

# SUSTAINABLE URBAN RE-DEVELOPMENT: THE STROLLERS OVERNIGHT ACCOMMODATION AND BUSINESS FACILITY

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## ABSTRACT

Throughout the developing world, cities experience an increasing influx of migrants in search of opportunities. This inward migration poses particular challenges for the municipalities concerned in that socio-economic development and ecological considerations are central to integrated development planning to achieve sustainability in urban development (and re-development). In the case of the *Strollers Overnight Accommodation and Business Facility* in Durban, which forms part of the eThekweni Metropolitan Municipality in KwaZulu-Natal, a unique socio-economic development project was launched in 1998. This research paper addresses the following aspects in relation to the particular project: Urban socio-economic re-development is placed within the context of local government's developmental role. Furthermore, urban re-development issues are discussed in the context of peoples' socio-economic needs where land (spatial) management aspects should be integrated to match sustainability criteria. In many cases, fatigued urban areas (referred to as brownfields) could be considered for locating innovative revitalisation projects. Finally, five categories of performance issues are suggested in terms of which projects such as the chosen case study might be administered to optimise its success potential and sustainability.

## INTRODUCTION

This research project forms part of on-going research undertaken by the researcher in pursuance of proper and best practices for sustainable urban socio-economic re-development in South Africa and beyond. Other municipalities in the developing world may find the lessons learnt from the organisational analysis conducted in regard to the *Strollers Overnight Accommodation and Business Facility* in Durban, KwaZulu-Natal, meaningful. This paper **firstly** attempts to place urban socio-economic re-development

within the context of local government's developmental role. **Secondly**, it sensitises the reader towards viewing re-development issues as a matter where peoples' socio-economic needs and land (spatial) management aspects should be integrated and match sustainability criteria. In many cases, fatigued urban areas (referred to as brownfields) could be considered for locating innovative revitalisation projects. In the **third** instance, five categories of performance issues are suggested in terms of which projects such as the chosen case study might be administered to optimise its success potential and sustainability.

## DEVELOPMENTAL LOCAL GOVERNMENT

The notion of *developmental local government* led to a totally new approach to what was traditionally viewed as the essential role and function of local government. Historically, local government was seen as an instrument to ensure the delivery of basic services (e.g. water and sanitation) to communities in an orderly fashion (Cloete, 1983:6) and to implement regulations (Integrated Development Planning, 2000: 4). However, in the new dispensation, the *Reconstruction and Development Programme* identifies local government as a primary facilitator to redress the inadequate infrastructure and limited economic activity associated with most of the segregated residential areas within South Africa (Reconstruction and Development Programme, 1994: 129). Thus, municipalities should take responsibility for reconstruction and development activities. In fact, the *Constitution of the Republic of South Africa, 1996* provides local government with a new mandate to govern, provide services and to promote development within their areas of jurisdiction. The *Constitution of the Republic of South Africa, 1996* stipulates in Section 153 that local government must structure and manage its administration, budgeting and planning processes to lend priority to community needs and to promote the social and economic development of such communities. The concept of developmental local government is extensively elaborated upon in policy documents and legislation, which impress the obligation of municipalities to apply technologies to further their developmental objectives. Examples of such documents are the *White Paper on Local Government, 1998*, the *White Paper on Spatial Planning and Land Use Management, 2001* and the *Municipal Systems Act, 2000* (Act 32 of 2000).

Current theory on local economic development dictates that power should be decentralised to the municipal sphere as a direct response to the ineffective macro-level planning approaches of previous dispensations. In addition, the unique dynamism and specific needs in municipalities necessitate local innovations and local leadership to plan for development. The developmental role of local government can be summarized as having four inter-related characteristics, viz.:

- the maximization of social development and economic growth;
- integration and co-ordination of a range of services and regulations, and the activities of other spheres of government and services providers;
- democratizing development, empowerment and redistribution, particularly in respect of marginalized groups; and
- leading and learning in the building of social conditions favourable to development.

