit corporation. It is the responsibility of a board of directors whose membership is dominated by business and commercial interests, reflecting those who pay the assessment. Since governments have little or no authorizing and oversight responsibilities, the onus for planning, financing, and managing districts resides with the private sector.

Improvement Districts have been defined in various ways by different writers. The following definition published by Lawrence Houstoun as recently as September 2003, illustrates the fact that Improvement Districts are privately directed:

“An Improvement District is a system by which the owners of two or more private properties or businesses cooperate to share the costs of solving common problems or realizing economic opportunities associated with their place. Improvement Districts represent systems of cooperation in which business representatives agree to a formula for cost sharing and for managing the implementation of plans they have
Neil Fraser (2003) reflects that the current Mayor of New York; Mayor Michael Bloomberg (re-elected 2005 -2009) has endorsed this private urban management model. Mayor Bloomberg stated that Improvement Districts are community organisations that are voluntarily formed to promote business development and improve quality of life in neighbourhoods across the City. Established by local law, Improvement Districts are self-funded through assessments on property owners located within the Improvement District and provide services such as sidewalk sweeping, public safety officers, street landscaping and guides for restaurants and shopping districts. Major Bloomberg also stated that Improvement Districts have played an integral role in the economic development of neighbourhoods. He said that signing this bill [The occasion was a public hearing on Local Laws at which the mayor had authorised budget increases for nineteen of the cities 44 Improvement Districts in New York] is indicative of the support that the Mayor’s administration is providing to the key role Improvement Districts play in the City’s future growth.

In order for Improvement Districts to be sustainable, property assessments or business taxes are compulsory, multi-year and applied to all benefiting properties or businesses. Once adopted, it is enforceable with the power of government behind its collection. This effectively means that Improvement District funds will be available for a pre-determined time period in the future, enabling multi-year contracts with vendors, agreements to employ staff and where authorized by law the ability to finance capital improvements (Lloyd et al, 2003).

Because Improvement Districts are privately owned, they allow stakeholders to find solutions to problems that are relevant to their local context. Normally, an Improvement District exists where Local Government funding is limited. Improvement Districts provide an opportunity for privately organised individuals in a specified area to organise and manage tailor-made physical, economic and social improvement programs (Hoyt, 2003).
4.2.2. Improvement Districts refer to specified geographic areas

An Improvement District must consist of a defined geographic area within which the majority of property owners and/or tenants agree to pay for pre-determined services to supplement or complement those normally supplied by a Local Authority (Municipality) with the aim of enhancing the physical and social environments. The objective is to maintain and manage the public environment at a superior level and to ensure that at least the status quo of the area is increased and preferably that there is a general increase in investment (Business Day, 2004). It is important to note that the municipality continues to provide a pre-determined level of services in the specified/demarcated area of the Improvement District (Fraser, 2003).

It is compulsory that funds collected in the specific geographic area be utilised only in that area. Improvement Districts execute many government functions within demarcated areas, without the obligation to achieve social equity or ensure equitable access (Arthurson, 2001). It must however be emphasised that in South Africa, Improvement Districts are ratified by Local and Provincial Authorities that must take into account their respective spatial development plans, and should, according to the Constitution of South Africa, ensure equal access to facilities and areas.

4.2.3. Improvement Districts provide supplementary services

The property owners and/or tenants determine the nature of the supplementary services to be provided in an Improvement District, based on the needs of the geographic area.

The following service categories (but are not limited to) are usually addressed by Improvement Districts (San José Downtown Association publication Downtown Dimensions):

- Physical Improvements;
- Supplementing City services, like street cleaning, security etc.;
- Improving the urban market places;
- Informing, promoting and marketing of the inner city areas, in particular the area demarcated as an Improvement District;
• Addressing social needs of the residents, tenants and property owners located in an Improvement District Area;
• Improving access and mobility; and
• Guiding development.

Improvement District Members are flexible in determining the mix of services required by any community, thus, the ‘mix’ of these service improvements will vary from one improvement district to the next.

4.2.4. Improvement Districts are sanctioned by residents/property owners of a specified area.

The public sanctions an Improvement District in that it is firstly agreed to by a majority of residents/property owners in a specified geographic region. It is furthermore approved either via a council resolution (local law) or via Provincial/State legislation (Houstoun, 2003).

In order for any organization to draft a proposal to a local authority for the inception of an Improvement District in South Africa, 25% of the property owners must agree to the plan, while 51% of the property owners must accept the final Improvement District Development plan for it to be legally ratified.

For the public to sanction the Improvement District the assessments (additional tax) must meet the following criteria to be acceptable to the property owners (Houstoun, 1999):

1. The assessment must ensure predictable multi-year revenues;
2. The assessment must be proportionate to the benefits received;
3. The assessment must be equitable and affordable, and all who benefit must share costs; and
4. The system must lead to specific business sector responsibility for the quality of the cities public environment and its effective functioning.
4.3. Services and functions of Improvement Districts

Improvement Districts are usually located in urban environments where there is a perception that the urban areas is in decline because of the social and/or economic degradation of the area. Because Improvement District areas are customer focused areas (business profit being the biggest motive of property owners and tenants) they tend to invite people from diverse cultures into the inner city areas, and are playing an important role in reversing urban decline in inner city areas (Levy, 2001).

4.3.1. Services offered by Improvement Districts

According to Houstoun (1999), Improvement Districts are able to function due to the public-private partnership between business individuals and Local Government. Improvement Districts provide a variety of services to the stakeholders accessing and trading in the Improvement District's sphere of influence. Richard Bradley, former president of the International Downtown Association in the United States, identified typical Improvement District functions. These functions are also listed in detail in a publication of the San José Downtown Association: “Downtown Dimension”. These functions are used as a point of evaluation for each Improvement District in South Africa, discussed in detail in Chapter 5. They include the following:

1. **Maintenance**
   Maintenance forms part of the top up services that are not provided by the local authority. This includes activities like sweeping, waste removal, the removal of graffiti, trimming trees and planting flowers.

2. **Security/information**
   In the improvement district, areas are topped up by the use of additional security patrols. These could include hiring supplementary security and street guides/ambassadors, buying and installing electronic security equipment, or special policing equipment.

3. **Special events, consumer marketing and promotion**
   The overall image of the Improvement District area is improved through collaborative promotional strategies, market research and liaison with the media.
This could include producing festivals and events, coordinating sales promotions, producing maps and newsletters, launching image enhancement and advertising campaigns and the erection of directional signage. Thus, the Improvement District plays a key role in ‘re-packaging’ urban areas to set them apart from suburban competitors by aggressively marketing special characteristics and sponsoring festivals and special events to bring people back to the area, expecting that once they have experienced the area, they will want to return.

4. Business recruitment and retention

An Improvement District can appoint staff to fulfill its operational needs.

5. Parking and Transportation

Parking and Transportation in an Improvement District can also be managed through clamping, ticketing, the management of municipal garages and parking lots and the sponsorship of local shuttles as well as advocating regional transport.

6. Social Services

Social Services are provided by Improvement Districts and are used to address the needs of the homeless and street populations.

7. Economic Development

Economic Development can be incorporated into the marketing strategies of Improvement Districts. This is often made possible through the generation of detailed databases and the structuring of public/private financing for redevelopment projects.

8. Capital Improvements

Capital Improvements are executed with Improvement District funds. These improvements include the replacement of park benches, pavements, purchasing dustbins, streetlights, kiosks and even public art. Improvement Districts with larger budgets and influence spheres are often able to implement large capital improvement programmes.

It is clear that Improvement Districts cover a wide range of activities. However, according to Mitchell (1999), newly formed Improvement Districts typically start small and are very focused, generally providing limited services like addressing crime and grime issues. As the Improvement District matures, more services are started, such
as lighting, signage, landscaping, programs for the homeless paring business retention and recruitment. To illustrate this point further, in a survey of South African Improvement Districts Hoyt (2003) received the following qualitative responses from respondents:

- “Initially our focus was on crime and grime. Now we are focusing on business retention and attraction”;
- “The first two years were mainly concerned with tackling the issues of crime and grime as well as reducing the number of homeless people in the area. The focus is now shifting towards increasing retail activities and more aggressive marketing of the area”;
- “Operational services such as security and cleaning are in full force. The focus is now to implement the other services such as landscaping and informal trade management”.

4.3.2. Improvement Districts: a definition in terms of size

Houstoun (1999) identifies small and large Improvement Districts and uses the following assessment as the measure of size. Small Improvement Districts range from $40 000.00 to $250 000.00 per annum (R280,000.00 to R 1,750,000.00 p.a. at an exchange rate of $1/R7). Large Improvement Districts have significantly larger operating budgets of over $1 million (R7 million) per annum.

4.3.3. Membership of Improvement Districts

Improvement District organizations big and small may resemble organizations like merchant associations and chambers of commerce but with one critical difference being that Improvement Districts can reliably predict costs and revenues years in advance, through legally binding payments benefiting property owners.

4.4. Three cultures influencing Improvement Districts

Houstoun (2003) identified ‘three cultures’ affecting city regions and inevitably, the establishment and effectiveness of Improvement Districts. The “three cultures” are based on Porter’s conventional notions of economic growth and development through individual self-interest and the profit motive (Haynes and Gordon, 1999).
These can be categorised as municipal socialism (referring to government culture); classic capitalism (referring to the individual enterprise); and cooperative capitalism (which develops where Improvement Districts are formed).

The “three cultures” define the social and economic developmental climates that exist in a Local Authority’s area of jurisdiction prior to the inception of an Improvement District. The “three cultures” influence the manner in which Improvement Districts are initiated. This is described in more detail below:

4.4.1. Government Culture

Municipal socialism is the government culture that refers to Local Authorities being organised on a function-by-function basis, that is, street cleaning is the responsibility of a single department operating throughout the city. The government culture focuses on equitable distribution of services rather than having pre-defined goals and objectives and is seldom investment orientated (Houstoun, 2003).

Improvement Districts established in this culture require the support of Local Authorities for them to succeed. It is vital that local authorities have the proper motives for supporting the Improvement District. In the past, local authorities have used the Improvement District initiatives to increase property taxes and in so doing have destroyed many Improvement Districts. When local authorities are over-involved, it damages the credibility of the Improvement District and the initiative eventually ceases to be a private one, whereby the interest of the property owners in a specific geographic area are addressed with funds collected. On the other hand, disinterested local authorities have in the past destroyed Improvement District initiatives by fuelling concerns that existing services provided by the local authority will be withdrawn (Houstoun 2003). Local authorities often find it hard to restrain themselves from taking ownership of the Improvement District, particularly when they are involved in funding and organizing Improvement Districts.

4.4.2. Culture of individual enterprise

The culture of individual enterprise is a highly productive economic force. The measure of its success is the profitability of a single business, and self-interest is the motivating factor for existence and without which we would have no commercial centres. Most entrepreneurs feel little responsibility about the commercial areas in
which they function. This culture is typically referred to as classic capitalism (Houstoun, 2003).

A key success factor in the establishment of Improvement Districts lies in peer-to-peer encouragement.

### 4.4.3. Culture of collective self-interest

As government budgets shrink, effective urban management will depend increasingly upon the ability of public and private role-players to develop innovative partnerships that leverage their limited resources and talents. Improvement districts create working partnerships with Government while fostering a culture of individual enterprise. For those with a stake in business, residential and industrial areas, Improvement Districts offer a promising model (Cities International in Houstoun, 1997).

The culture of collective self-interest is eminent in cities where Improvement Districts exist. These structures create energy and financial resources of many individual private sector interests, and are able to solve or exploit common problems and opportunities respectively. This culture is referred to as cooperative capitalism and is evident through the formation of public-private partnerships.

### 4.5. Financing mechanisms of Improvement Districts

One of the primary reasons that Improvement Districts are so popular is that they are a new steady source of non-government revenue to fund improvements and do maintenance (Stokvis, 2003).

A key purpose of Improvement Districts is to provide a stable source of funding for two fundamental aspects of urban and commercial areas, that is, physical improvements and supplementary services.

According to the New York City’s department of business services (2004), an Improvement District is an organizing and financing mechanism used by the property owners and merchants to determine the future of their retail, commercial and industrial areas. Improvement Districts are based on state and local law, which
permits property owners and merchants to band together to use the city's tax collection powers to 'assess' themselves. These funds are collected by the city and returned in their entirety to the Improvement District.

In essence, Improvement District programmes are implemented with the help of funds received from city coffers. New York City Improvement Districts refer to this as “self-help through taxation” (Houstoun, 2003).

Other than purchasing supplementary services, Improvement Districts can finance capital improvements (e.g. street furniture, trees, signage, special lighting) beyond those services and improvements provided by the city (Mitchell, 1999; Fraser 2003).

There is worldwide disagreement, whether financial contributions made by property owners and/or tenants should be voluntary or compulsory in order for a region to recognised as an Improvement District. Mitchell (1999) states that Improvement Districts need to impose an added tax on all contributing parties in a demarcated region, while Houstoun (1997) stipulates that the additional (supplementary) levy that is self-imposed by the property owners and/or tenants, can also take place on a voluntary basis, this is not in line with the New York Improvement District policy as described above. Hoyt (2003) indicates that Improvement Districts where compulsory self-imposed taxes are levied are far more successful than those that accept voluntary payment. From an purely economic perspective, Hoyt’s argument make sense, as Improvement Districts where additional taxes collected provide a stable source of funding for a multi-year period².

4.6. International origins of Improvement Districts

According to Hoyt (2003), Improvement Districts originated from the ideas of urbanologist and criminologists such as Jane Jacobs (1961), Oscar Newman (1972), and George Kelling (1996), who shared concerns about the interactions of people, public and private space. It is believed that the ideas of these theorists informed

² Improvement Districts are established via legislation for a pre-defined period of time, usually 3 years, before they are evaluated and re-constituted for a further pre-defined period. This practice enables financing institutions to provide Improvement Districts with sufficient Credit to finance more expensive capital items. This is not possible under a voluntary collection system.
Chapter 4: Improvement Districts

Improvement District managers in designing, promoting, and defending their Improvement District programs.

According to Houstoun (1999), Improvement Districts originated in 1965 in Ontario, Canada through Alex Ling a businessman from Bloor West Village in Ontario. Ling, together with supporting businesses, through the formulation of an Improvement District, wanted to ensure that retail in the inner city remained competitive and attractive against newly developing suburban shopping centres/malls. Ling approached Local Government, informing them that the local businesses wanted to tax themselves to make their commercial areas successful. The business association (the local businesses) approached the local authority with the proposition that ‘if they were able to get the majority of businessmen to volunteer to pay a special levy, the local authority would collect the money for the business association as part of a business levy and pay it over to the association’. It was stipulated that the business levy was earmarked to be used for local improvements only. The local authority agreed and the first Improvement District in the world was formed in 1965, known as the Bloor West Village Improvement District (Carter, 1991; Houstoun, 1997; Hoyt, 2003).

It is relevant to consider whether tenants and/owners in the Bloor West Village decided to contribute freely. According to a Ministry of Municipal Affairs Ontario publication (1987) entitled ‘An Introduction into Municipal Improvement Areas’, Ling’s business association tried to collect the money for the local improvements by going from door-to-door. It took approximately two years to get the buy-in of the business community in the case of Bloor West Village. According to Hoyt (2003), the Bloor West Village only became a legal reality in 1971. By 1975 more than 150 improvement district associations were established in Ontario. By 1987 however more than 200 improvement districts were established in Ontario some with as few as 22 businesses contributing, others with up to 2000 business contributing to the various Improvement Districts (Houstoun; 1997).

Today, the door-to-door method is still used as the initial point of entry for an Improvement District and legislation states that when more than half of the businesses agree to buy into the initiative, the business levy becomes compulsory for all businesses and the local authority supports the collection and redistribution of tax to the Improvement District. The special levy collected is used to improve a pre-defined area in an improvement area.
4.7. The global growth of Improvement Districts

The increase in Improvement Districts in urban areas can be ascribed to the manner in which they ensure that:

a) Funds are collected, whether it is through voluntary payments or an additional tax assessment;

b) Funds are utilised, solely to address issues relevant to the contributors of these funds, in a specific geographic area.

Hoyt (2003) makes a distinction between Improvement Districts and Improvement District-like (ID-like) organisations. Improvement District organizations subscribe to self-taxing practices, which in turn create a multi-year revenue base, as described in section 4.5 above. ID-like organisations do not rely on self-taxation and are voluntary in nature. This study is only concerned with those organisations that are self-taxing, that create a multi-year revenue base (compulsory payment) since these Improvement Districts are constituted through provincial and local legislation (compulsory). ID-like organisations are voluntary in nature and have no fixed multi-year revenue base, therefore are not viewed as being sustainable.

Recently, Hoyt³ (2003) identified 1,200 Improvement Districts and ‘ID-Like’ organisations in North America, Europe, Africa and Australasia/Oceania. Table 5 below indicates the number of Improvement Districts and ID-like organisations contacted by Dr Hoyt in the abovementioned study (2003).

³ Lorlene M. Hoyt Ph.D. is a Professor at the Department of Urban Studies and Planning at the Massachusetts institute of Technology. The International BID Project was initiated in August 2002. The purpose of the study was trace the origins and progression of the Improvement District movement and document the role of business and property owners in revitalising urban areas throughout the world.
Table 5: The number of Improvement Districts and ‘ID-like’ organisations

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>NUMBER OF ORGANIZATIONS CONTACTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>185</td>
</tr>
<tr>
<td>Belgium</td>
<td>31</td>
</tr>
<tr>
<td>Canada</td>
<td>347</td>
</tr>
<tr>
<td>European (includes Austria, Denmark, France, Portugal, Spain and Sweden)</td>
<td>60</td>
</tr>
<tr>
<td>Germany</td>
<td>59</td>
</tr>
<tr>
<td>Japan</td>
<td>261</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>38</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>140</td>
</tr>
<tr>
<td>Norway</td>
<td>32</td>
</tr>
<tr>
<td>South Africa</td>
<td>42</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1 200</td>
</tr>
</tbody>
</table>

Source: Hoyt 2003

The above table depicts that Improvement Districts occur in the form of 1,200 organizations in 16 different countries outside the United States of America. Mitchell (1999) identified 404 Improvement Districts (compulsory payment) while Houstoun (1997) identified approximately 1,200 organizations (compulsory and voluntary) administering in excess of 30,000 Improvement Districts. It is important to note that a single organisation can administer a number of Improvement Districts; as will become more evident from this research. In South Africa for example the Kagiso Urban Management Company manages the Illovo Boulevard; Rosebank and Sandton Improvement Districts, while the Durban Chamber of Commerce administers all three Improvement districts in Durban.

This study identified 23 legally ratified (compulsory payment) Improvement Districts operating within the boundaries of South Africa. The existing Improvement Districts are located in Johannesburg (6), Pretoria (4), Cape Town (7) and Durban (3). From Table 5 it is evident that these 23 legally ratified only comprise approximately 50% of the Improvement District-like organisations in South Africa.

According to Hoyt (2003) the potential for growth of Improvement Districts in South Africa is considerable. This is confirmed by interviews conducted with Improvement District managers, who indicated that they are aggressively marketing Improvement
Districts. Three legally ratified Improvement Districts are expected to start operating in 2005, namely, the Randburg Improvement District in Johannesburg\(^4\), the Marine Parade and the Jacobs Industrial Improvement Districts, both situated in Durban.

As indicated, South Africa was the first country in the world to enact Improvement District legislation outside North America. However, in South Africa the Improvement Districts concept is relatively new, as shown in Table 6 below.

**Table 6: Median year that Improvement District organisations started outside the United States**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>Median Year the Improvement Districts or ‘ID-like’ organizations started</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1984</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>1999</td>
</tr>
<tr>
<td>Japan</td>
<td>2000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2000</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1993</td>
</tr>
<tr>
<td>South Africa</td>
<td>2000</td>
</tr>
</tbody>
</table>

*Source: Hoyt 2003*

In her study, Hoyt (2003) indicates that 1984 is the median year in which Improvement District organisations from Canada began operations. New Zealand’s median year for the establishment of Improvement Districts was almost a decade later (1993), followed by most other parts of the world in 1999 and 2000.

Information not depicted in the above Table is that of the United States. According to Mitchell (1999), only one third of the Improvement District organizations in the United States were authorized before 1990. The reason why the model diffused more rapidly in Canada than in the United States is that the Canadian Government encouraged the establishment of Improvement Districts through making infrastructural grants available to Improvement District organizations.

**4.8. The impacts, advantages and disadvantages of Improvement Districts**

Improvement Districts have three major impacts, each having its own advantages and disadvantages as a result of influencing change in an environment. Hoyt

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\(^4\) May 2005 saw the establishment of the Randburg City Improvement District. This Improvement District was not considered in this study since the survey was completed in February 2005.
(2003a) identified various advantages and disadvantages of Improvement Districts. These are discussed below:

4.8.1. Impact 1 - Financial aspects of Improvement Districts

Improvement Districts are funded via private sector funding. This gives businesses and property owners an opportunity to respond positively to the urban financial crisis, that is, diminished financial assistance from Local, Provincial and Central Governments.

A disadvantage of Improvement Districts raising money from private sector interests is that they allow businesses and property owners to influence the management of public places, hence creating the possibility of limiting or controlling the use of public places by the general public. Gabriel, (1997) in an article entitled “As roles, powers expand, BIDs come under scrutiny”, indicated that the critics of Improvement Districts said that they had grown too powerful and too self-serving, and assumed municipal duties without adequate oversight and accountability. The Grand Central Partnership (New York City) was criticised for delegating too much authority to Improvement District managers.

4.8.2. Impact 2 – Supplementary provision by Improvement Districts

Improvement Districts provide supplementary public services to mitigate declining municipal budgets. This is advantageous for four reasons. Firstly, Improvement Districts contribute to the cleanliness and safety of commercial districts. Secondly, they promote accountability by stakeholders; the government involves the public in the process, making them responsible for decisions made on how to best spend additional compulsory taxes for the Improvement District. This is advantageous to government since Improvement Districts help to form a unified private sector voice. In turn, Local Government is held accountable for certain services that they provide in the Improvement District, as stipulated in the service agreement for a particular Improvement District. A third advantage is that Improvement Districts create jobs and provide job training to low skilled workers and fourthly, they allow the municipality to focus it’s attention on other areas of the city.

Supplementary provision by Improvement Districts also has various disadvantages. In the first place, local municipalities often tend to lower their baseline services due to
the perceived increase in top-up services. Secondly, Improvement Districts create wealth-based inequalities in service delivery (Briffault, 1999). People who are able to pay the additional taxes are able to benefit from additional service delivery, excluding the less fortunate. Thirdly, because Improvement Districts are geographically defined, they create space-based inequalities in service delivery. In the fourth instance, Improvement Districts are singularly focused and services may detrimentally affect other neighbourhoods, for example, crime may spill over into other areas that were not affected before the Improvement District came about. Adler (2000) in an article entitled “Why BID’s are bad business” discusses the problems posed by Improvement Districts to poor neighbourhoods, and indicates that spill over for Improvement District areas negatively affects poor neighbourhoods.

4.8.3. Impact 3 –Improvement Districts as public-private partnerships

Improvement Districts create new relations between the public and private sectors. Four advantages are associated with this partnership. Firstly, Improvement Districts represent a more focused and flexible form of urban governance (Levy, 2001). Secondly, Improvement District organizations are privately managed and operate with considerable autonomy, creating a self-sustaining mechanism to maintaining, managing and marketing new investments in civic infrastructure, such as streetscaping or redevelopment projects. In the third instance, Improvement Districts are like new governments and political actors that effectively advocate change and influence local decision-making processes. In addition, because all tenants and business owners in the Improvement District are taxed, these organizations provide a framework for building social capital while avoiding the free rider problem.

The third advantage can also become a disadvantage when an Improvement District becomes the product of wealth and success. Studies have shown that the public forget that when an Improvement District is established in an area (providing top up services), the local municipality is still required to provide certain baseline services. Thus, an Improvement District manager or organisation controlling an effectively run Improvement District is seen as having political power among the property owners and tenants because of the success of the Improvement District. This creates friction with the politicians. The Grand Central Improvement Districts in New York had a run in with the then Mayor Rudolph Giuliani, when the Mayor ordered the closure of the Improvement District, as a result of the Improvement District’s unwillingness to submit its financial records to City Hall (Firestone, 1998; Lueck, 1998)
4.9. The origin of Improvement Districts in South Africa

According to Fraser (2003) the first Improvement District in South Africa was established in the Johannesburg Central Business District (CBD) in 1993 as a pilot project. The area of the Improvement District covered 12 city blocks. The major stumbling block in establishing the Improvement District was that there was no legislation catering for the establishment of an Improvement District, as was the case in the United States of America. The Improvement District thus operated on a voluntary basis and because very few property owners really understood the Improvement District concept, it was difficult to operate and the visible benefits took some time to realise.

The first service to be instituted by the Johannesburg Central Business District (CBD) in 1993 was security. The highly visible security presence on the streets of the Johannesburg CBD saw a dramatic decline in crimes, and in particular muggings in the Improvement District area (Fraser, 2003). A few months after the security aspect, cleaning and maintenance crews were introduced, followed by the formalisation of informal street traders and then the erection of flags and banners and limited landscaping (greening). Within a few months, the initiative started in the CBD had spread to other parts of Johannesburg. However, with the absence of legislation, the Improvement Districts remained voluntary.

By the end of 1997 the Gauteng Provincial legislature approved the City Improvement District Act, Act 12 of 1997, which became effective at the end of November 1999. In 1998 the Partnership for Urban Renewal (PUR) was established. This organisation worked with property owners in Rosebank, Midrand, and Sandton. In 1999 the Cape Town Partnership (CTP) was formed. The CTP researched a number of Improvement Districts internationally and finally modelled the Improvement Districts they initiated after the Coventry Improvement District in the United Kingdom.
4.10. The prominence of Improvement Districts as economic development programs in South Africa.

The South African Cities Network Report on the ‘State of the Cities Report’ released in 2004 gives a comprehensive overview of the current and future trends positively or negatively affecting South African Cities. The report indicates (see figure 1 below) that Improvement Districts followed by place marketing, are the most common interventions within economic development programs underpinning urban renewal projects. From figure 3 it is important to note that the installation of CCTV; enhanced urban management; increased cleaning; tourism promotion; business partnerships; slum clearance; place marketing and information/advice office are also identified as being key functions/services offered by Improvement Districts in this study. This highlights the importance of Improvement Districts to act as an all-inclusive mechanism that brings about the economic development of urban areas in South Africa.

Figure 3: Frequency of Urban Renewal initiatives focused on economic development.

4.11. South African policy regarding the establishment of Improvement Districts

In an interview held with Neil Fraser (2004) he reported that Improvement Districts in South Africa follow International best practice guidelines in their establishment. South Africa is widely acclaimed (Hoyt, 2003) as being the first country outside the United States of America that has adopted legislation regulating the establishment of Improvement Districts.

The legislation referred to above [the first legislation in South Africa] was established as the Gauteng City Improvement District Act, Act 12 of 1997 and is legally binding only on the establishment of Improvement Districts in the Gauteng Province (see Appendix C). Currently Improvement Districts in other regions of South Africa are established as Local Laws via Council Resolutions of the respective local municipalities. In Cape Town, for example, Improvement Districts are established in terms of the “By-law for the Establishment of City improvement Districts” promulgated in the Provincial notice 116/1999 (City of Cape Town, 2000).

The section that follows gives an overview of the manner in which improvement districts originated, in order to indicate how quickly owners and/or tenants are grabbing onto the improvement district concept as well as why the concept of creating improvement districts is proving to be so popular.

4.12. Conclusion

Improvement Districts represent a concerted effort by businesses to change perceptions of inner city areas, freeing revitalization/renewal efforts from being restricted by limited public finances. Improvement Districts challenge the suburban areas, currently attracting inner city business, with well-funded professionally organized private sector initiatives. They bring together, in a managed environment, the very diverse disciplines of crime prevention, maintenance, marketing, landscape architecture and urban design for a coordinated approach to inner city improvement (Levy, 2001).
Improvement Districts are a reaction to poor service delivery at Local Government level, due to the Local Government’s inability to provide any additional services as a result of diminishing taxes collected and the ever-increasing poor population. This indicates that inner cities must constantly reposition themselves in the rapidly changing global economy, in order to stay competitive. Improvement Districts provide just such a vehicle to facilitate this change, as they are an extremely focused form of governance. While facilitating change in a defined geographic area Improvement Districts, neighbouring areas without Improvement Districts in place can suffer the spill over effects of crime and grime. The poor communities in the city will be unable to pay for additional services, and inequalities may be created in terms of services provision. Furthermore, Improvement Districts have the ability to negatively influence the character and management of public spaces through limiting access to the Improvement District area of jurisdiction, by the general public.

Local Government’s role in establishing Improvement Districts is generally low-key but has to be sustained and supportive in the drive to form an Improvement District. The type of support that a local authority may choose to provide varies from organization to organization, but may include money, information, staff and expertise (Houstoun, 1997).

Private Sector leadership is a key success factor in the establishment of Improvement Districts. As already discussed, the establishment of an Improvement District involves the imposing of a levy or tax on property and/or business owners. Peer-to-peer encouragement is the most effective way to sell the Improvement District concept. It is therefore of vital importance that private sector leadership be used effectively to establish the Improvement District. Improvement District must remember that municipalities provide the baseline services, and that without the local authorities bye-in, their safety and security targets would be harder, if not impossible to achieve. Improvement Districts are also accountable to local authorities as their funding is collected by the public sector and they operate to closely monitored development plans, for delivery.
CHAPTER 5: EXPLORING IMPROVEMENT DISTRICTS IN SOUTH AFRICA

The previous two chapters discussed the concept of urban renewal; decline, and Improvement Districts and have in turn, informed and guided the research design used in this study.

The following sections discuss the findings in this study, based on the survey completed by all the South African Improvement Districts. The study provides the demographic details pertaining to the Improvement Districts (Section A of the survey questionnaire, Appendix A). A detailed description then follows on the status of Improvement Districts in South Africa. Lastly, urban renewal aspects are discussed according to manager perceptions of the objectives and strategies of urban renewal that Improvement Districts in South Africa meet. Please note that this section is structured in such a manner that summaries of every research finding is dealt with per sub-section below.

5.1 Research Findings: Improvement District Demographic Details

A number of questions were asked to gain an understanding of the history and current status of Improvement Districts in South Africa. The study firstly determined which Improvement Districts had completed Hoyt’s 2002 survey, to determine if this study used the same baseline respondents.

The Hoyt-survey identified 42 “BID-Like” organisations in South Africa of which 17 responded to her survey. This study identified 23 legally ratified Improvement Districts.

Hoyt’s International study survey (published in 2003) is the only survey other than this study that has been implemented on South African Improvement Districts to date. The following question was asked:

☐ Please indicate whether you or any person in your organization completed the “International Survey of City Improvement Districts” administered by the Massachusetts Institute of Technology Department of Urban Studies & Planning in 2002 or 2003.
Seventy four percent (74%; n=17) of the currently legally ratified South African Improvement Districts (n=23) that were identified and responded to this 2004 survey also completed Hoyt’s survey (2002). This provides an accurate benchmark against which to evaluate and validate the findings of this study.

5.1.1 Naming typologies

Chapter 4 distinguished various naming typologies for Improvement Districts. From the survey it is evident that 52% of South African Improvement Districts are referred to as City Improvement Districts (CIDs), 26% are referred to as Improvement Districts (IDs), 9% are referred to as Management Districts (MDs) and a further 13% are referred to as Urban Improvement Precincts. From the study the only observation that could be made from the survey and interviews is that naming conventions are closely associated to the private organisation that is responsible for setting up the Improvement District in question, for example, the Rosebank and Illovo Management Districts are managed by the PUR organisation, whereas the CBD (Durban) Improvement Precinct and South Beach (Durban) Improvement Precinct are managed by the Durban Chamber of Commerce.