The above-mentioned characteristics could also be regarded as key guiding principles as far as strategic decision-making is concerned. The following statistics, which relate to South Africa in general, illustrate the point that municipalities should consider urban socio-economic development strategies that facilitate the development of small, medium and micro enterprises (SMMEs) within their boundaries:

- 70% of enterprises fall within the commerce and trade sector, with street vendors forming more than half of such ventures.
- Most ventures have originated in response to unemployment (economic survival).
- Light manufacturing enterprises have above average incomes, employment and growth (with a net monthly income of above R2000).
- Women operate approximately 62% of micro-enterprises (although these businesses fall within the lowest ranked categories as far as profitability and employment growth is concerned).
- These enterprises operate within a highly competitive environment.
- Capital and support is limited.
- The majority of these ventures are home-based.

Sustainable urban socio-economic development requires that all South African municipalities should introduce a business-like approach towards development by setting in place integrated development plans. This implies that municipalities should follow a strategic approach to the planning and implementation of development projects (Integrated Development Planning, 2000: 4). The end objective should be to achieve sustainable social and economic development of communities, and the associated access to affordable essential services and supportive infrastructure. In addition, the requirement exists that such socio-economic development should occur within an ecologically responsible manner.

Within this context, the integrated development plans are seen as principal instruments in achieving sustainability in socio-economic development in municipalities. The notion of sustainability implies that "economic, social, ecological and institutional factors should be considered in an integrated way" (National Framework Document, Strengthening Environmental Sustainability in the Integrated Development Planning Process: 64). Therefore, it should be noted that full integration should occur between social, economical and environmental objectives of sustainability (and in some cases a responsible trade-off between some objectives) before sustainable development could be achieved (Sustainable Development Strategies: A Resource Book, 2002: 13). Where mention is made of institutional factors, issues relating to the governance and administration of projects in an organisational context may be considered.

Economic sustainability implies economic growth that is viable and fair. An important criterion is that such growth should not exceed the natural and social systems' capacity to carry or support it. Social sustainability emphasises the need for community participation and upholding social justice. It supports application of technologies and innovations conditional to maintaining ecological integrity. Ecological sustainability upholds the ecological integrity of the natural environment by conserving biodiversity, to allow nature to regenerate resources and by minimising the use of non-renewable resources (National Framework

Document, Strengthening Environmental Sustainability in the Integrated Development Planning Process: 64). The World Bank mentions that one of the major challenges for sub-Saharan cities in the future would be to make urbanisation sustainable by building on the positive aspects of socio-economic growth whilst breaking the catabolic spiral associated with living conditions in slum areas (Towards Environmentally Sustainable Development in Sub-Saharan Africa, 1996: 43).

In the Case of the eThekweni Metropolitan Municipality, the Environmental Policy for the Durban Metropolitan Area, 1998 emphasizes the sustainable use of resources thus creating "a balance between social justice, economic efficiency and ecological integrity" (Durban Metropolitan Council as cited in the National Framework Document, Strengthening Environmental Sustainability in the Integrated Development Planning Process: 31).

## THE URBAN SOCIO-ECONOMIC DISPOSITION IN DURBAN

In an international study entitled *Urban Future 21*, which was presented during a conference in 2000 in Berlin, Germany, it is indicated that the majority of the world's six billion people currently reside in cities. It is furthermore estimated that by 2025, the world's urban population will reach approximately five billion. This figure indicates that the world's urban residents will then amount to 61% of the world's population.

One significant aspect of the above-quoted statistics is that most of the growth in urbanisation will occur within the developing world. In its publication *Towards Environmentally Sustainable Development in Sub-Saharan Africa* (1996: 15) the World Bank mentions that Sub-Saharan Africa is the most rapidly urbanising region in the world. Much of Africa's urban population already live in coastal cities. This trend is said to continue, including in the southern Africa-region. Within this context, African cities are under pressure to take cognisance of the challenges that they may be faced with in terms of integrated development planning points of view. Most importantly, the issue of governance of such an urban growth spiral is challenging. Durban is a coastal city on the eastern seaboard of southern-Africa and forms part of the eThekweni Metropolitan Municipality in KwaZulu-Natal, which in many ways resembles a typical mega-city in a developing country.