5.1.2 Founding Date

Table 7 depicts the year in which Improvement Districts in South Africa were legally ratified, compared by region.

Table 7: Year that the Improvement Districts were legally ratified.

<table>
<thead>
<tr>
<th>Year Established</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>2001</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>7</td>
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<tr>
<td>2002</td>
<td>1</td>
<td>1</td>
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<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2003</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>23</td>
</tr>
</tbody>
</table>

From the above it is evident that the majority of Improvement Districts were legally ratified as from 2001. The earliest Improvement Districts, based in the Durban and
Cape Town regions, were established as early as 1999 and 2000, respectively. These Improvement Districts did not have to wait for the necessary enabling provincial enabling legislation, as was the situation in Gauteng; they were approved via Local Council resolutions. The Improvement Districts in Gauteng Province (Pretoria and Johannesburg) were only established from 2001 as a result of the promulgation in 2000 of the Gauteng City Improvement District Act, Act 12 of 1997. The delay of the promulgation of the Act is ascribed to political red tape. It must however be considered that that Johannesburg Improvement District has been operational since 1993 as discussed in section 4.7 above.

From Hoyt’s (2003) international study, it is apparent that prior to 1990 South Africa was the only country surveyed\(^5\) that had no Improvement Districts operational. From this study it is clear that since 1999 there has been a steady increase of Improvement Districts in South Africa. From the interviews held it was determined that approximately three new Improvement Districts will be legally ratified in 2005. These are the Randburg Improvement District in Johannesburg; The Marine Parade and Jacobs Industrial Improvement Precinct in Durban. The Kerkstreet Improvement District also indicated that plans are being investigated to cover the area that falls between the Kerkstreet, Arcadia and Esselen Street Improvement Districts with an Improvement District. This will facilitate better urban management and reduce crime and grime levels in this area, as currently crime has spilled over to this ‘unmanaged’ area (unmanaged in terms of an Improvement District).

5.1.3 Improvement District renewal period

Interviews indicated that the renewal (ratification) of the Improvement District takes place every three years. This is in line with the relevant legislation governing a specific Improvement District, which states that Improvement Districts should have a three-year plan, after which they should apply for renewal. From table 4 above it is evident that some Improvement Districts are currently in their second establishment term. This is useful because the survey includes Improvement Districts that are in their first term (3 year cycle) and second term. It has been found through interviews with Improvement District managers that the newer Improvement Districts are learning from best practices of the older Improvement Districts and at the same time agencies managing Improvement Districts in South Africa, are continually

\(^5\) Canada, Japan, United Kingdom, Continental Europe, South Africa, New Zealand
growing their business, learning and transferring knowledge to newly formed Improvement Districts.

5.1.4 Sizes of Improvement Districts in South Africa

The size of an Improvement District can be determined in various ways. This study identified size according to the following two criteria, namely:

1. The size of the respective Improvement Districts annual budgets, and
2. The number of properties included in the respective Improvement District area of jurisdiction.

5.1.4.1 Improvement District size in terms of budget

The relative budget sizes of South African Improvement Districts for the 2004 financial year are depicted in Figure 4 and 5 below. These budget sizes have been divided into small, medium and large Improvement Districts, based on Houstoun’s (1999) categorisation of budget size discussed in Chapter 4. Figure 4 illustrates that the majority 48% (n=11) of Improvement Districts in South Africa are small-sized, with annual budgets ranging from R280 000 to R1,75 million per annum. Forty three percent (43%; n=10) of Improvement Districts in South Africa are medium-sized, with annual budgets ranging between R1,75 million and R7 million per annum. Only 9% (n=2) of South African Improvement Districts are large, with budgets greater than R7 million. These are the Sandton Central and the Cape Town Central Improvement Districts.

This was further determined that the annual cumulative budget size of all Improvement Districts in South Africa is approximately R65 million per annum for the 2004/2005 financial year, with the average Improvement District budget size being approximately R2,8 million per annum for the same period.
Figure 4: Improvement Districts in South Africa grouping according to Budget Size, 2004

Figure 5 shows the budget sizes for each Improvement District, based on region. In the Johannesburg region, the Sandton CID has the largest annual budget of approximately R7 million, followed by the South Western CID and the Central CID with annual budgets of approximately R3.5 million and R3.2 million respectively. The Illovo Boulevard MD has the smallest budget, calculated at approximately R1.3 million per annum. The average budget size in the Johannesburg region is approximately R3.4 million per annum.

In the Pretoria region, the Hatfield CID has the largest annual budget of approximately R3.1 million per annum, followed by the Kerkstreet and Arcadia CID with annual budgets of R1.8 million and R1.3 million per annum respectively. The Esselen Street CID has the smallest budget in the region, of approximately R720,000 per annum. The average budget size in the Pretoria region is approximately R1.9 million per annum.

In the Cape Town region, the largest Improvement District is the Cape Town Central CID, which has a budget of R17.2 million per annum. It is also the only Improvement District in the country that includes all properties in the Central Business District area. The Claremont and Epping Improvement Districts have annual budgets of R3.7 million and R3 million per annum, respectively. The
average budget size in the Cape Town region is approximately R3,1 million per annum.

The Durban region’s largest Improvement District is the CBD IP with an annual budget of R2, 5 million per annum. The North Eastern Business and South Beach Precincts have annual budgets of R1, 5 million and R 1 million, respectively. The average budget size in the Durban region is approximately R1, 6 million per annum.

Figure 5: South African Improvement Districts: Budget Size according to Improvement District, per region – 2004/2005 financial year

From figure 5 above, the average budget size of the Improvement Districts in South Africa are estimated to be R 2, 8 million per annum (medium-sized Improvement District). This compares favourably with the average International Improvement District Budget Size of approximately R 3,448,725.00 per annum as reported by Hoyt
(2003). In a continuum, South Africa currently has the fourth largest Improvement District Budget Size of all countries surveyed in the Hoyt study, as reflected in Table 8 below.

Table 8: International Average Improvement District Income, 2002/2003 financial year

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Improvement District income per annum&lt;sup&gt;6&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>United kingdom</td>
<td>R 5 885 614</td>
</tr>
<tr>
<td>Japan</td>
<td>R 5 486 565</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>R 3 842 475</td>
</tr>
<tr>
<td>South Africa</td>
<td>**R 2 800 000</td>
</tr>
<tr>
<td>Canada</td>
<td>R 1 347 738</td>
</tr>
<tr>
<td>New Zealand</td>
<td>R 681 233</td>
</tr>
</tbody>
</table>

*** Adjusted from the Hoyt study that indicated the average Improvement District Income budgets to be R 2 170 826  
Source: Hoyt 2003

5.1.4.2 Improvement District size in terms of number of properties

When considering size according to the number of properties, 39% of Improvement Districts in South Africa are characterised as having less than 100 properties, 44% contain between 100 and 200 properties and a further 17% have more than 200 properties in their respective areas of jurisdiction, as depicted in Figure 6 below.

In the Johannesburg Region, the 6 Improvement Districts identified have 527 properties between them. The Illovo Boulevard Management District has the least number of properties (57) while the Sandton and South Western City Improvement Districts have the most properties in the region, with 119 and 112 properties respectively.

In the Pretoria Region, the 4 Improvement Districts identified have 253 properties in the 4 Improvement Districts identified by this study. The Improvement District with the least number of properties is the Esselen Street CID (46), while the Hatfield CID has the most properties in its area of jurisdiction.

The Cape Town Region has 2751 properties in the 10 Improvement Districts identified by this study. The smallest Improvement Districts are the Green Point and

<sup>6</sup> Calculated at approximate exchange rate: $1.00 = R 7.00
Wynberg Improvement Districts with 100 and 101 properties respectively. The largest Improvement District in the Region is the Cape Town Central CID with 1073 properties in its area of jurisdiction.

The Durban Region has 3 Improvement Districts in its area of jurisdiction. The least number of properties are found in the South Beach Precinct with the CBD Improvement District having the greatest number of properties, 180 properties.

Figure 6: Improvement Districts in South Africa: Size according to number of properties

Table 9 below indicates that South African improvement Districts on average cover 22 city blocks (Hoyt, 2003). This figure is larger than any other Improvement District internationally.

Table 9: Size of International Improvement Districts, according to City Blocks.

<table>
<thead>
<tr>
<th>SIZE OF DISTRICT IN CITY BLOCKS</th>
<th>CANADA</th>
<th>CONTINENTAL EUROPE</th>
<th>JAPAN (in m²)</th>
<th>NEW ZEALAND</th>
<th>SOUTH AFRICA</th>
<th>UNITED KINGDOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOWEST RESPONSE</td>
<td>2</td>
<td>3</td>
<td>10,000</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>HIGHEST RESPONSE</td>
<td>125</td>
<td>40</td>
<td>328,700,000</td>
<td>11</td>
<td>80</td>
<td>40</td>
</tr>
<tr>
<td>MEAN</td>
<td>19</td>
<td>12</td>
<td>49,744,973</td>
<td>4</td>
<td>22</td>
<td>12</td>
</tr>
<tr>
<td>MEDIAN</td>
<td>12</td>
<td>6</td>
<td>2,700,000</td>
<td>3</td>
<td>16</td>
<td>6</td>
</tr>
</tbody>
</table>

*Japanese responses are in square meters

Source; Hoyt 2003
5.1.5 Average Levy contributions in Improvement Districts in South Africa

From the evaluations of budget size and size according to number of properties described in detail above, the following comparisons can be made per region and per Improvement District regarding the Levy contributions payable per property.

The average value of the special tax assessment collected per property is calculated to determine the affordability level of Improvement Districts in South Africa. Table 10 reflects the average monthly levy per property in South African Improvement Districts region and per Improvement District for the 2004/2005 financial year.

Table 10: Average Monthly Levy per Property, 2004/2005 financial year.

<table>
<thead>
<tr>
<th>IMPROVEMENT DISTRICT</th>
<th>ANNUAL BUDGET</th>
<th>NUMBER OF PROPERTIES</th>
<th>AVG. MONTHLY LEVY PER PROPERTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>South African Improvement Districts (Total)</td>
<td>R 64,976,986.00</td>
<td>3831</td>
<td>R 1,413.40</td>
</tr>
<tr>
<td>Johannesburg Region</td>
<td>R 20,488,998.00</td>
<td>527</td>
<td>R 3,239.88</td>
</tr>
<tr>
<td>Rosebank MD</td>
<td>R 2,553,264.00</td>
<td>67</td>
<td>R 3,175.70</td>
</tr>
<tr>
<td>Sandton Central CID</td>
<td>R 7,800,000.00</td>
<td>119</td>
<td>R 5,462.18</td>
</tr>
<tr>
<td>Illovo Boulevard MD</td>
<td>R 1,371,582.00</td>
<td>57</td>
<td>R 2,605.24</td>
</tr>
<tr>
<td>South Western CID</td>
<td>R 3,588,300.00</td>
<td>112</td>
<td>R 2,669.87</td>
</tr>
<tr>
<td>Central (Johannesburg) CID</td>
<td>R 3,265,956.00</td>
<td>94</td>
<td>R 2,895.35</td>
</tr>
<tr>
<td>Braamfontein CID</td>
<td>R 1,909,896.00</td>
<td>78</td>
<td>R 2,040.49</td>
</tr>
<tr>
<td>Pretoria Region</td>
<td>R 7,817,393.00</td>
<td>253</td>
<td>R 2,574.90</td>
</tr>
<tr>
<td>Esselen Street CID</td>
<td>R 720,000.00</td>
<td>46</td>
<td>R 1,304.35</td>
</tr>
<tr>
<td>Kerksreet CID</td>
<td>R 2,200,000.00</td>
<td>68</td>
<td>R 2,696.08</td>
</tr>
<tr>
<td>Hatfield CID</td>
<td>R 3,120,000.00</td>
<td>76</td>
<td>R 3,421.05</td>
</tr>
<tr>
<td>Arcadia CID</td>
<td>R 1,777,393.00</td>
<td>63</td>
<td>R 2,351.05</td>
</tr>
<tr>
<td>Cape Town Region</td>
<td>R 31,670,595.00</td>
<td>2751</td>
<td>R 959.37</td>
</tr>
<tr>
<td>Wynburg ID</td>
<td>R 1,275,000.00</td>
<td>101</td>
<td>R 1,051.98</td>
</tr>
<tr>
<td>Epping CID</td>
<td>R 3,000,000.00</td>
<td>273</td>
<td>R 915.75</td>
</tr>
<tr>
<td>Fishhoek CID</td>
<td>R 240,000.00</td>
<td>114</td>
<td>R 175.44</td>
</tr>
<tr>
<td>Parow Industrial ID</td>
<td>R 1,152,000.00</td>
<td>179</td>
<td>R 536.31</td>
</tr>
<tr>
<td>Claremont ID</td>
<td>R 3,781,899.00</td>
<td>137</td>
<td>R 2,300.43</td>
</tr>
<tr>
<td>Sea Point ID</td>
<td>R 1,400,000.00</td>
<td>250</td>
<td>R 466.67</td>
</tr>
<tr>
<td>Cape Town Central CID</td>
<td>R 17,241,696.00</td>
<td>1,073</td>
<td>R 1,339.06</td>
</tr>
<tr>
<td>Green Point CID</td>
<td>R 1,400,000.00</td>
<td>100</td>
<td>R 1,166.67</td>
</tr>
<tr>
<td>Oranje-Kloof CID</td>
<td>R 1,700,000.00</td>
<td>144</td>
<td>R 983.80</td>
</tr>
<tr>
<td>Muizenburg ID</td>
<td>R 480,000.00</td>
<td>380</td>
<td>R 105.26</td>
</tr>
<tr>
<td>Durban Region</td>
<td>R 5,000,000.00</td>
<td>300</td>
<td>R 1,388.89</td>
</tr>
<tr>
<td>CBD (DURBAN) IP</td>
<td>R 2,500,000.00</td>
<td>180</td>
<td>R 1,157.41</td>
</tr>
<tr>
<td>South Beach Precinct</td>
<td>R 1,000,000.00</td>
<td>50</td>
<td>R 1,666.67</td>
</tr>
<tr>
<td>North Eastern Business Precinct</td>
<td>R 1,500,000.00</td>
<td>70</td>
<td>R 1,785.71</td>
</tr>
</tbody>
</table>
Table 10 above indicates that the total Improvement District Budget in South Africa is approximately R 65 million per annum for the 2004/2005 financial year. There are approximately 3 800 properties in 23 legally ratified Improvement Districts in South Africa. The average monthly levy contribution per property is therefore approximately R 1 400 per month for the 2004/2005 financial year. Furthermore, it is evident that the levy’s being paid per Improvement District per property is considerably less in the Cape Town region (R 959.37 per month) than any other region in South Africa. Figure 9 depicts this finding graphically below.

In the Johannesburg Region the highest average monthly levy is R 3 239.88. The Sandton Improvement District has the highest monthly levy contribution per property of approximately R 5 462.18, while the Illovo Boulevard Improvement District has the lowest monthly levy contribution in the Johannesburg Region (R 2 005.24) Rosebank Improvement District.

The average monthly levy per property in the Pretoria Region is R 2 974.90 per property. The Hatfield Improvement District has the highest levy, which is estimated at R3 421.05. The lowest levy in the Pretoria Region is R 1, 304.35 per property, in the Esselen Street Improvement District.

The Cape Town Region has an average monthly levy contribution of R 959.37 per property. The lowest levy is in the Fishhoek Improvement District and the highest levy is in the Claremont Improvement District.

From figure 7 it can be seen that the Levy contributions in the Johannesburg and Pretoria regions are on average higher than the contributions in the Cape Town and Durban regions. The method of assessment of the levy differs from Improvement Districts in Gauteng to those in Cape Town and Durban regions. In the Gauteng region, legislation ensures a uniform method of assessment in the Province, while Improvement Districts in the Cape Town and Durban regions determine their assessment methods as per their business plans and local laws. There is merit for further research into the method in which levies are determined, and whether or not a national standard calculation method should be applicable.
Figure 7: Average monthly Levy contributions – 2004/2005 financial year

Figure 8 below and the preceding discussion on levies show that the Cape Region has the largest number of small sized Improvement Districts while the affordability levels in the Cape region are significantly lower than in the Johannesburg Region, which has the largest number of medium-sized Improvement Districts in South Africa.  

*It can therefore be suggested that the lower the monthly supplementary tax assessment, the greater the opportunity for establishing Improvement Districts.*

Figure 8: Improvement District Size according to Classification and Region - 2004
5.1.6 Challenges experienced in establishing Improvement Districts

From Hoyt’s 2003 study (see Figure 9 below), it was found that South Africa receives the most opposition when Improvement Districts are established (60%), in comparison to other countries where Improvement Districts exist (excluding the USA).

This study identified that the resistance in South Africa emanates from ratepayers and public officials involved in an Improvement District who don’t understand or visualise the benefits that will be provided. Media reports and Improvement District Manager interviews highlighted this through the following statements:

- “It took almost three years from the date of initial start-up to the official ratification of the Improvement District. The non-commitment of public officials caused a delay in getting the process off the ground” (Kerkstreet Improvement District Manager).
- “Negative attitudes of residents in the community to levies was a challenge faced” (Sea Point Improvement District).
- “The Johannesburg City Council and Randburg property owners are unable to reach consensus on the Improvement District Plan”. The reason for this was that the Urban Real Estate refused to come to the party because they had no clear idea of what benefits they would receive, therefore didn’t want to pay for the service” (Kabizokwakhe, 2003).
- “Initially we experienced political [Local Government] resistance to the Improvement District concept” (Arcadia Improvement District, Pretoria)

Challenges are further evident when Improvement Districts are not established properly, as cited by the Hatfield Improvement District in Pretoria:

“Many property owners initially did not inform or consult their tenants regarding the Improvement District establishment or the financial implications it would have on such tenants (some owners billed tenants 6 months after the establishment). Some negative perceptions resulted from this”.
Despite the Challenges mentioned above, once Improvement Districts gained the support and commitment of the community, the reduction of crime and grime in the area of jurisdiction is evident. The Cape Argus stated:

“Thanks to the formation of the Improvement District and the commitment shown by Cape Town’s ratepayers, crime levels are down by almost 60%” (Magazi, 2002).

In the words of Michael Farr, the former Chief Executive Officer of the Cape Town Partnership:

“Urban renewal is not possible without passion and conviction. Convincing people to commit their support, money, enthusiasm and in some cases, their reputations, means that a total belief in your product is essential” - (Cape Times, 2003, p9)

The study also identified that the spill-over effect of crime to areas adjacent to Improvement District Areas is a reality. All the interviewed respondents indicated this concern. The Kerkstreet Improvement District manager responded:

“ The area between the KerkStreet CID and the Arcadia CID currently not under the management of a CID is being investigated as a potential Improvement District as the crime has sifted to this unmanaged area.”
The Hatfield Manager interviewed remarked that:

“since the Improvement District has been operational there has been a marked increase in vehicle break-ins in the areas adjacent to the Improvement District.”

5.1.7 Summary

This section clearly indicates that Improvement District in South Africa compare well with Improvement Districts Internationally when it comes to their sizes in terms of;

1. **Budget**, where South Africa ranked fourth out of six countries, with an average annual income of R2,8 million. The total value that Improvement Districts contribute to the development of cities in South Africa equals approximately R65 million.

2. **Area** (number of properties); South African Improvement District tend to cover more properties in a single improvement District area than international Improvement district do.

3. **Affordability levels** of taxes levied by Local Governments for Improvement Districts differ from region to region with in South Africa. The Cape Town Region has by far the most affordable Tax assessments in South Africa at on average R 959.00 per property per month, whereas in the Johannesburg Region property taxes average approximately R 3239.00 per property per month, three times more per month then in Cape Town. This does however indicate that Improvement Districts can operate successfully with varying incomes large and small. It was also shown that the lower the additional tax assessment the easier it is to establish an Improvement District, on the other hand it is also more difficult to fund projects due to the smaller tax base.

4. **The challenges of establishing Improvement Districts in South Africa** are considerably higher than in the rest of the world this is according to the Hoyt survey (2003), which was validated through interviews held as part of this study. Non commitment public officials, negative attitudes of residents
regarding the additional levies, and stakeholders that didn’t perceive the benefits of the proposed Improvement District made the establishment of Improvement Districts difficult in South Africa. The most striking problem identified by this study was that property owners did not inform tenants of the proposed Improvement District and only after the establishment of the Improvement District passed the extra tax burden on to the tenants. The crime spill-over to other areas not covered by Improvement Districts must be managed by the Local Municipality and taken into consideration when establishing Improvement Districts.

5.2 Land use composition of South African Improvement Districts

Improvement Districts have differing land use compositions, depending on their areas of focus. Table 11 and Figure 10 illustrate the percentage land use distribution of Improvement Districts by function and Figure 10 considers the land use distribution per Improvement District.

A detailed discussion follows to elaborate on the three figures below. Table 11 depicts the land use composition of Improvement District Internationally. The South African Data in Table 11 differs slightly from the international findings depicted in Table 12. This can be ascribed to the additional number of South African Improvement Districts surveyed in this study, and in particular the absence of the Durban Region in the Hoyt study. The purpose of including Table 9 is to benchmark the South Africa Improvement District land use composition internationally.
Table 11: Improvement Districts: Percentage Land Use Distribution per region

<table>
<thead>
<tr>
<th>IMPROVEMENT DISTRICT</th>
<th>% RETAIL</th>
<th>% OFFICE</th>
<th>% INDUSTRIAL/ LIGHT INDUSTRIAL</th>
<th>% HOTEL/GUEST HOUSE/ ACCOMMODATION</th>
<th>% EDUCATIONAL</th>
<th>% TRANSPORT ORIENTATED/ PARKING</th>
<th>% INSTITUTIONAL/ MEDICAL</th>
<th>% RECREATIONAL/ OPEN SPACE/ CULTURAL</th>
<th>% RESIDENTIAL</th>
<th>% GOVERNMENT</th>
<th>% RELIGIOUS</th>
<th>TOTAL (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rosebank MD</td>
<td>60</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Sandton Central CID</td>
<td>11</td>
<td>65</td>
<td>12</td>
<td>1</td>
<td>1</td>
<td>9</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Illovo Boulevard MD</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>South Western CID</td>
<td>10</td>
<td>54</td>
<td>5</td>
<td>10</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>10</td>
<td>1</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Central CID</td>
<td>34</td>
<td>40</td>
<td>5</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Braamfontein CID</td>
<td>9</td>
<td>70</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td><strong>JHB REGION % LAND USE DISTRIBUTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21</td>
<td>57</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Esselen Street CID</td>
<td>30</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Kerksstreet CID</td>
<td>79</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Hatfield CID</td>
<td>14</td>
<td>18</td>
<td>5</td>
<td>25</td>
<td>8</td>
<td>3</td>
<td>8</td>
<td>15</td>
<td>2</td>
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<tr>
<td>Arcadia CID</td>
<td>28</td>
<td>47</td>
<td></td>
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<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td><strong>PTA REGION % LAND USE DISTRIBUTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38</td>
<td>29</td>
<td>0</td>
<td>8</td>
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<tr>
<td>Wynburg ID</td>
<td>70</td>
<td>30</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
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<tr>
<td>Epping CID</td>
<td>5</td>
<td>95</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Fishhoek CID</td>
<td>60</td>
<td>15</td>
<td>3</td>
<td>10</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
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<td>100</td>
</tr>
<tr>
<td>Claremont ID</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Sea Point ID</td>
<td>50</td>
<td>15</td>
<td>5</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Cape Town Central CID</td>
<td>15</td>
<td>30</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Green Point CID</td>
<td>15</td>
<td>50</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Oranje-Kloof CID</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Muizenburg ID</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32</td>
</tr>
<tr>
<td><strong>CPT REGION % LAND USE DISTRIBUTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
<td>17</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>CBD IP</td>
<td>60</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>South Beach Precinct</td>
<td>16</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>North Eastern Business Precinct</td>
<td>33</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34</td>
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<tr>
<td><strong>DBN REGION % LAND USE DISTRIBUTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>36</td>
<td>23</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td><strong>AVERAGE LAND USE DISTRIBUTION IN SOUTH AFRICA (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31</td>
<td>31</td>
<td>5</td>
<td>12</td>
</tr>
</tbody>
</table>
Table 12: Improvement Districts: International Survey: Land Use Composition

<table>
<thead>
<tr>
<th>LAND USE CATEGORY</th>
<th>CANADA</th>
<th>CONTINENTAL EUROPE</th>
<th>JAPAN</th>
<th>NEW ZEALAND</th>
<th>SOUTH AFRICA</th>
<th>UNITED KINGDOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETAIL</td>
<td>48%</td>
<td>45%</td>
<td>23%</td>
<td>53%</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>OFFICE</td>
<td>20%</td>
<td>12%</td>
<td>12%</td>
<td>7%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>HOTEL/LODGING</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>EDUCATIONAL</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>TRANSIT/PARKING</td>
<td>5%</td>
<td>4%</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>MEDICAL</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>RECREATIONAL/OPEN</td>
<td>2%</td>
<td>11%</td>
<td>4%</td>
<td>3%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>RESIDENTIAL</td>
<td>6%</td>
<td>12%</td>
<td>28%</td>
<td>17%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>CULTURAL</td>
<td>2%</td>
<td>5%</td>
<td>2%</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>GOVERNMENT</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>RELIGIOUS</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Other includes farming (NZ), services (NZ) and industrial (SA)
** Land uses reflect the average of the actual responses and may not equal 100%.

Source: Hoyt (2003)

Figure 10: Improvement Districts: Percentage Land Use Distribution per region
5.2.1 Percentage Retail Land Use Distribution

On average (Table 11 and Figure 10), 31% of all properties in Improvement Districts in South Africa are retail in nature. From the survey it is evident that the Kerkstreet Improvement District (79%) has the largest retail component, closely followed by the Wynburg (70%), Fishhoek (60%), Rosebank (60%) and Durban CBD (60%) Improvement Districts. The Illovo and Parow Industrial Improvement Districts have no retail components, while the Epping Improvement District has a very small retail component (5%). It was also of significant interest that the Cape Town Central Improvement District had a relatively low retail component (15%) in its area of jurisdiction. The Parow and Epping Improvement Districts are Industrial and Light Industrial areas respectively and therefore have no other significant Land Uses in their areas of jurisdiction.

Internationally South African Improvement Districts have a smaller retail land use component in comparison to all other surveyed countries, as depicted in Hoyt's study findings (Table 12 above).

5.2.2 Percentage Office Land Use Distribution

The National Improvement District average for Office Land Use, as determined by the survey, is calculated at approximately 31% (Figure 10). Illovo Boulevard (80%) contains the largest Office Land Use component, closely followed by the Braamfontein and the Sandton Improvement Districts, with 70% and 65% of their Land Use being office in nature, respectively. In comparison, the Fishhoek and Sea Point Improvement Districts only have a 15% office component, with the Kerkstreet and Oranje-Kloof Improvement Districts having as little as a 10% office land use component.

Internationally South African Improvement Districts have a larger office land use component than all other survey countries as depicted in Table 12 above.

5.2.3 Percentage Industrial Land Use Distribution

Figure 10 above indicates that 5% of the land use in Improvement District areas are Industrial in nature. This figure is misleading as only two Improvement Districts in
South Africa have Industrial Land Use components and these Improvement Districts are comprised solely Industrial Land Uses, as depicted in Table 11. Parow Industrial has an Industrial usage of 100% while Epping Improvement District has a 95% light industrial use.

5.2.4 Percentage Hotel/Guesthouse/Accommodation Land Use Distribution

Table 11 indicates that approximately 12% of all the Land Use in Improvement Districts is Hotel/Guesthouse/Accommodation in nature. The South Beach Precinct has a 60% Hotel/Guesthouse/Accommodation land use component, while the North Eastern Precinct and Arcadia Improvement Districts have 34% and 19% Hotel/Guesthouse/Accommodation land use components respectively.

The South Beach and North Eastern Improvement Districts high Hotel/Guesthouse/Accommodation land use is ascribed to Durban’s tourism marketability. The Arcadia Hotel/Guesthouse/Accommodation caters more for the business and sporting persons. The three Improvement Districts within CBD areas of Johannesburg, Pretoria and Cape Town have a relatively small Hotel/Guesthouse/Accommodation land use component, which is estimated to be between 5% and 10%.

Internationally South African Improvement Districts have a significantly larger Hotel/Guesthouse/Accommodation land use component than all other survey countries as depicted in Table 12 above.

5.2.5 Percentage Educational Land Use Distribution

The National average educational land use in Improvement Districts is estimated to be 2% (see Table 11). The Hatfield Improvement District has approximately 25% educational share in its area of management. This is ascribed to the inclusion of the University of Pretoria into the Improvement District. Internationally the educational land use component found within the Improvement Districts is similar to that found in South African Improvement Districts.

5.2.6 Percentage Residential Land Use Distribution

Figure 10 indicates that nationally residential land usage contributes to approximately 8% of the total land use distribution in Improvement District areas. The Muizenburg
Improvement District has a residential land use of approximately 68% and in the Oranje-Kloof Improvement District approximately 40% of properties are residential in nature (Table 11). The Illovo Boulevard, Esselen Street, Sea Point and Green Point Improvement Districts have a residential land use compliment of approximately 20% respectively. A number of Improvement Districts also have no residential land use component according to the survey, namely Church Street, Arcadia, Wynburg, Cape Town Central Improvement District, Durban CBD IP and the North Eastern Precinct. It is notable that all the Improvement Districts located in CBD areas, with the exception of the Johannesburg Central Improvement District (5%), had no residential components.

Neil Fraser stated in an interview (November 2004) that in the past, Residential Improvement Districts have not materialised because of their limited focus:

“Residential Improvement Districts must not solely focus on safety issues when submitting a business plan to the Local Authority, as this would lead to the respective governmental authority turning down the application. Rather, the Residential Improvement District should focus on the maintenance and beautification of the neighbourhood. The proposed Glen Austin Improvement Districts and a number of proposed Residential Improvement Districts in Pretoria where turned down, by their respective local authorities, as a result of the abovementioned emphasis on security.”

When compared with Hoyt’s survey, South African Improvement Districts have on average a smaller residential component in Improvement Districts than Improvement Districts Internationally.

5.2.7 Government Land Use Distribution

Government land use in Improvement Districts is estimated to be approximately 4% of the total land use of all Improvement Districts in South Africa (Figure 10). The Cape Town Central Improvement District has the largest government land use component in its area of jurisdiction, which is estimated to be 30% of the total land use for the area (Table 11). Figure 10 also indicates that 45% of all the Improvement Districts in South Africa have some form of Government land use in the Improvement
Districts’ area of jurisdiction. This statistic signifies government’s willingness to be involved in Improvement Districts, through its levy contributions.

Internationally the government land use component is estimated at around 3% – 3.5% which is very similar to the same land use component in South African Improvement Districts.

5.2.8 Summary

From the above it is evident that the dominant land use in South African Improvement Districts is retail and office, followed by tourism-related and residential land uses. The study also indicates that Industrial areas in Cape Town have used the Improvement District concept successfully to rejuvenate there areas of jurisdiction. Hoyt’s international survey did not identify this trend. Furthermore, it is significant to note that the South African Government is also paying the levies to improve the areas that they are located in.