According to the *Urban Future 21* study, essentially three types of cities exist: **First**, is the type that experiences informal hyper-growth. Many such cities exist in Africa, and they are characterised by high population growth (natural accrual and inward migration) and an economy that is reliant on informal sector trade activities. Housing shortages and widespread poverty and slums areas are prevalent in such cities. The **second** type of city is the mature city, which struggles with the problems of ageing. Such cities are found for instance in Europe. These types of cities reflect signs of an ageing population in decline, the associated maintenance aspects associated with an aged infrastructure and also, slow economic growth. The **third** type of city is typical of a South African metropolis such as Durban. It flaunts a state-of-the-art urban infrastructure; yet directly adjacent thereto its underdevelopment, poverty and associated socio-economic disenfranchisement are evident as well. This dualism (or pluralism) in respect of different levels of economic

development could also be found in other African cities beyond South Africa's boundaries, for example Maputo, Nairobi and Harare.

If the example of Durban is taken, it may be noted that the business districts comprise of high-rise buildings that house big corporations and even a world-renowned convention centre. In addition, Durban also qualifies as a city that houses extensive industry, which manufactures various products for the domestic and international markets. The reason for this, of course is its harbour-location, which serves as an import-export convergence point. In fact, the eThekweni Metropolitan Municipality accounts for approximately 60% of the KwaZulu-Natal manufacturing output and provides approximately 50% of the province's employment opportunities. At the same time, Durban is currently experiencing extreme poverty. Many of its inhabitants reside in and around its jurisdiction in squalor whilst parts of the down town area reflects a slum-like appearance with the concomitant social ills such as crime, violence, mal-nutrition and HIV/AIDS-prevalence.

### SUSTAINABLE URBAN BROWNFIELDS REVITALISATION

By their very nature the problems associated with urban re-development (recouping once-developed areas) are inseparable from issues of urban social and economic development and ecological sustainability. This brings into focus the aspect of urban brownfields revitalization. Generally, brownfields are regarded as urban or rural areas where previous economic activities have subsided. Land and infrastructure may not be well utilised due to the possibility that it is either polluted or because the continued utilisation thereof is not perceived to be economically viable. In this regard, the ecological integrity within an urban setting may have been jeopardized. When the phenomena of brownfields are considered, it becomes clear that the principles of sustainable development might not have been applied in the initial development that had resulted in the creation of the brownfields.

The criteria of what constitutes a brownfield are according to Alker, Joy, Roberts & Smith (2000: 63) the following:

- It may be located in either a rural or urban setting.
- It comprises an area that was previously developed.
- It currently is not utilised for its intended use and may be abandoned.
- It comprises land and/or buildings.
- It may be occupied or vacant.
- It may be certified as, or perceived as being a contaminated area.

According to the above criteria, the specific area of Durban in which Strollers is located may be viewed as a brownfields-type area. To address the issue of brownfields and to arrest the associated ecological and socio-economic degradation associated in this phenomenon, a type of understanding needs to be established between people (socio-economic concerns) and the environment in terms of each other's requirements to survive. In order to establish this *transactional relationship* (Hugo et al., 1997: 6) between people and the environment, four conditions are suggested with regards to the re-development of brownfields:

### community involvement and partnership, sustainable community development, economic opportunities for business and a strategic vision for urban re-development.

**Firstly**, in all cases a high level of community partnership and involvement are detected. Current government policies and legislation emphasise the need for community involvement and partnership. Communities should be involved in the processes of planning to ensure a successful brownfield re-development project since it may create an avenue for all the stakeholders to articulate their needs and aspirations, as well as conditions associated with the proposed projects. In the case of Strollers, community involvement is evident in the way in which stakeholders have been consulted and their continuous involvement in the project. In fact, the community makes extensive use of the facility and depends on the amenities offered by this venture.

**Secondly**, local government is viewed as a vehicle to facilitate sustainable community development. Policies and legislation pertaining to local government that was cited in previously in this paper suggest the necessity to ensure that all community development is sustainable. As far as re-developing brownfields are concerned, the associated objective of sustainable community development is paramount. The community surrounding Strollers may benefit by the social housing dimension and washing amenities located within the complex. From this point of view, an element of community development may be evident.

**Thirdly**, economic opportunity should exist to facilitate partnership agreements between business and the rest of the stakeholders in the redevelopment processes in brownfield areas. Brownfield redevelopment is made easier if investment in such projects is potentially profitable, thus involving business. Some form of public-private-partnership (PPP) agreement may be appropriate in this regard. The kiosks located on the ground floor of the Strollers building, offer a much-needed small and micro business location for entrepreneurs in a convenient proximity to transit facilities (train station and taxi rank).

**Fourthly**, a strategic vision for urban re-development should exist. This means that municipalities should follow a holistic and integrated approach to planning and implementing programmes designed to address brownfields. Officials should direct their municipalities' resources towards attaining the strategic goals set during the integrated development planning process. Since government policies dictate development in municipalities on an environmentally accountable manner, the principles of integrated environmental management should be considered during the integrated development planning, implementation and evaluation. The Strollers-project forms part of the Metropolitan Council's Integrated Development Plan. This project concretises the social housing and socio-economic objectives set for the Municipality.

### STROLLERS OVERNIGHT ACCOMMODATION AND BUSINESS FACILITY

It is within this setting that the eThekweni Metropolitan Council has established an innovative social housing and local economic development initiative in the form of the *Strollers Overnight Facility and Business Facility*. Strollers is constituted as a section 21



entity, which involves essentially three core activities, being: an overnight facility; a small business accommodation sight (kiosks); and washing (shower) facilities (Antonites, 2005).

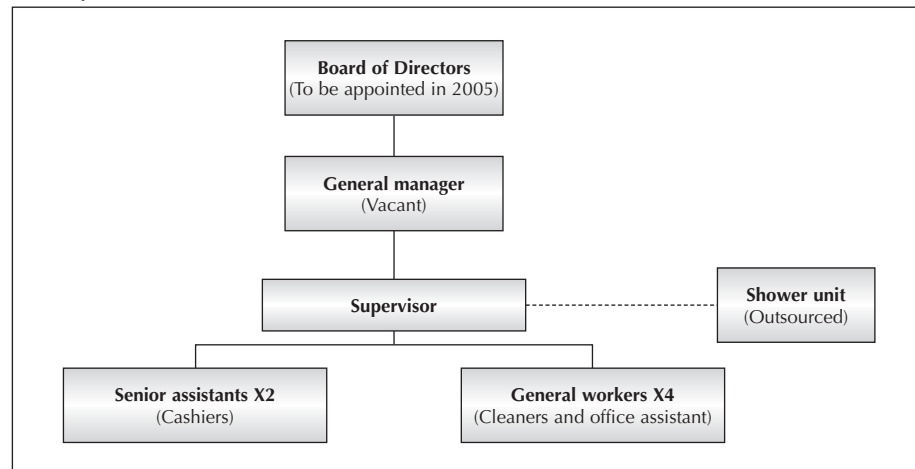
Strollers is situated directly adjacent to the central train station and is in close proximity to a large taxi rank. The facility is a hostel-like lodge, which offers low-budget accommodation and showering facilities to local members of the community, informal traders as well as visitors to the trading area from as far as Mozambique, Lesotho, Zimbabwe, Swaziland and other surrounding SADC countries. Many of Strollers' clients visit Durban for the purposes of acquiring provisions both for domestic and commercial purposes.

Strollers offers 24-hour accommodation service with 330 beds (two-bed units) and 15 business accommodation sights (kiosks) for emerging industries. A fixed price of R30 per night per person is charged. This amount excludes a shower facility, which is a separate on-sight facility (R3 for a hot shower lasting for approximately 7 minutes), which is run on an outsourced basis. Effective security measures are in place to ensure a safe environment within the crime-ridden area of downtown Durban (Thabede, 2005).

A unique strategic fit between entrepreneurial activity and social housing is found in the business model of Strollers: The ground floor provides operational and retail space for emerging industries (predominantly in the textile branch of industry). These kiosks are offered at a basic monthly rent amount of R250. A semi-informal trade environment is located next to the overnight facility, which suffices as the primary target market (customers and vendors).

Strollers was established in 1998 and is a self-sustainable housing institution. The institution is currently in a phase of transition, whereas the eThekweni Metropolitan Council's housing department placed its management and operations under administration. The institution initially followed a strategy of complete outsourcing (including general management), which proved deficient. All primary functions are in-house except for the shower units and *ad hoc* reactive maintenance. Strollers currently employs seven full-time staff members (Thabede, 2005).