From Table 11 it is evident that from a national perspective, the transport orientated/parking (2%); Institutional/ Medical (2%); Recreational/ Open Space/ Cultural (1%) and Religious (1%) land uses make up the remainder of the land uses’ currently exercised in Improvement District Areas.

Internationally Improvement Districts most commonly comprise retail and office land use categories with a large residential component. South African Improvement Districts are in line with the international trends in terms of office and retail land use categories but have a smaller residential component. This can be ascribed to the limited housing stock in South African inner-city areas due to apartheid practices of the past as discussed in chapter 1. Improvement Districts in South Africa also focus more on the hotel/guesthouses/accommodation than their international counter parts. In South Africa this is particularly true in the Durban Region. The obvious reason for this is to address high crime rates along Durban’s main beach that has reached epic proportions in the past number of years, (Interview: Improvement District Manager eThekweni City Council, 2005).
5.3 Reasons for establishing Improvement Districts in South Africa

The study determined the reasons for establishing Improvement Districts in South Africa, based on the following question:

Table 13: The reasons for founding Improvement Districts, per region

<table>
<thead>
<tr>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Crime in the area</td>
<td>95% (n=10)</td>
<td>100% (n=6)</td>
<td>100% (n=6)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>☐ Homelessness in the area</td>
<td>34% (n=6)</td>
<td>60% (n=6)</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
</tr>
<tr>
<td>☐ Economic decline in the area</td>
<td>86% (n=10)</td>
<td>100% (n=10)</td>
<td>84% (n=5)</td>
<td>75% (n=3)</td>
</tr>
<tr>
<td>☐ Other (please specify under the comments column)</td>
<td>30% (n=5)</td>
<td>50% (n=5)</td>
<td>33% (n=2)</td>
<td>-</td>
</tr>
</tbody>
</table>

The most prominent reason for the establishment of South African Improvement Districts is crime (95%; n=22), as illustrated by the following comments received from respondents:

- "The impact of crime against tourists reaching international headlines and impacting on the negative business and retail experience, was the trigger" (Arcadia Improvement District, Pretoria)
- "Crime was one of the major disincentives for businesses heading out of the CBD to decentralised shopping malls and office parks" (Cape Town Central Improvement District);
- "To establish a world class area which is safe, clean and managed properly" (Johannesburg Central Improvement District);

Eighty six percent (86%; n=20) of Improvement Districts indicated that the economic decline of areas to be a reason for their establishment.

- "The occupation rate of buildings in the inner city was deteriorating at an alarming rate and rentals were declining below an acceptable level" (Kerkstreet Improvement District, Pretoria);
• “The residents were concerned about the rapid degradation of the suburb. There were no effective policies and there was sustained neglect from other authorities” (Muizenberg Improvement District, Cape Town);

Homelessness was a reason for founding 60% (n=6) of the Cape Town, 25% of the Pretoria and 17% of the Johannesburg Improvement Districts. Some comments include the following:

• “The area was getting out of control with about 40 squatters in the area. There was also a large amount of factory space available” (Epping Improvement District, Cape Town);

A further 50% of the Cape Town and 33% of Johannesburg Improvement Districts indicated other reasons for establishing their Improvement Districts, such as the following:

• “Two reasons for establishing the Improvement District were to get owners to take ownership of the environment and to enhance the environment for the working population” (Epping Improvement District, Cape Town);
• “Developing a sense of identity and individuality that would attract tourists and make them stay another day” (Sandton central Improvement District);
• “The elimination of grime together with landscaping spearheaded the Improvement District establishment” (Fishhoek Improvement District, Cape Town).

5.4 Improvement Districts in South Africa: Public or Private sector initiatives

This study further determined whether the public or private sector initiated the establishment of Improvement Districts in South Africa. This survey indicates that 96% (n=22) of Improvement Districts are privately initiated, with only 10% (n=1) of the Cape Town Improvement Districts being initiated through a Public –Private Partnership (PPP).
Although a low number of Improvement Districts were initiated through a PPP, many made mention of the importance of partnerships with the public (Local Governments) and private sector organisations/institutions for the successful implementation of Improvement Districts. For example, the Hatfield Improvement District in Pretoria specified that “all role-players create success through cooperation, not individuality”, the Arcadia Improvement District Manager stated that “community involvement is the only way to create a safe and pleasant inner city experience for all” and the Claremont Improvement District in Cape Town stated that “it is very important that Improvement District Management ensures good relationships with the local authority and SAPS to work in partnership to obtain improved services”.

On a macro-level, the South African National Government is also showing a commitment to the revitalisation of inner city areas. In February 2003, Trevor Manual endorsed incentives for private developers and social housing companies who refurbish and construct inner city buildings in designated areas (Financial Mail, 2003; Pillay, 2003). Taxpayers who refurbish buildings receive a 20% depreciation allowance over a five-year period, while those who buy buildings get a 20% write-off in the first year, followed by 5% for the next 16 years (Hooper-Box, 2003). This incentive together with the added advantage of having an Improvement District in the area that addresses crime and grime benefits property values, that in turn generates greater revenue for Local Government.

5.5 Research Findings: Typical functions of South African Improvement Districts

The second section of the survey determined what functions Improvement Districts currently offer.

To determine what functions are currently performed by South African Improvement Districts, respondents were asked to select from a number of options, the types of services that their Improvement Districts provide. Options were listed under the following categories, and were discussed in Chapter 4:

- Security;
- Information;
- Maintenance/cleaning;
Chapter 5: Exploring Improvement Districts in South Africa

- Marketing;
- Physical improvements;
- Special programmes; and
- Business recruitment.

In addition, respondents were asked how many years after inception their Improvement District began providing the specified service. The following section provides an overview of the services provided by South African Improvement Districts and is followed by a discussion about when the various types of services are implemented.

5.5.1 Security

The first category included security and table 14 illustrates the service options with the responses provided by Improvement Districts:

<table>
<thead>
<tr>
<th></th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Security guards</td>
<td>100% (n=10)</td>
<td>100% (n=6)</td>
<td>100% (n=4)</td>
<td>100% (n=3)</td>
<td></td>
</tr>
<tr>
<td>□ Closed circuit TV</td>
<td>30% (n=4)</td>
<td>40% (n=2)</td>
<td>33% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>□ Special policing equipment</td>
<td>9% (n=1)</td>
<td>10% (n=2)</td>
<td>-</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>□ Other (please specify under the comments column)</td>
<td>17% (n=2)</td>
<td>20% (n=2)</td>
<td>33% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
</tbody>
</table>

In terms of security, all the Improvement Districts currently have security guards (100%), whereas only 30% (n=7) have closed circuit television and a further 9% (n=2) of Improvement Districts have special policing equipment. Security services included the following:

- “Joint operations with SAPS and Metro Police” (Kerkstreet Improvement District, Pretoria)....
• “Six patrol vehicles in the central city which are sponsored by the private sector, and ten horse mounted patrols” (Cape Town Central Improvement District)….
• “Twenty four hour patrols by two vehicles each with two armed guards” (Parow Industrial Improvement District, Cape Town)….

Some of the ‘other’ security services offered include “supplementing services already provided by the local council” (Parow in Cape Town and Illovo Boulevard in Johannesburg).

A Cape Argus (Magazi, 14 May, p. 7, 2002) article indicated that the types of crime in Cape Town where the Improvement Districts cover the entire CBD area, have become non-violent in nature, with most arrests being made for public drunkenness and unruly behaviour.

5.5.2 Information

The second category included information with the following service options and responses by Improvement Districts:

Table 15: Information services provided by Improvement Districts, per region

<table>
<thead>
<tr>
<th></th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Formal Kiosk</td>
<td>30%</td>
<td>40%</td>
<td>33%</td>
<td>25%</td>
<td>-</td>
</tr>
<tr>
<td>□ Informal on street assistance</td>
<td>61%</td>
<td>30%</td>
<td>83%</td>
<td>75%</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>□ Other (please specify under the comments column)</td>
<td>9%</td>
<td>10%</td>
<td>17%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Overall, 61% of the Improvement Districts provided information informally through street assistance and in most cases the security guards, also referred to by respondents as Ambassadors, are trained and equipped to provide this service. This type of service is more popular in Johannesburg (83%; n=5), Pretoria (75%; n=3) and Durban (100%; n=3).
Only 30% of Improvement Districts provide a formal information kiosks. Cape Town (40%; n=4), Johannesburg (33%; n=2) and Pretoria (25%; n=1) Improvement Districts provided these services. The types of information provided by formal kiosks include the following:

- “Information to tourists and locals concerning general directions, cleansing and security services, and events and promotions” (Cape Town Central Improvement District)

One Cape Town (10%) and one Johannesburg (17%) Improvement District indicated that they provided other information services such as:

- “An Improvement District office where concerns and problems regarding the activities of the Improvement District area can be addressed (Parow Industrial Improvement District, Cape Town)…."
- “A monthly meeting with the Board represented by the property owners (a Section 21 company)” (Central City Improvement District, Johannesburg)…."

5.5.3 Maintenance/Cleaning

The third category included maintenance/cleaning with the following service options and responses by Improvement Districts:

Table 16: Maintenance/Cleaning Services provided by Improvement Districts, per region

<table>
<thead>
<tr>
<th></th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Sweeping</td>
<td>96%</td>
<td>100% (n=10)</td>
<td>100% (n=6)</td>
<td>100% (n=4)</td>
<td>67% (n=2)</td>
</tr>
<tr>
<td>□ Waste removal</td>
<td>78%</td>
<td>60% (n=6)</td>
<td>100% (n=6)</td>
<td>100% (n=4)</td>
<td>67% (n=2)</td>
</tr>
<tr>
<td>□ Graffiti removal</td>
<td>52%</td>
<td>30% (n=3)</td>
<td>100% (n=6)</td>
<td>75% (n=3)</td>
<td>-</td>
</tr>
<tr>
<td>□ Painting</td>
<td>9%</td>
<td>-</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>□ Trimming Trees</td>
<td>22%</td>
<td>30% (n=3)</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>□ Planting trees and flowers</td>
<td>43%</td>
<td>50% (n=5)</td>
<td>83% (n=5)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>□ Other (please specify under the comments column)</td>
<td>17%</td>
<td>10% (n=1)</td>
<td>-</td>
<td>50% (n=2)</td>
<td>-</td>
</tr>
</tbody>
</table>
The most common types of maintenance/cleaning services include **sweeping**, done by 96% (n=22) of the Improvement Districts, and **waste removal**, done by 78% (n=18) of the Improvement Districts, with fewer Cape Town Improvement Districts providing waste removal (60%; n=6) than in the other regions surveyed. Although the cities provide the latter services, Improvement Districts generally provide supplementary cleansing services through the hiring of contractors. An example of how Improvement Districts contribute to sweeping and waste removal services in described below:

> “Improvement District security monitors illegal dumping by businesses. Communication campaigns are periodically aimed at discouraging businesses from dumping waste illegally and to instead contract waste removal services” (Cape Town Central Improvement District).

**Graffiti removal** is a service offered by all Johannesburg Improvement Districts (100%; n=6), most Pretoria Improvement Districts (75%; n=3) and some Cape Town Improvement Districts (30%; n=3). Such services also support job creation:

> “Removal squads comprise homeless people from various NGOs in the city affording them the opportunity to earn an income” (Cape Town Central Improvement District).

Most Johannesburg Improvement Districts (83%; n=5) and half of the Cape Town Improvement Districts (n=5) are involved in **planting trees and flowers**. The **trimming of trees** is offered by 22% of the Improvement Districts, including Cape Town (30%; n=3), Johannesburg (17%; n=1) and Pretoria (25%; n=1). The following statement has reference:

> “The Improvement District provides trees in accordance with the precinct development plan and arranges for the trees in public property to be maintained twice annually” (Illovo Boulevard Improvement District, Johannesburg).

**Painting** is done by 25% (n=1) of the Pretoria and 17% (n=1) of the Johannesburg Improvement Districts. ‘**Other**’ maintenance/cleaning services are also offered. Arcadia Improvement District indicated that it also focussed on “the removal of illegal
posters, reporting non-functional street lights, missing road signage, damaged/full parking meters and the storm water system to the Local council", that is, the Improvement District monitors the environment. In Wynburg CID a team of street people assist in doing environmental cleaning.

5.5.4 Marketing

The fourth category included marketing with the following service options and responses by Improvement Districts:

Table 17: Marketing services provided by Improvement District, per region

<table>
<thead>
<tr>
<th></th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Research</td>
<td>38%</td>
<td>40% (n=4)</td>
<td>33% (n=2)</td>
<td>50% (n=2)</td>
<td>-</td>
</tr>
<tr>
<td>Promotional Strategies</td>
<td>56%</td>
<td>30% (n=3)</td>
<td>83% (n=5)</td>
<td>75% (n=3)</td>
<td>67% (n=2)</td>
</tr>
<tr>
<td>Media Liaison</td>
<td>61%</td>
<td>50% (n=5)</td>
<td>83% (n=5)</td>
<td>100% (n=4)</td>
<td>-</td>
</tr>
<tr>
<td>Organizing events</td>
<td>52%</td>
<td>40% (n=4)</td>
<td>83% (n=5)</td>
<td>75% (n=3)</td>
<td>-</td>
</tr>
<tr>
<td>Co-ordinate sale promotions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Promotional maps</td>
<td>30%</td>
<td>10% (n=1)</td>
<td>83% (n=5)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>Newsletters</td>
<td>91%</td>
<td>80% (n=8)</td>
<td>100% (n=10)</td>
<td>100% (n=4)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>Advertising Campaigns</td>
<td>39%</td>
<td>20% (n=2)</td>
<td>67% (n=4)</td>
<td>75% (n=3)</td>
<td>-</td>
</tr>
<tr>
<td>Informational signage</td>
<td>48%</td>
<td>50% (n=5)</td>
<td>67% (n=4)</td>
<td>25% (n=1)</td>
<td>33% (n=1)</td>
</tr>
<tr>
<td>Other (please specify under the comments column)</td>
<td>4%</td>
<td>10% (n=1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The most common marketing service (other than meetings held) offered by Improvement Districts in South Africa is the provision of newsletters (91%). The Johannesburg Central CID, Sandton CID, Illovo CID and Cape Town Improvement Districts indicated they have fully functional websites, which provide "background information and recent developments within the Improvement District". Newsletters can be distributed quarterly and annually “to inform stakeholders about Improvement District activities and successes” (Cape Town Central Improvement District).

The majority of Improvement Districts from Johannesburg (83%; n=5), Pretoria (75%; n=3) and Durban (67%; n=2) have promotional strategies. The Illovo
Improvement District in Johannesburg indicated that they are “looking at branding the area with dustbins”.

In addition, the majority of Johannesburg and Pretoria Improvement Districts provide marketing services such as media liaison (83% and 100% respectively), compared to 50% of the Cape Town and none of the Durban Improvement Districts.

A large number of the Johannesburg and Pretoria Improvement Districts organize social and cultural events (83% and 75% respectively), with fewer Cape Town Improvement Districts being involved in the latter. However, having said this, Cape Town Improvement Districts provided examples of the types of events they are involved in:

- “Managing the annual Chilli Fiesta and Christmas in Town events, as well as periodically offering events management advice and assistance to other central city events” (Cape Town Central Improvement District)…
- “We provide Christmas Lighting” (Fishhoek Improvement District, Cape Town)…

A large number of the Johannesburg Improvement Districts provide informational signage (of the management areas) (67%; n=4) and promotional maps (83%; n=5). Most of the Johannesburg and Pretoria Improvement Districts provide advertising (signage, flags and advertisements) (67% and 75% respectively), with 20% (n=2) of the Cape Town Improvement Districts providing this type of marketing strategy. An example of how advertising is done was provided by the Cape Town Central Improvement District:

“Using banners to inform visitors in the central city that they are in an Improvement District area”.

Thirty eight percent (38%) of Improvement Districts do market research. Cape Town Central conducts market research annually to “gauge public and business perceptions about the Improvement District services and conditions in the central city”.