### Organisational set-up of the Strollers Overnight Accommodation and Business Facility



### Strollers Overnight Accommodation and Business Facility



### ORGANISATIONAL ANALYSIS OF THE STROLLERS OVERNIGHT ACCOMMODATION AND BUSINESS FACILITY

The policies and operational practices followed by municipalities are important factors, which influence the sustainability of projects. Issues of governance and organisational performance relating to development projects may be indicative towards sustainability (National Framework Document, Strengthening Environmental Sustainability in the Integrated Development Planning Process: 10).

It is within this context that the Programme Management Unit of the European Union had commissioned an investigation into the Strollers-project of the eThekweni Metropolitan Municipality to ascertain the operational effectiveness thereof.

As a result, the Real Estate Asset Management-group has concluded a report in 2005 wherein a number constraints and suggested remedies were highlighted.

Following is an elucidation on categories of performance issues that the theory prescribes in terms of organisational analysis of an entity such as the Strollers Overnight Accommodation and Business Facility and the actual status quo in this organisation. Robinson, McCarthy and Foster eds. (2004: 165) suggest five organisational categories for analysis:

In the **first** category, governance issues should be assessed. This aspect relates to how the organisation makes decisions, the way in which it oversees its obligations and general

*An example of a kiosk within the Strollers Overnight Accommodation and Business Facility*



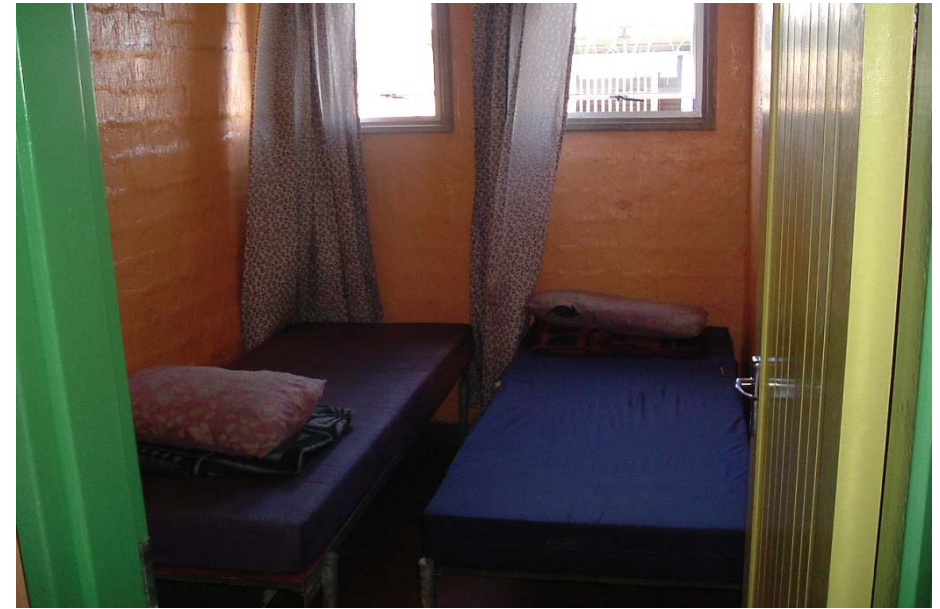
management aspects. The **second** category addresses issues relating to authority. This aspect deals with the statute of establishment, founding documents or mandates given. **Thirdly**, the category of compliance deals with how the organisation meets its obligations to third parties, such as spheres of government, landowners, funders. The **fourth** category assesses the competence of the organisation's incumbents manage the operational aspect the entity. In the **fifth** category, an assessment is made of how the organisation interacts with a variety of stakeholders. A selection of recommended theoretical perspectives include:

### Category 1: Recommended theoretical perspective

#### *Governance issues include:*

- An effective board should be in place to ensure that the organisation is well governed. The competencies of board members are significant in this regard as it will impact on performance in relation to achieving the organisation's goals and objectives.
- Board members should enjoy a trust relationship with the key stakeholders.
- Stakeholders should be well defined and their specific involvement and participation should be clear.
- Key stakeholders may be involved in appointing board members.
- Additional public participation mechanisms such as community and project specific forums may be appropriate to enhance beneficiary input.