The Cape Town Central City Improvement District uses the largest number of marketing strategies from those tested, closely followed by the Sandton, South
Western, Johannesburg Central City and the Kerkstreet Improvement District. The Improvement Districts in the Durban region currently have no marketing strategies; however, their partners provide marketing for them. Based on the interview with the Manager of the Durban Improvement Districts, he indicated:

“The Durban Business Chamber promotes the Improvement Districts in its monthly newsletter”.

None of the Improvement Districts in South Africa are involved in co-ordinating sales promotions.

5.5.5 Physical improvements

The fifth category included physical improvements with the following service options and responses by Improvement Districts:

Table 18: Physical improvements provided by Improvement District, per region

<table>
<thead>
<tr>
<th>Physical Improvements (Capital)</th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dustbins</td>
<td>34%</td>
<td>20% (n=2)</td>
<td>50% (n=3)</td>
<td>75% (n=3)</td>
<td>-</td>
</tr>
<tr>
<td>Benches</td>
<td>9%</td>
<td>-</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>Signage</td>
<td>43%</td>
<td>40% (n=4)</td>
<td>67% (n=4)</td>
<td>25% (n=1)</td>
<td>33% (n=1)</td>
</tr>
<tr>
<td>Landscaping</td>
<td>34%</td>
<td>40% (n=4)</td>
<td>67% (n=4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kiosks</td>
<td>13%</td>
<td>10% (n=1)</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>Pavements</td>
<td>22%</td>
<td>20% (n=2)</td>
<td>50% (n=3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public art</td>
<td>13%</td>
<td>-</td>
<td>50% (n=3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Street lighting</td>
<td>52%</td>
<td>20% (n=2)</td>
<td>67% (n=4)</td>
<td>100% (n=4)</td>
<td>67% (n=2)</td>
</tr>
<tr>
<td>Building construction</td>
<td>9%</td>
<td>20% (n=2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Street lighting is a physical improvement implemented by most of the Johannesburg (67%; n=4) and Durban (67%; n=2) Improvement Districts and all the Pretoria (100%; n=4) Improvement Districts. Only 20% of the Cape Town Improvement Districts implemented this service (n=2).
Sixty seven percent (67%) of the Johannesburg Improvement Districts and 40% of the Cape Town Improvement Districts provide **signage** and **landscaping**. Most of the Pretoria Improvement Districts (75%; n=3) provide **dustbins**, compared to half of the Johannesburg and 20% of the Cape Town Improvement Districts. **Pavements** improvements are done by 22% of the Improvement Districts, namely Cape Town (20%) and Johannesburg (50%), whereas public art, building construction, kiosks and benches are supplied by less than 15% of Improvement Districts in South Africa. In Johannesburg, **public art** is done by 50% (n=3) of the Improvement Districts “*in partnership with the private sector and the Local Government/council***.

### 5.5.6 Special Programs

The sixth category included special programs with the following service options and responses by Improvement Districts:

<table>
<thead>
<tr>
<th>f. Special programs such as:</th>
<th>Total</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Parking</td>
<td>13%</td>
<td>10% (n=1)</td>
<td>-</td>
<td>50% (n=2)</td>
<td>-</td>
</tr>
<tr>
<td>Ticketing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sponsorship of Shuttles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Wheel Clamping</td>
<td>4%</td>
<td>10% (n=1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Access control: Management of municipal garages and parking lots</td>
<td>17%</td>
<td>20% (n=2)</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>Homeless communities (establishment)</td>
<td>30%</td>
<td>40% (n=4)</td>
<td>17% (n=1)</td>
<td>50% (n=2)</td>
<td>-</td>
</tr>
<tr>
<td>Other (please specify under the comments column)</td>
<td>30%</td>
<td>40% (n=4)</td>
<td>34% (n=2)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
</tbody>
</table>

Few South African Improvement Districts implement special programs. The most prominent program implemented by Improvement Districts is the support of homeless communities, which is focused on by 40% (n=4) of the Cape Town, 50% (n=2) of the Pretoria and 17% (n=1) of the Johannesburg Improvement Districts. Interviews with
Managers established that Improvement Districts generally support homeless communities in partnership with the Local Government or relevant organisations involved in such activities. In the Cape Town region, support for homeless communities is given through “a partnership with the City of Cape Town’s street people’s multi-purpose centre through the provisions of financial resources and expertise” (Cape Town Central CID).

Thirty percent (30%) of the Improvement Districts specified that they implement other programs. These include the following:

- “Waste reduction/minimisation and recycling program” (Parow Industrial ID);
- “A public art program” (Sandton Central ID);
- “A crime combating forum, Liaising with Taxi Associations and formalising informal trade” (Arcadia ID).
- “The Improvement Districts has take action against illegal dumping of waste through community campaigns”. (Parow ID)

Access control is implemented by 17% of the Improvement Districts. Johannesburg’s Central City Improvement District cited that they “manage one closed parking lot”.

### 5.5.7 Business Recruitment

The final category included business recruitment and asked respondents to specify service options:

<table>
<thead>
<tr>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business recruitment</td>
<td>22%</td>
<td>10% (n=1)</td>
<td>-</td>
<td>25% (n=1)</td>
</tr>
</tbody>
</table>

Notably that all the Durban Improvement Districts offered business recruitment, with “is done via the Urban Improvement Precinct Committee”, whereas only 10% of Cape Town Improvement Districts and 25% of Pretoria Improvement Districts offer this service. Business recruitment includes the following:
Structured recruitment processes are not part of the Improvement District operational strategy. This can be ascribed to the fact that the Improvement Districts are run by organisations that are created specifically to implement the objectives of Improvement Districts.

5.5.8 Summary

It is clear that South African Improvement Districts cover a wide range of activities. There seem to be certain functions offered by a variety of Improvement Districts in South Africa. Upon a review of when Improvement Districts started implementing the different functions, it was ascertained that certain functions are implemented immediately after inception. These functions include security guards, sweeping and waste removal, information provided informally through street assistance (Ambassadors), and the publication and circulation of newsletters as a form of marketing and communication. The functions of providing security guards, sweeping and waste removal are in line with Mitchell's (1999) comments that newly formed Improvement Districts provide services to address crime and grime issues (as discussed in Chapter 4).

Furthermore, there are selected functions, which some Improvement Districts implement immediately the services that are more popular to initiate immediately after inception of the Improvement District include the following:

- **Graffiti removal**, implemented by all Johannesburg (100%) and 75% of Pretoria Improvement Districts;
- **Promotional strategies**, implemented by 83% of Johannesburg, 75% of Pretoria, 66% of Durban Improvement Districts;
- **Organisation of events**, implemented by 83% of Johannesburg and 75% of Pretoria Improvement Districts;
- **Street lighting**, implemented by all of the Pretoria, 66% of Johannesburg and 66% of Durban Improvement Districts;
- **Advertising**, implemented by 66% of Johannesburg and 75% of Pretoria Improvement Districts;
• **Tree and flower planting**, implemented by 83% of Johannesburg Improvement Districts;
• **Formal Kiosk** established by 66% of Johannesburg Improvement Districts;
• **Signage**, implemented by 66% of Johannesburg Improvement Districts; and
• **Dustbins** provided by 75% of Pretoria Improvement Districts.

From the above section it is evident that most South African Improvement Districts implement Security, Maintenance/Cleaning, and Information services immediately after inception and gradually increase the services provided (over time) to include Marketing, Special events, and Business mobilization as the Improvement District matures. In the continuum of activities, crime and grime are initially the focus of Improvement District activities then marketing takes place with while additional personnel are recruited.

### 5.6 Research findings: Correlation between budget size and the number of functions/services provided by Improvement Districts in South Africa.

This study determined the correlation between the budget size and the number of functions provided by Improvement Districts. The Spearman Correlation was deemed most appropriate because of the small sample size (n=23). The Table below illustrates that there is no correlation (p=0.951) between budget size and the number of functions provided by Improvement Districts.

**Table 21: Correlation between budget size and the services and functions provided by Improvement Districts**

<table>
<thead>
<tr>
<th></th>
<th>Budget Size</th>
<th>No. of Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's</td>
<td>Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td><strong>Budget Size</strong></td>
<td>Coefficient</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>23</td>
</tr>
</tbody>
</table>

|                  | Correlation | 1.000 | -0.014 |
| **Number of**    | Coefficient |          |       |
| **Functions**    |              |       |       |
| Sig. (2-tailed)  |             | 0.951 | .     |
| N                |             | 23 | 23 |
It was expected that the larger the budget, the more functions Improvement Districts would be able to perform. However, this is not the situation in South Africa, as seen from the statistical findings above.

In South Africa, Improvement Districts with small budgets provide the same and sometimes more services than Improvement Districts with far larger budgets. Budget size does not determine the number of service provide, but rather the scale and intensity that these services are provided at. It must also be considered that the services provided are specific to the needs of the particular community. In one area, the community may need a clean and safe environment whereas in another area they may pay more attention to helping homeless people find jobs.

5.7 Research findings: the link between Improvement Districts and economic development (urban renewal)

The third section in the questionnaire focused on social and economic aspects. This question determined the urban renewal objectives that South African Improvement Districts focussed on. The questions asked to respondents present a sound basis for evaluating the link between Improvement Districts and the social and economic development brought about by Improvement Districts because they are based on the strategies for urban renewal identified by Healey (1992) and Carmon (1999), which were discussed in Chapter 3. The Johannesburg Municipality captures the essence of Improvement Districts and their impact on the economy as indicated in the following statement:

“Establishing an Improvement District in an area that is declining towards urban decay, ensures regeneration and increased growth, thereby stimulating the surrounding economies”.

Three questions were asked in this section and the findings for each one are summarised below.

5.7.1 The developmental focus of Improvement Districts

The purpose of the first question was to determine the urban renewal focus of the Improvement Districts in South African, based on the key urban renewal objectives internationally. The following table illustrates the responses:
Table 22: The Urban Renewal Focus of Improvement Districts, per region

<table>
<thead>
<tr>
<th>Does or has your Improvement District ever assisted/contributed to:</th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slum clearance practices?</td>
<td>35%</td>
<td>-</td>
<td>50% (n=3)</td>
<td>100% (n=4)</td>
<td>33% (n=1)</td>
</tr>
<tr>
<td>The comprehensive redevelopment of an area</td>
<td>44%</td>
<td>30% (n=3)</td>
<td>67% (n=4)</td>
<td>75% (n=3)</td>
<td>-</td>
</tr>
<tr>
<td>Provision of housing</td>
<td>9%</td>
<td>-</td>
<td>-</td>
<td>50% (n=2)</td>
<td>-</td>
</tr>
</tbody>
</table>

35% (n=8) Improvement Districts in South Africa, have assisted/contributed to slum clearance, 44% (n=10) have assisted/contributed to the comprehensive redevelopment of an area and 9% (n=2) have assisted/contributed to the provision of housing.

When reviewing which Improvement Districts contributed to which aspects, the following is evident:

Out of the ten Improvement Districts in Cape Town, 30% (n=3) have been involved in the **comprehensive redevelopment of the area**. The successes of two of the Improvement Districts are cited in the following examples provided by the Managers:

- “We had previously recorded high vacant premises, which are now almost filled to capacity, with only one plot (service land) left for sale” (Parow Improvement District, Cape Town)
- “A major road works and public transport interchange is currently being planned in partnership with the city of Cape Town, which is costing R46 million – this is a first in South Africa” (Claremont Improvement District, Cape Town)

In Johannesburg, out of the six Improvement Districts established, 67% (n=4) are involved in the **comprehensive redevelopment of the area**, indicating that they are “involved with certain redevelopment initiatives through the close working relationship with the Council” (Illovo Improvement District). In addition to this half (50%; n=3) of the Johannesburg Improvement Districts contribute to slum clearance.
In Pretoria, all the Improvement Districts (100%; n=4) indicated their involvement in *slum clearance* through practices such as “illegal squatters’ removal” (Hatfield Improvement District). Half (50%) of the Pretoria Improvement Districts (n=2) contributed to the provision of housing, with the Kerkstreet Improvement District specifying that “businesses are involved with housing conversions”. Seventy five percent (75%; n=3) stated that they have assisted in the comprehensive redevelopment of an area. Examples quoted included the following:

- “The Improvement District identified sinkholes and buildings at risk” (Arcadia Improvement District).
- “The Improvement District was instrumental in identifying certain parcels of land lying dormant in the area. It pushed for the development of the New Department of Trade and Industry Campus in Sunnyside, which has brought investment into the area” (Esselen Street Improvement District).

When viewing the Durban Improvement Districts, 33% (n=1) have contributed to slum clearance. None of the other Improvement Districts indicated any intentional contribution to urban renewal practices. However, according to the respondent for the Durban Region, *the Durban Chamber of Commerce is closely involved in the Greater eThekweni Urban Renewal Programme*, therefore they are taking into account the strategies of the Improvement Districts in the area.

### 5.7.2 Developmental strategies focused on by South African Improvement Districts

The second question focused on determining which strategies of urban renewal are aspired to by Improvement Districts in South Africa, as listed in chapter 3. The following table illustrates the responses:

**Table 23: Strategies aspired to by Improvement Districts, per region**

<table>
<thead>
<tr>
<th></th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop strategies that facilitate housing, commercial and industrial development in any combination?</td>
<td>96%</td>
<td>80% (n=8)</td>
<td>84% (n=5)</td>
<td>100% (n=4)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>Implement strategies that provide financial incentives in an area?</td>
<td>30%</td>
<td>20% (n=2)</td>
<td>-</td>
<td>50% (n=2)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>d) Has your Improvement District or will it in the future aspire to achieve any of the following strategies:</td>
<td>Total Percentage</td>
<td>Cape Town</td>
<td>Johannesburg</td>
<td>Pretoria</td>
<td>Durban</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>-----------</td>
<td>--------------</td>
<td>----------</td>
<td>--------</td>
</tr>
<tr>
<td>□ Implement strategies that market an area?</td>
<td>82% (n=7)</td>
<td>70% (n=5)</td>
<td>84% (n=5)</td>
<td>100% (n=4)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>□ Implement strategies that improve the image of an area?</td>
<td>43% (n=1)</td>
<td>10% (n=1)</td>
<td>84% (n=5)</td>
<td>50% (n=2)</td>
<td>67% (n=2)</td>
</tr>
<tr>
<td>□ Implement strategies that prevent the segregation of lower income groups?</td>
<td>39% (n=1)</td>
<td>10% (n=1)</td>
<td>67% (n=4)</td>
<td>50% (n=2)</td>
<td>67% (n=2)</td>
</tr>
<tr>
<td>□ Implement strategies that work simultaneously to develop economic and social equity?</td>
<td>56% (n=2)</td>
<td>20% (n=2)</td>
<td>67% (n=4)</td>
<td>50% (n=2)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>□ Implement strategies that address regeneration through the establishment of partnerships?</td>
<td>9% (n=1)</td>
<td>-</td>
<td>17% (n=1)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
</tbody>
</table>

The theory presented in Chapter 3 indicated that the objectives of urban renewal could be reached through a number of strategies. These findings indicate that the majority of South African Improvement Districts implement or aspire to implement on average only two out of the seven strategies of urban renewal identified in Chapter 3. The data reflects that the majority of South African Improvement Districts implement strategies that facilitate housing, commercial and industrial development and that market a specific area.

A prominent strategy implemented in Johannesburg includes improving the image of the area (84%; n=5).

The majority of the Durban Improvement Districts aspire to achieve all the strategies of urban renewal, with the exception of addressing regeneration through the establishment of partnerships. The Manager completing the surveys for the Durban region stated:

“Although we are not currently implementing all the strategies, we are seen as being central to creating sustainable trade and residential environments”.

The Parow Improvement District in Cape Town provides a success story as to how various urban renewal strategies are achieved simultaneously:
“We have introduced a waste reduction program whereby we are aiming to become the first waste-wise community where industrialists and the surrounding community strive to reduce, re-use and recycle waste. We have been educating the community and involving surrounding schools in a recycling program so that they can generate funds. We have also established a partnership with Oasis Association for intellectually disabled people where we not only channel waste to them for their recycling program but also provide job creation by giving them tasks that can be done, for example, croma doors, which involves sandpapering of garage doors, etc.”

The Claremont Improvement District further indicated their contribution to the “improvement of the conditions of informal traders” as a way of developing and broadening economic based communities.

5.7.3 Developmental objectives focussed on by South African Improvement Districts

The third question determined the objectives, as identified in Chapter 3, of urban renewal that Improvement Districts in South Africa aspired to achieve. Table 24 illustrates the responses.

The data shows that in South Africa, the majority of the Improvement Districts aspire to rejuvenate and revitalize business/neighborhood and industrial areas (95%; n=22) and to improve the urban pattern through the development of more compatible land uses (90%; n=21).

Some examples cited by Improvement District Managers to illustrate how they rejuvenate and revitalise inner cities include the following:

- “We encourage business owners to keep buildings nicely painted, etc. The result is that we have a beautiful industrial area with gardens, inclusive of duck ponds, koi ponds, indigenous plants, etc.” (Parow Industrial Improvement District, Cape Town);

- “Decay is a manifestation that is relatively easy to control if it is properly acted on. Our Improvement District is consistent in its application and reporting of bye-law infringements, reporting illegal taverns, acting on
street lights out of order, motivating landlords to sign leases with good tenants, reporting suspicious behaviour to police and leading by example." (Arcadia Improvement District, Pretoria);

- “Rejuvenation and revitalisation is strived for through cleaning, securing and greening. We are two-time winners of the Bontle ke Botho Cleanest award." (Esselen Street Improvement District, Pretoria);

Table 24: Objectives of Urban Renewal that Improvement District in South Africa aspire to achieve, per region

<table>
<thead>
<tr>
<th>e) Which of the following objectives would you say your Improvement District aspires to achieve (if any):</th>
<th>Total Percentage</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Pretoria</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ The elimination of decay?</td>
<td>22%</td>
<td>20% (n=2)</td>
<td>-</td>
<td>50% (n=2)</td>
<td>33% (n=1)</td>
</tr>
<tr>
<td>□ Improved living and housing environments?</td>
<td>26%</td>
<td>10% (n=1)</td>
<td>67% (n=4)</td>
<td>25% (n=1)</td>
<td>-</td>
</tr>
<tr>
<td>□ The rejuvenation and revitalization of business/neighbourhood and industrial areas?</td>
<td>95%</td>
<td>90% (n=9)</td>
<td>67% (n=4)</td>
<td>100% (n=4)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>□ The improved urban pattern through the development of more compatible land uses?</td>
<td>90%</td>
<td>80% (n=8)</td>
<td>100% (n=6)</td>
<td>100% (n=4)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>□ The broadening of economic based communities?</td>
<td>26%</td>
<td>10% (n=1)</td>
<td>-</td>
<td>50% (n=2)</td>
<td>100% (n=3)</td>
</tr>
<tr>
<td>□ The stimulation of positive human values of residents, business owners and the public?</td>
<td>47%</td>
<td>30% (n=3)</td>
<td>67% (n=4)</td>
<td>50% (n=2)</td>
<td>33% (n=1)</td>
</tr>
<tr>
<td>□ Other (please specify)</td>
<td>60%</td>
<td>20% (n=2)</td>
<td>100% (n=6)</td>
<td>75% (n=3)</td>
<td>100% (n=3)</td>
</tr>
</tbody>
</table>

Sixty seven percent (67%) of the Johannesburg Improvement Districts also aspire to improve living and housing environments and stimulate positive human values of residents, business owners and the public.

All (100%) of the Durban Improvement Districts aspire towards broadening economic based communities. The Manager in this region stated that they “work in close collaboration and consultation with the inner eThekweni Urban Renewal Improvement Program” to achieve this.
Chapter 5: Exploring Improvement Districts in South Africa

5.7.4 Summary

The section highlighted that the most prominent reasons for the establishment of Improvement Districts in South Africa are to deter crime and prevent economic decline of areas. It was furthermore, highlighted that the majority of Improvement Districts were initiated by the private sector.

The manner in which Improvement Districts affect/improve the social and economic development of urban areas is summed up by Michael Farr, a prior Chief Executive Officer of the Cape Town Partnership:

“Watching security personnel flooding onto the streets, cleansing staff and trucks clearing trash at 2 am and seeing the launch of the first Improvement District event, the Chilli Fiesta, were high points, and reporting our first major drop in reported crime gave us all a tremendous sense of achievement”. (Cape Times, 2003)

The data presented indicates that Improvement Districts contribute to urban rejuvenation in a number of ways and certainly through their daily activities contribute to the social and economic development of specific areas through the manner in which they address the objectives and strategies of urban renewal.

When reviewing the broad objectives of urban renewal, all the Improvement Districts in the Pretoria region (100%) indicated in the study that they had contributed to slum clearance practices, with half (50%) of the Johannesburg and 33% of the Durban Improvement Districts assisting in slum clearance practices. The comprehensive redevelopment of an area was a contribution of 75% of Pretoria, 67% of Johannesburg and 30% of Cape Town Improvement Districts. Pretoria Improvement Districts were the only ones indicating they assisted with the provision of housing (50%; n=2). The study indicates that although South African Improvement Districts address problems related to slums, redevelopment initiatives and homelessness in urban areas city areas they do this in response to eliminating crime and grime and not with strategic intent of urban renewal.

This study indicates that most Improvement Districts in South Africa aspire to develop strategies that facilitate housing, commercial and industrial development and strategies that implementing strategies that market an area,
while at the same time *rejuvenating and revitalizing business, neighbourhoods and industrial areas*, and in so doing, creating an *improved urban pattern through the development of more compatible land uses*.

In addition, the Improvement Districts of Johannesburg and Durban focus on a larger number of social and economic development activities, as indicated by the manner that they address the objectives and strategies of urban renewal. For instance, the majority of the Johannesburg Improvement Districts (84%) aspire to *improve the image of the area*. In addition, all of the Durban Improvement Districts (100%) aspire to *provide financial incentives, develop economic and social equity* and achieve *improved living and housing environments*. This can be ascribed to the large Hotel/Guesthouse/Accommodation component in this region.

Interviews with Improvement District managers nationwide reflect that Improvement Districts have indeed contributed to social and economic development of those urban areas in which they have focused their activities. These social and economic benefits have been expressed by all interviewed people. The overall positive impact that Improvement Districts have on the social and economic development of cities is furthermore evident from comments received by both Improvement District Managers and officials at Municipalities dealing with Improvement Districts:

- “The implementation of Improvement Districts has made a tremendous difference, with crime and grime having decreased drastically” (Cape Town Municipality);
- “Their success is evident from the increased values of business properties and improved accessibility to the city” (Cape Town Municipality);
- “While the conditions in the Central City have greatly improved since the inception of the Improvement District, pockets of urban decay require ongoing attention” (Cape Town Central Improvement District); and
- “Increasing the property asset base of the area has encouraged investment and sustained growth” (Sandton Central Improvement District).
In Chapter 1 the sections 152 and 153 of the South African Constitution, highlighted the importance of developmental local governance with communities playing an active role in development. This study has highlighted that Improvement Districts enshrine the objectives of the South African Constitution by providing supplementary services to communities in specified areas; promoting social and economic development in their areas of jurisdiction, while ensuring safer and cleaner environments that attract businesses to the respective Improvement District areas; and by virtue of the requirement that the board members of Improvement Districts (normally registered as Section 21 Companies) come from the community, it ensures that communities play an active role in development.

This study explored the phenomena of Improvement Districts in South Africa.

6.1 The key findings of the study are:

- It was determined that addressing crime (crime and grime) is the single most important reason for the establishment of Improvement Districts in South Africa, followed by efforts to address the economic decline of areas.
- The study further indicated that approximately R 65 million per annum (2004/2005 financial year) was collected nationally by Improvement Districts to supplement services provided by Local Municipalities in South Africa.
- The average Improvement District budget in South Africa is estimated to be R2, 8 million (medium sized).
- The study calculated the average monthly levy contributions per property for each region and found that levy contributions in Johannesburg (R3, 239.00) and Pretoria (R2, 574.00) are on average higher than Cape Town (R959.00) and Durban (R1, 388.00).
- The majority of Improvement Districts in South Africa are implemented in areas with high commercial land uses (Office and Retail).
- There are two South African Improvement Districts (Parow and Epping) that comprised solely of industrial land uses.
- The Durban Improvement Districts are unique in South Africa and internationally in that they are predominantly composed of (tourism related (hotel/guesthouse/accommodation) land uses.
• During implementation (setting up) property owners do not inform tenants of the levies to be paid, resulting in negative perceptions of Improvement Districts.
• The crime spill over into areas adjacent to Improvement Districts in South Africa is a reality and must consider when implementing Improvement Districts.
• Job creation opportunities have resulted from the implementation of Improvement District initiatives in South Africa.
• Improvement Districts in South Africa have become a solution to supplementing to the limited finances that Local Governments have to provide for the rejuvenation of urban areas, in terms of the required public infrastructure and services.
• Improvement Districts provide an opportunity for individuals in a specified area to plan, initiate and manage tailor-made, physical, economic and social improvement programs, without competing having to compete for funding with other regions in the city.
• That older established Improvement Districts in South Africa are sharing and transferring knowledge of best practices to newer Improvement Districts.

The study further indicates that South African Improvement Districts rejuvenate and revitalize business/neighbourhoods, industrial areas and improve the urban pattern through the development of more compatible land uses by addressing problems related to slum clearance, homelessness, and the redevelopment of commercial and industrial areas through marketing initiatives in urban areas. Improvement Districts do this in response to eliminating crime and grime and not with the strategic intent of bringing about urban renewal.

6.2 Areas for further research

During this study the viability/suitability of replacing “gated” residential communities with Improvement Districts was identified as a possible further field of investigation. It is proposed that a survey be carried out on the services provided and the annual running costs of “gated” residential communities. Once the results of the survey are compared with the findings of this study, it would become evident whether or not the Improvement District concept is a suitable/viable substitute for “gated” residential communities. An initial supposition is that Improvement Districts, being both an acceptable (by local governments) and a proven method of reducing crime and grime, could substitute the services provided by to “gated” residential areas.
Bibliography


City better for it people, and business. (2003, 24 January 24) *The Cape Times*, p. 9


An Assessment of Improvement Districts in South Africa

Survey
Improvement Districts

<table>
<thead>
<tr>
<th>Questionnaire Identification Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Period: July 2004</td>
</tr>
</tbody>
</table>

PURPOSE OF THIS SURVEY
The purpose of this questionnaire is to measure the ability of Improvement Districts to bring about Urban Renewal. This survey aims to collect a general perspective of what is happening in terms of Improvement Districts throughout South Africa. Your input into this survey is valuable since you have been identified as one of the key role-players participating in Improvement Districts in South Africa. Thank you for taking the time to complete this survey. We anticipate that it will take you approximately 15 minutes to provide responses to the questions. Upon completion, please send the questionnaire back via an email attachment to Clinton Heimann at mwtn@mweb.co.za

If you have any problems completing this questionnaire via electronic format, please either print it out and fax it/or send it to the address indicated below, or alternately contact Clinton Heimann for further assistance:
Tel: 082 928 4123
Fax: 012 325 9632
P.O. Box 26713
Monument Park
0105

CONFIDENTIALITY
The information you provide in this questionnaire is completely confidential and no names will be used in the research report. Results will reflect the information provided in terms of existing trends in South Africa.

INSTRUCTIONS (PLEASE READ CAREFULLY)
1. Use your “Tab” key to navigate through the questionnaire.
2. Select the required option(s) by clicking the option with your “mouse”. To uncheck any selected box, merely follow the same procedure as selecting an option.
3. A set of boxes that are not highlighted will be regarded as a No answer.

Could you please indicate where you or any person in your organization completed the “International Survey of City Improvement Districts” administered by the Massachusetts Institute of Technology Department of Urban Studies & Planning in 2002 or 2003.
1. DISTRICT DEMOGRAPHIC DETAILS
Please complete this section by typing in your answer

a) What is the name of your Improvement District?

b) In which City is your Improvement District located?

c) When was the Improvement District founded?
   (i) Legally ratified?
   (i) When (month and year) is your Improvement District to be reconstituted/renewed according to legislation?

d) What is the size of you Improvement District?, in terms of:
   (i) Number of Properties:
   (ii) Number of Rate payers:

e) What is the Land use composition of your Improvement District? Please indicate the percentage only in table below:

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td></td>
</tr>
<tr>
<td>Hotel/Guesthouses/Accommodation</td>
<td></td>
</tr>
<tr>
<td>Educational</td>
<td></td>
</tr>
<tr>
<td>Transport Orientated/Parking</td>
<td></td>
</tr>
<tr>
<td>Institutional/Medical</td>
<td></td>
</tr>
<tr>
<td>Recreational/Open space/Cultural</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>Religious</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

3. INFORMATION ON IMPROVEMENT DISTRICT
Please complete this section by clicking on the relevant block to indicate a yes/no answer. Please type in any comments if you feel they are relevant to elaborate to your answer.

f) Was your Improvement District initiated by:

- [ ] The Private Sector?
- [ ] The Public Sector?
- [ ] Other: (please specify under comments column)

Comments:
4. FINANCIAL INDICATORS
Please complete this section by typing in your answer

g) What is the annual operating budget of your Improvement District?


5. DESCRIBING YOUR IMPROVEMENT DISTRICT
Please complete this section by selecting the relevant combination/block for each question. Please type in any comments if you feel they are relevant to elaborate to your answer.

h) What were the reasons for founding the Improvement district?

- Crime in the area
- Grime in the area
- Homelessness in the area
- Economic decline of the area
- Other: (please specify under comments column)

Comments:


i) Which services does your Improvement District provide?

<table>
<thead>
<tr>
<th>Service</th>
<th>How many years after the inception of the Improvement District did your organization start providing this service?</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security guards</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>Closed Circuit TV</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>Special Policing equipment</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>Other (please specify in comments column)</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>b. Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal kiosk</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>Informal on street assistance</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>Other (please specify in comments column)</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How many years after the inception of the Improvement District did your organization start providing this service?</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>c. Maintenance/ Cleaning</td>
<td></td>
<td>Comments</td>
</tr>
<tr>
<td>✔️ Sweeping</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Waste removal</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Graffiti removal</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Painting</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Trimming trees</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Planting trees and flowers</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Other (please specify in comments column)</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>d. Marketing</td>
<td></td>
<td>Comments</td>
</tr>
<tr>
<td>✔️ Market research</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Promotional strategies</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Media Liaison</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Organizing Events</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Co-ordinate sale promotions</td>
<td>Number of years?</td>
<td></td>
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<tr>
<td>✔️ Promotional maps</td>
<td>Number of years?</td>
<td></td>
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<tr>
<td>✔️ Newsletters</td>
<td>Number of years?</td>
<td></td>
</tr>
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<td>✔️ Advertising campaigns</td>
<td>Number of years?</td>
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</tr>
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<td>✔️ Information signage</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Other (please specify in comments column)</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>e. Physical Improvements (Capital)</td>
<td></td>
<td>Comments</td>
</tr>
<tr>
<td>✔️ Dustbins</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Benches</td>
<td>Number of years?</td>
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<td></td>
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<td></td>
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<td>✔️ Pavements</td>
<td>Number of years?</td>
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<td>✔️ Street lighting</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Building Construction</td>
<td>Number of years?</td>
<td></td>
</tr>
<tr>
<td>✔️ Other (please specify in comments column)</td>
<td>Number of years?</td>
<td></td>
</tr>
</tbody>
</table>
### f. Special programs such as:

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of years?</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
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<td></td>
</tr>
<tr>
<td>Parking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship of shuttles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheel Clamping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless communities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access control: Management of municipal garages and parking lots</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify in comments column)</td>
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</table>

### g. Business recruitment

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of years?</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please specify type of recruitment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 6. DETERMINING THE OBJECTIVES/STRATEGIES OF IMPROVEMENT DISTRICT

Please complete this section by selecting the relevant combination/block for each question. Please type in any comments if you feel they are relevant to elaborate to your answer.