*A room within the Strollers Overnight Accommodation and Business Facility*



- Accountability to funders, local and provincial spheres of government should be contractually aligned and clarified.
- Board members should be capacitated to effectively comprehend the vision and objectives of the organisation and their roles therein.

#### *Actual situation:*

Strollers' board of directors was dissolved and a new board has not been appointed yet. Currently, the entity is under administrative governance by the Metropolitan housing department. From this point of view, accountability to stakeholders is questionable.

### Category 2: Recommended theoretical perspective

#### *Authority issues include:*

- The organisation should have the appropriate authority to manage its business. Such responsibilities should be specific and documented.
- The organisation needs authority for the full project cycle. This should include all aspects including planning and financial management aspects.
- The appropriate forms of authority should be conferred by the relevant municipality, including necessary authorities from associated spheres of government e.g. province.
- The organisation should apply authority in a way that is congruent with sustainability, as well as in a generally acceptable manner.



### **Actual situation:**

The absence of a Board of Directors renders its operations devoid of strategic direction. This situation is evident in the absence of an operational plan (business plan), which should provide direction in the day-to-day operational management of the Facility. This is also reflective of inadequate management practices within the entity.

### **Category 3: Recommended theoretical perspective**

#### **Compliance issues include:**

- The mandate of the organisation should be clarified through its product (service) as well as its processes. Outcomes and outputs should be identified.
- The public mandate should be explicit and be captured in document form. In addition, the mandate should be reported on and recognised.
- In as far as funding and finances are concerned, full compliance to accounting and reporting principles should be ensured.
- In respect to compliance issues, proper communication (feedback) should be had with all stakeholders.

#### **Actual situation:**

The organisation's product offering is clear and no evidence of inadequate mandate interpretation is evident. However, an aspect that does raise concern is the total absence of an effective financial management system. Proper accounting practices are not in place. Recent and current financial statements are not available. No accounts are available to indicate income and expenditure, whatsoever. This situation is untenable as it infringes on the principles of accountability to the stakeholders whilst it raises the opportunity for corrupt practices.

### **Category 4: Recommended theoretical perspective**

#### **Competence issues include:**

- The organisation should have the ability to afford to recruit appropriate staff.
- The organisation should be structured to facilitate appropriate decision-making and to promote multi-sectoral coordination.
- The organisation should nurture a culture of creativity and promote constructive solution seeking.
- The organisation should have the ability to effectively plan and implement financial management.

#### **Actual situation:**

The staff component of the Strollers Overnight Accommodation and Business Facility is inadequately capacitated, both in terms of positions filled as well as skilled personnel. The position of general manager is vacant. General management competencies do not exist for

instance, as far as the supervisor is concerned. A full-time bookkeeper is not appointed and technical know-how as far as implementing and applying technologies (computer systems) does not exist.

### **Category 5: Recommended theoretical perspective**

#### **Relationship issues include:**

- Reporting should occur to existing formal structures in terms of specified issues that pertain to the organisation's mandate.
- Community engagement should occur per project and should form a two-way communication process where reciprocal inputs and responses are encouraged.
- Community participation in the operations of the organisation should not be confused with interference in the management of the organisation itself.
- In as far as funders are concerned, the level of engagement should be limited to issues of reporting and compliance only.

#### **Actual situation:**

Since insufficient accounting practices are in place and general management is questionable, support for proper reporting practices is not possible.

## **CONCLUSION**

As far as the conditions for the re-development of brownfields are concerned, the eThekweni Metropolitan Council's approach meets the general requirements. It could be stated that the Strollers Overnight Accommodation and Business Facility does qualify as falling in an area that may be classified as a brownfield. Furthermore, the innovative nature of this project is commendable from a sustainable development point of view. It conforms to the requirements for sustainability and uniquely integrates socio-economic (social housing and business opportunities for SMMEs) considerations. However, in terms of the different categories of organisational governance and performance, required for sustainable development in an institutional context, the Strollers Overnight Accommodation and Business Facility is inefficiently administered. None of the set requirements are met in full. It may therefore be appropriate for the relevant authorities to attend to such matters urgently. It must be emphasised that nowhere during the analysis and research associated with this project was any evidence of corrupt or criminal practices found. However, from a public accountability point of view, administrative measures should be considered to improve on the management of the Facility.

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