**j) Does or has your Improvement District ever assisted/contributed to:**

- Slum clearance practices?
- The comprehensive redevelopment of an area?
- Provision of housing?

**Motivation:**

**k) Which of the following objectives would you say your Improvement District aspires to achieve (if any):**

- The elimination of decay and deterioration?
- Improved living and housing environments?
- The rejuvenation and revitalization of business areas?
- The improved urban pattern through the development of more compatible land uses.

**Motivation:**
An Assessment of Improvement Districts in South Africa

- The broadening of the economic base of communities
- The stimulation of positive human values of residents, business owners and the public?
- Other (please specify and motivate)

Has your Improvement District or will it in the future aspire to achieve any of the following strategies:

- Develop strategies that facilitate housing, commercial and industrial development in any combination?
- Implement strategies that provide financial incentives in an area?
- Implement strategies that market an area?
- Implement strategies that improve the image of an area?
- Implement strategies that prevent the segregation of lower income?
- Implement strategies that work simultaneously to develop economic and social equity?
- Implement strategies that address regeneration through the establishment of partnerships?
- Other (please specify in motivation column)

Motivation:

Please feel free to share any comments/ suggestions or ideas you may have that could contribute to this study that aims at measure how well Improvement District contribute to Urban Renewal.

Please feel free to share any comments or issues regarding challenges currently faced by your Improvement Districts!

THANK YOU FOR YOUR TIME

PLEASE COULD YOU COMPLETE ANY QUESTIONS YOU HAVE OMITTED AND SEND THE QUESTIONNAIRE BACK TO:

mwtn@mweb.co.za
APPENDIX: B
INTERVIEW QUESTION SHEET
1. **Introduction**
I (the interviewer) am interested in learning more about your experiences with managing and operating your Improvement District.

1.1. **Anonymity and confidentiality**
All the information you give me over the telephone will be kept private. Although I will be making notes as we go along, your answers are strictly confidential and only I, the researcher, will have access to the information shared in this discussion.

Your participation in the interview is completely voluntary. You may skip any questions that you prefer not to answer, but I would appreciate your input into your experiences and knowledge of your Improvement District, to the extent that you can respond to the questions.

2. **Questions**

**INTERVIEWER:** I would like to start by asking you a few questions about when and how your Improvement District started.

1. When was your Improvement District established/Legally ratified?

2. How did your Improvement District start up? Was it initiated by business or local government?
3. What top up services does your Improvement District provide?

INTERVIEWER: In terms of the size of your Improvement District…

4. How many Properties are affiliated to your Improvement District?

5. What is the annual income of the Improvement District?

INTERVIEWER: In the next questions, I would like you to share with me your experiences of managing and operating your Improvement District.

6. What are the main advantages and disadvantages of IDs in your area/region?

7. What were the challenges faced by your Improvement District in the start-up phase?
8. What are the successes achieved by your Improvement District?

9. How does your Improvement District interact with the City or Improve District Management Authority (depending on person being interviewed)?

10. What other Improvement Districts in your region are you aware of?

INTERVIEWER: Thank you very much for your input and responses. Your answers will be used to provide a clearer understanding on Improvement Districts in South Africa.
APPENDIX: C
GAUTENG CITY IMPROVEMENT DISTRICT ACT, 1997
GAUTENG PROVINCIAL LEGISLATURE

GAUTENG CITY IMPROVEMENT DISTRICTS BILL

(As introduced)

(MEMBER OF THE EXECUTIVE COUNCIL FOR DEVELOPMENT PLANNING AND LOCAL GOVERNMENT)

[G008—97]
To provide procedures for the formation and independent management of city improvement districts to fund the provision of services in addition to those which a municipality ordinarily provides in order to facilitate investment in the city improvement district, to halt further degeneration of cities and to promote economic growth and sustainable development within cities.

BE IT ENACTED by the Provincial Legislature of Gauteng as follows:—

DEFINITIONS

1. In this Act, unless the context otherwise indicates—
   (i) “city improvement district” means a geographic district approved in terms of section 3 of this Act;
   (ii) “MEC” means the member of Executive Council responsible for Development Planning and Local Government;
   (iii) “management body” means the management body of a city improvement district established in terms of section 4 of this Act;
   (iv) “municipality” means, subject to section 2(2), the municipality with the authority to levy and recover property rates in respect of immovable property in the area of jurisdiction concerned;
   (v) “prescribe” means prescribe by regulation in terms of Section 9 of this Act;
   (vi) “rates base in value” means the total value of all immovable property within the boundaries of a city improvement district formed or proposed to be formed in terms of this Act, as appears from the valuation roll prepared in accordance with the Local Authorities Rating Ordinance (11 of 1977);
   (vii) “rateable property” means immovable property on which a rate or rates may be levied in accordance with the Local Authorities Rating Ordinance (11 of 1977);
   (viii) “regulation” means a regulation prescribed in terms of this Act;
   (ix) “this Act” includes the regulations.

PETITION FOR FORMATION OF CITY IMPROVEMENT DISTRICT

2. (1) A municipal council must, on receipt of a petition indicating the support of 25 percent of owners of rateable properties within the boundaries of a proposed city improvement district, consider the formation of a city improvement district in accordance with the provisions of this Act.
   (2) A petitioner must make a petition to the municipal council of the municipality, subject to subsection (3), within whose jurisdiction the proposed city improvement district falls.
   (3) If the proposed city improvement district falls within the boundaries of two or more municipalities, the municipal councils of these municipalities must, upon request by the petitioner, either—
(a) agree to reallocate the powers and functions provided for in terms of this Act to one of such municipal councils; or
(b) agree to form a committee made up of representatives of each municipal council to exercise the powers and perform the functions provided for in terms of this Act.

(4) A petition must take the form of a city improvement district plan, covering a three year period taking into account the requirements of this Act, and must be in a form and must include the requirements prescribed.

(5) The petitioner, after having received written acknowledgement of the petition by the municipal council, must notify the public of its petition and invite comment from the public to be received by the municipal council, in accordance with subsection (6).

(6) The petitioner must in the prescribed time and form cause to be published a notice of the petition once in the Gauteng Provincial Gazette and once in a daily newspaper circulating in or near the vicinity of the proposed city improvement district.

(7) The petitioner must in the prescribed time and form notify every owner of rateable property within the boundaries of the proposed city improvement district of the petition by registered mail.

(8) The petitioner must take reasonable steps to advertise notification of the petition within the boundaries of the proposed city improvement district.

(9) The municipal council must make available for inspection a petition and any comments and objections received by any interested party in respect of a petition.

(10) The municipal council must consider the petition together with comments and objections received at a public hearing at which the municipal council may allow members of the public to make oral representations to it regarding the formation of a city improvement district.

DECISION ON PETITION FOR CITY IMPROVEMENT DISTRICT

3. (1) In reaching a decision on a petition, a municipal council may take into account any matter prescribed or which is in the public interest and must take into account the following—
(a) the extent to which owners of rateable property in the proposed district are up to date with the payment of rates; and
(b) whether the formation of the city improvement district is consistent with the land development objectives set for the relevant area in terms of the Development Facilitation Act (67 of 1995).

(2) A municipal council may—
(a) approve the formation of a city improvement district and a city improvement district plan;
(b) approve the formation of a city improvement district and a city improvement district plan with amendments or conditions as the municipal council considers in the public interest; and
(c) refer the petition back to the petitioners with written reasons for not approving the formation of a city improvement district or city improvement district plan indicating that the petition may be resubmitted to the municipal council in the time period prescribed, provided that if the resubmitted petition proposes an increased levy for any owner of rateable property, the petitioner must notify such owner by registered mail.

FORMATION OF CITY IMPROVEMENT DISTRICT AND MANAGEMENT BODY

4. (1) After a petition is approved in terms of section 3, the city improvement district may be formed only after written proof in the prescribed form is provided to the municipal council by the petitioner indicating that more than 50 percent of the owners of rateable property who represent more than 50 percent of the rate base in value of the property in the city improvement district, approve the formation of the city improvement district and city improvement district plan as approved by the municipal council.
(2) After the written proof mentioned in subsection (1) is acknowledged by the municipal council, a city improvement district management body must be formed and incorporated in terms of section 21 of the Companies Act (61 of 1973) or as any other legal entity approved by the MEC.

(3) Owners of rateable property and tenants within the boundaries of the city improvement district are entitled to be members of the management body, provided that the votes of members may be weighted in proportion to the levy payable by them and provided further that the weighting accorded to any one member or a group of members under common ownership or control may not exceed one third of the total number of votes which may be cast.

(4) The board of directors of the management body must include at least three representatives of the owners of rateable property and one representative of the municipality, provided that the owners of rateable property must always be in the majority on the board.

POWERS AND DUTIES OF MANAGEMENT BODY

5. (1) Within one month after collection of the first levy and in accordance with the budget of the city improvement district plan, the management body must provide the services that are indicated in the city improvement district plan.

(2) Services provided for in the city improvement district plan and financed by the levy charged to the owners of rateable property must be in addition to or an enhancement of those provided by the municipality.

(3) On written application from an owner of rateable property within the city improvement district, the management body may agree that the owner may make non-monetary contributions to the city improvement district in substitution of part or all of the levy as the case may be: provided that the agreement must be in writing and clearly specify the obligations of the owner of rateable property.

(4) The levy due in terms of this Act will be a debt due to the management body concerned, and the management body may sue for and recover the amount by action in any competent court: provided that the management body may in its discretion recover the amount in the Magistrates Court in the area in which the city improvement district is situated.

(5) The management body must provide the municipality with its annual audited financial statements and a report on progress in the implementation of the city improvement district plan within 3 months of the financial year-end of the management body.

POWERS AND DUTIES OF MUNICIPALITY

6. (1) Once a city improvement district has been formed, a municipality must levy an amount on behalf of the management body from the owners of rateable property in the city improvement district in accordance with the approved plan.

(2) Such amount must be levied together with other amounts which the municipality may levy from the owners of rateable property in respect of rates and taxes but the purpose of the amount must be indicated as a separate item from other rates and taxes levied by the municipality.

(3) The levies collected by the municipality for the city improvement district must be paid on a monthly basis to the management body free of any deductions or set-off for the purpose of implementing the city improvement district plan.

AMENDMENT OF CITY IMPROVEMENT DISTRICT PLAN

7. (1) At any time after the formation of a city improvement district, the city improvement district plan may be amended by the municipal council on recommendation of the management body.

(2) Amendments in terms of subsection (1) which the municipal council considers to be immaterial may be made by the municipal council after the management body has given notice of its intention to amend the plan, by advertisement in a daily newspaper circulating in the city improvement district.
(3) If the amendment is, in the opinion of the municipal council, a material amendment or affects the levy to be charged in respect of the city improvement district or changes the boundaries of the city improvement district area then the management body must:

(a) notify the public of the proposed amendment and invite comment from the public to be received by the municipal council, by—

(i) causing the publication of the notice referred to in subsection (a) once in the Gauteng Provincial Gazette and once in a daily newspaper circulating in or near the vicinity of the city improvement district;

(ii) notifying every owner of rateable property within the boundaries of the city improvement district of the amendment by registered mail; and

(iii) advertising notification of the amendment within the boundaries of the city improvement district.

(b) The proposed amendment and comments and objections received by the municipal council in respect of the proposed amendment must be made available for inspection by any interested party.

(c) The municipal council must consider the proposed amendment together with comments or objections received at a public hearing at which the municipal council may allow members of the public to make oral representations to it regarding the proposed amendment.

(4) Section 3 will apply to decisions of the municipal council regarding proposed amendments in terms of subsection (3) and section 4(1) will apply to approved amendments.

DISSOLUTION OF CITY IMPROVEMENT DISTRICT

8. (1) In the case of insolvency of a management body, or on written petition in the prescribed form of more than 50 percent of the owners of rateable property and who represent more than 50 percent of the rate base in value within the boundaries of a city improvement district, a municipal council may disestablish a city improvement district.

(2) Subject to any applicable laws relating to insolvency, the municipal council must cause the management body to be wound up and, if applicable, cause its net assets remaining after satisfying its creditors to be transferred to the municipality or municipalities concerned.

REGULATIONS

9. The MEC must make regulations in respect of any matter required to be prescribed by this Act and may make any other regulations required for carrying out the provisions of this Act.

SHORT TITLE AND DATE OF COMMENCEMENT

10. This Act will be called the City Improvement Districts Act and will come into operation on a date to be proclaimed by the MEC in the Gauteng Provincial Gazette.
MEMORANDUM IN TERMS OF RULE 137 OF THE STANDING RULES OF THE PROVINCIAL LEGISLATURE ON THE CITY IMPROVEMENT DISTRICTS BILL, 1997

(i) Reasons for the bill
Sustainable city and town centres are important for the development of South Africa. They have been recognized by the Gauteng provincial government as especially important to development in Gauteng. For various historical and current reasons, many centres of our cities and towns are caught in a state of degeneration.

Although this is cause for concern for all of our citizens, and is accordingly being addressed at national, provincial and local government level, it is of particular concern for the property owners and residents in city and town centres.

The legislation, therefore, establishes a mechanism where property owners will be encouraged to participate in the processes of sustainable development. It recognises the unique needs and challenges facing different geographic areas and allows for individualised targeting of those needs.

(ii) Effects of the bill
The bill establishes a mechanism where municipalities can formally recognise geographic districts—termed city improvement districts—in order that such districts may provide services in addition to those provided by the municipality. The services will be funded from levies collected from the property owners within the city improvement district. The services will be provided and the levies will be collected in accordance with a plan approved by the municipal council and administered by the management body of the city improvement district representing property owners, tenants, and the municipality. Additional services could include:

- services which enhance the security of persons and property within the district;
- training projects for personnel involved in the provision of services;
- enhanced sanitation services;
- beautification projects including construction and installation of landscaping, planting and park areas;
- improved signage and lighting;
- promotional activities and tourism services in respect of the district;
- capital expenditure on improvements such as the erection of bus shelters, hawkers’ stands, construction of parking facilities and other structures;
- services which assist vagrants or homeless people; and
- management of capital improvements and projects provided or initiated by the municipality, by agreement with the municipality.

(iii) Environmental impact
The environment may be impacted depending on the nature of the city improvement district plans approved by municipal councils.

(iv) Financial implications
Municipalities will incur marginal costs in collecting services levies on behalf of the city improvement district management bodies.

(v) Comments
The bill has not been published for comment.

(vi) Clause-by-clause explanations

(aa) Certain terms are defined in clause 1.

(bb) Clause 2 provides procedures for consideration of petitions for formation of city improvement districts by municipal councils.
(cc) Clause 3 details criteria to be used by municipal councils in making decisions with regard to petitions for city improvement districts. It also details the types of decisions which can be made.

(dd) Clause 4 provides that city improvement districts may only be established after proof of support from the majority of owners of property in the district is shown. It also makes provision for the formation of management bodies of city improvement districts.

(ee) Clause 5 details the powers and duties of the management bodies of city improvement districts.

(ff) Clause 6 details the powers and duties of the municipality with regard to formed city improvement districts.

(gg) Clause 7 provides procedures for consideration of amendments to city improvement districts by municipal councils.

(hh) Clause 8 provides for disestablishment of city improvement districts.

(ii) Clause 9 concerns the promulgation of regulations.

(jj) Clause 10 concerns the short title and commencement.

MEMORANDUM REGARDING CONSULTATION

In the development of this bill, the following were consulted:

Local Authorities in Gauteng
Gauteng Planning and Development Forum
Johannesburg Inner City Development Forum
Pretoria Inner City Partnership
National Business Initiative
South African Property Owners Association
Central Johannesburg Partnership
Gauteng Chamber of Commerce and Industry